

**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, 2004

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

695 East Main Street A-1  
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 29, 2004, there were outstanding 19,520,812 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 nine-month period ended September 30, 2004

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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, 2004 <u>(Unaudited)</u>	December 31, 2003
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,281	\$ 7,812
Accounts receivable, net	7,221	6,095
Prepaid expenses and other current assets	<u>1,821</u>	<u>1,107</u>
Total current assets	14,323	15,014
Equipment, net of accumulated depreciation of \$6,847 and \$6,165, respectively	3,077	2,127
Goodwill	2,119	2,119
Other intangible assets, net of accumulated amortization of \$97 and \$24, respectively	1,201	1,274
Other	<u>806</u>	<u>1,064</u>
Total assets	<u>\$ 21,526</u>	<u>\$ 21,598</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,374	\$ 2,244
Accrued expenses	<u>1,304</u>	<u>1,744</u>
Total current liabilities	3,678	3,988
Other liabilities	<u>277</u>	<u>299</u>
Total liabilities	3,955	4,287
Stockholders' equity:		
Common stock, par value \$0.01 per share, authorized 40,000,000 shares, 19,520,812 and 19,621,503 shares issued, respectively	195	196
Additional paid-in capital	88,586	89,698
Accumulated deficit	(71,769)	(72,030)
Accumulated other comprehensive income	27	48
Treasury stock	-	(1,133)
Nil coupon perpetual loan notes	<u>532</u>	<u>532</u>
Total stockholders' equity	17,571	17,311
Total liabilities and stockholders' equity	<u>\$ 21,526</u>	<u>\$ 21,598</u>

See notes to condensed consolidated financial statements.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net sales	\$ 9,577	\$ 10,178	\$ 23,081	\$ 28,182
Costs and expenses:				
Cost of sales	4,813	5,592	12,225	17,412
Selling, general and administrative	3,398	2,961	9,664	8,565
Research and development	<u>322</u>	<u>314</u>	<u>895</u>	<u>920</u>
Operating income	1,044	1,311	297	1,285
Interest expense	-	-	-	(25)
Other (loss) income, net	<u>(6)</u>	<u>6</u>	<u>(36)</u>	<u>140</u>
Income before taxes	1,038	1,317	261	1,400
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>\$ 1,038</u>	<u>\$ 1,317</u>	<u>\$ 261</u>	<u>\$ 1,400</u>
Net income per common share:				
Basic	<u>\$ .05</u>	<u>\$ .07</u>	<u>\$ .01</u>	<u>\$ .07</u>
Diluted	<u>\$ .05</u>	<u>\$ .06</u>	<u>\$ .01</u>	<u>\$ .06</u>
Average number of common shares outstanding:				
Basic	<u>19,519,000</u>	<u>19,744,000</u>	<u>19,512,000</u>	<u>19,629,000</u>
Diluted	<u>22,149,000</u>	<u>22,748,000</u>	<u>22,127,000</u>	<u>22,325,000</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	
	2004	2003
<b>Operating activities</b>		
Net cash used in operating activities	<u>\$ (611)</u>	<u>\$ (1,520)</u>
<b>Investing activities</b>		
Proceeds from sale of equipment	6	-
Acquisition of fuel additive business	-	(1,348)
Purchases of equipment and patents	<u>(1,926)</u>	<u>(780)</u>
Net cash used in investing activities	<u>(1,920)</u>	<u>(2,128)</u>
<b>Financing activities</b>		
Exercise of stock options	21	323
Purchase of treasury shares	-	(35)
Repayment of borrowings	-	(1,800)
Net cash provided by (used in) financing activities	<u>21</u>	<u>(1,512)</u>
Effect of exchange rate fluctuations on cash	<u>(21)</u>	<u>12</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,531)</b>	<b>(5,148)</b>
Cash and cash equivalents at beginning of period	<u>7,812</u>	<u>10,939</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>\$ 5,281</u></b>	<b><u>\$ 5,791</u></b>

See notes to condensed consolidated financial statements.

**FUEL-TECH N.V.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2004**  
(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, 2004, are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

The balance sheet at December 31, 2003, 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, 2003.

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, 2004 and 2003:

	Three months ended		Nine months ended	
	2004	2003	2004	2003
Basic weighted-average shares	19,519	19,744	19,512	19,629
Conversion of unsecured loan notes	85	85	85	85
Unexercised options and warrants	2,545	2,919	2,530	2,611
Diluted weighted-average shares	<u>22,149</u>	<u>22,748</u>	<u>22,127</u>	<u>22,325</u>

**Note C: Total Comprehensive Income**

Total comprehensive income for the Company is comprised of net income and the impact of foreign currency translation as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2004	2003	2004	2003
Comprehensive income:				
Net income	\$ 1,038,000	\$ 1,317,000	\$ 261,000	\$ 1,400,000
Foreign currency translation	8,000	14,000	(21,000)	12,000
	<u>\$ 1,046,000</u>	<u>\$ 1,331,000</u>	<u>\$ 240,000</u>	<u>\$ 1,412,000</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 and income per share would have been adjusted as follows for the three and nine month periods ended September 30, 2004 and 2003:

	For the three months ended September 30		For the nine months ended September 30	
	2004	2003	2004	2003
Net Income (loss)				
As reported	\$1,038,000	\$1,317,000	\$ 261,000	\$1,400,000
As adjusted	878,000	1,172,000	(329,000)	833,000
Basic and diluted income (loss) per share:				
Basic - as reported	\$.05	\$.07	\$ .01	\$ .07
Basic - as adjusted	\$.05	\$.06	\$(.02)	\$ .04
Diluted - as reported	\$.05	\$.06	\$.01	\$ .06
Diluted - as adjusted	\$.04	\$.05	\$(.02)	\$ .04

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 four years.

**Note F: Debt**

Fuel Tech, Inc. (FTI) had a \$10.0 million revolving credit facility expiring July 31, 2004, which was collateralized by all personal property owned by FTI. Effective June 30, 2004, FTI amended the facility to increase the line to \$15.0 million, and to extend the expiration date until July 31, 2006. FTI can use this facility for cash advances and standby letters of credit. Cash advances under this facility bear interest based on the following:

- The Bank Prime Rate reduced by a range of zero to 50 basis points, or
- The Bank Interbank Offering Rate increased by a range of 200 to 250 basis points

The Company can choose which rate to apply to borrowings. At September 30, 2004, there were no borrowings outstanding on the 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, general and administrative 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	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:				
United States	\$8,807,000	\$ 8,924,000	\$19,736,000	\$24,782,000
Foreign	<u>770,000</u>	<u>1,254,000</u>	<u>3,345,000</u>	<u>3,400,000</u>
	<u>\$9,577,000</u>	<u>\$10,178,000</u>	<u>\$23,081,000</u>	<u>\$28,182,000</u>
Operating income (loss):				
United States	\$ 1,167,000	\$ 1,171,000	\$ 478,000	\$ 1,268,000
Foreign	<u>(123,000)</u>	<u>140,000</u>	<u>(181,000)</u>	<u>17,000</u>
	<u>\$ 1,044,000</u>	<u>\$ 1,311,000</u>	<u>\$ 297,000</u>	<u>\$ 1,285,000</u>
Assets:				
	<u>September 30, 2004</u>	<u>December 31, 2003</u>		
United States	\$19,696,000	\$19,487,000		
Foreign	<u>1,830,000</u>	<u>2,111,000</u>		
	<u>\$21,526,000</u>	<u>\$21,598,000</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, 2004 and 2003 were \$9,577,000 and \$10,178,000, respectively, while net sales for the nine months ended September 30, 2004 and 2003 were \$23,081,000 and \$28,182,000, respectively. The year on year decline for both periods reflects a reduction in revenues derived from the NOx reduction project business. As referred to in previous filings, although the Environmental Protection Agency's (EPA) SIP (State Implementation Plan) Call regulation became effective as of May 31, 2004, there were several factors that led to a slowing of equipment orders in the air pollution control business. Depressed NOx allowance prices for 2004, which resulted from weak demand for power and the existence of a shortened ozone season, caused some utilities to delay capital spending while meeting their requirements on a short-term basis through the purchase of allowances and other temporary means. In addition, many utilities continued to experience significant capital constraints. Based on these market factors, the air pollution control business weakened during the latter portion of 2003 and the first half of 2004. As expected, the second half of 2004 has begun to show improvement with the receipt of several air pollution control project orders. Increased strength in this business is expected in 2005 and 2006. Fuel Tech continues to work towards developing alliance agreements with critical customers looking to finalize their compliance plans.

The decline in NOx reduction project revenues for the quarter and year to date was partially offset by record fuel treatment chemical revenues. Revenues for the Fuel Chem business are up in excess of 70% over the prior year. Revenues derived from Western coal-fired utility boilers have had the largest year on year impact, and contributions from the customer contracts acquired from Martin Marietta Magnesia Specialties, LLC on September 30, 2003, also contributed to the increase.

Fuel Tech believes that attaining success on several Western coal-fired utility boilers will lead to further penetration of the Western coal-fired utility market. Sales and marketing efforts are intensely focused on penetrating this market as it represents the largest opportunity for the fuel treatment chemical business. 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.

Cost of sales as a percentage of net sales for the three month period ended September 30, 2004 declined to 50% from 55% in the third quarter of the prior year. On a year to date basis, the cost of sales percentage is 53% and 62%, respectively, for 2004 and 2003. A significantly larger percentage of the revenues for the third quarter and nine months ended September 30 of 2003 were generated by NOx reduction projects (in particular, lower margin turnkey projects) than in 2004. The gross margins realized by the fuel treatment chemical product line are greater than the NOx reduction project business.

Selling, general and administrative expenses were \$3,398,000 and \$2,961,000 for the three months ended September 30, 2004 and 2003, respectively, while these expenses for the nine months ended September 30, 2004 and 2003 were \$9,664,000 and \$8,565,000, respectively. The increase is due primarily to selling expenses related to the fuel treatment chemical business.

Research and development expenses for the quarter ended September 30, 2004 and on a year-to-date basis are at the same level as the prior year. The Company continues to pursue commercial applications for its technologies outside of its traditional markets.

There was no interest expense recorded for the quarter or nine-month period ended September 30, 2004. In the second quarter of 2003, the Company paid off the entirety of its outstanding debt balance.

The decline in other income and expense for the three and nine-month periods ended September 30, 2004 versus the prior year is due to a reduction in interest income resulting from a reduction in the average outstanding cash balance. Additionally, the nine months ended September 30, 2003 were impacted favorably by foreign currency translation which has not reoccurred in 2004.

A provision for federal or state income taxes was not recorded during the three or nine month periods ended September 30, 2004 due to the existence of net operating loss carryforwards.

***Liquidity and Sources of Capital***

For the nine months ended September 30, 2004, the Company used cash for operating activities in the amount of \$611,000, while \$1,520,000 was used for operating activities for the same period in 2003. At September 30, 2004 and December 31, 2003, the Company had cash and cash equivalents of \$5,281,000 and \$7,812,000, respectively, while working capital for the same two periods was \$10,645,000 and \$11,026,000, respectively. The decline in cash and working capital from December 31, 2003 was driven primarily by the investment in equipment to support the fuel treatment chemical business.

### **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, 2003.

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

#### **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.

### **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. Unregistered Sales of Equity Securities and Use of Proceeds  
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  
None

**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 8, 2004                      By: /s/ Ralph E. Bailey  
Ralph E. Bailey  
Chairman, Managing Director  
and Chief Executive Officer

Date: November 8, 2004                      By: /s/ Vincent J. Arnone  
Vincent J. Arnone  
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) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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:
  - 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: as of November 8, 2004      By: /s/ Ralph E. Bailey  
Ralph E. Bailey  
Chairman, Managing Director  
and Chief Executive Officer

## Exhibit 31.2

I, Vincent J. Arnone, 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) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) 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
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) 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:
  - 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: as of November 8, 2004      By: /s/ Vincent J. Arnone  
Vincent J. Arnone  
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 8, 2004                      By: /s/ Ralph E. Bailey  
Ralph E. Bailey  
Chairman, Managing Director  
and Chief Executive Officer

Date: November 8, 2004                      By: /s/ Vincent J. Arnone  
Vincent J. Arnone  
Vice President, Treasurer and  
Chief Financial Officer

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "Act") this certification accompanies the Report and shall not, except to the extent required by the Act, be deemed filed by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Fuel-Tech N.V. and will be retained by Fuel-Tech N.V. and furnished to the Securities and Exchange Commission or its staff upon request.