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**FOR IMMEDIATE RELEASE**

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**FUEL-TECH N.V. REPORTS FOURTH QUARTER AND  
YEAR-END RESULTS**

***--Annual FUEL CHEM<sup>®</sup> revenues up nearly 60%--***

**STAMFORD, Conn., Mar. 3, 2005** -- Fuel-Tech N.V. (Nasdaq: FTEK), a world leader in advanced engineering solutions for the optimization of combustion systems for utility and industrial customers, today reported results for the fourth quarter and year ended December 31, 2004.

For the quarter, net sales were \$7.8 million, up slightly from \$7.6 million in the fourth quarter of 2003. Net income for the quarter was \$1.4 million, or \$0.06 per diluted share, versus a net loss of \$280,000, or (\$0.01) per diluted share, in the comparable prior-year period.

Net sales for the year were \$30.8 million, down from \$35.7 million in 2003. Net income for the year was \$1.7 million, or \$0.08 per diluted share, compared with \$1.1 million, or \$0.05 per diluted share, in 2003.

Net income for the fourth quarter and full year were favorably affected by the recognition of a \$1.5 million non-cash tax benefit related to the anticipated utilization of net operating loss carryforwards. Based on a review of historical taxable income and future projections, the Company believes that the accounting for the net operating loss carryforwards is prudent. Excluding this adjustment, net income for the quarter and full year ended December 31, 2004 was breakeven and \$0.01 per diluted share, respectively.

Steven C. Argabright, President and Chief Operating Officer, commented, "Revenues and operating income declined from 2003 levels as our air pollution control (APC) business

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experienced an anticipated slowdown during the first half of 2004. This was partially offset by a nearly 60% increase in FUEL CHEM<sup>®</sup> revenues, marking another record year for this segment. FUEL CHEM's strong performance was attributable to the increased penetration of our Targeted In-Furnace Injection (TIFI) technology within the Western coal-fired utility market, as well as in our more traditional oil-fired business. It is important to note that these results were achieved despite an extended maintenance outage at a key customer site and the delayed timing of certain start-ups on new coal-fired accounts."

Mr. Argabright continued, "FUEL CHEM revenues in 2004 grew to a record \$16.2 million, up from \$10.3 million in the prior year. We are very pleased with these results and continue to be quite optimistic about future growth opportunities. We made significant progress in our largest potential market, increasing Western coal-fired boilers utilizing our TIFI technology from five to 11 by year-end. Thus far in 2005, we have announced three TIFI demonstrations and a modeling order. These orders represent significant potential business from three new domestic customers, including a major utility previously identified as a high priority prospect, as well as a pilot-scale demonstration necessary to enter the extensive, oil-fired market in Mexico. We expect additional orders for demonstrations from both new and existing customers in the near future and look forward to continued significant revenue growth from this business in 2005 and beyond."

Mr. Argabright continued, "Although air pollution control revenues were down from \$25.4 million in 2003 to \$14.6 million in 2004, we currently have a backlog of approximately \$17 million. As expected, we experienced a steady pick-up in business in the second half of the year and, including the orders we announced last week, have booked almost \$22 million in new business during the last nine months. Improving industry trends, including increased capital spending by utilities as well as higher prices for NOx allowances, contributed to this progress."

Mr. Argabright continued, "We are particularly excited by the commercial relationships entered into with three of the nation's largest electric utilities to supply our NOx reduction technologies. In May, an alliance agreement was signed with Duke Power, covering as many as 24 units and expected to provide significant revenue through 2007. At another major southeastern utility, orders were received for five coal-fired boilers with additional orders anticipated during 2005. Most recently, two full-scale, commercial NOxOUT<sup>®</sup> Selective Non-Catalytic Reduction (SNCR) demonstration orders were received from Tennessee Valley Authority (TVA), the country's largest public power provider. These developments support our

belief that the APC business will continue to grow and see a steady stream of orders for years to come.”

Mr. Argabright concluded, “Overall, 2004 was a breakthrough year for the Company and will serve as a springboard for an extremely strong 2005. Our TIFI technology is firmly positioned for further growth and our APC business is poised to capitalize further on new commercial relationships. We are very confident about our future prospects and look forward to significant revenue and earnings growth.”

### **Conference Call**

*As a reminder, Fuel-Tech N.V. will be hosting a telephone conference call at 10:00 AM EST on Thursday, March 3rd, 2005, to discuss fourth quarter and year-end results. This conference will simultaneously be broadcast over the Internet at [www.fueltechnv.com](http://www.fueltechnv.com) and can be accessed under the subheading of “Investors” on the homepage.*

### **About Fuel-Tech N.V.**

Fuel-Tech N.V. is a leading technology company engaged in the worldwide development, commercialization and application of state-of-the-art proprietary technologies for air pollution control, process optimization, and advanced engineering services. The Company’s NOx reduction processes, which include the NOxOUT<sup>®</sup>, NOxOUT CASCADE<sup>®</sup>, NOxOUT ULTRA<sup>®</sup>, Rich Reagent Injection (RRI) and NOxOUT SCR<sup>®</sup> technologies, have established Fuel-Tech N.V. as a leader in post combustion NOx control systems, which are installed on over 325 units worldwide.

New technologies that have grown out of the core NOx reduction business form the basis of the FUEL CHEM<sup>®</sup> business. FUEL CHEM technology centers around the unique application of chemicals to improve the performance of combustion units by controlling slagging, fouling, corrosion and opacity. The Company’s FUEL CHEM products are being applied to over 80 combustion units burning a wide variety of fuels including coal, heavy oil, biomass, and municipal waste. Both the NOx reduction and FUEL CHEM businesses rely heavily on the Company’s exceptional Computational Fluid Dynamics modeling skills, which are enhanced by internally developed, high-end visualization software. For more information, visit Fuel-Tech N.V.’s web site at [www.fueltechnv.com](http://www.fueltechnv.com).

*This press release may contain statements of a forward-looking nature regarding future events. These statements are only predictions and actual events may differ materially. Please refer to documents that Fuel Tech files from time to time with the Securities and Exchange Commission for a discussion of certain factors that could cause actual results to differ materially from those contained in the forward-looking statements.*

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

	December 31	
	2004	2003
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,531	\$ 7,812
Accounts receivable, net of allowances for doubtful accounts of \$74 and \$311, respectively	7,358	6,095
Inventories	311	312
Deferred tax asset	500	-
Prepaid expenses and other current assets	1,096	795
Total current assets	15,796	15,014
Equipment, net of accumulated depreciation of \$7,209 and \$6,165, respectively	2,863	2,127
Goodwill, net of accumulated amortization of \$924	2,119	2,119
Other intangible assets, net of accumulated amortization of \$24	1,177	1,274
Deferred tax asset	1,000	-
Other assets	799	1,064
Total assets	\$23,754	\$21,598
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 2,705	\$ 2,244
Accrued liabilities:		
Employee compensation	706	797
Other accrued liabilities	937	947
Total current liabilities	4,348	3,988
Other liabilities	328	299
Total liabilities	4,676	4,287
Shareholders' equity:		
Common Stock, par value \$0.01 per share, 40,000,000 shares authorized, 19,529,952 and 19,621,503 shares issued, respectively	195	196
Additional paid-in capital	88,600	89,698
Accumulated deficit	(70,335)	(72,030)
Accumulated other comprehensive income	86	48
Treasury stock	-	(1,133)
Nil coupon perpetual loan notes	532	532
Total shareholders' equity	19,078	17,311
Total liabilities and shareholders' equity	\$23,754	\$21,598

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net sales	\$ 7,751	\$ 7,554	\$30,832	\$35,736
Costs and expenses:				
Cost of sales	4,341	4,377	16,566	21,789
Selling, general and administrative	2,988	3,094	12,652	11,659
Research and development	<u>347</u>	<u>367</u>	<u>1,242</u>	<u>1,287</u>
Operating income (loss)	75	(284)	372	1,001
Interest expense	-	-	-	(25)
Other (expense) income, net	<u>(47)</u>	<u>4</u>	<u>(83)</u>	<u>144</u>
Income (loss) before taxes	28	(280)	289	1,120
Income tax benefit	<u>1,406</u>	<u>-</u>	<u>1,406</u>	<u>-</u>
Net income (loss)	<u>\$ 1,434</u>	<u>\$ (280)</u>	<u>\$ 1,695</u>	<u>\$ 1,120</u>
Net income (loss) per Common Share:				
Basic	<u>\$ .07</u>	<u>\$ (.01)</u>	<u>\$ .09</u>	<u>\$ .06</u>
Diluted	<u>\$ .06</u>	<u>\$ (.01)</u>	<u>\$ .08</u>	<u>\$ .05</u>
Average number of Common Shares outstanding:				
Basic	<u>19,527,000</u>	<u>19,686,000</u>	<u>19,517,000</u>	<u>19,637,000</u>
Diluted	<u>22,239,000</u>	<u>19,686,000</u>	<u>22,155,000</u>	<u>22,412,000</u>