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**FOR IMMEDIATE RELEASE**

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

***--Quarterly and annual revenues up 110% and 72%, respectively--***

**STAMFORD, Conn., Mar. 10, 2006** -- 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 record results for the fourth quarter and year ended December 31, 2005.

For the quarter, net sales were \$16.3 million, up 110% from \$7.8 million in the fourth quarter of 2004. Net income for the quarter was \$2.6 million, or \$0.11 per diluted share, versus \$1.4 million, or \$0.06 per diluted share, in the comparable prior-year period.

Net sales for the year were \$52.9 million, up 72% from \$30.8 million in 2004. Net income for the year was \$7.6 million, or \$0.33 per diluted share, compared with \$1.6 million, or \$0.07 per diluted share, in 2004.

Net income for the fourth quarter and full year were favorably affected by the recording of tax benefits of \$228,000 and \$419,000, respectively. These benefits predominantly represent the recording of non-cash tax benefits related to the anticipated utilization of deferred tax assets. On a pre-tax basis, net income for the quarter and full year was \$0.10 and \$0.31 per diluted share, respectively.

Steven C. Argabright, Vice Chairman, commented, "2005 was a year of tremendous financial and operating success for Fuel Tech. Sales in our Air Pollution Control (APC) division surged 124% to a record \$32.6 million, while FUEL CHEM<sup>®</sup> sales rose 25% to a record \$20.3

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million. Geographically, foreign sales reached an all-time high, advancing to \$11.2 million, a 136% increase from \$4.7 million in the prior year.”

Mr. Argabright continued, “In addition to record sales, we concluded the year with a strong balance sheet. Net cash provided by operations totaled a record \$11.5 million, up from \$714,000 in 2004, enabling Fuel Tech to end the year with cash and short-term investments of \$16.4 million, our largest position ever. Backlog from the APC business also ended the year at a record level of \$28 million, reflecting \$43 million in new business booked during 2005.”

Mr. Argabright continued, “The APC business experienced an unprecedented level of activity during 2005. New international markets were penetrated, further inroads were made in key industrial markets and the Company benefited from existing relationships with some of the country’s largest electric utilities. In the United States, Fuel Tech enjoyed strong order flow from its two alliance partners, one a major utility in the Midwest, the other a major utility in the Southeast. The Midwest utility placed orders for four additional NOxOUT<sup>®</sup> Selective Non-Catalytic Reduction (SNCR) systems during 2005, while the Southeastern utility placed orders for three additional units. The Company also benefited from commercial and demonstration NOxOUT SNCR orders from a number of other utility and industrial customers.”

Mr. Argabright continued, “The APC group also had a very successful year overseas. In Europe, Fuel Tech was awarded NOxOUT system contracts covering three units in France, three units in Italy and a single unit in Belgium. In the People’s Republic of China (PRC), Fuel Tech was awarded two contracts totaling \$15.3 million, marking the Company’s initial entrée into the world’s largest coal-consuming country. This market represents immense opportunity as independent projections suggest that the PRC will require some 325 new, large coal-fired boilers during the next five years. Equally important, it is anticipated that many of these units will have some form of NOx control imposed upon them.”

Mr. Argabright continued, “In our FUEL CHEM business, we announced TIFI<sup>™</sup> Targeted In-Furnace Injection<sup>™</sup> installations on 14 units during 2005, including nine on coal-fired utility boilers. Although revenues grew 25% this past year, results were impacted somewhat by rail disruptions that restricted shipments of Powder River Basin (PRB) coals, thereby limiting the need for our technology at certain existing customer accounts and slowing the conversion at others. Although some rail restrictions have been removed and coal shipments are steadily increasing, repair work will reportedly continue into 2006. FUEL CHEM revenue growth was also limited by demonstration programs that did not yield commercial revenues during 2005, although recoupable amounts from these programs have been largely realized thus

far in 2006. Lastly, the high price of oil has resulted in reduced oil-fired electricity generation in the United States, thereby restricting certain FUEL CHEM applications. Despite these market conditions, we are confident that we will be able to add a number of new units to our expanding customer base during 2006.”

Mr. Argabright concluded, “Momentum continues to build in each of our major businesses and we anticipate moving forward with a strong performance in 2006. Based on current market indicators in our APC and FUEL CHEM segments, we expect revenues increasing by some 23%-32%, to \$65-\$70 million, and pre-tax income per diluted share in the \$0.42-\$0.47 range. After-tax results in 2006 will reflect the utilization of deferred tax assets to offset taxable income as the Company transitions towards being a traditional tax-paying entity.”

### **Conference Call**

*As a reminder, Fuel-Tech N.V. will host a conference call today at 9:00 A.M. ET to discuss the results. This conference will simultaneously be broadcast over the Internet at [www.fueltechnv.com](http://www.fueltechnv.com) and can be accessed on the Home page under “Quick Links.” The call can also be accessed by dialing 866.831.6234 (domestic) or 617.213.8854 (international) and using the passcode “Fuel-Tech N.V.” A replay of the call will be available on the website and can be accessed by dialing 888.286.8010 (domestic) or 617.801.6888 (international) and using the passcode “80031923.” The replay will be available until March 31, 2006.*

### **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. These technologies are designed to enable customers to produce clean efficient energy.

The Company’s nitrogen oxide (NO<sub>x</sub>) reduction processes, which include the NO<sub>x</sub>OUT<sup>®</sup>, NO<sub>x</sub>OUT CASCADE<sup>®</sup>, NO<sub>x</sub>OUT ULTRA<sup>®</sup>, Rich Reagent Injection (RRI) and NO<sub>x</sub>OUT-SCR<sup>®</sup> technologies, have established Fuel-Tech N.V. as a leader in post-combustion NO<sub>x</sub> control systems, which are installed on over 350 units worldwide.

New technologies that have grown out of the core NO<sub>x</sub> reduction business form the basis of the FUEL CHEM<sup>®</sup> business. FUEL CHEM technology revolves 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 NO<sub>x</sub> 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.*

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(Tables to Follow)

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

	December 31	
	2005	2004
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 10,375	\$ 4,031
Short-term investments	6,000	2,500
Accounts receivable, net of allowances for doubtful accounts of \$150 and \$74, respectively	12,184	7,358
Inventories	358	311
Deferred income taxes	3,043	500
Prepaid expenses and other current assets	1,072	960
Total current assets	33,032	15,660
Equipment, net of accumulated depreciation of \$7,900 and \$7,209, respectively	4,045	2,863
Goodwill	2,119	2,119
Other intangible assets, net of accumulated amortization of \$1,087 and \$968, respectively	1,224	1,342
Deferred income taxes	1,579	1,144
Other assets	1,027	700
Total assets	\$43,026	\$23,828
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 6,493	\$ 2,705
Accrued liabilities:		
Employee compensation	2,005	706
Other accrued liabilities	4,944	957
Total current liabilities	13,442	4,368
Other liabilities	448	505
Total liabilities	13,890	4,873
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 20,424,133 and 19,529,952 shares issued, respectively	204	195
Additional paid-in capital	91,559	88,600
Accumulated deficit	(62,870)	(70,458)
Accumulated other comprehensive (loss) income	(39)	86
Nil coupon perpetual loan notes	282	532
Total shareholders' equity	29,136	18,955
Total liabilities and shareholders' equity	\$43,026	\$23,828

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

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2005	2004	2005	2004
<b>Net sales</b>	\$16,276	\$7,751	\$52,928	\$30,832
<b>Costs and expenses:</b>				
Cost of sales	8,201	4,341	27,118	16,566
Selling, general and administrative	5,484	3,012	17,414	12,775
Research and development	298	347	1,211	1,242
	<u>13,983</u>	<u>7,700</u>	<u>45,743</u>	<u>30,583</u>
<b>Operating income</b>	2,293	51	7,185	249
Other (expense) income, net	94	(47)	(16)	(83)
Income before taxes	<u>2,387</u>	<u>4</u>	<u>7,169</u>	<u>166</u>
Income tax benefit	228	1,406	419	1,406
<b>Net income</b>	<u>2,615</u>	<u>\$1,410</u>	<u>\$7,588</u>	<u>\$1,572</u>
<b>Net income per Common Share</b>				
Basic	\$0.13	\$0.07	\$0.38	\$ 0.08
Diluted	\$0.11	\$0.06	\$0.33	\$ 0.07
<b>Average number of Common Shares outstanding</b>				
Basic	20,357,000	19,527,000	20,043,000	19,517,000
Diluted	23,578,000	22,239,000	23,066,000	22,155,000

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

	2005	2004
For the years ended December 31		
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 7,588	\$ 1,572
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,566	1,225
Amortization	127	137
Provision for doubtful accounts	26	92
Loss on equipment disposals/impaired assets	32	109
Deferred income tax	(2,978)	(1,520)
Tax benefit from stock compensation expense	1,488	-
Changes in operating assets and liabilities:		
Accounts receivable	(4,852)	(1,355)
Inventories	(47)	-
Prepaid expenses, other current assets and other noncurrent assets	(439)	(197)
Accounts payable	3,788	461
Accrued liabilities and other noncurrent liabilities	5,229	125
Other	3	65
Net cash provided by operating activities	11,531	714
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of equipment	-	13
Purchases of short-term investments	(3,500)	-
Purchases of equipment and patents	(2,792)	(2,080)
Net cash used in investing activities	(6,292)	(2,067)
<b>FINANCING ACTIVITIES</b>		
Proceeds from exercise of stock options and warrants	1,230	34
Net cash provided by financing activities	1,230	34
Effect of exchange rate fluctuations on cash	(125)	38
Net increase (decrease) in cash and cash equivalents	6,344	(1,281)
Cash and cash equivalents at beginning of year	4,031	5,312
Cash and cash equivalents at end of year	\$ 10,375	\$ 4,031

**FUEL-TECH N.V.**  
**BUSINESS SEGMENT FINANCIAL DATA**  
(in thousands of U.S. dollars)

Three months ended December 31, 2005	Nitrogen Oxide Reduction	Fuel Treatment Chemical	Other	Total
Net sales from external customers	\$ 9,647	\$ 6,628	\$ 1	\$ 16,276
Cost of sales	5,124	3,027	50	8,201
Gross margin	4,523	3,601	(49)	8,075
Selling, general and administrative	-	-	5,484	5,484
Research and development	-	-	298	298
Operating income (loss)	\$ 4,523	\$ 3,601	\$ (5,831)	\$ 2,293

Three months ended December 31, 2004	Nitrogen Oxide Reduction	Fuel Treatment Chemical	Other	Total
Net sales from external customers	\$ 4,053	\$ 3,694	\$ 4	\$ 7,751
Cost of sales	2,512	1,733	96	4,341
Gross margin	1,541	1,961	(92)	3,410
Selling, general and administrative	-	-	3,012	3,012
Research and development	-	-	347	347
Operating income (loss)	\$ 1,541	\$ 1,961	\$ (3,451)	\$ 51

For the year ended December 31, 2005	Nitrogen Oxide Reduction	Fuel Treatment Chemical	Other	Total
Net sales from external customers	\$ 32,650	\$ 20,272	\$ 6	\$ 52,928
Cost of sales	16,744	10,096	278	27,118
Gross margin	15,906	10,176	(272)	25,810
Selling, general and administrative	-	-	17,414	17,414
Research and development	-	-	1,211	1,211
Operating income (loss)	\$ 15,906	\$ 10,176	\$(18,897)	\$ 7,185

For the year ended December 31, 2004	Nitrogen Oxide Reduction	Fuel Treatment Chemical	Other	Total
Net sales from external customers	\$ 14,602	\$ 16,216	\$ 14	\$ 30,832
Cost of sales	8,458	7,797	311	16,566
Gross margin	6,144	8,419	(297)	14,266
Selling, general and administrative	-	-	12,775	12,775
Research and development	-	-	1,242	1,242
Operating income (loss)	\$ 6,144	\$ 8,419	\$(14,314)	\$ 249

*Note: Fuel Tech is organized into three reportable segments, two that provide advanced engineering solutions for the optimization of combustion systems in utility and industrial applications, and one that markets and sells visualization software. The segment that markets and sells visualization software was discontinued effective March 1, 2005. The visualization software segment does not meet the materiality test for disclosure and is aggregated in "Other" above. In addition, "Other" also includes those profit and loss items not allocated by Fuel Tech to each reportable segment.*

**FUEL-TECH N.V.**  
**GEOGRAPHIC INFORMATION**  
(in thousands of U.S. dollars)

	<u>Three months ended December 31</u>		<u>Twelve months ended December 31</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net Sales:				
United States	\$ 11,169	\$ 6,357	\$ 41,721	\$ 26,093
Foreign	5,107	1,394	11,207	4,739
	<u>\$ 16,276</u>	<u>\$ 7,751</u>	<u>\$ 52,928</u>	<u>\$ 30,832</u>