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FOR IMMEDIATE RELEASE

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FUEL TECH REPORTS FIRST-QUARTER RESULTS

BATAVIA, Ill., May 8, 2007 – Fuel Tech, Inc. (Nasdaq: FTEK), a world leader in advanced engineering solutions for the optimization of combustion systems in utility and industrial applications, today reported results for the quarter ended March 31, 2007.

Net sales for the first quarter totaled \$16.3 million, down 5% from the \$17.1 million reported in the comparable prior-year period. Net income totaled \$0.8 million, or \$0.03 per diluted share, versus \$1.3 million, or \$0.06 per diluted share, in the same year-ago quarter.

The decline in net income is attributable to several factors, including: the winding down of two air pollution control projects in the People’s Republic of China (PRC), which had been signed in 2005 and had contributed significantly to revenues in 2006; the impact on FUEL CHEM[®] program revenues of plant outages experienced by a significant number of utility coal-unit customers; and the recording of higher stock-based compensation expense, which increased on an after-tax basis from \$227,000 in the first quarter of 2006 to \$583,000 in the current quarter. Despite the impact of unit outages, revenues for the fuel treatment chemical business segment were up 61% over 2006, reflecting the growing acceptance of the various benefits of Fuel Tech’s proprietary TIFI[™] Targeted In-Furnace Injection[™] technology.

“We have experienced a somewhat slower start to the year than planned,” commented John F. Norris Jr., President and Chief Executive Officer. “While year-to-year comparisons are quite favorable for our fuel treatment chemical business, revenue gains were nevertheless constrained by the impact of early maintenance outages at many of our customer accounts. In looking ahead, we

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anticipate accelerating growth in this segment as the marketplace continues to express strong interest in our TIFI technology, as evidenced by the announcement of orders for eight new FUEL CHEM programs thus far in 2007, including chemical injection on six coal-fired utility boilers in the United States and two biomass boilers in northern Italy.”

Mr. Norris continued, “With respect to our air pollution control technology segment, revenues were down from the first quarter of 2006, but not materially out of line with our internal expectations for this business segment for the first quarter of the year. We believe this business is well-positioned to capitalize on the next phase of increasingly stringent U.S. air quality standards, and interest in the Company’s broad suite of technologies, both domestically and abroad, has never been greater. In particular, U.S. utilities are beginning to deploy systems to comply with the Clean Air Interstate Rule (CAIR), which takes effect in 2009. Follow-on regulations such as the Clean Air Mercury Rule (CAMR) and the Clean Air Visibility Rule (CAVR) offer Fuel Tech the potential for significant domestic market expansion as thousands of utility and industrial boilers will be subject to these EPA regulations. Similarly, our NOxOUT ULTRA[®] technology offers significant near-term opportunity to expand our market presence in the PRC, which continues to add new coal-fired electric generating capacity at a rapid pace. Longer term, the retrofit market in the PRC offers extraordinary potential for our technologies.”

Mr. Norris concluded, “At this time, we wish to reaffirm our earlier guidance for 2007 calling for full-year revenues to increase by some 20% - 27%, to \$90 - \$95 million, with gains in both technology segments.”

Conference Call

As a reminder, Fuel Tech will host a conference call today at 9:00 AM ET to discuss the results. The call will simultaneously be broadcast over the Internet at www.ftek.com and can be accessed on the Home page under “Quick Links”. The call can also be accessed by dialing 800.329.9097 (domestic) or 617.614.4929 (international) and using the passcode “Fuel Tech.” 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 “32790510”. The replay will be available until June 1, 2007.

About Fuel Tech

Fuel Tech 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 enable customers to produce both energy and processed materials in a cost-effective and environmentally sustainable manner.

The Company's nitrogen oxide (NO_x) reduction technologies include the NO_xOUT[®], NO_xOUT CASCADE[®], NO_xOUT ULTRA[®], Rich Reagent Injection (RRI) and NO_xOUT-SCR[®] processes. These technologies have established Fuel Tech as a leader in post-combustion NO_x control systems, with installations on over 400 units worldwide, where coal, municipal waste, biomass, and other fuels are utilized.

The Company's FUEL CHEM[®] technology revolves around the unique application of chemicals to improve the efficiency, reliability, fuel flexibility and environmental status of combustion units by controlling slagging, fouling, corrosion, opacity and acid plume, as well as the formation of sulfur trioxide, ammonium bisulfate, particulate matter (PM_{2.5}), carbon dioxide and NO_x. This technology, in the form of a customizable FUEL CHEM program, is being applied to over 50 combustion units burning a wide variety of fuels including coal, heavy oil, biomass, and municipal waste.

Many of Fuel Tech's products and services rely heavily on the Company's exceptional Computational Fluid Dynamics modeling capabilities, which are enhanced by internally developed, high-end visualization software. These capabilities, coupled with the Company's innovative technologies and multi-disciplined team approach, enable Fuel Tech to provide practical solutions to some of our customers' most challenging problems. For more information, visit Fuel Tech's web site at www.ftek.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, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars, except share and per-share data)

	March 31, 2007	December 31, 2006
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,602	\$ 24,405
Short-term investments	-	8,000
Accounts receivable, net of allowances for doubtful accounts of \$150	14,303	16,724
Inventories	208	203
Deferred income taxes	4,972	4,972
Prepaid expenses and other current assets	1,686	1,916
Total current assets	52,771	56,220
Equipment, net of accumulated depreciation of \$9,409 and \$8,845, respectively	4,169	4,051
Goodwill	2,119	2,119
Other intangible assets, net of accumulated amortization of \$1,233 and \$1,205, respectively	1,134	1,156
Deferred income taxes	1,214	885
Other assets	1,064	1,229
Total assets	\$ 62,471	\$ 65,660
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,212	\$ 7,632
Accrued liabilities	5,516	9,873
Total current liabilities	10,728	17,505
Other liabilities	1,252	500
Total liabilities	11,980	18,005
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 22,198,698 and 22,086,728 shares issued, respectively	222	221
Additional paid-in capital	105,248	103,122
Accumulated deficit	(55,333)	(56,044)
Accumulated other comprehensive income	82	79
Nil coupon perpetual loan notes	272	277
Total shareholders' equity	50,491	47,655
Total liabilities and shareholders' equity	\$ 62,471	\$ 65,660

FUEL TECH, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in thousands of U.S. dollars, except share and per-share data)

	Three Months Ended March 31	
	2007	2006
Net sales	\$ 16,262	\$ 17,121
Costs and expenses:		
Cost of sales	8,957	9,056
Selling, general and administrative	5,906	5,424
Research and development	554	351
	<u>15,417</u>	<u>14,831</u>
Operating income	845	2,290
Interest income	417	150
Other expense	(41)	(18)
Income before taxes	<u>1,221</u>	<u>2,422</u>
Income tax expense	(429)	(1,072)
Net income	<u>\$ 792</u>	<u>\$ 1,350</u>
Net income per Common Share:		
Basic	<u>\$ 0.04</u>	<u>\$ 0.07</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 0.06</u>
Weighted-average number of Common Shares outstanding:		
Basic	<u>22,107,000</u>	<u>20,613,000</u>
Diluted	<u>24,653,000</u>	<u>23,708,000</u>

FUEL TECH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands of U.S. dollars)

	Three Months Ended March 31	
	2007	2006
Operating activities		
Net cash used in operating activities	<u>\$ (1,342)</u>	<u>\$ (582)</u>
Investing activities		
Sales (purchases) of short-term investments	8,000	(8,000)
Purchases of equipment and patents	(697)	(730)
Net cash provided by (used in) investing activities	<u>7,303</u>	<u>(8,730)</u>
Financing activities		
Proceeds from exercise of stock options	506	2,763
Income tax benefit from exercise of stock options	727	1,068
Net cash provided by financing activities	<u>1,233</u>	<u>3,831</u>
Effect of exchange rate fluctuations on cash	<u>3</u>	<u>23</u>
Net increase (decrease) in cash and cash equivalents	7,197	(5,458)
Cash and cash equivalents at beginning of period	<u>24,405</u>	<u>10,375</u>
Cash and cash equivalents at end of period	<u>\$ 31,602</u>	<u>\$ 4,917</u>

FUEL TECH, INC.
BUSINESS SEGMENT FINANCIAL DATA
(in thousands of U.S. dollars)

Three months ended March 31, 2007	Nitrogen Oxide Reduction	Fuel Treatment Chemical	Other	Total
Net sales from external customers	\$8,609	\$7,653	\$ -	\$16,262
Cost of sales	5,027	3,895	35	8,957
Gross margin	3,582	3,758	(35)	7,305
Selling, general and administrative			5,906	5,906
Research and development			554	554
Operating income (loss)	\$3,582	\$3,758	\$(6,495)	\$ 845

Three months ended March 31, 2006	Nitrogen Oxide Reduction	Fuel Treatment Chemicals	Other	Total
Net sales from external customers	\$12,365	\$4,756	\$ -	\$17,121
Cost of sales	6,888	2,118	50	9,056
Gross margin	5,477	2,638	(50)	8,065
Selling, general and administrative			5,424	5,424
Research and development			351	351
Operating income (loss)	\$ 5,477	\$2,638	\$(5,825)	\$ 2,290

Note: Fuel Tech is an integrated company that segregates its financial results into two reportable segments, both providing advanced technology and engineering solutions for the optimization of combustion systems in utility and industrial applications. The "Other" classification includes those profit and loss items not allocated by Fuel Tech to each reportable segment.

GEOGRAPHIC INFORMATION
(in thousands of U.S. dollars)

	Three months ended March 31	
	2007	2006
Revenues:		
United States	\$14,007	\$12,906
Foreign	2,255	4,215
	<u>\$16,262</u>	<u>\$17,121</u>