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FOR IMMEDIATE RELEASE

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FUEL TECH REPORTS RECORD FIRST-QUARTER RESULTS

BATAVIA, Ill., May 6, 2008 – 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, 2008.

Revenues for the first quarter totaled \$20.5 million, up 26% from the \$16.3 million reported in the comparable prior-year period. Net income totaled \$1.6 million, or \$0.07 per diluted share, double the \$0.8 million, or \$0.03 per diluted share, in the comparable prior-year period. Both revenues and net income represent record results for a first quarter in the Company's history.

The increase in net income is attributable to double-digit revenue gains in both technology segments. Results for the air pollution control (APC) technology segment benefited from a strong year-end backlog, which contributed to a 36% revenue improvement as capital projects drew closer to completion. Revenues for the fuel treatment chemical business advanced 15%, reflecting the impact of new FUEL CHEM[®] program additions, principally for large, coal-fired units. Partially offsetting these gains were higher selling, general and administrative expenses, due principally to greater employee-related costs associated with global business expansion, coupled with the recording of higher stock-based compensation expense.

John F. Norris Jr., President and Chief Executive Officer, commented, "First-quarter revenues and net income were in line with our expectations and represent a good building block for achieving our full-year financial objectives."

Mr. Norris continued, "On the APC side, steady progress was made in working through the \$28 million backlog recorded at the end of 2007. Moreover, with the March announcement, which included a NOxOUT ULTRA[®] contract in China, we have nearly maintained this backlog, which

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stood at \$25 million at March 31, 2008. Domestic and international quotation activity remains robust, as evidenced by contract announcements totaling \$5 million since the start of the second quarter. In particular, we remain very bullish about the market potential in the People's Republic of China (PRC), where interest is intensifying for the urea-to-ammonia conversion technology embodied in our NOxOUT ULTRA[®] systems. Product demand should also remain strong in the United States as utilities take steps to comply with the Clean Air Interstate Rule (CAIR), which takes effect next year.”

Mr. Norris continued, “Our FUEL CHEM business is now beginning to hit its stride with the start-up of chemical injection for a number of new customer accounts. Equally important, we are signing up new clients at a record-setting pace, having announced eight unit additions thus far in 2008, compared with 13 for all of 2007. These new accounts comprise two oil-fired units and six coal-fired units, including our first demonstrations in India and the PRC. The one soft spot in our business is the impact of record crude oil prices on oil-fired FUEL CHEM applications, which masks the dramatic growth in FUEL CHEM revenues from coal-fired customer units.”

Mr. Norris continued, “We have also taken important steps to broaden our portfolio of product offerings. As previously announced, Fuel Tech entered into a project development agreement with Chem-Mod LLC to pursue sulfur dioxide and mercury reduction opportunities. We have also signed an exclusive license agreement with FGC Corporation to sell flue gas conditioning systems in specified geographies. We are moving expeditiously to leverage each of these technologies.”

Mr. Norris concluded, “We are pleased with our performance this quarter, but it is too early in the year to consider any adjustments to our earlier guidance for 2008, which call for full-year revenues to increase by some 10% - 16%, to \$88 - \$93 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 800.299.6183 (domestic) or 617.801.9713 (international) and entering the passcode “38358324.” 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 “91552881.” The replay will be available until May 31, 2008.

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 450 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 95 combustion units burning a wide variety of fuels including coal, heavy oil, biomass, and municipal waste. A breakdown of the nature of these customer units is posted on the Company's website.

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.

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(Tables to Follow)

FUEL TECH, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands of dollars, except share and per-share data)

| | March 31, 2008 <u>(Unaudited)</u> | December 31, 2007 <u></u> |
|--|---|---------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 34,568 | \$ 30,473 |
| Short-term investments | - | 1,998 |
| Accounts receivable, net of allowances for doubtful accounts of \$150 | 24,780 | 31,856 |
| Inventories | 273 | 186 |
| Deferred income taxes | 1,053 | 1,589 |
| Prepaid expenses and other current assets | 1,172 | 1,761 |
| Total current assets | <u>61,846</u> | <u>67,863</u> |
| Equipment, net of accumulated depreciation of \$10,731 and \$10,091, respectively | 13,408 | 11,302 |
| Goodwill | 2,119 | 2,119 |
| Other intangible assets, net of accumulated amortization of \$1,347 and \$1,320, respectively | 1,075 | 1,088 |
| Deferred income taxes | 2,913 | 2,552 |
| Other assets | 2,704 | 2,290 |
| Total assets | <u>\$ 84,065</u> | <u>\$ 87,214</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Short-term debt | \$ 2,136 | \$ 2,051 |
| Accounts payable | 9,966 | 13,632 |
| Accrued liabilities | 4,333 | 7,037 |
| Total current liabilities | <u>16,435</u> | <u>22,720</u> |
| Other liabilities | 1,300 | 1,255 |
| Total liabilities | <u>17,735</u> | <u>23,975</u> |
| Shareholders' equity: | | |
| Common stock, \$.01 par value, 40,000,000 shares authorized, 22,446,793 and 22,410,064 shares issued, respectively | 224 | 224 |
| Additional paid-in capital | 112,826 | 111,459 |
| Accumulated deficit | (47,249) | (48,882) |
| Accumulated other comprehensive income | 257 | 166 |
| Nil coupon perpetual loan notes | 272 | 272 |
| Total shareholders' equity | <u>66,330</u> | <u>63,239</u> |
| Total liabilities and shareholders' equity | <u>\$ 84,065</u> | <u>\$ 87,214</u> |

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

| | Three Months Ended March 31 | |
|--|--------------------------------|-------------------|
| | 2008 | 2007 |
| Revenues | \$ 20,467 | \$ 16,262 |
| Costs and expenses: | | |
| Cost of sales | 10,669 | 8,957 |
| Selling, general and administrative | 6,979 | 5,906 |
| Research and development | 555 | 554 |
| | <u>18,203</u> | <u>15,417</u> |
| Operating income | 2,264 | 845 |
| Interest expense | (46) | - |
| Interest income | 276 | 417 |
| Other income (expense) | 136 | (41) |
| Income before taxes | <u>2,630</u> | <u>1,221</u> |
| Income tax | <u>(997)</u> | <u>(429)</u> |
| Net income | <u>\$ 1,633</u> | <u>\$ 792</u> |
| Net income per Common Share: | | |
| Basic | <u>\$ 0.07</u> | <u>\$ 0.04</u> |
| Diluted | <u>\$ 0.07</u> | <u>\$ 0.03</u> |
| Weighted-average number of Common Shares outstanding: | | |
| Basic | <u>22,420,000</u> | <u>22,107,000</u> |
| Diluted | <u>24,567,000</u> | <u>24,653,000</u> |

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

| | Three Months Ended March 31 | |
|--|--------------------------------|------------|
| | 2008 | 2007 |
| Operating activities | | |
| Net cash provided by (used in) operating activities | \$ 4,416 | \$ (1,342) |
| Investing activities | | |
| Sales of short-term investments | 1,998 | 8,000 |
| Purchases of equipment and patents | (2,761) | (697) |
| Net cash (used in) provided by investing activities | (763) | 7,303 |
| Financing activities | | |
| Proceeds from short-term borrowings | 85 | - |
| Issuance of deferred shares | 15 | - |
| Proceeds from exercise of stock options and warrants | 88 | 506 |
| Excess tax benefit for stock-based compensation | 163 | 727 |
| Net cash provided by financing activities | 351 | 1,233 |
| Effect of exchange rate fluctuations on cash | 91 | 3 |
| Net increase in cash and cash equivalents | 4,095 | 7,197 |
| Cash and cash equivalents at beginning of period | 30,473 | 24,405 |
| Cash and cash equivalents at end of period | \$ 34,568 | \$ 31,602 |

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

| Three months ended March 31, 2008 | Nitrogen Oxide Reduction | Fuel Treatment Chemical | Other | Total |
|--------------------------------------|-----------------------------|----------------------------|------------|-----------|
| Revenues from external customers | \$ 11,669 | \$ 8,798 | \$ - | \$ 20,467 |
| Cost of sales | 6,145 | 4,524 | - | 10,669 |
| Gross margin | 5,524 | 4,274 | - | 9,798 |
| Selling, general and administrative | | | 6,979 | 6,979 |
| Research and development | | | 555 | 555 |
| Operating income (loss) | \$ 5,524 | \$ 4,274 | \$ (7,534) | \$ 2,264 |

| Three months ended March 31, 2007 | Nitrogen Oxide Reduction | Fuel Treatment Chemicals | Other | Total |
|--------------------------------------|-----------------------------|-----------------------------|------------|----------|
| Revenues 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 |

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 dollars)

| | Three months ended March 31 | |
|---------------|--------------------------------|-----------------|
| | 2008 | 2007 |
| Revenues: | | |
| United States | \$ 19,084 | \$14,007 |
| Foreign | 1,383 | 2,255 |
| | <u>\$ 20,467</u> | <u>\$16,262</u> |