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FOR IMMEDIATE RELEASE

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FUEL TECH REPORTS FIRST-QUARTER 2009 RESULTS

WARRENVILLE, Ill., May 5, 2009 – Fuel Tech, Inc. (NASDAQ: FTEK), a world leader in advanced engineering solutions for the optimization of combustion systems and emissions control in utility and industrial applications, today reported results for the quarter ended March 31, 2009.

Revenues for the first quarter totaled \$17.3 million, a decline of 15% from the comparable prior-year period. The net loss for the quarter was \$1.6 million, or (\$0.06) per diluted share, compared with net income of \$1.6 million, or \$0.07 per diluted share, in the same year-ago quarter.

The Air Pollution Control technology segment (APC segment) generated revenues of \$8.8 million, down 24% versus the \$11.7 million recorded in the comparable year-earlier quarter. The decline can be attributed to the impact of sharply reduced APC orders during the second half of 2008 driven by the regulatory uncertainty caused by the July 2008 decision by the U.S. District of Columbia Court of Appeals (the “Court”) to vacate the Clean Air Interstate Rule (CAIR) coupled with the worldwide economic crisis which dramatically decreased capital availability and reduced electrical demand by industrial customers. This, in turn, significantly decreased the cash flows and earnings for utilities and industrial customers and necessitated certain deferrals of their capital project spending and resulted in a suppressed level of orders for our APC segment in the first quarter of 2009. Partially offsetting this factor were initial revenues derived from contracts acquired in connection with the January 2009 acquisition of substantially all of the assets of Advanced Combustion Technology, Inc. (ACT).

With respect to CAIR, the Court agreed, on December 23, 2008, to reinstitute this rule in its entirety with the original January 1, 2009 effective date, provided that the EPA undertook the process of revising the ruling to address the Court's primary concern. This development, coupled with the ACT transaction, has generated a surge in quotation activity and a commensurate pick-up in order announcements is anticipated. Gross margins for the APC segment were 28% in the first quarter, compared with 47% a year ago. The decline reflects a large pass-through product sale at a nominal mark-up and the recording of a contingent loss provision on a contract.

Revenues for the FUEL CHEM[®] technology segment (FUEL CHEM segment) totaled \$8.5 million, down 3% from the comparable 2008 quarter. The decline primarily reflects the impact of the U.S. economic recession on electricity demand, which has caused certain FUEL CHEM customers to shut down or scale back certain boiler operations. This, in turn, has resulted in certain FUEL CHEM programs being operated at reduced levels or temporarily turned off. Moderating this factor was the onset of chemical injection at several new customer sites. Current-quarter revenues include \$7.4 million from coal-fired units, a 3% decrease versus a year ago, and \$1.1 million from non-coal fired units, an 8% decline versus the year-earlier quarter, the latter reflecting the discontinuation of a FUEL CHEM program in Venezuela in response to that government's nationalization efforts. Segment gross margins declined from 49% in the first quarter of 2008 to 41% in the current quarter, due principally to costs associated with ongoing demonstration programs at numerous customer sites and the dilutive impact of fixed operating costs at client sites experiencing reduced chemical demand. Demonstration programs are designed to prove the effectiveness of TIFI[™] Targeted In-Furnace Injection[™] applications, with the Company and customer normally sharing in the program's expense, and typically transition into commercial contracts once the program's value has been demonstrated.

Selling, general and administrative (SG&A) expenses totaled \$8.3 million in the current quarter, versus \$7.0 million in the same year-ago period. Of the \$1.3 million increase, \$1.0 million is attributable to the net incremental SG&A expenses associated with the recent acquisitions of substantially all of the assets of Tackticks, LLC, FlowTack, LLC and ACT. Also contributing to the SG&A increase was additional stock compensation expenses of \$0.3 million. Research and development (R&D) expenses were \$0.2 million, down from \$0.6 million in the comparable year-ago period, as the Company moderated its near-term R&D expenditures in the wake of the economic downturn. Net interest expense was negligible during the current quarter, compared with

\$0.2 million of net interest income in the prior-year period, reflecting the reduction in cash and cash equivalents to fund the aforementioned acquisitions.

During the first quarter of 2009, the Company announced contract awards with a value of \$8.5 million. When combined with the backlog acquired in connection with the ACT transaction, and the ongoing conversion of backlog to revenues, the APC segment's capital projects backlog totaled \$14.3 million as of March 31, 2009. This relatively low level of activity reflects the impact of tight credit markets on APC outlays by electric utilities and industrial customers, but with the reinstatement of CAIR and the addition of new product lines, a substantial increase in APC orders is now expected for the remaining three quarters of 2009.

John F. Norris Jr., President and Chief Executive Officer, commented, "The first quarter of 2009 was particularly challenging as the virtual absence of second-half 2008 air pollution control orders limited our ability to generate APC-related revenues. Fortunately, we are experiencing a strong pick-up in quotation activity, including requests that can best be satisfied with new products and services associated with the Tackticks, FlowTack and ACT transactions, including the HERT™ High Energy Reagent Technology™ system. Especially noteworthy has been our recent success in international markets, with major wins in Canada, France and China, where just this past week we received a \$4.6 million contract for multiple NOxOUT ULTRA® systems. Thus far in 2009, we have announced APC orders totaling over \$13 million.

Mr. Norris continued, "Our FUEL CHEM segment was significantly impacted by the economic recession, but we continue to start-up new programs at coal-fired units and win new business in this challenging environment. Of particular note was the award of a demonstration program on one of the largest coal-fired units in the United States, which has already begun chemical injection. A success here could mean rapid deployment of TIFI™ Targeted In-Furnace Injection™ technology on other units in the customer's fleet. Also, the demonstration on our first lignite unit, announced in December 2008, has just been successfully completed and that unit is now a commercial customer of our FUEL CHEM program."

Mr. Norris concluded, "With respect to the balance of 2009, we believe air pollution control orders will begin to accelerate and that important FUEL CHEM announcements will be forthcoming as well in the not too distant future. Nevertheless, this outlook must be tempered by the reality of ongoing capital constraints and falling electricity demand in the wake of economic contraction in most industrialized nations. As such developments have the potential to alter very rapidly the environment in which we operate, we are unable to offer any additional clarification to our

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previously stated 2009 guidance at this time. Accordingly, we will defer such pronouncements until our revenues and earnings for this year come into sharper focus.”

Conference Call

As a reminder, Fuel Tech will host a conference call today at 9:00 AM EDT 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 800-573-4842 (domestic) or 617-224-4327 (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 “71645579.” The replay will be available until May 30, 2009.

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 advanced combustion modification techniques - such as low NO_x burners and over-fire air systems - and post-combustion NO_x control approaches, including NO_xOUT[®] and HERT[™] SNCR systems as well as systems that incorporate 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 NO_x reduction, with installations on over 550 units worldwide, where coal, fuel oil, natural gas, 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 85 combustion units around the world 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.

Fuel Tech also provides a range of combustion optimization services, including airflow testing, coal flow testing and boiler tuning, as well as services to help optimize selective catalytic reduction system performance, including catalyst management services and ammonia injection grid tuning. In addition, flow corrective devices and physical and computational modeling services are available to optimize flue gas distribution and mixing in both power plant and industrial applications.

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.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(in thousands, except share and per-share data)

	Three Months Ended March 31	
	<u>2009</u>	<u>2008</u>
Revenues	\$ 17,317	\$ 20,467
Costs and expenses:		
Cost of sales	11,374	10,669
Selling, general and administrative	8,254	6,979
Research and development	154	555
	<u>19,782</u>	<u>18,203</u>
Operating income / (loss)	(2,465)	2,264
Interest expense	(30)	(46)
Interest income	16	276
Other income (expense)	(124)	136
Income / (Loss) before taxes	<u>(2,603)</u>	<u>2,630</u>
Income tax (expense) / benefit	<u>1,041</u>	<u>(997)</u>
Net income / (loss)	<u>(\$ 1,562)</u>	<u>\$ 1,633</u>
Net income / (loss) per Common Share:		
Basic	<u>(\$ 0.06)</u>	<u>\$ 0.07</u>
Diluted	<u>(\$ 0.06)</u>	<u>\$ 0.07</u>
Weighted-average number of Common Shares outstanding:		
Basic	<u>24,112,000</u>	<u>22,420,000</u>
Diluted	<u>24,112,000</u>	<u>24,567,000</u>

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

	Three Months Ended March 31	
	2009	2008
Operating activities		
Net cash provided by operating activities	<u>\$ 6,504</u>	<u>\$ 4,416</u>
Investing activities		
Sales of short-term investments	-	1,998
Acquisition of business	(22,490)	-
Purchases of equipment and patents	(883)	(2,761)
Net cash used in investing activities	<u>(23,373)</u>	<u>(763)</u>
Financing activities		
Proceeds from short-term borrowings	3	85
Issuance of deferred shares	21	15
Proceeds from exercise of stock options and warrants	27	88
Excess tax benefit for stock-based compensation	-	163
Net cash provided by financing activities	<u>51</u>	<u>351</u>
Effect of exchange rate fluctuations on cash	<u>(15)</u>	<u>91</u>
Net (decrease) increase in cash and cash equivalents	(16,833)	4,095
Cash and cash equivalents at beginning of period	<u>28,149</u>	<u>30,473</u>
Cash and cash equivalents at end of period	<u>\$ 11,316</u>	<u>\$ 34,568</u>
Supplemental disclosure of cash flow information:		
Increase in contingent consideration payable	\$ 2,307	\$ -

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

Three months ended March 31, 2009	Air Pollution Control Segment	FUEL CHEM® Segment	Other	Total
Net sales from external customers	\$ 8,820	\$ 8,497	\$ -	\$ 17,317
Cost of sales	(6,319)	(5,055)	-	(11,374)
Gross margin	2,501	3,442	-	5,943
Selling, general and administrative	-	-	(8,254)	(8,254)
Research and development	-	-	(154)	(154)
Operating income (loss)	\$ 2,501	\$ 3,442	\$ (8,408)	\$ (2,465)

Three months ended March 31, 2008	Air Pollution Control Segment	FUEL CHEM Segment	Other	Total
Net sales 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

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.

FUEL TECH, INC.
GEOGRAPHIC INFORMATION
(in thousands)

	Three months ended March 31	
	2009	2008
Revenues:		
United States	\$14,338	\$19,084
Foreign	2,979	1,383
	<u>\$17,317</u>	<u>\$20,467</u>

FUEL CHEM[®] CUSTOMER UNITS STATUS AS OF MAY 5, 2009

	Status		
<u>Coal-Burning Units</u>	<u>Available U.S. Units</u>	<u>Commercial</u>	<u>Demonstration⁽²⁾</u>
<u>Domestic</u>			
Large (≥ 500 MW)	266	11	3
Medium (≥ 100, < 500MW).....	545	7	2
Small (< 100 MW)	<u>701</u>	<u>6</u>	<u>1</u>
Totals.....	1,512	24	6
<u>International</u>			
Large (≥ 500 MW)		0	2
Medium (≥ 100, < 500MW).....		2	1
Small (< 100 MW)		<u>0</u>	<u>1</u>
Totals.....		2	4
Total Coal-Burning Units		26	10
<u>Non-Coal-Burning Units</u>			
Domestic		23	
International		<u>27</u>	
Total Non-Coal-Burning Units⁽¹⁾		50	0
86 Total Customer Units		76	10

(1) Total 2008 annual revenue for non-coal-burning units was approximately \$5 million

(2) Demonstrations are designed to prove the FUEL CHEM technology on customer units prior to transitioning into commercial status.

