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FOR IMMEDIATE RELEASE

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FUEL TECH REPORTS THIRD-QUARTER 2009 RESULTS

WARRENVILLE, Ill., Nov. 4, 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 three- and nine-month periods ended September 30, 2009.

Third-Quarter 2009

Revenues for the third quarter totaled \$16.5 million, a 30% decline from the comparable prior-year quarter. The net loss for the quarter was \$0.7 million, or (\$0.03) per diluted share, compared with net income of \$2.1 million, or \$0.09 per diluted share, in the same year-ago quarter.

The Air Pollution Control technology segment (APC segment) recorded revenues of \$6.2 million, down 54% versus the third quarter of 2008. Weak economic conditions and continued uncertainty over the ultimate outcome of the Clean Air Interstate Rule (CAIR) restricted the flow of orders, and project timing resulted in reduced revenues for nitrogen oxide (NOx) control systems. Segment gross margins were 34% versus the 43% reported in the third quarter of 2008, primarily due to a pass-through catalyst sale at a nominal gross margin percentage and the timing of project milestones for other contracts that primarily involved lower margin revenue-generating activities, such as initial engineering design and project start-up activities, in support of APC projects.

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The FUEL CHEM[®] technology segment (FUEL CHEM segment) generated record revenues of \$10.3 million, up 2% from the comparable 2008 quarter. Revenue gains associated with new customer commercial units and demonstration programs were largely offset by the shut down or scaling back of chemical injection at certain client units experiencing depressed electricity demand. Current-quarter revenues include \$9.5 million from coal-fired units, an 8% increase versus a year ago, and \$0.8 million from non-coal-fired units, down 39% from the comparable prior-year quarter, reflecting reduced sales to oil-fired units as milder summer temperatures, reduced industrial loads and the high cost of oil reduced its use as a fuel source. Segment gross margins declined from 48% in the third quarter of 2008 to 42% in the current quarter, reflecting the impact of multiple demonstration programs, a one-time equipment sale at nominal price to support the start-up of a Mexican-based FUEL CHEM program, and the impact of local fixed costs spread over a suppressed average revenue base for most existing clients.

Selling, general and administrative (SG&A) expenses totaled \$8.0 million in the current quarter, versus \$6.8 million in the same year-ago period. The increase was driven primarily by sales commissions, predominantly on record FUEL CHEM segment revenues, associated with a new sales commission plan initiated January 1, 2009 and by additional salaries and benefits arising principally from the acquisitions of substantially all of the assets of Tackticks, LLC and FlowTack, LLC in October 2008 and substantially all of the assets of Advanced Combustion Technology, Inc. (ACT) in January 2009 (Acquisitions). In addition, the Company recorded a one-time gain of \$0.8 million from the partial reversal of a \$2.3 million, first-quarter 2009, contingent liability associated with a prospective earnout payment related to the aforementioned ACT transaction.

Research and development (R&D) expenses were \$0.2 million, compared with \$0.4 million in the third quarter of 2008, as R&D activities were scaled back in light of the economic slowdown.

Year-to-Date 2009

Revenues for the first nine months were \$52.7 million, a decline of 16% from the comparable year-earlier period. The net loss for the nine months totaled \$2.5 million, or (\$0.11) per diluted share, compared with net income of \$4.2 million, or \$0.17 per diluted share, in the same year-ago period.

The APC technology segment recorded revenues of \$24.2 million, a 32% decline versus the comparable prior-year period, as utility and industrial customers continued to curtail investments in APC equipment due to the sluggish economy and uncertainty surrounding prospective revisions to CAIR. Segment gross margins stood at 38% versus 45% reported for the first nine months of 2008. The decline was primarily due to pass-through catalyst sales at a nominal gross margin percentage and project timing that resulted in a higher-than-average project mix towards other lower margin revenue-generating activities supporting APC projects.

Revenues for the FUEL CHEM segment totaled a record \$28.5 million, up 5% from the \$27.2 million recognized in the comparable prior-year period. Of the \$27.2 million in total nine-month 2008 segment revenues, \$23.7 million was generated from coal-fired units while \$3.5 million was derived from non-coal-fired units. Of the \$28.5 million in nine-month 2009 segment revenues, \$25.7 million was associated with coal-fired units (an 8% increase versus the comparable prior-year period) while revenues from non-coal-fired units declined 19% to \$2.8 million. Segment gross margins declined from 49% during the first nine months of 2008 to 42% during the comparable 2009 period, reflecting the impact of several domestic and international demonstration programs, a one-time equipment sale at nominal price to support the start-up of a Mexican-based FUEL CHEM program, and the impact of local fixed costs spread over a suppressed average revenue base for most clients. At September 30, 2009, approximately \$2.7 million in risk-share revenue is outstanding and unrecognized, the largest balance in the Company's history. Risk-share revenues are recognized when and if the FUEL CHEM demonstration program is deemed a success by the customer.

SG&A expenses totaled \$25.1 million versus \$21.2 million in the same year-ago period. The increase can be attributed to additional salaries and benefits arising principally from the aforementioned Acquisitions, sales commission expenses, mainly for the FUEL CHEM segment, associated with a new sales commission plan initiated January 1, 2009, and a one-time employee expense related to a workforce reduction during the second quarter of 2009. R&D expenses were \$0.4 million versus \$1.8 million in the nine-month 2008 period as R&D activities were moderated in the wake of the global economic downturn and revenue shortfalls.

Through the first nine months of 2009, the Company announced contract awards with a value of \$18.5 million. After accounting for the conversion of backlog to revenues during this period, the APC segment capital projects backlog stood at \$11.1 million as of September 30, 2009.

Subsequent to September 30, 2009, the Company has announced multiple APC orders with a value in excess of \$17 million.

John F. Norris Jr., President and Chief Executive Officer, commented, “Fuel Tech’s results continue to be hampered by challenging economic conditions, weak electricity demand and continued regulatory uncertainty, but we are beginning to see some encouraging developments in our business. For example, our FUEL CHEM segment set a new record for quarterly revenues due in part to several important demonstration programs that are in process. One of these demonstrations, on a lignite-fired boiler, has successfully concluded and is in the process of transitioning to commercial status. Moreover, we are now in discussions with this client regarding the expansion of our program to other lignite-fired units in its fleet. The third quarter also witnessed the announcement of four commercial FUEL CHEM orders, including two from the Republic of Korea, our first in that country.”

Mr. Norris continued, “In the APC segment, quotation activity remains active, although customer commitments were somewhat muted during the third quarter due to the lingering effects of the global economic downturn and continued uncertainty over the eventual resolution of CAIR. Nevertheless, the Company did receive orders for three ULTRA™ systems, bringing to 25 the total number of such systems either installed or in process worldwide. ULTRA systems are designed to enhance the safety of SCR systems for NOx control, and we anticipate attractive growth in this global market.”

Mr. Norris stated, “More importantly, since the end of the third quarter, we have experienced a welcome surge in contract announcements as certain of our domestic electric utility clients have begun deploying meaningful capital to address pollution control requirements. These contracts, which include the single largest APC order in the Company’s history, reflect market drivers in addition to CAIR, such as the Environmental Protection Agency’s Regional Haze Rule, which seeks to improve visibility in national parks and wilderness areas, and local consent decrees, which are court-ordered settlements directed at specific utilities for the control of NOx emissions. Together, these orders represent over \$17 million in new business and do so without the benefit of any contract signings in China, where the APC market remains quite robust, particularly in Guangdong Province. We would anticipate announcing new orders from that region in the not-too-distant future.”

Mr. Norris concluded, "Virtually all of our recently signed business can be attributed to Fuel Tech's expanded portfolio of NOx reduction capabilities, made possible, in part, by the acquisition earlier this year of substantially all of the assets of Advanced Combustion Technology, Inc. With the addition of low-NOx burner and over-fire air product offerings, and expanded SNCR capabilities, we are uniquely and strongly positioned to help plant operators implement their near-term and longer-term NOx control strategies."

Conference Call

As a reminder, Fuel Tech will host a conference call on Thursday, November 5 at 9:00 AM EST to discuss the results. The call will simultaneously be broadcast over the Internet at www.ftek.com and can be accessed under "[Quick Links](#)" on the Home page. The call can also be accessed by dialing 800-901-5259 (domestic) or 617-786-4514 (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 "19723155." The replay will be available until November 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 (NOx) reduction technologies include advanced combustion modification techniques - such as low NOx burners and over-fire air systems - and post-combustion NOx control approaches, including NOxOUT[®] and HERT[™] SNCR systems as well as systems that incorporate NOxOUT CASCADE[®], ULTRA[™], Rich Reagent Injection (RRI) and NOxOUT-SCR[®] processes. These technologies have established Fuel Tech as a leader in NOx 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 NOx. This technology, in the form of a customizable FUEL CHEM program, is being applied to 85

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.

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 BALANCE SHEETS
(in thousands, except share and per-share data)

	September 30, 2009 <u>(Unaudited)</u>	December 31, 2008 <u></u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,203	\$ 28,149
Restricted cash	881	-
Accounts receivable, net of allowance for doubtful accounts of \$69 and \$80, respectively	20,184	23,365
Inventories	498	1,014
Deferred income taxes	767	767
Prepaid expenses and other current assets	4,392	4,718
Total current assets	<u>39,925</u>	<u>58,013</u>
Equipment, net of accumulated depreciation of \$14,595 and \$12,588, respectively	16,292	17,515
Goodwill	21,441	5,158
Other intangible assets, net of accumulated amortization of \$2,587 and \$1,504, respectively	6,957	2,543
Deferred income taxes	4,025	2,412
Other assets	2,605	3,232
Total assets	<u>\$ 91,245</u>	<u>\$ 88,873</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt	\$ 2,194	\$ 2,188
Accounts payable	5,950	8,196
Accrued liabilities	3,851	3,283
Total current liabilities	<u>11,995</u>	<u>13,667</u>
Other liabilities	2,954	1,389
Total liabilities	<u>14,949</u>	<u>15,056</u>
Stockholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 24,163,217 and 24,110,967 shares issued, respectively	242	241
Additional paid-in capital	123,530	118,588
Accumulated deficit	(47,818)	(45,280)
Accumulated other comprehensive income	261	187
Nil coupon perpetual loan notes	81	81
Total stockholders' equity	<u>76,296</u>	<u>73,817</u>
Total liabilities and stockholders' equity	<u>\$ 91,245</u>	<u>\$ 88,873</u>

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Revenues	\$ 16,475	\$ 23,703	\$ 52,714	\$ 62,961
Costs and expenses:				
Cost of sales	10,034	13,019	31,786	33,521
Selling, general and administrative	8,000	6,789	25,130	21,181
Gain from revaluation of contingent performance obligation	(781)	-	(781)	-
Research and development	160	380	391	1,844
	<u>17,413</u>	<u>20,188</u>	<u>56,526</u>	<u>56,546</u>
Operating (loss) income	(938)	3,515	(3,812)	6,415
Interest expense	(27)	(31)	(83)	(93)
Interest income	7	145	30	610
Other expense	(4)	(238)	(166)	(154)
(Loss) income before taxes	<u>(962)</u>	<u>3,391</u>	<u>(4,031)</u>	<u>6,778</u>
Income tax benefit (expense)	264	(1,289)	1,493	(2,596)
Net (loss) income	<u>\$ (698)</u>	<u>\$ 2,102</u>	<u>\$ (2,538)</u>	<u>\$ 4,182</u>
Net (loss) income per Common Share:				
Basic	<u>\$ (0.03)</u>	<u>\$ 0.09</u>	<u>\$ (0.11)</u>	<u>\$ 0.18</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ 0.09</u>	<u>\$ (0.11)</u>	<u>\$ 0.17</u>
Weighted-average number of Common Shares outstanding:				
Basic	<u>24,142,000</u>	<u>23,978,000</u>	<u>24,127,000</u>	<u>23,450,000</u>
Diluted	<u>24,142,000</u>	<u>24,638,000</u>	<u>24,127,000</u>	<u>24,604,000</u>

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

	Nine Months Ended September 30	
	2009	2008
Operating activities		
Net cash provided by operating activities	\$ 7,502	\$ 8,335
Investing activities		
Acquisition of business	(20,186)	-
Increase in restricted cash	(881)	-
Sales of short-term investments	-	1,998
Purchases of property, equipment and intangible assets	(1,774)	(9,080)
Net cash used in investing activities	(22,841)	(7,082)
Financing activities		
Proceeds from short-term borrowings	5	137
Issuance of deferred shares	63	55
Proceeds from exercise of stock options and warrants	251	396
Excess tax benefit for stock-based compensation	-	392
Net cash provided by financing activities	319	980
Effect of exchange rate fluctuations on cash	74	74
Net (decrease) increase in cash and cash equivalents	(14,946)	2,307
Cash and cash equivalents at beginning of period	28,149	30,473
Cash and cash equivalents at end of period	\$ 13,203	\$ 32,780
Supplemental disclosure of cash flow information:		
Increase in contingent consideration payable	\$ 1,526	\$ -
Cash paid for interest	\$ 47	\$ 94
Cash paid for income taxes	\$ 250	\$ 4,636

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

Three months ended September 30, 2009	Air Pollution Control Segment	FUEL CHEM® Segment	Other	Total
Revenues from external customers	\$ 6,182	\$ 10,293	\$ -	\$ 16,475
Cost of sales	4,089	5,945	-	10,034
Gross margin	2,093	4,348	-	6,441
Selling, general and administrative	-	-	8,000	8,000
Gain from revaluation of contingent performance obligation	-	-	(781)	(781)
Research and development	-	-	160	160
Operating income (loss)	\$ 2,093	\$ 4,348	\$ (7,379)	\$ (938)

Three months ended September 30, 2008	Air Pollution Control Segment	FUEL CHEM Segment	Other	Total
Revenues from external customers	\$ 13,567	\$ 10,136	\$ -	\$ 23,703
Cost of sales	7,704	5,315	-	13,019
Gross margin	5,863	4,821	-	10,684
Selling, general and administrative	-	-	6,789	6,789
Research and development	-	-	380	380
Operating income (loss)	\$ 5,863	\$ 4,821	\$ (7,169)	\$ 3,515

Nine months ended September 30, 2009	Air Pollution Control Segment	FUEL CHEM Segment	Other	Total
Revenues from external customers	\$ 24,179	\$ 28,535	\$ -	\$ 52,714
Cost of sales	15,096	16,690	-	31,786
Gross margin	9,083	11,845	-	20,928
Selling, general and administrative	-	-	25,130	25,130
Gain from revaluation of contingent performance obligation	-	-	(781)	(781)
Research and development	-	-	391	391
Operating income (loss)	\$ 9,083	\$ 11,845	\$ (24,740)	\$ (3,812)

Nine months ended September 30, 2008	Air Pollution Control Segment	FUEL CHEM Segment	Other	Total
Revenues from external customers	\$ 35,713	\$ 27,248	\$ -	\$ 62,961
Cost of sales	19,507	14,013	1	33,521
Gross margin	16,206	13,235	(1)	29,440
Selling, general and administrative	-	-	21,181	21,181
Research and development	-	-	1,844	1,844
Operating income (loss)	\$ 16,206	\$ 13,235	\$ (23,026)	\$ 6,415

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
 (Unaudited)
 (in thousands)

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:				
United States	\$ 14,054	\$ 19,319	\$ 43,114	\$ 54,845
Foreign	<u>2,421</u>	<u>4,384</u>	<u>9,600</u>	<u>8,116</u>
	<u>\$ 16,475</u>	<u>\$ 23,703</u>	<u>\$ 52,714</u>	<u>\$ 62,961</u>

FUEL CHEM[®] CUSTOMER UNITS

STATUS AS OF NOVEMBER 4, 2009

<u>Coal-Burning Units</u>	<u>Status</u>		
	<u>Available U.S. Units</u>	<u>Commercial</u>	<u>Demonstration⁽¹⁾</u>
<u>Domestic</u>			
Large (≥ 500 MW)	266	11	2
Medium (≥ 100, < 500MW).....	545	8	1
Small (< 100 MW)	<u>701</u>	<u>5</u>	<u>0</u>
Totals.....	1,512	24	3
<u>International</u>			
Large (≥ 500 MW)		0	2
Medium (≥ 100, < 500MW).....		0	2
Small (< 100 MW)		<u>0</u>	<u>1</u>
Totals.....		0	5
Total Coal-Burning Units		24	8
<u>Non-Coal-Burning Units</u>			
Domestic		21	
International		<u>32</u>	
Total Non-Coal-Burning Units⁽²⁾		<u>53</u>	<u>0</u>
85 Total Customer Units		77	8

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