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FOR IMMEDIATE RELEASE

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FUEL TECH ANNOUNCES FUEL CHEM[®] DEMONSTRATION

WARRENVILLE, Ill., Sept. 16, 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 announced a FUEL CHEM[®] demonstration order from an existing domestic electric utility customer. The demonstration will be performed on a medium-sized boiler transitioning to Powder River Basin (PRB) coal. Chemical injection is scheduled to commence during the fourth quarter.

John F. Norris Jr., President and Chief Executive Officer, commented, “The growing divergence in pricing from major U.S. coal fields is fast becoming another powerful driver for our business as utilities are increasingly attracted to the compelling economic benefits of shifting to the lower priced, and lower quality, coals originating in the Powder River Basin and Illinois Basin.”

Mr. Norris concluded, “In this case, our client is faced with a doubling, or potentially even a tripling, of coal prices and, therefore, has decided to undertake a test burn of PRB coal. In anticipation of challenging slagging issues typically associated with utilizing higher sodium coals, a FUEL CHEM demonstration program incorporating TIFI[™] Targeted In-Furnace Injection[™] technology will be conducted simultaneously on this boiler.”

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

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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 100 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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