



CONTACT: John P. Graham
Chief Financial Officer
(630) 845-4500

FOR IMMEDIATE RELEASE

Tracy H. Krumme
Vice President, Investor Relations
(203) 425-9830

FUEL TECH REPORTS THIRD-QUARTER RESULTS

WARRENVILLE, Ill., Nov. 10, 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 three- and nine-month periods ended September 30, 2008.

Third Quarter 2008

Revenues for the third quarter totaled \$23.7 million, an increase of 55% from the comparable prior-year quarter. Net income was \$2.1 million, or \$0.09 per diluted share, compared with \$0.9 million, or \$0.04 per diluted share, in the same year-ago quarter.

The Air Pollution Control technology segment (APC segment) generated revenues of \$13.6 million, up 98% versus the comparable year-earlier quarter. The increase was driven by the ongoing recognition of revenue on the \$50 million in APC contracts awarded in the second half of 2007 and projects awarded in the first nine months of 2008. Segment gross margins for the quarter were 43%, unchanged from a year ago.

Revenues for the FUEL CHEM[®] technology segment (FUEL CHEM segment) totaled a record \$10.1 million, up 21% from the comparable 2007 quarter. Current-quarter revenues include \$8.7 million from coal-fired units, a 25% increase versus a year ago primarily resulting from customer units transitioning from demonstration programs into commercial status, and \$1.4 million from non-coal fired units, which equaled the comparable prior-year period. High crude oil prices still kept many domestic oil-fired units from running in all but peak or other critical situations. Segment gross margins declined from 51% in the third quarter of 2007 to 48% in the current

quarter, reflecting an increased number of demonstration programs at customer sites. Demonstrations 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 expenses were \$6.8 million, or 29% of consolidated revenues. Although these expenses increased \$1.1 million from the third quarter of 2007, their percentage to total revenues declined from 37% as the Company continues to leverage its fixed and semi-variable cost structure in a growing environment.

Research and development expenses were \$0.4 million, compared with \$0.5 million during the third quarter of 2007. Net interest income declined to \$0.1 million from \$0.4 million in the prior-year quarter, reflecting significantly lower interest rates on outstanding cash and cash-equivalent balances.

Year-to-date 2008

Revenues for the first nine months totaled \$63 million, an increase of 32% from the comparable year-earlier period. Net income for the nine months was \$4.2 million, or \$0.17 per diluted share, compared with \$2.0 million, or \$0.08 per diluted share, in the same year-ago period.

The APC segment recorded revenues of \$35.7 million, up 54% versus the comparable prior-year period, as the Company continues to benefit from the surge in contract signings during the second half of 2007. Segment gross margins improved to 45% versus the 41% reported for the first nine months of 2007 due to a more favorable project mix.

Revenues for the FUEL CHEM segment totaled \$27.2 million, an 11% increase from the \$24.6 million recognized in the comparable prior-year period. Of the \$24.6 million in total nine-month 2007 segment revenues, \$19.7 million was generated from coal-fired units while \$4.9 million was derived from non-coal fired units. Of the \$27.2 million in nine-month 2008 segment revenues, \$23.7 million was associated with coal-fired units (an increase of 21% versus the comparable prior-year period primarily resulting from the aforementioned customer units transitioning into commercial status) while revenues from non-coal fired units declined 28% to \$3.5 million. The significant reduction in revenues from non-coal fired units was due to the high price of crude oil, which kept domestic oil-fired units from being dispatched to the extent they were in 2007. Segment gross margins declined slightly versus a year ago, from 50% to 49%, reflecting the effects of the aforementioned demonstration programs.

Through the first nine months of 2008, the Company announced contract awards with a value of approximately \$19 million. After accounting for the conversion of backlog to revenues during this period, the APC segment capital projects backlog stood at \$15 million as of September 30, 2008.

John F. Norris Jr., President and Chief Executive Officer, commented, “Financial results for the third quarter ran well ahead of last year’s pace, with strong revenue gains achieved in both the Air Pollution Control and FUEL CHEM segments. Of particular note was the record-setting performance of our FUEL CHEM segment, which continues to benefit from a surge in new customer accounts. Thus far in 2008, we have announced a record 14 FUEL CHEM orders, including 12 on coal-fired units, a critical target market for our proprietary technology. Of particular note was our most recent announcement of a second demonstration in the People’s Republic of China, where we believe there is exceptional opportunity for the deployment of TIFI technology.”

Mr. Norris added, “In an effort to improve forward-looking visibility for our FUEL CHEM segment, we are enhancing the information content of our “FUEL CHEM Customer Units” table (<http://www.ftek.com/pdfs/fcCustomerUnits.pdf>) to include financial indicators along with unit quantities. In particular, we are segregating FUEL CHEM units into two categories – those in commercial status and those still in the customer demonstration stage. Units that fit into neither category have been eliminated from the table. We hope this revised tabulation, which is attached to the earnings release, will prove helpful to our shareholders and other interested parties.”

Mr. Norris continued, “While we achieved strong quarterly and nine-month gains in the APC segment, we did not receive the volume of APC contract awards that we had expected during this most recent quarter. This was primarily due to the onset of the global financial crisis, which is causing utilities to re-examine their capital expenditures and to delay certain projects and contract awards. However, the significant level of global quotation activity we are currently experiencing, especially in China, causes us to be cautiously optimistic that such orders will be forthcoming later this year and especially into the first part of 2009.”

Mr. Norris added, “On the acquisition front, we recently bolstered our strategic position in the air pollution control market by acquiring substantially all of the assets of Durham, North Carolina-based Tackticks and FlowTack. This previously announced transaction broadens our management team with the addition of two outstanding organizations, including Mr. Volker Rummenhohl, an internationally recognized expert in utilizing catalysts in selective catalytic

reduction (SCR) systems for nitrogen oxide (NO_x) control. Volker's extensive experience, in particular, will significantly enhance the Company's ability to participate in NO_x control projects utilizing catalysts, especially with our low capital cost NO_xOUT CASCADE[®] systems."

Mr. Norris concluded, "The unanticipated delay in APC orders coupled with the additional costs associated with the record number of FUEL CHEM demonstration programs currently underway, especially in China and India, will have a dampening effect on our projected financial results for the fourth quarter of 2008. Accordingly, we are revising our range of full-year revenue outlook to \$79 - \$81 million and full-year earnings per share outlook to \$0.15 - \$0.17."

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 800-901-5248 (domestic) or 617-786-4512 (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 "99269968." The replay will be available until December 5, 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 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.

The Company also provides a range of 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.

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(Tables to Follow)

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

	September 30, 2008	December 31, 2007
	<u>(Unaudited)</u>	<u></u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,780	\$ 30,473
Short-term investments	-	1,998
Accounts receivable, net of allowances for doubtful accounts of \$94 and \$150	25,432	31,856
Inventories	1,616	186
Deferred income taxes	273	1,589
Prepaid expenses and other current assets	1,749	1,761
Total current assets	<u>61,850</u>	<u>67,863</u>
Property and equipment, net of accumulated depreciation of \$11,987 and \$10,091, respectively	18,041	11,302
Goodwill	2,119	2,119
Other intangible assets, net of accumulated amortization of \$1,423 and \$1,320, respectively	1,335	1,088
Deferred income taxes	4,074	2,552
Other assets	2,943	2,290
Total assets	<u>\$ 90,362</u>	<u>\$ 87,214</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	\$ 2,188	\$ 2,051
Accounts payable	9,660	13,632
Accrued liabilities	4,235	7,037
Total current liabilities	<u>16,083</u>	<u>22,720</u>
Other liabilities	1,301	1,255
Total liabilities	<u>17,384</u>	<u>23,975</u>
Shareholders' equity:		
Common stock, \$.01 par value, 40,000,000 shares authorized, 23,986,622 and 22,410,064 shares issued, respectively	239	224
Additional paid-in capital	116,927	111,459
Accumulated deficit	(44,700)	(48,882)
Accumulated other comprehensive income	240	166
Nil coupon perpetual loan notes	272	272
Total shareholders' equity	<u>72,978</u>	<u>63,239</u>
Total liabilities and shareholders' equity	<u>\$ 90,362</u>	<u>\$ 87,214</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,	
	2008	2007	2008	2007
Revenues	\$ 23,703	\$ 15,246	\$ 62,961	\$ 47,718
Costs and expenses:				
Cost of sales	13,019	8,018	33,521	26,058
Selling, general and administrative	6,789	5,656	21,181	18,125
Research and development	380	541	1,844	1,652
	<u>20,188</u>	<u>14,215</u>	<u>56,546</u>	<u>45,835</u>
Operating income	3,515	1,031	6,415	1,883
Interest expense	(31)	-	(93)	-
Interest income	145	417	610	1,253
Other (expense) income	(238)	50	(154)	(21)
Income before taxes	<u>3,391</u>	<u>1,498</u>	<u>6,778</u>	<u>3,115</u>
Income tax expense	<u>(1,289)</u>	<u>(571)</u>	<u>(2,596)</u>	<u>(1,114)</u>
Net income	<u>\$ 2,102</u>	<u>\$ 927</u>	<u>\$ 4,182</u>	<u>\$ 2,001</u>
Net income per Common Share:				
Basic	<u>\$ 0.09</u>	<u>\$ 0.04</u>	<u>\$ 0.18</u>	<u>\$ 0.09</u>
Diluted	<u>\$ 0.09</u>	<u>\$ 0.04</u>	<u>\$ 0.17</u>	<u>\$ 0.08</u>
Weighted-average number of Common Shares outstanding:				
Basic	<u>23,978,000</u>	<u>22,390,000</u>	<u>23,450,000</u>	<u>22,239,000</u>
Diluted	<u>24,638,000</u>	<u>24,769,000</u>	<u>24,604,000</u>	<u>24,718,000</u>

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

	Nine Months Ended September 30,	
	2008	2007
Operating activities		
Net cash provided by (used in) operating activities	\$ 8,335	\$ (1,126)
Investing activities		
Proceeds from sale of equipment	15	-
Sales of short-term investments	1,998	8,000
Purchases of property, equipment and intangible assets	(9,095)	(2,617)
Net cash (used in) provided by investing activities	(7,082)	5,383
Financing activities		
Proceeds from short-term borrowings	137	1,330
Issuance of deferred shares	55	1,130
Proceeds from exercise of stock options and warrants	396	870
Excess tax benefit for stock-based compensation	392	1,451
Net cash provided by financing activities	980	4,781
Effect of exchange rate fluctuations on cash	74	63
Net increase in cash and cash equivalents	2,307	9,101
Cash and cash equivalents at beginning of period	30,473	24,405
Cash and cash equivalents at end of period	<u>\$ 32,780</u>	<u>\$ 33,506</u>

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

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	<u>7,704</u>	<u>5,315</u>	<u>-</u>	<u>13,019</u>
Gross margin	5,863	4,821	-	10,684
Selling, general and administrative	-	-	6,789	6,789
Research and development	-	-	<u>380</u>	<u>380</u>
Operating income (loss)	\$ 5,863	\$ 4,821	\$ (7,169)	\$ 3,515

Three months ended September 30, 2007	Air Pollution Control Segment	FUEL CHEM Segment	Other	Total
Revenues from external customers	\$ 6,868	\$ 8,378	\$ -	\$ 15,246
Cost of sales	<u>3,906</u>	<u>4,105</u>	<u>7</u>	<u>8,018</u>
Gross margin	2,962	4,273	(7)	7,228
Selling, general and administrative	-	-	5,656	5,656
Research and development	-	-	<u>541</u>	<u>541</u>
Operating income (loss)	\$ 2,962	\$ 4,273	\$ (6,204)	\$ 1,031

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	<u>19,507</u>	<u>14,013</u>	<u>1</u>	<u>33,521</u>
Gross margin	16,206	13,235	(1)	29,440
Selling, general and administrative	-	-	21,181	21,181
Research and development	-	-	<u>1,844</u>	<u>1,844</u>
Operating income (loss)	\$16,206	\$13,235	\$(23,026)	\$ 6,415

Nine months ended September 30, 2007	Air Pollution Control Segment	FUEL CHEM Segment	Other	Total
Revenues from external customers	\$ 23,125	\$ 24,593	\$ -	\$ 47,718
Cost of sales	<u>13,678</u>	<u>12,304</u>	<u>76</u>	<u>26,058</u>
Gross margin	9,447	12,289	(76)	21,660
Selling, general and administrative	-	-	18,125	18,125
Research and development	-	-	<u>1,652</u>	<u>1,652</u>
Operating income (loss)	\$ 9,447	\$ 12,289	\$(19,853)	\$ 1,883

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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:				
United States	\$ 19,319	\$ 11,907	\$ 54,845	\$ 37,498
Foreign	4,384	3,339	8,116	10,220
	<u>\$ 23,703</u>	<u>\$ 15,246</u>	<u>\$ 62,961</u>	<u>\$ 47,718</u>

FUEL TECH, INC.
2008 FAS 123R EXPENSES
ACTUAL / ESTIMATED SUMMARY OF EXPENSES
(Unaudited)
(in thousands)

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Total</u>
FAS 123R Expense Pre-Tax	\$ 1,102	\$ 2,011	\$ 1,525	\$ 1,367	\$ 6,005*
FAS 123R Expense After-Tax	\$ 746	\$ 1,327	\$ 1,035	\$ 907	\$ 4,015*

* The 2008 FAS 123R amounts include actual amounts through the third quarter of 2008 and estimated amounts for the fourth quarter of 2008.

FUEL CHEM[®] CUSTOMER UNITS

STATUS AS OF NOVEMBER 10, 2008

	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	12	3
Medium (≥ 100, < 500MW)	545	7	5
Small (< 100 MW)	<u>701</u>	<u>7</u>	<u>1</u>
Totals	1,512	26	9
<u>International</u>			
Large (≥ 500 MW)		0	2
Medium (≥ 100, < 500MW)		2	2
Small (< 100 MW)		<u>0</u>	<u>0</u>
Totals		2	4
Total Coal-Burning Units		28	13
<u>Non Coal-Burning Units</u>			
Domestic		23	
International		<u>32</u>	
Total Non Coal-Burning Units⁽¹⁾		55	0
96 Total Customer Units		83	13

(1) Total 2008 annual revenue for non-coal burning units is expected to be approximately \$4 million.

(2) Demonstrations 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.

