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FuelCell Energy Team Awarded \$30.2 Million Contract to Further Develop Clean Coal-Based Power Plant in Phase II of Energy Department Program

Project to build 25 kilowatt solid oxide fuel cell stack leverages success of Phase I prototype developed in partnership with Versa Power Systems

DANBURY, Conn. -- Jan. 13, 2009 -- FuelCell Energy, Inc. (NasdaqNM:FCEL), a leading manufacturer of high efficiency ultra-clean power plants using a variety of fuels for commercial, industrial and utility customers, today announced it has been awarded a contract for Phase II of the U.S. Department of Energy's Office of Fossil Energy Solid State Energy Conversion Alliance (SECA) Coal-Based Systems Cooperative Agreement. The total program cost is \$30.2 million of which \$21 million will be funded by DOE.

Phase II extends from January 2009 through September 2010 and seeks to build a minimum 25 kilowatt (kW) solid oxide fuel cell (SOFC) stack that meets SECA-targeted requirements for performance and manufacturing cost. The new stack is to be integrated with a 250 kW to 1 megawatt (MW) fuel cell power module and a 5 MW proof-of-concept system that will operate on coal-based syngas (fuel created by reacting coal at high temperatures). The module and proof-of-concept system are to be designed, fabricated and tested in subsequent SECA program phases.

"The federal government is committed to reducing our dependence on foreign oil and dramatically increasing our development of alternative energy sources," said Christopher R. Bentley, Executive Vice President, Government Operations. "Fundamentally, achieving these goals means deploying the cleanest, most efficient forms of generation, powered by fuels that are environmentally responsible and available domestically. As such, fuel cells are a critical piece of this solution."

The SECA program's overall goal is to develop megawatt-class coal syngas-based SOFC power plants for use as high efficiency central generation facilities that address the need to reduce greenhouse gas emissions and for increased energy independence.

Approximately 25 percent of the world's total coal reserves are situated in the U.S., and coal currently supplies more than half the nation's electricity. Coal-fueled generation, however, is responsible for more than 40 percent of the world's current CO₂ emissions, the leading contributor to greenhouse gases in the atmosphere. SOFC power plants are designed to reduce greenhouse gas emissions by more than 90 percent, while generating more electricity from the same amount of fuel due to their substantially increased efficiency.

FuelCell Energy utilizes the cell and stack designs of its technology partner, Versa Power Systems, Inc., for SOFC development programs. Versa Power has been engaged in SOFC development since 1997 and is considered a world leader in SOFC cell and stack technology. WorleyParsons Group Inc., another team member, provides engineering support in SOFC power plant design.

The SECA program targets an overall efficiency of at least 50 percent in converting energy contained in coal to ultra-clean grid electricity. In contrast, today's average U.S. coal-based power plants have an electrical efficiency of approximately 35 percent. In addition, SECA calls for SOFC-based systems to separate 90 percent or more of the system's carbon dioxide emissions for capture and environmentally safe disposal while being cost competitive with other baseload power generating technologies.

Phase I of the SECA program was a two-year, \$32.3 million project in which Versa Power's SOFC prototype successfully met all DOE-specified goals. These targets included power output level, system efficiency, system availability and overall system endurance.

Solid oxide fuel cells are particularly "power dense," generating relatively large amounts of electricity compared to their size and weight. They operate with virtually no emissions and convert energy from fuel at very high efficiency, producing electricity continuously as long as the basic building blocks of fuel and air are supplied. Their power density and efficiency make them ideal in small commercial or residential applications and for transportation (power sources in air, marine and ground vehicles).

About FuelCell Energy, Inc.

FuelCell Energy is the world leader in the development and production of stationary fuel cells for commercial, industrial, municipal and utility customers. FuelCell Energy's ultra-clean and high efficiency DFC[®] fuel cells are generating power at approximately 50 locations worldwide. The company's power plants have generated more than 260 million kWh of power using a variety of fuels including renewable wastewater gas, biogas from beer and food processing as well as natural gas and other hydrocarbon fuels. FuelCell Energy has partnerships with major power plant developers and power companies around the world. The company also receives funding from the U.S. Department of Energy and other government agencies for the development of leading edge technologies such as hybrid fuel cell/turbine generators and solid oxide fuel cells. For more information please visit our website at www.fuelcellenergy.com

This news release contains forward-looking statements, including statements regarding the Company's plans and expectations regarding the continuing development and commercialization of its fuel cell technology. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that could cause such a difference include, without limitation, general risks associated with product development, manufacturing, changes in the utility regulatory environment, potential volatility of energy prices, rapid technological change, competition, and the Company's ability to achieve its sales plans and cost reduction targets, as well as other risks set forth in the Company's filings with the Securities and Exchange Commission. The forward-looking statements contained herein speak only as of the date of this press release. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based.

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