



## **FuelCell Energy Alliance Partner POSCO Signs Fuel Cell Market Development Pact with KEPCO**

### *First-ever Active Marketing of Large Stationary Fuel Cells by a Major Electric Utility*

**DANBURY, Conn., August 23, 2007** -- FuelCell Energy, Inc. (NasdaqNM:FCEL), a leading manufacturer of secure ultra-clean power plants using a variety of fuels for commercial, industrial and utility customers, today announced that its strategic alliance partner POSCO (NYSE:PKK) has formed a partnership with the world's fifth-largest electric utility, Korean Electric Power Company (KEPCO), to develop and jointly market power plants incorporating fuel cell stack modules manufactured by FuelCell Energy.

On Monday, the presidents of POSCO and KEPCO announced the signing of a memorandum of understanding (MOU) for the development of the sector, which aims to build customer demand and expand deployment of ultra-clean, high efficiency fuel cell technology in this promising overseas market. "The partnership with KEPCO reflects POSCO's consistent efforts to find new energy sources for the future. We expect the MOU to contribute a great deal to boosting demand for new energy," said POSCO President Lee Ku-taek in the Korea Herald.

KEPCO is the parent company of all six of South Korea's major electric generating companies, which together supply over 95% of the country's electricity, or 60 gigawatts (GW) of installed generating capacity, with growth anticipated to reach 86 GW by 2015.

In 2005, the Korean government announced a renewable portfolio agreement (RPA) targeting growth in the installed capacity of New and Renewable Energy (NRE) from 1.1% to 5% by 2011. Beyond 2011, the International Energy Agency (IEA) projects NRE sources could eventually satisfy 30% of the country's electricity needs. Fuel cells, which are highly efficient, ultra-clean, and provide reliable electric output regardless of weather conditions, are a government approved NRE technology. The partnership with POSCO announced yesterday positions KEPCO as a leader in this field.

Under the deal, POSCO will also provide a 2.4 megawatts (MW) power plant to KEPCO affiliate Korea South East Power Company (KOSEP) by next year. The KOSEP order is part of the aggregated 7.8 MW ordered by POSCO this year, which was previously announced by FuelCell Energy.

POSCO intends to break ground soon on a new factory in the southern city of Pohang, which will be capable of producing 50 MW by 2008 and 100 MW by 2010. When completed, this facility will be the world's largest by production capacity. Under the agreement with POSCO announced in February, FuelCell Energy will continue to manufacture the core fuel cell modules, while POSCO will provide balance of plant equipment and system integration activities.

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“This MOU between POSCO and KEPCO represents an important step for fuel cell deployment in South Korea,” said Ben Toby, Vice President of Global Business Development for FuelCell Energy. “The alliance substantially expands POSCO’s market reach for fuel cells to customers of the existing utility companies, and allows KEPCO to implement this cutting-edge energy technology to best meet the needs of its customers, and Korea’s energy future.”

Last year, the Korean Ministry of Commerce, Industry and Energy passed a new renewable energy subsidy program, under which fuel cells powered by biogas and natural gas received subsidies in excess of the amounts allocated to wind power, biomass, and hydro, and second only to solar power. For fuel cells running on natural gas, the current subsidy is \$0.30/kilowatt hour (kWh) and \$0.25/kWh for those running on biogas up to a cap of 50 MW. A binding Renewable Portfolio Standards program with expanded MW targets for NRE is expected to be signed into law by 2009. With these policies in place, Korea is slated to become one of the world’s leading adopters of ultra-clean fuel cell technology.

#### **About KEPCO**

Korea Electric Power Corporation (KEPCO), incorporated on January 1, 1982, is an integrated electric utility company engaged in the transmission and distribution of electricity in Korea. During the year ended December 31, 2006, KEPCO sold 349 billion kilowatt-hours of electricity. Of the 365 billion kilowatt-hours of electricity KEPCO purchased in 2006, 39.3% was generated by Korea Hydro & Nuclear Power Co., Ltd., its wholly owned nuclear and hydroelectric power generation subsidiary. The Company also wholly owns its five non-nuclear generation subsidiaries: Korea South-East Power Co., Ltd (KOSEP), Korea Midland Power Co., Ltd. (KOMIPO), Korea Western Power Co., Ltd. (KOWEPO), Korea Southern Power Co., Ltd. (KOSPO) and Korea East-West Power Co., Ltd. (EWP). Together the companies operate 58 power-generating plants, 16 of which are nuclear.

#### **About POSCO**

POSCO (<http://www.posco.co.kr>), founded in 1968, is Korea's largest integrated steelmaker. Headquartered in the southeastern port city of Pohang, South Korea, POSCO produced 30 million tons of crude steel products, and reported record sales of US\$21.56 billion and net income of US\$3.45 billion in 2006. As one of the world's leading steel producers, POSCO manufactures and sells a line of steel products, including hot rolled and cold rolled products, plates, wire rods, flat rolled magnetic steel sheets and strips, electrical steel sheets and stainless steel products. POSCO is also rated A3/Moody's and A-/S&P, the highest credit ratings assigned to the world's integrated steelmakers.

#### **About POSCO Power**

POSCO Power (<http://www.poscopower.co.kr>) is a wholly owned subsidiary company of POSCO since March 2006. POSCO Power’s former name was Kyung In Energy Co., Ltd. which was established in 1972 as the first Korean Independent Power Producer.

As the biggest Independent Power Producer (“IPP”) in Korea with more than 30 years of experience and in-depth know-how, POSCO Power is renowned as one of the most reliable power generators in Korea with a total generating capacity of 1,800 MW and plays a major role to meet the peaking demand of Seoul Metropolitan area (geographic advantages). It has secured profitability under PPA (Power Purchase Agreement) with KEPCO (Korea Electric Power Corp.) and rated Excellent Credit Rating (AA+) and Financial Condition.

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**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 secure, ultra-clean and high efficiency DFC<sup>®</sup> fuel cells are generating power at over 50 locations worldwide. The company's power plants have generated more than 180 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, trading companies and power companies around the world. The company also receives substantial funding from the US 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](http://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, the risk that commercial field trials of the Company's products will not occur when anticipated, general risks associated with product development, manufacturing, changes in the utility regulatory environment, potential volatility of energy prices, rapid technological change, and competition, 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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