



FuelCell Energy

## Company Update September 6, 2007

reliable, efficient, ultra-clean



## Safe Harbor Statement

This presentation contains forward-looking statements, including statements regarding the company's plans and expectations regarding the development and commercialization of fuel cell technology. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. The forward-looking statements speak only as of the date of this presentation. The company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the company's expectations or any change in events, conditions or circumstances on which any such statements are based.

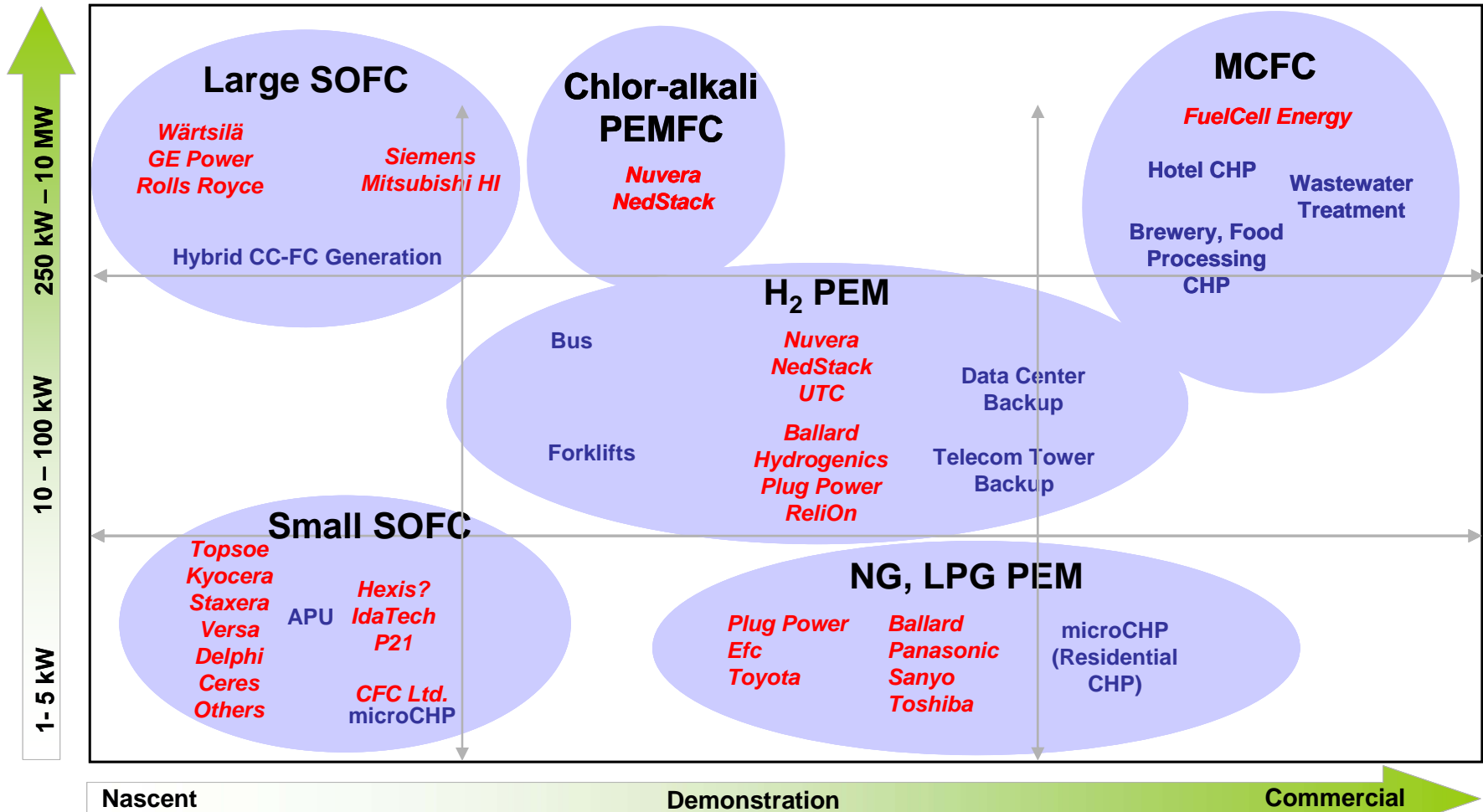


**FCE is uniquely positioned to capture the commercial, industrial and utilities ultra-clean power generation market**

- Increasing penetration in key geographic markets
- Reliable, secure, 24/7 uninterrupted baseload power for commercial, industrial and utility customers
- More efficient than competing technologies
- Near zero NOX, SOX and lower CO2 emissions
- Economic to operate in target markets
- Cleaner & quieter
- On-site, customer-controlled
- Uses existing electric grid and fuel infrastructure
- Manufacturing ramp up underway
- Clear path to profitability



**San Diego Sheraton, CA**

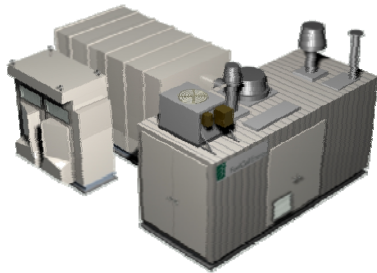


*PAFC's days have passed. FCE has taken MCFC to the verge of global commercialization, and the smaller PEM niche markets appear to be headed there. For SOFC, there is great potential but commercialization is still on the horizon. James Horwitz, Emerging Growth Research*



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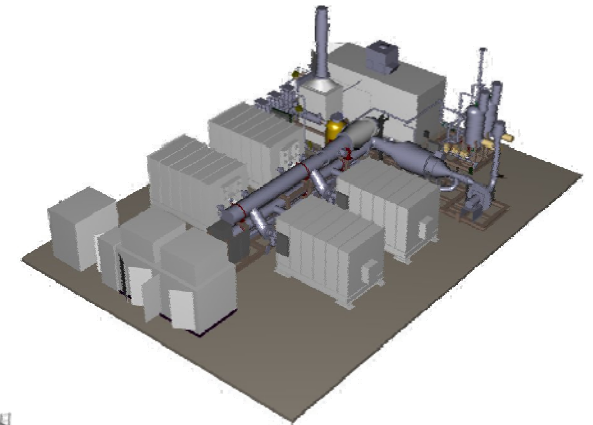
# Typical Applications



**300 kW** ← Average-Sized Grocery Stores, 300-Bed Hotels

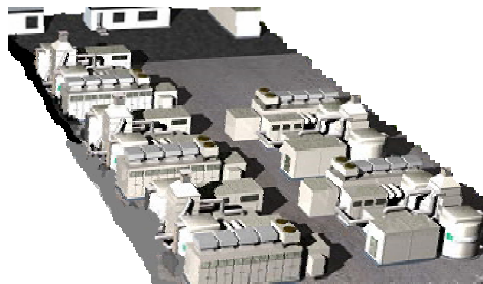
**1000-Bed Hotels, Convention Centers,  
Wastewater Treatment, Food and  
Beverage Processors**

**1.2 MW** →



**300-Bed Hospitals,  
Manufacturing, Universities**

**2.4 MW** →



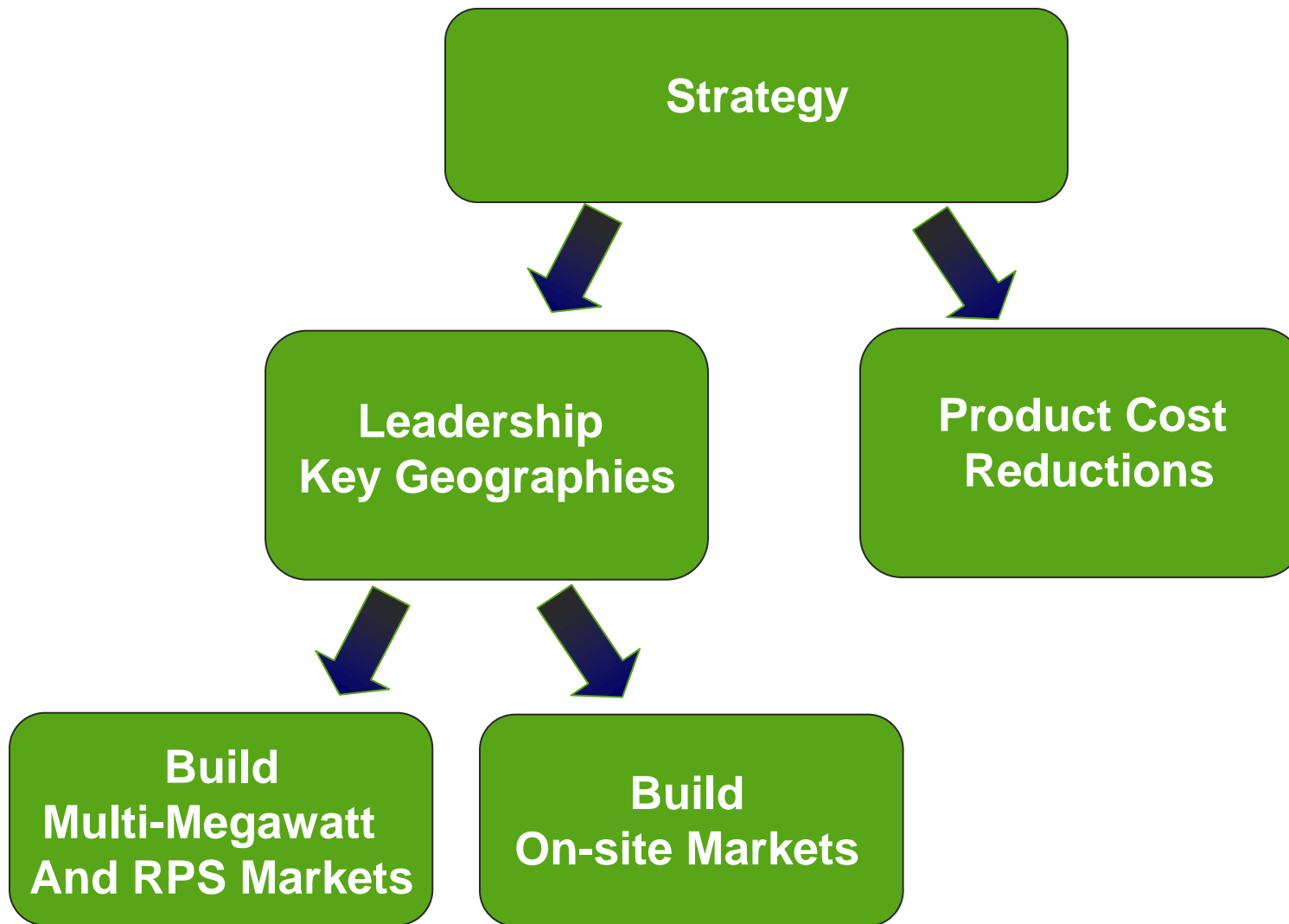
**10+ MW** ←

**Grid Support, RPS**



*FCE power plants have 47% electrical efficiency compared to 35% or less for other power generators their size.*

	<b>NOX (lb/MWh)</b>	<b>SOX (lb/MWh)</b>	<b>CO2 (lb/MWh)</b>
Average US Fossil Fuel Plant	4.200	9.21	2,017
Microturbine (60 kW)	0.490	0	1,862
Small Gas Turbine (250 kW)	0.467	0	1,244
<b>DFC Fuel Cell 47% efficiency</b>	<b>0.016</b>	<b>0</b>	<b>967</b>
<b>DFC Fuel Cell – CHP 80% efficiency</b>	<b>0.016</b>	<b>0</b>	<b>545</b>





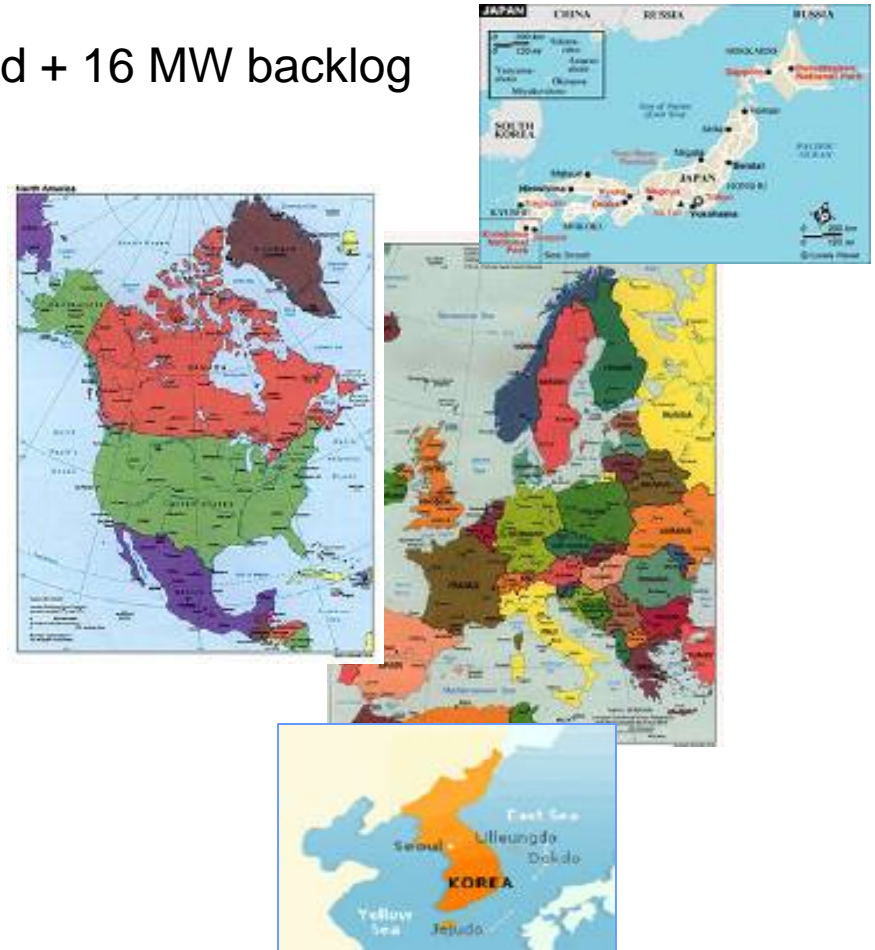
- Market Drivers
  - High energy costs
  - Reliability issues
  - Demand for onsite power generation by end-users
  - Distributed generation is politically supported
    - Subsidies exist and are expanding
    - Grid exit fees and surcharges being eliminated
- Key Geographies
  - RPS markets
  - Environmentally sensitive
  - Willing to adopt superior technology
  - Will provide long-term repeatable business





## On-Site Markets

- 35 MW installed/backlog = 19 MW installed + 16 MW backlog
  - California: 14.6 MW
  - Japan/Korea: 14 MW
  - Northeast: 3.45 MW
- Targeted applications
  - Wastewater treatment: 8.1 MW
  - University & Hospitals: 3.25 MW
  - Manufacturing: 8.25 MW
  - Hotels: 3.5 MW



## Multi-MW and RPS Markets

- Connecticut Project 100 potential 68 MW
- POSCO Power agreement targets multi-MW potential in South Korea



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# California

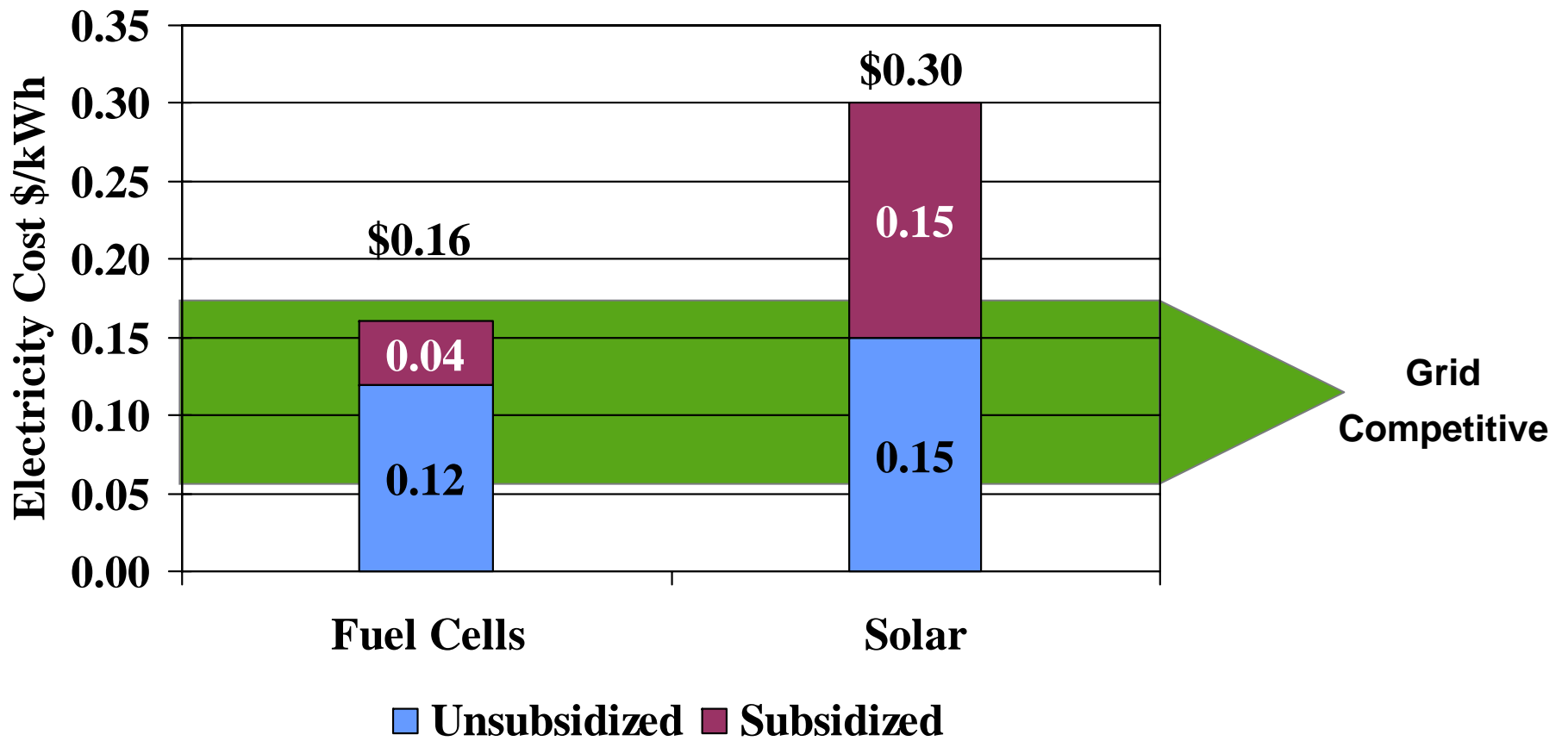
- AB 32 passed – strict limits greenhouse gas emissions
- CARB 07 sets tough new standards for NOx emissions
- \$80 million annual incentive program for clean energy generation projects
- \$2500/kW for power plants running on natural gas
- \$4500/kW for power plants running on biofuel
- 40% of FuelCell Energy's installed capacity





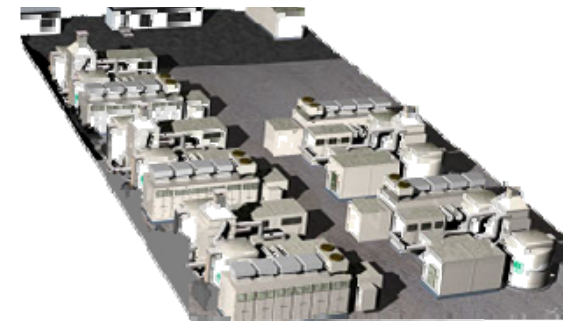
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Our Fuel Cells are  
Cost Competitive





- Target Renewable Portfolio Standard (RPS) – estimated at 25,000 MW by 2017
  - Connecticut Project 100 provides key catalyst
- Cost effective to produce electricity due to high efficiency
- Avoids T&D investment and roadblocks
- Addresses customer demand for ultra-clean, 24/7 solutions
- Utilities will participate in this growing market to satisfy RPS requirement and avoid penalties
- Faster path to unsubsidized profitability



10 MW Fuel Cell Power Plant



DFC-ERG™



- Funded RPS requires 100 MW by 2008, 400 MW by 2010
- Connecticut is one of 25 states with RPS
- Fuel cost pass-through, state support, and ITC credit yield positive project economics attractive to project financiers
- FCE bid nearly 100 MW in December 2006
- Project selections by CCEF were made March 26th...
- 68 MW of FCE sites selected
- Utilities reviews complete – all 68MW forwarded to DPUC for review and approval
- Final DPUC decision targeted for December 19th
- CT legislation signed for next round of projects



Pepperidge Farm, Connecticut



Bidder	Location	Technology	MW
Milford-LLC	Milford	DFC-ERG	7.9
EMCOR	S Norwalk	Land Fill Gas by Pipeline	29.9
NuPower LLC	Plainfield	Biomass	30
Elemental Power	Danbury	FC-ORC	19.6
EMCOR	Stamford Hosp	FC-Heat Recovery	4.6
Clearview Energy	East Cannan	Thermophylic ADG	3
EMCOR	Waterbury Hosp	FC-Heat Recovery	2.3
Elemental Power	Bridgeport	FC-ORC	19.6
Bridgeport LLC	Bridgeport	FC	13.7
UTC Power	Cytec-Wallingford	FC-Heat Recovery	1
Clearview Power	Bozrah	Biomass	27.8
		<b>Total</b>	<b>151.5</b>

Indicates FuelCell Energy, Inc. Products

Total FCE Products:

67.7

*FuelCell awarded 67.7 MW of 98.6 MW bid while fuel cell competitor awarded 1 MW of 62 MW bid*



- Distributed generation positive
- Kyoto Protocol drives ultra-clean 24/7 requirement
- Korean government declared fuel cells 1 of 10 key drivers for its economy
- Korea recently passed broad public policy with \$0.28/kWh subsidy for up to 50 MWs of fuel cells operating on natural gas, \$0.23/kWh for those running on biogas
- POSCO Power ordered 7.8 MW to date
- POSCO Power building 100 MW manufacturing plant



**Tancheon, Korea**



- 10-year agreement opens large Asian market to FCE products
- POSCO Power builds its own \$70 million plant and sales organization
  - 50 MW capacity by 2008, 100 MW by 2010
  - Will focus on cost reduction
    - Global sourcing
    - Lower labor costs
    - Increased sales volume
- POSCO invested \$29 million in FCE
- FCE sells fuel cell stack module to POSCO Power
  - receives 4.1% royalty on all POSCO BOP sales
- FCE may buy POSCO Power BOPs for global distribution





FuelCell Energy

Distribution  
Leadership

**CATERPILLAR**<sup>®</sup>

posco



 **Marubeni**

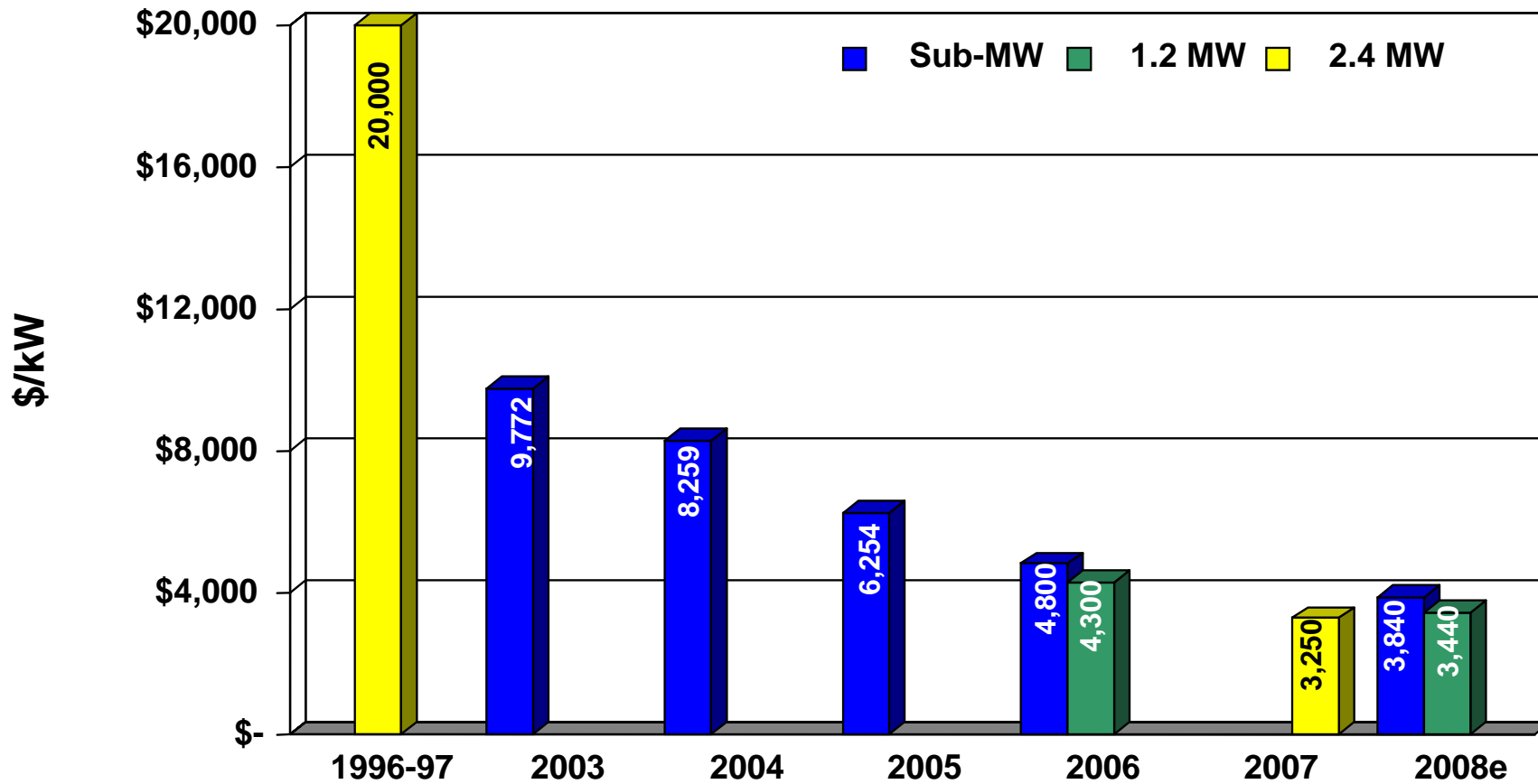


CFC  Solutions





# Value Engineering Cost Reduction



*Increasing annual production volume to 50 MW/yr.  
can yield an additional cost reduction of 25-30 percent*



- FCE production and delivery capabilities meet current and future demand
- A leading fuel cell technology developer for over 30 years
- State of the art manufacturing in Torrington, CT
- 50 MW capacity
- Production ramp from 11 MW/year to 25 MW/year currently in progress
- Strong supply chain in place
- Expansion plan to achieve 150 MW
  - Add production capacity to furnace and other operations
  - Build conditioning facilities local to customer base



**Torrington, CT**



**Danbury, CT**



- Product performance expanding markets
- Customers/applications providing repeatable order flow – Asia, California
- Ramping production to meet growing demand
- RPS markets create opportunity for multi-MW volume - Connecticut
- Established manufacturing capability to meet current and future demand
- Cost reduction and volume on path to profitability



**Sheraton Hotel, New York**



**CA State Northridge**



**Kirin Brewery, Japan**



**Santa Rita Jail, CA**