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FuelCell Energy Announces Fuel Cell Module Sales to South Korean Partner and Asian Market Update

- *FuelCell Energy sells 8.4 megawatts of fuel cell modules to POSCO Energy to meet growing Asian demand*
- *Fuel cell manufacturing in South Korea on schedule for mid-2015 production*

DANBURY, Conn., Nov. 4, 2014 (GLOBE NEWSWIRE) -- FuelCell Energy, Inc. (Nasdaq:FCEL), a global leader in the design, manufacture, operation and service of ultra-clean, efficient and reliable fuel cell power plants, announced the sale of six fuel cell modules totaling 8.4 megawatts (MW) to South Korean partner POSCO Energy and provided a progress update on the local manufacturing of fuel cell components in South Korea for the Asian market. The fuel cell component manufacturing building in Pohang, South Korea is completed and is currently being outfitted with production equipment and manufacturing is expected to commence in mid-2015.

"We are experiencing strong demand in South Korea for fuel cell parks to supply ultra-clean power efficiently and continuously to the electric grid," said Jung-Gon Kim, Senior Vice President of POSCO Energy. "The addition of local manufacturing helps to meet domestic demand as well as expected growth in other select Asian markets."

The global integrated supply chain of FuelCell Energy will serve the new manufacturing facility in South Korea in addition to the existing North American and European facilities. Materials purchasing volume increased in fiscal year 2014 compared to the prior year due to higher production levels in North America, resulting in more advantageous costs. Production in Asia will lead to even higher purchasing volumes, resulting in more favorable supplier pricing.

"Our relationship with POSCO Energy provides a number of benefits and advantages as we jointly execute on materials cost reductions that will become even more significant with growing global production volume," said Chip Bottone, President and CEO of FuelCell Energy. "This partnership generates a number of revenue sources including module and kit sales, royalty income, service revenue and a variety of ancillary revenue sources such as balance of plant component sales, consulting and research revenue."

Mr. Bottone continued, "POSCO's market development efforts in Asia benefit FuelCell Energy with volume, global recognition and validation, and soon, a second source of supply for fuel cell components."

During the fourth quarter of 2014, FuelCell Energy sold six fuel cell modules totaling 8.4 megawatts to POSCO Energy. These modules are in addition to the monthly fuel cell kit shipments under an existing multi-year 122 megawatt order. In total for fiscal year 2014, POSCO Energy has purchased 17.7 MW of fuel cell modules and 42.0 MW of fuel cell kits.

South Korea rapidly adopted utility-scale fuel cell parks to benefit from ultra-clean distributed generation that enhances the resiliency of the electric grid, supports economic development, and provides measurable progress towards South Korean low carbon sustainability goals. Eighteen fuel cell parks are operating in thirteen different South Korean cities, generating over 140 megawatts of ultra-clean power for the electric grid, including the world's largest fuel cell park at 59 megawatts. This rapidly expanding installed base provides long term service opportunities to both POSCO Energy and FuelCell Energy.

Recent market updates include:

- POSCO Energy is working with Korea Hydro and Nuclear Power (KHNP), the largest electric utility in South Korea, on a 20 MW fuel cell park in Seoul City that is part of a much larger program to enhance power independence with an efficient and environmentally friendly distributed fuel cell power generation. This installation is expected to be operational in 2015.
- An engineering team from Korea Gas Corporation (KOGAS) recently visited FuelCell Energy facilities for training in preparation for the previously announced demonstration project at a liquefied natural gas (LNG) terminal in South Korea. The fuel cell power plant will utilize boil-off gas to generate ultra-clean power, rather than letting the gas escape or incurring the cost to re-liquefy the gas. This project is intended to be the initial step in developing multi-megawatt fuel cell parks at LNG facilities to generate electricity for the LNG operations and to supply to the electric grid.

Multi-megawatt fuel cell parks solve power generation challenges for utilities as the combination of near-zero pollutants, modest land-use needs, and the quiet operating nature of fuel cell power plants facilitates their siting in urban locations. Fuel cell parks offer a multitude of advantages for utilities and neighboring communities, including:

- Environmentally friendly power generation with virtually zero nitrogen oxide (NO_x) that causes smog, sulfur dioxide (SO_x)

that contributes to acid rain, or particulate matter (PM^{10}) that aggravates asthma, and the power is delivered with a low carbon footprint
- Distributed power generation places power near where it is used, enhancing the resiliency of the grid
- Highly efficient power generation process that is economical
- Continuous renewable power around the clock that is not reliant on weather or time of day
- Rapid construction with a 59 MW fuel cell park constructed in only 14 months

POSCO Energy is a wholly owned subsidiary of POSCO, a leading global steel producer headquartered in Pohang, South Korea. POSCO Energy is an independent power producer with power generation assets in South Korea that provide power to POSCO and to the electric grid. POSCO Energy owns more than 3,000 megawatts of power generation including generation assets in Southeast Asian countries including Indonesia and Vietnam. POSCO Energy 2013 sales totaled $2.8 billion supported by total capital of $1.5 billion. The parent, POSCO, is publicly traded on the Korean Stock Exchange under the symbol 005490 and on the New York Stock Exchange under the symbol PKX.

About FuelCell Energy

Direct FuelCell® power plants are generating ultra-clean, efficient and reliable power at more than 50 locations worldwide. With more than 300 megawatts of power generation capacity installed or in backlog, FuelCell Energy is a global leader in providing ultra-clean baseload distributed generation to utilities, industrial operations, universities, municipal water treatment facilities, government installations and other customers around the world. The Company's power plants have generated more than 2.8 billion kilowatt hours of ultra-clean power using a variety of fuels including renewable biogas from wastewater treatment and food processing, as well as clean natural gas. For more information, please visit www.fuelcellenergy.com

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