

FUEL-TECH, INC. NDQ-FTEK

RECENT PRICE **23.13** P/E RATIO **57.8** (Trailing: 70.1 Median: 55.0) RELATIVE P/E RATIO **3.52** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 3 New 9/7/07	High: 2.6 2.6 3.8 3.5 6.1 7.3 6.2 5.6 10.1 27.4 38.2 27.2	Low: 1.3 0.9 0.9 1.3 1.3 2.8 2.9 3.4 4.6 8.1 16.9 14.1	Target Price Range 2011 2012 2013
SAFETY 4 Lowered 12/7/07	LEGENDS — 28.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession		128
TECHNICAL 4 Lowered 4/18/08			96
BETA 1.45 (1.00 = Market)			80
2011-13 PROJECTIONS			
Price	Gain	Ann'l Total Return	64
High 70	(+205%)	32%	48
Low 40	(+75%)	15%	40
Insider Decisions			
J A S O N D J F M			32
to Buy 0 2 3 0 4 7 0 0 0 4			24
Options 0 0 0 0 0 0 0 0 0 2			16
to Sell 0 0 0 0 0 0 0 0 0 0			12
Institutional Decisions			
2Q2007 3Q2007 4Q2007	Percent shares traded	60	
to Buy 67 59 86	40		
to Sell 49 51 49	20		
Hld's(000) 14853 14899 14369			

Fuel-Tech was originally incorporated as Fuel-Tech N.V. in 1987, under the laws of the Netherlands Antilles. It was reincorporated in the United States on September 30, 2006. The company completed an initial public offering on September 1993, trading on the Nasdaq, at a price of \$7.75 per share.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
Sales per sh	1.50	1.82	1.19	.93	1.67	1.83	1.58	2.59	3.40	3.58	4.55	5.70		12.90
"Cash Flow" per sh	.05	.21	.10	d.03	.21	.11	.15	.45	.40	.40	.55	.80		1.70
Earnings per sh ^A	.03	.17	.05	d.09	.14	.05	.07	.33	.28	.29	.40	.60		1.40
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil
Cap'l Spending per sh	--	.04	.04	.05	.07	.05	.11	.14	.09	.43	.45	.50		.60
Book Value per sh	.60	.75	.79	.69	.86	.89	.97	1.43	2.16	2.82	3.20	3.70		7.00
Common Shs Outst'g ^B	17.24	18.33	18.43	18.92	19.50	19.50	19.53	20.42	22.09	22.42	23.00	23.70		25.80
Avg Ann'l P/E Ratio	NMF	13.1	45.6	--	37.3	NMF	NMF	20.9	55.4	NMF	<i>Bold figures are Value Line estimates</i>			40.0
Relative P/E Ratio	NMF	.75	2.96	--	2.04	NMF	NMF	1.11	2.99	NMF				20.0
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--				Nil
Sales (\$mill)	25.9	33.3	21.9	17.7	32.6	35.7	30.8	52.9	75.1	80.4	105	135		330
Operating Margin	10.1%	16.8%	10.8%	NMF	11.2%	5.9%	5.2%	16.8%	17.1%	15.5%	16.0%	16.5%		17.5%
Depreciation (\$mill)	.4	.8	1.0	1.1	.9	1.1	1.4	1.7	2.1	1.7	3.0	4.0		8.0
Net Profit (\$mill)	.5	3.0	.9	d1.6	3.1	1.1	1.6	7.6	6.8	7.2	10.0	15.0		40.0
Income Tax Rate	67.7%	30.2%	--	--	--	--	--	--	42.0%	41.7%	41.0%	36.0%		36.0%
Net Profit Margin	2.1%	9.0%	4.1%	NMF	9.4%	3.1%	5.1%	14.3%	9.1%	9.0%	9.4%	11.1%		12.1%
Working Cap'l (\$mill)	9.0	12.1	12.5	8.9	14.0	11.0	11.3	19.6	38.7	45.2	50.0	55.0		130
Long-Term Debt (\$mill)	2.0	3.4	2.7	--	1.8	--	--	--	--	--	Nil	Nil		Nil
Shr. Equity (\$mill)	10.3	13.7	14.6	13.1	16.8	17.3	19.0	29.1	47.7	63.2	75.0	90.0		180
Return on Total Cap'l	5.2%	17.6%	6.3%	NMF	16.8%	6.5%	8.3%	26.0%	14.3%	11.5%	13.5%	16.5%		22.0%
Return on Shr. Equity	5.2%	22.0%	6.2%	NMF	18.2%	6.5%	8.3%	26.0%	14.3%	11.5%	13.5%	16.5%		22.0%
Retained to Com Eq	5.2%	22.0%	6.2%	NMF	18.2%	6.5%	8.3%	26.0%	14.3%	11.5%	13.5%	16.5%		22.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil

CAPITAL STRUCTURE as of 3/31/08
Total Debt \$2.1 mill. Due in 5 Yrs None
LT Debt None LT Interest None

Leases, Uncapitalized Annual rentals \$.64 mill.
No Defined Benefit Pension Plan.
Preferred Stock None.

Common Stock 22,456,793 shs. as of 4/18/08

MARKET CAP: \$525 Million (Small Cap)

CURRENT POSITION (\$MILL.)	2006	2007	3/31/08
Cash Assets	32.4	32.5	34.6
Receivables	16.7	31.9	24.8
Other	7.1	3.5	2.4
Current Assets	56.2	67.9	61.8
Accts Payable	7.6	13.6	10.0
Debt Due	--	2.1	2.1
Other	9.9	7.0	4.3
Current Liab.	17.5	22.7	16.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Sales	--	20.5%	26.5%
"Cash Flow"	--	35.0%	26.0%
Earnings	--	56.0%	29.5%
Dividends	--	--	Nil
Book Value	--	22.0%	22.0%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2005	12.1	11.8	12.8	16.2	52.9
2006	17.1	19.7	20.2	18.1	75.1
2007	16.3	16.2	15.3	32.6	80.4
2008	20.5	24.5	30.0	30.0	105
2009	25.0	30.0	40.0	40.0	135

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2005	.03	.14	.05	.11	.33
2006	.05	.08	.09	.06	.28
2007	.03	.01	.04	.21	.29
2008	.07	.08	.11	.14	.40
2009	.11	.12	.17	.20	.60

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004					
2005					
2006					
2007					
2008					

NO CASH DIVIDENDS BEING PAID

BUSINESS: Fuel-Tech, Inc. engages in the worldwide development and application of technologies for air pollution control, process optimization, and advanced engineering services. It operates in two segments: Nitrogen Oxide (NOx) reduction technologies; and Fuel Chem technologies, which improves the environmental status of combustion units. The company provides its services to industrial

We have trimmed 27% off our 2008 share-net estimate for Fuel-Tech. A major reason for this revision was the first-quarter performance that fell well below expectations. In particular, the air-pollution control (APC) unit reported lackluster results. Additionally, a higher-than-expected level of both operating expenses and stock-based compensation also hurt the bottom line. **However, the developer of technologies for air pollution systems should still have a good year.** APC has a sales cycle that favors the second half of the year. Additionally, the segment has a healthy backlog. With the recent announcements of two new orders (\$5.0 million each) for nitrogen oxide reduction systems, the segment's backlog stands at nearly \$30 million. Furthermore, the fuel treatment business ought to also have a good year. Fuel-Tech's patented Targeted In Furnace Injection technology represents a growing and potentially lucrative market. The technology uses chemicals to improve the efficiency and reliability of combustion units. It is being applied to such systems that burn coal, biomass, oil, and municipal

firms and utility power-generation facilities worldwide. The business is dependent on the continued enforcement of air-quality regulations. Has 178 employees. Officers/Directors. own 28.9% of common stock (4/08 proxy). CEO and President: John F. Norris Jr. Inc.: Delaware. Address: 512 Kingsland Drive, Batavia, Illinois 60510. Telephone: 630-845-4500. Internet: www.ftek.com

waste. The business has secured eight new customer accounts through the first quarter of 2008. This compares with 13 for all of 2007. We expect wide earnings-per-share gains in both 2008 and 2009. **Prospects for next year remain robust.** Interest in the Far East is building up for the company's urea-to-ammonia conversion technology. Furthermore, demand for Fuel-Tech's offerings should remain vibrant in the U.S. as utilities work to comply with the clean air interstate rule (effective 2009). **Fuel-Tech is positioned to register wide bottom-line gains in the years ahead.** Abundance of coal in both the U.S. and emerging countries, such as China and India, is leading to a jump in coal-fired generating capacity. In order to protect their respective ecosystems, many of these countries are passing stringent pollution guidelines. Consequently, the company's products are positioned to benefit from the global initiative for clean energy. **This neutrally ranked stock offers good long-term capital gains potential.**

Dominic B. Silva June 6, 2008

(A) Diluted Earnings. Excluding nonrecurring gains (losses): '00, (3c). Next Earnings report due in early August.

(B) In millions.

Company's Financial Strength	B
Stock's Price Stability	10
Price Growth Persistence	85
Earnings Predictability	40