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Versa Power's Prototype Fuel Cell Power Plant Surpasses Energy Department Performance and Economic Goals as Clean Electricity Source

Versa Power proceeds with program to apply its Solid Oxide technology in developing utility-scale power plant with FuelCell Energy

LITTLETON, Colo. -- April 24, 2007 -- Versa Power Systems, Inc., a leading developer of Solid-Oxide Fuel Cells (SOFC), today announced that the U.S. Department of Energy (DOE) has confirmed and accepted the technical results and manufacturing cost projections for its prototype clean energy power plant, and approved shifting the project to development of a large-scale power plant using the same technology.

Under contract to the Solid State Energy Conversion Alliance (SECA), Versa Power and its partner FuelCell Energy, Inc. (NasdaqNM:FCEL), developed a prototype electrical generator built around Versa Power's SOFC system. Machines of this type are expected to generate stationary power to provide energy security for facilities like hospitals, hotels, or data centers; supply reliable power in certain manufacturing environments; implement combined heat and power (CHP) applications; and support the existing electrical grid.

Two objectives of this SECA project were to demonstrate the performance of Versa Power's prototype (3-10 kilowatt) SOFC stack and system operating under realistic conditions and to develop estimates showing such a system could be manufactured on a cost-effective basis.

Based on tests conducted at Versa Power over a 2,100-hour operational period, the prototype successfully met all DOE-specified performance and durability targets. These included power output, system efficiency, system availability and overall system endurance. Factory cost calculations also beat DOE's goal. Subsequently, the prototype was shipped to DOE's National Energy Technology Laboratory in Morgantown, WV, for another 1,600 hours of testing. Both the initial system performance tests and the factory cost estimate were audited and confirmed by independent third-party consultants approved by the DOE.

With the project's completion six months earlier than projected, the company was free to begin moving ahead on DOE's separate program aimed at developing a large-scale (multi-megawatt) SOFC power plant that is capable of running on clean coal.

"Versa Power has successfully demonstrated their SOFC technology on a small scale," said Wayne Surdoval, Fuel Cells Technology Manager for DOE. "The next step is to scale the technology for commercial coal-fueled central generation applications."

SECA marries efforts by government, industry and the scientific community to develop and commercialize environmentally friendly solid oxide fuel cells in a variety of applications. Although SECA is a U.S. initiative, its program goals are publicly available. Many R&D

programs in Europe and Japan benchmark their SOFC research to these targets, so SECA metrics have emerged as *de facto* standards in the industry.

“The performance and durability of our core technology against SECA objectives were well ahead of what people had expected at this stage,” said Robert Stokes, Versa Power’s President and CEO. “Our results in stack thermal management, system reliability and controls -- as well as strategies for volume, weight and cost reduction -- are the result of six generations of systems we’ve designed, built and tested since 2000.”

For this prototype system, Versa Power determined the largest portion of the manufacturing expense stemmed from “balance of plant” items -- that is, most of the cost involved elements of the system other than the solid oxide fuel cell stack which generates the clean energy.

“We attribute the low stack cost to our planar technology,” Stokes added. “We use commercially available stainless steel to manage costs and proprietary cell/seal materials and processing to produce exceptionally good stack-to-stack reproducibility. This combination of technology, engineering, and manufacturing know-how facilitates a high-power density system that can stand up to genuine field conditions.”

In addition to Versa Power and FuelCell Energy, other members of the development team include the Gas Technology Institute, of Des Plaines, Ill.; Materials and Systems Research Inc., based in Salt Lake City, Utah; the University of Utah; and the Electric Power Research Institute (EPRI), headquartered in Palo Alto, Calif.

About Versa

Versa Power Systems, Inc., with operations in Littleton, Colorado and Calgary, Alberta, is a premier developer of solid oxide fuel cell (SOFC) stacks and systems. The development stage corporation focuses on commercializing ultra-clean SOFC products for the stationary and mobile markets. SOFC power sources operate with virtually no emissions and at very high energy conversion efficiencies. The company’s present 3 kW natural gas-fueled system operates at a gross DC efficiency of 40 percent and a net AC efficiency greater than 30 percent. Typical internal combustion engine generator sets of comparable size operate at net energy conversion efficiencies of less than 15 percent. For more information on the company and its products please see www.versa-power.com.

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