Triodos Investment Management

FUELCELL ENERGY INC AGM Date: 27 March 2014

1.01 Elect Arthur A. Bottone **For**
President and Chief Executive Officer.

1.02 Elect Richard A. Bromley **For**
Independent Non-Executive Officer.

1.03 Elect J H England **Withhold**
Non-Executive Director. Independent by Company, not considered to be independent due to his connection with Enbridge which has a market development agreement, a preferred share agreement and a dividend obligation with the Company. There is also an insufficient proportion of independent directors on the Board.

1.04 Elect James D. Gerson **Withhold**
Non-executive Director. Independent by Company, not considered to be independent as he has served on the board for more than nine years. There is an insufficient proportion of independent directors on the Board.

1.05 Elect William A. Lawson **Withhold**
Non-Executive Director. Independent by Company, not considered to be independent as he has served on the board for more than nine years. There is an insufficient proportion of independent directors on the Board.

1.06 Elect John A. Rolls **Withhold**
Non-Executive Chairman. Independent by Company, not considered to be independent as he has served on the Board for more than nine years. He acted as Senior Independent Director between 2007 and 2011 and became Chairman of the Board in March 2011. There is an insufficient proportion of independent directors on the Board.

1.07 Elect Togo Dennis West, Jr **For**
Independent Non-Executive Director.

2 Appoint the auditors **For**
KPMG LLP proposed. There were no non-audit fees for the year under review. Acceptable proposal.

3 Amended and Restated Section 2010 Equity Incentive Plan **Oppose**
The Board is seeking shareholder approval to amend the company's 2010 Equity Incentive Plan (EIP), in order to increase the maximum number of authorized but unissued shares of common stock reserves for the grant of awards under the 2010 Plan from 7,500,000 shares to 15,500,000 shares.

As of December 31, 2013, there were 1,041,267 shares available for future grants.
The 2010 Plan will continue to authorize the grant of Non-statutory Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units, Dividend Equivalent Rights, and Other Stock-Based Awards covering up to 15,500,000 shares of Common Stock.
Whilst the Board states that the amendment is necessary for it to continue with its programme of equity-based incentive compensation and declares that it "strives to keep the dilutive impact of the equity incentives it offers within a reasonable range".
There are concerns that part of the awards will vest dependent on time, and part will be performance based awards that have a performance period of less than three years. Performance targets are not disclosed in the outline of the plan and the Committee has the discretion to modify the performance targets, vesting periods and other terms and conditions as it sees fit. The long term incentive plan also provides for accelerated vesting as a consequence of any change in control. Overall the Plan is not supported and therefore additional shares under the Plan are also not supported, even if not immediately overly dilutive with the 8 million shares being an additional 3.38% of the 236.46m outstanding shares.
Based upon concerns over the level of discretion granted to the Committee, the short performance period and the lack of specific performance targets, we oppose.

4* Articles of Incorporation increasing its authorized common stock from 275,000,000 to 400,000,000 shares. **Abstain**

The Board are seeking stockholder approval for an amendment to their Articles of Incorporation that would increase the number of authorized shares of common stock by 125,000,000 shares bringing the total authorized shares of common stock to 400,000,000 shares. The Board argues it is important to have a sufficient number of authorized stock but unissued shares available to provide flexibility that will allow them to act quickly to take advantage of favorable market conditions.
The increase in the authority level is an increase of approximately 45% which is deemed to be excessive as no clearly stated reason has been offered for the size of the increase.
Note: The proposal requires the affirmative vote of a majority of the outstanding shares.

5 Approve Executive Compensation. **Oppose**

The Company has submitted a proposal for shareholder ratification, of its executive compensation policy and practices.
Disclosure of its compensation policy and practices is good.
Balance: Triodos has some concerns over the balance of performance and rewards, and over the terms of executive employment.
Balance: There is a minimum period for ratable vesting of options, shares of restricted stock and stock appreciation rights of three years for all time-based awards not granted to the Board. The RSAs vest over four years at a rate of 25% per year beginning on the first anniversary of the date of grant, which we do not consider best practice.
There is insufficient disclosure of performance-based awards.

Terms of executive employment: In the event of a change in control of the Company leading to a voluntary resignation by either Mr. Bishop or Mr. Rauseo, or, in the event their employment is terminated by the Company without cause, each of their outstanding and unvested stock options and restricted stock awards accelerate and immediately vest. The Compensation Committee decided to postpone adoption of a general compensation recovery (“clawback”) policy.