19 July 2007

**Ceres Power Holdings plc**
('Ceres', 'Ceres Power' or the 'Company')

**Wall-mountable Fuel Cell CHP Unit Demonstration**

Ceres Power, the AIM-quoted fuel cell group, announces that it has designed and built an integrated, wall-mountable combined heat and power unit ('the CHP Unit') which will form part of an up-coming demonstration at the Company's headquarters. This technical achievement demonstrates the commercial potential of the product and also represents an important milestone in the Company's residential CHP programme with British Gas.

The compact and wall-mountable design will enable access to residential mass markets in the UK and overseas. The integrated CHP Unit is capable of generating electricity and all of the central heating and hot water requirements of a typical home, avoiding the need for a separate boiler, and so can address new build and replacement markets. The CHP Unit uses the same natural gas, water and electricity connections as a boiler, and is thus easy to install.

Key balance of plant components within the CHP programme have been developed in partnership with well-established volume manufacturers from industries including automotive and white goods. The operating temperature (500-600°C) of the unique Ceres Power fuel cell technology has enabled the use of widely available and cost-effective raw materials, components and manufacturing equipment.

The Company is now focused on value engineering of the CHP Unit and the scale-up of core manufacturing processes to meet expected customer demand.

The Company will be inviting analysts to its Crawley headquarters on Tuesday September 11th for a CHP demonstration, management presentation and tour of the facilities. Following this event, the Company will also showcase the CHP hardware at the London Stock Exchange on Friday September 14th.

Peter Bance, Chief Executive of Ceres Power, commented:

"Building on our established technology leadership, we have now developed the product engineering capabilities and supply chain relationships that have enabled us to demonstrate an integrated wall-mountable CHP Unit. Achievement of this important milestone is a significant step forward in the commercialisation of our unique technology."

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**About Ceres Power**

Ceres is a successful AIM-listed fuel cell business developing a range of global market applications including residential combined heat and power, on-site / back-up generators and auxiliary power units for transport. The technology is based on commercially available materials for low cost manufacture and unlike many fuel cells, the Ceres cell operates on widely available fuels like natural gas and LPG, as well as on hydrogen.

Ceres has developed a new generation of Solid Oxide Fuel Cell (SOFC) technology which operates in the temperature range of 500-600º centigrade enabled by the use of CGO (Cerium Gadolinium Oxide) as the electrolyte material. This is substantially lower than the temperatures at which conventional SOFC materials operate, typically 800-1000º centigrade for YSZ (Yttria Stabilised Zirconia).

The inherently lower operating temperature of the Ceres CGO-based SOFC technology enables thin ceramic layers to be supported by metal substrates, which, in turn, provides the basis of cell and stack designs manufactured from commercially available grades of stainless steel, providing excellent sealing integrity, mechanical robustness, and thermal shock resistance.

Fuel and air are supplied to a stack of fuel cell layers to produce electricity and heat via a solid state electrochemical process, similar to a battery. Unlike combustion in an engine or with a burner, this solid state process is highly efficient, environmentally friendly, and quiet.

The uniqueness of the Ceres metal supported SOFC technology and its operating temperature range provide the basis for a range of attractive commercial applications in terms of: fuel efficiency, with associated economic savings and reduction in carbon emissions; heat-to-power ratio ideally suited for domestic CHP applications and well matched to seasonal variations in electrical and heat demand; the ability to operate on a range of commercially available fuels including natural gas and LPG; low temperature of operation enabling use of commercially available materials resulting in reduced product costs.

In conjunction with the Ceres stack programme, the Company has been developing the non-fuel cell elements within the complete product, known as the balance of plant (“BOP”), as part of its systems integration activities aimed at delivering products for specific customers. Because of the unique attributes of the technology, Ceres has been able to dramatically reduce the time and cost of BOP development and systems integration by utilising mature component supply chains and ordinary, low cost materials. Unlike other fuel cell designs which operate at more extreme temperatures, time-consuming and expensive bespoke solutions for BOP components are not required.