Press Release

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**Ceres Power secures third contract with BOC,
advancing moves into off-grid power generation**

Ceres Power, the AIM-quoted fuel cell group, today announces that is has secured a third contract with BOC, the global industrial gases group, as a continuation of a joint programme into the use of fuel cell technology to generate clean, silent, reliable off-grid power from a range of cylinder gases. Applications include areas as varied as construction sites, wireless base stations and rural domestic electrification, in both the developed and developing world.

Ceres Power's fuel cells are mechanically robust, have high fuel efficiency and low emissions, and when coupled with a bottled fuel can provide long-term prime power for applications where grid electricity is unavailable, unreliable or simply not cost effective.

The Ceres and BOC programme has already completed two previous phases covering pre-commercial development and testing of fuel cell systems using practical, widely available fuels including LPG and propane. Today's contract announcement marks a transition in the work being conducted, from technical feasibility to the assessment of products relating to specific market sectors and geographies.

The ongoing relationship with BOC, demonstrates the potential of Ceres technology to deliver significant revenues from major new global product areas in off-grid power generation. BOC has world-class gases expertise and worldwide market access, with millions of customers in over 50 countries, reinforcing the international growth potential for Ceres products developed and distributed under this programme.

Peter Bance, CEO of Ceres Power, comments:

"We are extremely pleased to be furthering our relationship with BOC, and to be accelerating our work targeting off-grid fuel cell products. BOC and Ceres form a strong global partnership with excellent technical and commercial capabilities, and we look forward to the exciting new opportunities this could open up."

BOC Global Director of Sustainable Energy, John Carolin added:

"Whilst fuel cells can have a vast range of applications, off-grid offers transformational new opportunities and benefits. "

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About BOC

BOC, the world-wide industrial gases, vacuum technologies and distribution services company, serves two million customers in more than 50 countries. It employs some 30,000 people and had annual sales of over £4.6 billion in 2004. Further information about the BOC Group may be obtained on the internet at www.boc.com.

BOC's sustainable energy team develops and seeks to commercialise the industrial gases applications essential to fuel cell technology. Fuel cell technology is key to the long-term development of alternative energy resources, road transport and protection of the environment and as such, BOC has become associated with a number of important trials working with customers in these sectors.

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. Critically, the technology uses low cost materials and existing mass-production techniques. And unlike many fuel cells, the Ceres cell can run on widely available fuels like natural gas, LPG and biofuels as well as on hydrogen.

Since its formation in 2001, the Company has received major recognition for its technology and business credentials.

Ceres won the prestigious 2003 Carbon Trust Innovation Award for the UK's green technology with the best commercial potential.

More recently, Ceres secured a top industrial accolade by winning the Institute of Materials, Minerals and Mining's Gold Medal for 2005.

In January 2006, Ceres Power was selected as the only fuel cell company in the government's new Energy Research Partnership, contributing directly to national energy policy.

Ceres Power has raised over £25 million of funding through two rounds of private equity and its AIM IPO in November 2004. The company enjoys the support of many blue chip City institutions as financial backers including Fidelity, Morley and JP Morgan.

About Ceres Power's Technology

Ceres fuel cell stacks are comprised of multiple fuel cells layered on top of one another, each made from stainless steel with tiny amounts of ceramic coating. The cells combine fuel and air to create electricity and heat via a quiet, solid state electrochemical process similar to a battery. As this process does not involve combustion, unlike an engine or burner, it is highly efficient and environmentally friendly.

Ceres has developed a unique adaptation of Solid Oxide Fuel Cell (SOFC) technology, able to operate at temperatures substantially lower than conventional designs which run at 800 – 1000 degrees C. By using a new generation of ceramic materials known as CGO (cerium gadolinium oxide) instead of the industry standard YSZ (yttria stabilised zirconia), operation at 500 - 600 degrees becomes possible. This in turn allows use of

conventional stainless steel as the cell substrate, separating the functions of mechanical support from electrochemistry.

The electrochemical layers can then be made extremely thin and optimised for maximum performance, resulting in world-beating power density levels, whilst the stack material costs are radically reduced. The efficiency of converting fuel into electricity and heat is therefore very high and this efficiency is maintained across a wide part-load range. In addition, the heat-to-power ratio is approximately one-to-one making the technology ideal for applications such as CHP, where levels of electrical output need to be maintained even where heat demand is modest.

In contrast to totally ceramic cells, these metal-supported cells are mechanically highly robust and can be easily sealed (e.g. through welding) and have thermal expansion coefficients well matched to their ceramic coatings. This allows great resistance to thermal shock, permitting rapid start-up times and the potential for thousands of ON / OFF cycles for everyday usability. In addition, the technology retains the fuel flexibility of SOFC, and has proven ability to run highly efficiently on commercially available fuels such as natural gas, LPG and biofuels.

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 Power 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.