



one planet one engine

Cyclone Power Technologies to Design Waste Energy Generator for Phoenix Power Group

POMPANO BEACH, FL, Jan. 13, 2010. Cyclone Power Technologies Inc. (Pink Sheets: CYPW) has received a work order from Phoenix Power Group LLC (PPG) to develop a prototype electric generator system that will be powered by Cyclone's heat-regenerative, external combustion engine running on waste oil.

The new agreement expands Cyclone's responsibilities with respect to the development of PPG's waste energy electric generator systems and provides additional revenue to Cyclone over the next few months. The initial Phoenix waste energy recovery systems are expected to deliver approximately 50kW of electricity back to the power grid from the clean combustion of used oil, a renewable fuel source. PPG is a current licensee of Cyclone, holding exclusive rights for generators running on waste oil.

"We believe that as the developer of the engines, Cyclone has unique capabilities to seamlessly design our total power generator systems," stated Thomas V. Thillen, President of PPG. "Together with Cyclone, our goal is to bring these environmentally beneficial products to business like oil change shops and fleet service providers later this year, and to do so in a manner that will provide our customers with a highly desirable return on their investment."

Waste motor oil a major source of contamination of waterways and can result in the toxic pollution of drinking water sources. According to the Environmental Protection Agency, waste oil from one oil change can contaminate 1 million gallons of fresh water, equivalent to a year's supply for 50 people. Additionally, the Department of Energy has estimated that the efficient recycling of wasted energy such as used oil over the next 20 years can help reduce our national dependence on petroleum imports, spark billions of dollars in private investments, and create up to one million jobs in the United States.

PPG is affiliated with Atlantic Systems Group of Harrisonburg, VA, which is in the business of designing and building automotive oil change and service facilities throughout the United States, along with the manufacturing of steel tanks for the lube industry. PPG also has an exclusive license with Mr. Terry Bassett, who holds two U.S. patents, with international patents pending, for the total system package of generating electric power from waste oil using an external combustion engine. PPG's equity partners include Hansom James Capital, whose principals founded Tennessee-based AIMS Logistics Inc. in 1994, which, when sold to U.S. Bancorp in 2007, employed over 300 people internationally and processed approximately \$5 billion annually in freight payables for clients that included Honeywell International, General Electric, and Nortel Networks.

Corporate Profile

Cyclone Power Technologies is the developer of the award-winning Cyclone Engine - an eco-friendly external combustion engine with the power and versatility to run everything from portable electric generators and garden equipment to cars, trucks and locomotives. Invented by company founder and CEO Harry Schoell, the patented Cyclone Engine is a modern day steam engine, ingeniously designed to achieve high thermal efficiencies through a compact heat-regenerative process, and to run on virtually any fuel - including bio-diesels, syngas or solar - while emitting fewer greenhouse gases and irritating pollutants into the air. Currently in its late stages of development, the Cyclone Engine was recognized by Popular Science Magazine as the Invention of the

Year for 2008, and was presented with the Society of Automotive Engineers' AEI Tech Award in 2006 and 2008. Additionally, Cyclone was recently named Environmental Business of the Year by the Broward County Environmental Protection Department. For more information, visit www.cyclonepower.com.

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Safe Harbor Statement

Certain statements in this news release may contain forward-looking information within the meaning of Rule 175 under the Securities Act of 1933 and Rule 3b-6 under the Securities Exchange Act of 1934, and are subject to the safe harbor created by those rules. All statements, other than statements of fact, included in this release, including, without limitation, statements regarding potential future plans and objectives of the company, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The company cautions that these forward-looking statements are further qualified by other factors. The company undertakes no obligation to publicly update or revise any statements in this release, whether as a result of new information, future events or otherwise.

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