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Cyclone Power Technologies Supports Tax Credits for Waste Energy Recovery Systems

POMPANO BEACH, FL, Jan. 21, 2010. Cyclone Power Technologies Inc. (Pink Sheets: CYPW) announced its support of House Bill 4144, which would expand the Investment Tax Credit for waste energy recovery systems like those currently being developed by Cyclone.

H.R. 4144 would in part amend the Internal Revenue Code definition of combined heat and power (CHP) units that qualify for a 10% federal investment tax credit to include systems that use recovered waste energy to produce mechanical power and electricity. The bill, which is in front of the House Committee on Ways and Means, could come before a vote of Congress in 2010.

"Waste energy recovery systems like those being developed by entrepreneurial companies such as Cyclone, a local business based in my district in South Florida, have the potential to reduce our dependence on foreign oil while creating jobs right here in America," Congressman Ron Klein (FL-22) said. "By supporting these important new technologies, we can stand up for small businesses and create new jobs in our community in a cutting edge field."

Cyclone believes this tax credit is especially important for small-scale systems under 100kW in size. Such an incentive would help small business owners, including restaurants, coffee roasters, metal foundries, oil change shops, local fleet operators and landfills, utilize waste energy recovery systems to save fuel costs, decrease greenhouse gas emissions and create jobs. Prior to the introduction of Cyclone's advanced piston-based Rankine cycle engines, 1000s of small commercial heat producing sources like these could not practically utilize waste energy recovery processes due to the economies of scale required to provide a meaningful return on investment.

"To help systems like ours compete effectively with a 'do nothing' approach, we encourage Congress to pass H.R. 4144, and consider providing a 30% credit for small-scale waste energy recovery systems - the same as currently offered to solar and wind power technologies," stated Christopher Nelson, Cyclone VP of Legal and Government Affairs. "We applaud Rep. Klein and the congressional sponsors of this bill."

Based on Cyclone's projections over the first two years from its product release, passage of H.R. 4144 would decrease tax revenue by only \$5 million to \$10 million; however, the potential benefits could be enormous, including:

- Production of 1.5 billion kWh of clean, renewable electricity;
- Operational savings of \$116 million for facility owners;
- Avoided Co2 emissions of 1.48 million tons; and

- Creation of 2,250+ jobs in the U.S.

(Estimates based on 10 year lifecycle of systems.)

H.R. 4144 is sponsored in Congress by Rep. Jay Inslee (WA-1). Other co-sponsors include: Rep. Tammy Baldwin (WI-2), Rep. Roscoe G. Bartlett (MD-6), Rep. Shelley Berkley (NV-1), Rep. Earl Blumenauer (OR-3), Rep. Betty McCollum (MN-4), Rep. Alan B. Mollohan (WV-1), and Rep. Betty Sutton (OH-13).

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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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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