

PRESS RELEASE

Federal Solar Investment Tax Credits to Benefit Cyclone's Revolutionary Waste Heat Engine

POMPANO BEACH, FL, Sept. 23, 2008. Cyclone Power Technologies Inc. (Pink Sheets: CYPW) urges Congress to extend the investment tax credits for residential and commercial customers which are set to expire on December 31. Such measures, the company believes, could help expedite the widespread commercial application of its award-winning Waste Heat Engine.

The U.S. House of Representatives passed a bi-partisan bill (HR 6899) last week to extend through 2016 the 30% tax credit for investments in solar power systems, as well as to increase the maximum allowable credit for residential owners from \$2,000 to \$4,000 (no maximum for businesses). The Senate is poised to vote on a similar measure as early as today. If no action is taken, however, the investment tax credit will expire at the end of the year, eliminating what many experts predict will be tens of thousands of solar power manufacturing and installation jobs, and hundreds of millions of investment dollars in the US over the following decade.

Extension of this investment tax credit is material for Cyclone as the company sets to unveil its production version waste heat engine (WHE, pronounced "we"), a six-cylinder, 10kW engine capable of running on temperatures as low as 225 degrees from inexpensive, non-silicon-based solar thermal collectors. The company is currently testing the prototype WHE Solar System, which it hopes to introduce to consumers in the first half of 2009 at a substantially reduced cost from comparable photovoltaic (PV) systems. Initial estimates for the WHE system are under \$4 per watt before tax credits and other incentives, as opposed to \$6 to \$10 per watt for comparable PV systems.

"We believe our WHE system will dramatically reduce the cost of distributed solar power," stated inventor and company CEO, Harry Schoell. "Without federal tax credits our system still makes financial sense, but with these incentives, installing a WHE Solar System should be a no-brainer."

Utilizing such tax credits and accelerated depreciation schedules, the company expects its WHE system to bring the cost of solar power below \$2 per installed watt, which would allow system owners to recoup their investment in approximately 7 years. Compared to PV systems which typically take 20+ years (if ever) to recoup their costs, it becomes easier to see why Mr. Schoell believes the "WHE could revolutionize small-scale solar power generation as we know it."

According to Schoell, low cost is not the only major advantage of the WHE system. The WHE is also extremely versatile; capable of running on otherwise "wasted" heat sources as diverse as truck engine exhaust and restaurant ovens. Used either in conjunction with or separately from solar thermal collectors, the WHE can provide both supplemental and stand-by power for homes, businesses and the transportation industry.

The WHE is the first production test-ready model of the patented Schoell Cycle Engine, which in May 2008 was named **Invention of the Year** by *Popular Science* Magazine. In April 2008, the WHE won the **Society for Automotive Engineers' AEI Tech Award** (a prize that was received in 2006 for the larger Schoell Cycle Engine).

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 hand-held 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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