

TURBO POWER SYSTEMS INC

19 June 2008

Issue of Loan Note and Related Party Transaction

Turbo Power Systems, the innovative electrical machines and electronic systems provider, is pleased to announce that it has today completed a £3 million fundraising through the issue of a Loan Note to institutional and other investors. The fundraising provides funds for general working capital purposes, adds additional strength to the Company's balance sheet and will assist the Company in the financing of new and existing product developments.

Commenting on the Loan Note, the Company's Chairman, Graham Thornton said "I am delighted that we have secured this additional funding, which will bring added stability and working capital to TPS and support the development of our products and marketing activities. The Board remains confident for the future prospects of the Company and looks forward to providing a further update to shareholders at the time the Q2 results are released in August 2008."

The Company has obtained the conditional approval of the Toronto Stock Exchange (the "TSX") for the private placement.

Key terms of the Loan Note

The key terms of the loan note are as follows:

- Amount: £3 million
- Term: 36 months with the first repayment due 9 months after the initial drawdown of the Loan Note and to be fully repaid by 30th June 2011
- Drawdown: Initial drawdown of £1,500,000 with further tranches of £750,000 at the Company's discretion
- Annual interest rate: Calculated monthly at 1.17%, an annualised rate of 15%, of the outstanding amount of the Loan Note
- Conversion rate: The Loan Note is convertible at any time at the discretion of the Loan Note holders either to common shares of Turbo Power Systems or to A shares of Turbo Power Systems Limited, a wholly owned subsidiary of the Company at £0.04 per share
- Warrant: The Loan Note holders have been granted a warrant to acquire, in either common shares of Turbo Power Systems or A shares of Turbo Power Systems Limited, up to 15% of the value of the Loan Note at £0.035 per share. The warrant is exercisable at any time until 10 years after the date of drawdown of the Loan Note

Company Website: www.turbopowersystems.com

About Turbo Power Systems

Turbo Power Systems Inc (TSX:TPS; AIM:TPS.L) is a leading UK based designer and manufacturer of innovative power solutions. The Group's products are all based on its core technologies of power electronics and high speed motors and generators and are sold into a number of market sectors including aerospace, rail, and various industrial sectors. The Company's products provide improved efficiency and reduced energy consumption compared to existing technologies.

Turbo Power System's existing customers include bluechip companies such as Hamilton Sundstrand, Bombardier, The National Rail Equipment Company, Eaton Aerospace and Lotus.

Except as otherwise permitted from the dealer registration and prospectus filing requirements of applicable Canadian securities laws, prior to the date that is four months and one day from the closing of the placing, the common shares of TPI issuable upon conversion of the Loan Notes or exercise of the warrants cannot be resold or transferred into Canada or to a resident of Canada through the facilities of the TSX or otherwise.

This communication to Shareholders and the public contains certain forward-looking statements. Actual results may differ from those indicated by such statements. All statements, other than statements of historical fact, included herein, are forward-looking statements that involve risks and uncertainties. There can be no assurance such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.