

PowerFilm, Inc.

Assistant Secretary of Defense Burke Visits PowerFilm

16 October 2012, PowerFilm, Inc. (AIM: PFLM), ("PowerFilm" or the "Company"), the developer and manufacturer of thin flexible solar panels and developer of roll to roll flexible electronics, announces that today the Company hosted Assistant Secretary of Defense Sharon E. Burke to provide her an update on PowerFilm's US-based advanced solar panel manufacturing capabilities, systems engineering capabilities, and an overview of solar panel products being supplied to the Department of Defense.

As the Assistant Secretary of Defense for Operational Energy Plans and Programs, Ms. Burke is the principal advisor to the Secretary and Deputy Secretary of Defense on operational energy security and reports to the Under Secretary of Defense for Acquisition, Technology, and Logistics. She is the inaugural Assistant Secretary for the office, which was created to strengthen the energy security of U.S. military operations. The mission of the office is to help the military services and combatant commands improve military capabilities, cut costs, and lower operational and strategic risk through better energy accounting, planning, management, and innovation. Operational energy, or the energy required to train, move, and sustain forces, weapons, and equipment for military operations, accounted for 75 percent of all energy used by the Department of Defense in 2009.

Ms. Burke is the second Pentagon official to visit PowerFilm in recent days. Earlier this month, the Company hosted the Honorable Katherine Hammack, Assistant Secretary of the Army for Installations, Energy, and the Environment. She is the primary advisor to the Secretary of the Army and Chief of Staff of the Army on all Army matters related to Installation policy, oversight, and coordination of energy security and management. She is also responsible for policy and oversight of sustainability and environmental initiatives; resource management including design, military construction, operations and maintenance; base realignment and closure (BRAC); privatization of Army family housing; lodging, real estate, utilities; and the Army's installations safety and occupational health programs.

These visits follow the recently announced military products sales purchase orders of approximately \$3 million and the \$2.2 million development contact.

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A copy of this announcement will be available on the PowerFilm website at <http://www.powerfilmsolar.com>. The common shares of PowerFilm, Inc. are traded on the AIM Market of the London Stock Exchange and are not registered under the US Securities Act 1933, as amended. Such shares may not be offered or sold to residents of the United States or to persons acting on their behalf, or to other persons who are "United States Persons" within the meaning of Regulation S as promulgated under the Securities Act of 1933, unless such shares have been registered under the Securities Act or there is an available exemption from registration.

Forward-looking Statements

This release includes forward-looking statements which are based on certain assumptions and reflect management's current expectations as contemplated under the Safe Harbor provisions of the U.S.

Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Some of these factors include: uncertainty as to whether our strategies, partnerships and business plans will yield the expected benefits; general global economic conditions; general industry and market conditions and growth rates; increasing competition; the ability to identify, develop and achieve commercial success for new products, services and technologies; changes in technology; changes in laws and regulations, including government incentive programs; intellectual property rights; our ability to secure and maintain strategic relationships, including key supply relationships; the availability and cost of capital; the availability of, and our ability to retain, key personnel; and the failure of the Company to effectively integrate acquisitions. Additional factors are discussed in our public disclosure materials from time to time. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.