

February 7, 2011



# Capstone Turbine Corporation Posts Record Quarterly Revenue and Gross Margin; Generates Cash From Improved Working Capital

CHATSWORTH, Calif., Feb. 7, 2011 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation ([www.capstoneturbine.com](http://www.capstoneturbine.com)) (Nasdaq:CPST), reported operating results for its third quarter ended December 31, 2010 in its Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on February 7, 2011.

## Financial Summary

Revenue for the third quarter of Fiscal 2011 was \$24.2 million, an increase of 51% from the third quarter of Fiscal 2010. Capstone shipped 171 units in the third quarter of Fiscal 2011, compared to 122 units in the same period last year. Average revenue per unit during the third quarter of Fiscal 2011 was approximately \$110,000 compared to \$103,000 during the same period last year.

Capstone's backlog at the end of the third quarter was \$84.7 million, up 8% from the same period last year.

Gross margin for the third quarter of Fiscal 2011 was \$0.9 million, or 4% of revenue, compared to a gross loss of \$0.2 million, or 1% of revenue, during the third quarter of Fiscal 2010. The \$1.1 million improvement was the result of \$1.9 million related to higher unit sales, improved product margins and increased parts and FPP sales reduced by an increase in inventory charges and warranty expense compared to the same period last year.

Research and development expenses were \$1.4 million for the third quarter of Fiscal 2011, a decrease of \$0.6 million, or 30%, from the third quarter of Fiscal 2010. R&D expenses are reported net of benefits from cost-sharing programs. There were approximately \$0.3 million of such benefits this quarter compared to \$0.1 million for the same period last year. The lower expenses resulted from decreased spending for consulting and salaries, and increased benefits from cost sharing programs.

Selling, general and administrative expenses were \$6.0 million for the third quarter of Fiscal 2011, a decrease of \$1.4 million, or 19%, from the third quarter of Fiscal 2010. The net decrease in SG&A expenses was comprised primarily of lower salary and consulting expense offset by higher facilities costs.

Capstone's net loss was \$8.1 million, or \$0.03 per share, for the third quarter of Fiscal 2011, compared to a net loss of \$7.2 million, or \$0.04 per share, reported for the third quarter of

Fiscal 2010. The increase in net loss was the result of the adoption of Accounting Standards Codification 815 "Derivatives and Hedging" which affects the Company's accounting for warrants with certain anti-dilution provisions. The Company recorded a non-cash charge of \$1.2 million to change in fair value of warrant liability during the third quarter of Fiscal 2011. Capstone's net loss for the third quarter of Fiscal 2011 before considering the non-cash warrant liability charge would have been \$6.9 million (calculated by subtracting the \$1.2 million warrant liability charge from the \$8.1 million reported net loss), or \$0.02 per share (calculated by subtracting a \$0.01 loss per share attributable to the warrant liability charge from the \$0.03 loss per share reported). The Company recorded a non-cash benefit of \$2.3 million to change in fair value of warrant liability during the third quarter of Fiscal 2010. Capstone's net loss for the third quarter of Fiscal 2010 before considering the non-cash warrant liability charge would have been \$9.5 million (calculated by adding the \$2.3 million warrant liability benefit to the \$7.2 million reported net loss), or \$0.05 per share (calculated by adding a \$0.01 loss per share attributable to the warrant liability benefit to the \$0.04 loss per share reported). Capstone's loss from operations for the third quarter of Fiscal 2011 was \$6.5 million, or 32% lower than the \$9.6 million loss from operations for the third quarter of Fiscal 2010.

Cash and cash equivalents, including restricted cash, for the third quarter of Fiscal 2011 were \$30.0 million, an increase of \$4.7 million from the second quarter of Fiscal 2011.

#### Conference Call

The Company will host a conference call today, Monday, February 7, at 1:45 p.m. Pacific Time. Access to the live broadcast and a replay of the webcast will be available for 90 days through the Investor Relations page on the Company's website: [www.capstoneturbine.com](http://www.capstoneturbine.com).

#### About Capstone Turbine

Capstone Turbine Corporation ([www.capstoneturbine.com](http://www.capstoneturbine.com)) (Nasdaq:CPST) is the world's leading producer of low-emission microturbine systems, and was the first to market commercially viable microturbine energy products. Capstone Turbine has shipped over 5,000 Capstone MicroTurbine® systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. Capstone Turbine is a member of the U.S. Environmental Protection Agency's Combined Heat and Power Partnership, which is committed to improving the efficiency of the nation's energy infrastructure and reducing emissions of pollutants and greenhouse gases. A UL-Certified ISO 9001:2008 and ISO 14001:2004 certified company, Capstone is headquartered in the Los Angeles area with sales and/or service centers in the New York Metro Area, Mexico City, Nottingham, Shanghai and Singapore.

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The Capstone Turbine Corporation logo is available at <https://www.globenewswire.com/newsroom/prs/?pkgid=6212>

2010      March 31,  
2010

December 31, 2010 and \$121 at March 31, 2010

22,638

Common stock, \$.001 par value; 415,000,000 shares authorized; 246,932,972  
shares issued and 245,983,836 shares outstanding at December 31, 2010;  
243,015,511 shares issued and 242,119,402 shares outstanding at March 31, 2010

at March 31, 2010

(1,094)

(1,041)

December 31, Nine Months Ended  
December 31,

Cost of  
Gross ma  
Operat

Research and  
 Selling, general and adm  
 Total operati  
 Loss from  
 O  
 Inte  
 Inter  
 Change in fair value of warran  
 Loss before i  
 Provision for i

Net loss per common share – basic and

Weighted average shares used to calculate basic and diluted net loss per				
common share	245,780	196,405	244,517	190,45

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Image: company logo

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