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Capstone Effects \$3M Settlement Payment to Carrier to Conclude the Company's Royalty Obligation Saving Millions in Future Royalty Costs which Positively Impacts Future Product Gross Margin

VAN NUYS, Calif., Sept. 20, 2018 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today it made the previously negotiated \$3 million settlement payment to Carrier to conclude Capstone's future royalty obligations, saving millions in future royalty costs which will have a positive impact on future product gross margin.

On July 25, 2018, Capstone and Carrier entered into a Second Amendment to the Development Agreement ("Second Amendment") whereby Capstone agreed to pay Carrier approximately \$3 million to conclude the company's current royalty obligation under the Development and License Agreement ("Development Agreement") and release the company from any future royalty payment obligations.

"By strategically negotiating this settlement we will improve our quarterly product margins by approximately 2% at today's revenue levels, and improve our cash flows and shorten our path to profitability as a result of eliminating future royalty payments," said Darren Jamison, Capstone's President and Chief Executive Officer.

The Second Amendment also removed non-compete provisions from the Development Agreement, which allows Capstone to design, market or sell its C200 System in conjunction with any energy system and compete with Carrier products in the combined cooling, heating and power market ("CCHP").

"By removing the non-compete language, we are now able to enter into strategic relationships with other global chiller manufacturers to improve our competitiveness in the growing CHP and CCHP markets," concluded Mr. Jamison.

ICF Inc. estimates that between 2008 to 2013, microturbines had approximately a 17% market share and that more recently, from 2013 to 2017, the microturbine market share increased to a record 25% of installations larger than 100 kW and smaller than 5 MW in the United States.

In addition, ICF forecasts that U.S. combined heat and power ("CHP") annual capacity installations will grow from approximately 600 MW in 2017 to as high as 1,400 MW in 2026

and that the growth in overall CHP markets will be driven by smaller commercial applications that typically are well suited for microturbine technology.

“There are a variety of drivers for the forecasted growth in the CHP market, including the need for resilient on-site power, advances in packaged CHP technologies, growth in utility CHP programs, and the ability of CHP to balance intermittent renewable generation in microgrids,” said Anne Hampson, a Principal at ICF.

Capstone end-use customers saved an estimated \$194 million in annual energy costs and 314,000 tons of carbon in fiscal 2018. These carbon savings would compare to the annual equivalent carbon reduction from approximately 369,800 acres of forest or removing over 67,000 passenger vehicles from the road for a year.

About Capstone Turbine Corporation

Capstone Turbine Corporation (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 has shipped over 9,000 Capstone Microturbine systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. Capstone 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 DQS-Certified ISO 9001:2015 and ISO 14001:2015 certified company, Capstone is headquartered in the Los Angeles area with sales and/or service centers in the United States, Latin America, Europe, Middle East and Asia.

For more information about the company, please visit www.capstoneturbine.com. Follow Capstone Turbine on [Twitter](#), [LinkedIn](#) and [YouTube](#).

About ICF Inc.

ICF (NASDAQ: ICFI) is a global consulting services company with over 5,500 specialized experts, but they are not your typical consultants. At ICF, business analysts and policy specialists work together with digital strategists, data scientists, and creatives. ICF combines unmatched industry expertise with cutting-edge engagement capabilities to help organizations solve their most complex challenges. Since 1969, public and private sector clients have worked with ICF to navigate change and shape the future. Learn more at icf.com.

Forward-Looking Statements

This press release contains “forward-looking statements,” as that term is used in the federal securities laws. Forward-looking statements may be identified by words such as “expects,” “objective,” “intend,” “targeted,” “plan” and similar phrases. These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone’s filings with the Securities and Exchange Commission that may cause Capstone’s actual results to be materially different from any future results expressed or implied in such statements. Capstone cautions readers not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Capstone undertakes no

obligation, and specifically disclaims any obligation, to release any revisions to any forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

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