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Capstone Continues to Build its Long-Term Service Contract Business with a New 1.6 MW Contract in the California Oil and Gas Market

VAN NUYS, CA / ACCESSWIRE / September 10, 2019 /Capstone Turbine Corporation (www.capstoneturbine.com) (NASDAQ:CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today that it continues to build its long-term service contract business with a 1.6 megawatt (MW) contract in the California oil and gas market.

"The conversion of oil and gas customers to the Capstone Factory Protection Plan is a strong indicator for the continued top and bottom-line growth of our aftermarket service business," stated Darren Jamison, Capstone's President and Chief Executive Officer. "The aftermarket service business was approximately 47% of Capstone's fiscal Q1 2020 revenue and accounted for approximately 97% of the gross margin, which is why growing the aftermarket business is so fundamental to our near-term return to positive adjusted EBITDA and long-term profitability goals," added Mr. Jamison.

Cal Microturbine, Capstone's exclusive distributor for California, Idaho, Oregon, and Washington, signed the Capstone Factory Protection Plan (FPP) long-term service contract in California covering 1.6 MWs of Capstone microturbines installed at a single location for a major oil and gas company.

This large oil and gas end-use customer of Capstone microturbines is in the process of shutting down one of their gas plants and is using the two Signature Series C800s to burn their excess gas which would otherwise be flared, while simultaneously providing onsite power to their oil field. This new Capstone factory-backed FPP will provide ten years of complete service coverage, including scheduled and unscheduled maintenance.

In placing these systems under FPP, this large oil and gas customer's entire microturbine fleet is now 100% covered under Capstone's industry-leading FPP product. The innovative Capstone FPP enables customers to have predictable and stable maintenance costs for up to twenty years and protects customers from future cost increases associated with changes in replacement spare parts pricing, commodity price increases, import tariffs and interest rate changes.

"Since becoming Capstone's exclusive distributor on the west coast, Cal Microturbine continues to very effectively convert its oil and gas customers over to our FPP program which had been challenging in the past," said Jeff Foster, Capstone's Senior Vice President of Customer Service and Product Development. "The continued growth of our FPP service

contract business helps to build up our recurring aftermarket service revenue, which recently set another record in the first quarter of fiscal 2020,” concluded Mr. Foster.

About Capstone Turbine Corporation

Capstone Turbine Corporation (www.capstoneturbine.com) (NASDAQ:CPST) is the world’s leading producer of highly efficient, low-emission, resilient microturbine energy systems. Capstone microturbines serve multiple vertical markets worldwide, including natural resources, energy efficiency, renewable energy, critical power supply, transportation and microgrids. Capstone offers a comprehensive product lineup, providing scalable systems focusing on 30 kW to 10 MWs that operate on a variety of gaseous or liquid fuels and are the ideal solution for today’s distributed power generation needs. To date, Capstone has shipped over 9,000 units to 73 countries and have saved customers an estimated \$253 million in annual energy costs and 350,000 tons of carbon.

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

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,” “believes,” “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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