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Two Capstone Clean Energy Product Development Projects Selected by the U.S. DOE and BIRD Foundation for Funding Grants

CHATSWORTH, Calif., Nov. 25, 2009 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq:CPST) the world's leading clean technology manufacturer of microturbine energy systems announced today that it has received notice of grant awards by the U.S. Department of Energy (DOE) and Israel's Binational Industrial Research and Development (BIRD) Foundation to participate in two separate clean energy product development projects valued in excess of \$3 million.

"Capstone is honored that both the U.S. Department of Energy and BIRD foundation have chosen to provide grants for potential future Capstone products as it further validates Capstone's microturbine technology's place in the emerging renewable energy and clean energy space," said Darren Jamison, Capstone President and CEO. "I am pleased that two of our programs were selected, as they will lead to further product development and open up new markets for Capstone. These two programs are on our critical product path and could lead to billion dollar market opportunities," added Jamison.

Capstone Flexible Fuel Microturbine

The grant award from the U.S. Department of Energy is to develop a more fuel flexible microturbine capable of operating on a wider variety of biofuels -- mostly from biomass feedstock (agricultural crop waste), which when gasified becomes synthesis gas or syngas. Syngas has been identified by many offices of the DOE as a new "opportunity fuel" for future clean energy projects.

The two year project will total almost \$3.8 million, with the DOE supporting the project with \$2.5 million which includes the support of Argonne National Laboratory. Capstone is the prime contractor for this project and will rely on support from Argonne National Laboratory, University of California at Irvine, and Packer Engineering, Inc.

"We see increasing interest from customers with a need for an ultra clean generation product like our microturbine to convert biomass into electricity. Farm and industrial biomass wastes can be converted into a useable fuel using a variety of processes. Gasification is one such process, and this project provides the basis for Capstone to design a special fuel delivery system to handle these hydrogen rich synthesis gases," said Jim Crouse, Executive VP of Sales and Marketing.

The project will focus on both the development of a clean syngas combustion system for the

Capstone microturbine and a demonstration phase of this new microturbine using the fuel output of a farm waste gasifier being developed by Packer Engineering under a separate U.S. Department of Agriculture grant. Argonne National Laboratory will characterize the output of the Packer gasifier for a variety of feed stocks and will host the demonstration phase of the microturbine and gasifier system. The University of California at Irvine and Argonne will assist Capstone in the development and testing of the fuel delivery system for the microturbine. Capstone will provide the design and production expertise for the new fuel delivery system and will manufacture the new syngas microturbine product for sale to the general market. The initial focus is on Capstone's C65 microturbine with integral heat recovery to achieve high overall efficiency as well as low emissions.

"The DOE was supportive of our C200 product and CARB certification of our C65 product operating on natural gas. Success on this project will allow Capstone to offer a new range of biofuels, which will help the nation meet its objectives for reducing greenhouse gas emissions, dependence on foreign energy sources, and criteria pollutants," added Jamison.

Initial estimates show that a microturbine with an efficient gasifier using non-food crop residue as the fuel could supply a 600 acre farm with 65kW of power. There are 1.7 million such farms in the U.S., making this a sizeable market opportunity. Potential societal benefits from a 10-year installed base of such a microturbine and gasifier system are reduction in fossil fuel consumption of 441 trillion BTU/year (or the amount of fuel consumed by 6.1 million cars) as well as reduction in CO₂ emissions of 31 million tons/year (or the amount released annually by 5.4 million cars).

Microturbine Powered Solar Concentrator System

In a milestone of U.S. - Israeli cooperation on clean energy technology development the U.S. Department of Energy and Binational Industrial Research and Development (BIRD) Foundation Energy Executive Committee have selected a product development effort by Capstone Turbine and Israel's HelioFocus Ltd. The award of up to \$800,000 is to further the development and commercialize a microturbine to produce electric power from concentrated solar energy.

HelioFocus has previously developed a proprietary solar receiver to convert concentrated solar energy into super heated air. That super heated air will be used to drive a specially-designed externally fired C65 Capstone microturbine to produce efficient solar power. The system will be designed with the option to use natural gas to provide continuous power to supplement the solar energy when it is not available.

"The ability for solar projects to generate energy more efficiently and at night is the value proposition driving this joint product development effort between HelioFocus and Capstone," said Darren Jamison, Capstone President and CEO. "Efficiency is extremely important in solar power systems as a means to reduce size, space, and ultimately drive down installation costs," added Jamison.

"There is a strong demand for viable solar power that is already ahead of what can practically be delivered today using existing solar technologies. The objective of the program is to achieve a high efficiency modular dish system that can be quickly and cost-effectively deployed for large scale projects," said Jim Crouse, Executive VP of Sales and Marketing at Capstone. "We have already demonstrated excellent durability and reliability of our

microturbines, and our UL listed power electronics allow simple interconnection with utility grids. This is a natural extension into the renewable energy space," added Crouse.

The BIRD Energy Foundation is supported by funding from both the U.S. and Israeli governments with the mission to encourage cooperation between Israeli and American companies. They award grants in the form of risk-free loans that are to be repaid in the event that the products become commercial. Both HelioFocus in Israel and Capstone in the U.S. have been working together toward integrating their technologies to achieve a concentrated solar power system with high net efficiency.

Both of these awards are subject to completion and execution of contracts and sub-contracts with the various parties involved in carrying out the product development programs. Failure to complete these agreements could preclude Capstone from participating in one or both awards.

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 Turbine has shipped more than 5,000 Capstone MicroTurbine(R) 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 9001:2000 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, Singapore and Tokyo.

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

This press release contains "forward-looking statements," as that term is used in the federal securities laws, about increased product development, expanded opportunities in the flexible fuel and solar markets and the advantages of Capstone's products. 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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