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# Capstone Turbine Grants Turbine International Exclusive Distribution Rights for the Oil and Gas Market in Russia in Exchange for \$6.4 Million

## Announces Completion of Russian Market Reorganization

CHATSWORTH, Calif., Oct. 18, 2017 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation ([www.capstoneturbine.com](http://www.capstoneturbine.com)) (NASDAQ:CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today that it has executed an agreement that appoints a new exclusive oil and gas distributor in Russia. Under the terms of the agreement, Capstone will grant Turbine International and its affiliate, MTE Service, the sole distribution rights for Capstone products and services in the Russian oil and gas sector in exchange for \$6.4 million in cash.

MTE Service ([www.mte.services](http://www.mte.services)), is a wholly owned subsidiary of Hispania Petroleum S.A. (Hispania). Hispania is an independent privately owned oil and gas company with operations across the globe, ranging from South America, Europe and Russia. Hispania began its operations in the 1980s initially focusing on trading crude oil and products, and later transitioned into exploration and production. Hispania has had great success operating in the Russian market. Their production has steadily increased since 1992 from the oil fields in the Perm region that it operates alongside its joint venture partner, Lukoil Oil Company.

"This new agreement for the oil and gas distribution rights in Russia completes our multiyear reorganization effort of the Russian marketplace for both the combined heat and power market, renewable energy market and now the oil and gas market. Through this process we have moved from one distribution partner covering multiple verticals, to multiple highly qualified partners for our three major verticals for distribution of our product in Russia and the surrounding CIS states," stated Darren Jamison, Capstone's President and Chief Executive Officer. "Capstone is looking forward to revitalizing the Russian oil and gas market with our new partner, and we believe the overall Russian market reorganization should yield long-term positive results with higher future revenue and lower overall business risk," added Mr. Jamison.

Under the terms of the agreement, Turbine International will provide multiple cash payments to Capstone totaling \$6.4 million dollars with three payments totaling \$2.5 million by February 1, 2018, and the remaining \$3.9 million paid over a three-year period starting in August 2018. Turbine International has made a good faith payment of \$100,000 upfront with the balance being secured by a promissory note and corporate guarantee from Hispania.

"As part of the new agreement, Capstone will provide product and spare parts pricing

discounts, sales and technical training, along with overall general business support to assist Turbine International and its affiliate, MTE Service, to further develop this key Russian oil and gas market which already has approximately 45MWs of installed Capstone product,” said Jim Crouse, Capstone’s Executive Vice President of Sales and Marketing. “Capstone will assign Turbine International its multimillion-dollar BPC Engineering past due reserved accounts receivable. Additionally, we will also be providing assistance to both companies during the transition of the distributorship to minimize any potential impact and business interruption to critical Russian energy customers,” added Mr. Crouse.

“Hispania looks forward to partnering with Capstone as its exclusive distributor of cutting-edge microturbines in the oil and gas sector in Russia through the subsidiaries of the Hispania group,” said Jose D. Peñafiel, Chief Executive Officer of Hispania. “The Hispania group has previously worked as a distributor and sales representative for Centralift, Tenaris, Smith Meter, Invalco and Cameron International. Hispania looks forward to pairing its long history in the oil and gas sector in Russia with its experience as a distributor in partnership with Capstone. The Hispania group brings a high standard of operational excellence and transparency in providing service to Capstone’s existing and future customers in the Russian oil and gas sector,” added Mr. Peñafiel.

#### About Capstone Turbine Corporation

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 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 UL-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.

This press release contains "forward-looking statements," as that term is used in the federal securities laws, including statements regarding the prospect for sale of our products in the Russian market, oil and gas industry and Russian market generally. 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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