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# With Shipments Delayed Until Fiscal Third Quarter Capstone Expects Fiscal Second Quarter Financial Results to be Below Expectations

## Continued Headwinds in Oil and Gas Market and Strong U.S. Dollar Impact Revenue

CHATSWORTH, Calif., Oct. 1, 2015 (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 its preliminary second quarter earnings were notably below management's expectations and analysts' consensus estimates as continued headwinds in the oil and gas market and a strong U.S. dollar delayed orders and shipments in the quarter.

"We have approximately 75 microturbines totaling over 13MW for customers in finished goods as of September 30th that were slotted to ship in the quarter that will now ship next quarter," said Jim Crouse, Executive Vice President of Sales and Marketing at Capstone Turbine. "The Capstone sales team will be working diligently to get these units delivered as quickly as possible and drive for a strong rebound in the third quarter, which is historically our strongest quarter in the fiscal year," added Crouse.

After posting the second best first quarter in company history, which was an increase of 16% year-over-year, and a 200 basis point improvement in margin, Capstone experienced a significant slowdown in both product shipments and new order flow in the most recent quarter ended September 30, 2015. In addition, the Company received no significant payments from its Russian distributor, who until recently was one of their largest customers.

As a result of the lower than expected revenue and increased inventory levels, cash burn for the quarter was higher than anticipated prompting management to look at additional areas within the business where operating expenses can be immediately reduced. Management has therefore decided to indefinitely postpone an upcoming employee merit increase, cut hourly overtime, eliminate temporary employees and convert all variable cash compensation to stock grants. These actions are in addition to the recent flattening of the Capstone executive organizational structure which eliminated three executive positions back in April 2015. These most recent actions combined with the April restructuring will save approximately \$3.3 million in cash annually.

"Companies across the energy space are seeing significant market headwinds with the

precipitous drop in oil prices, commodity prices and the strong U.S. dollar," said Darren Jamison, Capstone's President and Chief Executive Officer. "In response to the ongoing market slowdown we are taking a three pronged strategy. First, we are looking for every way possible to lower our operating expenses without impacting our brand or total customer satisfaction. Second, we will continue to make improvements to our products in order to have them be more competitive and cost effective in the growing combined heat and power (CHP) space. These product changes will be unveiled at the upcoming PowerGen International Show on December 8<sup>th</sup> in Las Vegas, Nevada. Lastly, the Company is looking to grow its business in Latin America, Australia, Africa and the Middle East. These markets have tremendous potential and will give us an ability to offset the slowdown we are experiencing in the energy space and more specifically in Russia," added Jamison.

#### 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 Turbine has shipped over 8,500 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, United Kingdom, Mexico City, Shanghai and Singapore.

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 the shipment of finished goods. 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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