

Federal Investment Tax Credit Extended to 2016 for Microturbines and New Tax Credit for Combined Heat & Power Passed into Law

Last update: 5:00 a.m. EDT Oct. 15, 2008



CHATSWORTH, Calif., Oct 15, 2008 (BUSINESS WIRE) -- Capstone Turbine Corporation (www.microturbine.com) (NASDAQ:CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today that the eight year extension of the 10 percent federal tax credit for microturbines through 2016 will continue to apply to purchases of the company's ultra-low emission and ultra-high reliability Capstone MicroTurbine(R) systems. The Act also creates a 10 percent tax credit for Combined Heat and Power (CHP) systems. President Bush signed the Emergency Economic Stabilization Act of 2008 (H.R. 1424) into law on October 3, 2008.

"We believe that the extension of the existing microturbine tax credit and creation of the new CHP tax credit will increase the visibility of our products and create an even stronger demand in the United States," said Jim Crouse, Capstone's Executive Vice President of Sales and Marketing. "Today approximately 65 percent of our record \$42.7 million in product backlog is outside of the United States as customers in countries that have a strong policy on energy efficiency and climate change have been adopting our new clean energy technology," Crouse added.

"Congress showed leadership in continuing to promote microturbines as a clean, green, and reliable source of energy," said Darren Jamison, President and Chief Executive Officer of Capstone Turbine Corporation. "The tax credit will continue to help businesses and building owners lower their energy costs while also demonstrating their commitment to clean energy and to the environment by installing microturbine CHP systems in their buildings," Jamison stated.

About Capstone Turbine

Capstone Turbine Corporation (www.microturbine.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 4,000 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 Turbine is headquartered in the Los Angeles area with sales and/or service centers in New Jersey, New York, Mexico City, Milan, Nottingham, Shanghai and Tokyo.

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This press release contains "forward-looking statements," as that term is used in the federal securities laws, about increased visibility of, and stronger demand for, our product and lower energy costs for our customers. 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.