

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 24, 2020

**CAPSTONE TURBINE CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-15957 (Commission File Number)	95-4180883 (IRS Employer Identification No.)
16640 Stagg Street, Van Nuys, California (Address of principal executive offices)	(818) 734-5300 (Registrant's telephone number, including area code)	91406 (Zip Code)

Former name or former address, if changed since last report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.001 per share	CPST	NASDAQ Capital Market
Series B Junior Participating Preferred Stock Purchase Rights		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 1.01 Entry into a Material Definitive Agreement***Paycheck Protection Program*

On April 15, 2020, Capstone Turbine Corporation (the “Company”) submitted an application to its banking partner Western Alliance Bank, an Arizona corporation (“Western Alliance”) under the Small Business Administration (the “SBA”) Paycheck Protection Program enabled by the Coronavirus Aid, Relief and Economic Security Act of 2020 (the “CARES Act”). Western Alliance entered into Note on April 24, 2020 (the “Note”) with the Company and agreed to make available to the Company a loan in the amount of \$2,610,200.00 (the “Loan”). The Company received the full amount of the Loan on April 24, 2020 (the “Initial Disbursement Date) and currently plans to use the proceeds to support fixed costs such as payroll costs, rent and utilities in accordance with the relevant terms and conditions of the CARES Act.

The advance under the Loan bears interest at a rate per annum of 1%. The term of the Loan is two years, ending April 24, 2022 (the “Maturity Date”).

Beginning on the seventh month following the Initial Disbursement Date, the Company is required to pay monthly principal and interest payments, with each installment payment first to pay interest accrued since the Initial Disbursement Date, then to bring principal current. The Company may adjust the payment amount periodically to amortize the principal over the remaining term of the Note.

The Loan may be forgiven partially or fully if the funding received are used for payroll costs, interest on mortgages, rent, and utilities, provided that at least 75% of the forgiven amount has been used for payroll costs. Forgiveness is based on the Company maintaining, or quickly rehiring employees and maintaining applicable salary levels.

Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Any forgiveness of the Loan shall be subject to approval of the SBA and will require the Company and Western Alliance to apply to the SBA for such treatment in the future.

The Note also provides for customary events of default, including, among others, events of default relating to failure to make payment, bankruptcy, breaches of representations, failure to pay taxes due and material adverse effects.

The foregoing summary of the Note does not purport to be complete and is qualified in its entirety by reference to the Note, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

*Third Amendment to the Note Purchase Agreement*

On April 24, 2020, the Company, certain subsidiaries of the Company and Goldman Sachs Specialty Lending Group, L.P. (as successor in interest to Goldman Sachs Specialty Lending Holdings, Inc.) (the “Purchaser” and collectively, the “Parties”) entered into a Third Amendment (the “Third Amendment”) to the Note Purchase Agreement, dated February 4, 2019, by and among the parties thereto (as amended, the “Note Purchase Agreement”) in connection with the sale of senior secured notes of the Company in a private placement exempt from registration under the Securities Act of 1933, as amended. Under the Third Amendment, the parties agreed to amend the Note Purchase Agreement to, among other things, carve out the Loan pursuant to the CARES Act from the negative covenants restricting the Company from incurring certain debt and the related terms and conditions as a result of such Loan. All other provisions, terms and conditions of the Note Purchase Agreement remain in effect, as previously reported in the Current Reports on Form 8-K filed on February 5, 2019 and December 9, 2019, which are incorporated herein by reference.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Third Amendment, which is filed as Exhibit 4.1 to this Current Report on Form 8-K, and incorporated herein by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant**

See the discussion set forth in Item 1.01, “Entry into a Material Definitive Agreement” of this Current Report on Form 8-K, which discussion is incorporated herein by this reference.

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**Item 7.01 Regulation FD Disclosure**

On April 29, 2020, the Company issued a press release that the Company received the Loan under the CARES Act. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

This information is intended to be furnished under Item 7.01 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Forward-Looking Statements**

This Current Report on Form 8-K contains forward-looking statements concerning the Company’s expectations, anticipations, intentions, beliefs or strategies regarding the Loan. These express or implied statements are not promises or guarantees and involve substantial risks and uncertainties. Among the factors that could cause actual results to differ materially from those described or projected herein are the following: financial market conditions; actions by the Loan parties; changes by the SBA or other governmental authorities regarding the CARES Act, the Payroll Protection Program or related administrative matters; and the Company’s and Western Alliance’s ability to comply with the terms of the Loan and the CARES Act, including to use the proceeds of the Loan as described herein. A further list and description of these risks, uncertainties and other risks associated with an investment in the Company can be found in Company’s filings with the U.S. Securities and Exchange Commission, including its most recent Annual Report on Form 10-K. The Company undertakes no obligation to update the information contained in this Current Report on Form 8-K to reflect subsequently occurring events or circumstances.

**Item 9.01 Financial Statements and Exhibits****(d) Exhibits**

<u>Exhibit Number</u>	<u>Description</u>
4.1	<a href="#"><u>Third Amendment to the Note Purchase Agreement, dated as of April 24, 2020, by and among Capstone Turbine Corporation, certain subsidiaries of the Company and Goldman Sachs Specialty Lending Group, L.P. (as successor in interest to Goldman Sachs Specialty Lending Holdings, Inc.)</u></a>
10.1	<a href="#"><u>Note between Western Alliance Bank and Capstone Turbine Corporation, effective as of April 24, 2020</u></a>
99.1	<a href="#"><u>Press Release of Capstone Turbine Corporation, dated April 29, 2020</u></a>

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAPSTONE TURBINE CORPORATION

Date: April 24, 2020

By: /s/ Darren R. Jamison

Name: Darren R. Jamison

Title: President and Chief Executive Officer

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**THIRD AMENDMENT TO NOTE PURCHASE AGREEMENT**

THIS THIRD AMENDMENT TO NOTE PURCHASE AGREEMENT (this “Amendment”) is entered into as of April 24, 2020 by and among CAPSTONE TURBINE CORPORATION, a Delaware corporation (the “Company”), the Purchaser signatory hereto and GOLDMAN SACHS SPECIALTY LENDING GROUP, L.P., as collateral agent for the Purchasers (in such capacity, the “Collateral Agent”).

**RECITALS**

A. The Company, certain subsidiaries of the Company, the Purchasers and Collateral Agent are parties to a certain Note Purchase Agreement, dated as of February 4, 2019 (as amended by the First Amendment dated as of July 23, 2019 and as further amended by the Second Amendment dated as of December 9, 2019, and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “*Note Purchase Agreement*”; capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Note Purchase Agreement), pursuant to which the Purchasers have agreed to purchase the Notes issued by Company;

B. The Company has requested an amendment to the Note Purchase Agreement, and subject to the terms and conditions hereof, the Purchaser (being the sole Purchaser under the Note Purchase Agreement) executing this Amendment is willing to do so;

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and intending to be legally bound, the parties hereto agree as follows:

**A. AMENDMENTS**

1. Section 1.1 of the Note Purchase Agreement is hereby amended by replacing the defined term “Material Indebtedness” in their entirety with the following:

“**Material Indebtedness**” means (i) Indebtedness (other than the Obligations) of any one or more of Company and its Subsidiaries with an individual principal amount (or Swap Termination Value) of \$250,000 or more or, solely for purposes of Section 8.1(b), that, collectively with any other Indebtedness in respect of which any relevant default or other specified event has occurred, has an aggregate principal amount of \$500,000 or more and (ii) any CARES Act Indebtedness.”

2. Section 1.1 of the Note Purchase Agreement is further amended by adding the following defined terms in appropriate alphabetical order:

“**CARES Act**” means the Coronavirus Aid, Relief, and Economic Security Act, and all regulations and guidance issued by any Governmental Authority with respect thereto, as in effect from time to time.”

“**CARES Act Account**” has the meaning set forth in Section 5.16.”

“**CARES Act Indebtedness**” has the meaning set forth in Section 6.1(o) of the Note Purchase Agreement.

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“**CARES Act Permitted Purposes**’ means, with respect to the use of proceeds of any CARES Act Indebtedness, the purposes set forth in Section 1106(b) of the CARES Act and otherwise in compliance with all other provisions or requirements of the CARES Act applicable in order for the CARES Act Indebtedness to be eligible for forgiveness.”

“**Eligible CARES Act Indebtedness**’ means all CARES Act Indebtedness incurred by the Note Parties and their Subsidiaries, excluding any CARES Act Indebtedness that is denied forgiveness by the applicable lender or Governmental Authority or for which the Note Parties do not timely submit appropriate documents required to have such CARES Act Indebtedness forgiven.”

“**SBA**’ means the Small Business Act (Public Law 85-536, as amended).”

3. Section 5.1 of the Note Purchase Agreement is hereby amended by adding the following new clause (u) at the end of such Section:

“(u) **CARES Act Indebtedness.** No later than Tuesday of each calendar week, a schedule setting forth the aggregate amount of CARES Act Indebtedness received by the Note Parties and their Subsidiaries through the end of the prior week and a detailed description of how the proceeds thereof have been applied by the Note Parties and their Subsidiaries through the end of the prior week; promptly and in any event within one Business Day after submission, copies of all documents submitted by any Note Party or its Subsidiaries to request and justify forgiveness of any CARES Act Indebtedness; and promptly and in any event within one Business Day after receipt, copies of any notices received by the applicable lender or Governmental Authority with respect to the CARES Act Indebtedness.”

4. Section 5.5 of the Note Purchase Agreement is hereby amended by adding the words “ and directors and officers insurance” after the words “business interruption insurance” in the first sentence thereof.

5. Section 5 of the Note Purchase Agreement is hereby amended by adding the following new Section 5.16 at the end thereof:

“**5.16 CARES Act Indebtedness.** Company agrees to, and will cause each of its Subsidiaries to (a) deposit all proceeds from CARES Act Indebtedness into a segregated Deposit Account (the “**CARES Act Account**”), (b) use funds from the CARES Act Account solely for CARES Act Permitted Purposes and before using any other cash on hand to pay expenses that are CARES Act Permitted Purposes and (c) apply for, and submit all documents required to obtain, forgiveness or other relief of all CARES Act Indebtedness by all deadlines required by the CARES Act. All applications, documents and other information submitted to any Governmental Authority with respect to the CARES Act Indebtedness shall be true and correct. No Purchaser or any of its Affiliates is deemed an “affiliate” of any Note Party or any of its Subsidiaries for any purpose related to the CARES Act Indebtedness, including the eligibility criteria with respect thereto. Each Note Party acknowledges and agrees that (x) it has consulted its own legal and financial advisors with respect to all matters related to CARES Act Indebtedness (including eligibility criteria) and the CARES Act, (y) it is responsible for making its own independent judgment with respect to CARES Act Indebtedness and the process leading thereto, and (z) it has not relied on Collateral Agent or any Purchaser or any of their affiliates with respect to any of such matters. Each Note Party agrees that it will not make any claim that Collateral Agent or

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any Purchaser or any of their affiliates have rendered advisory services of any nature or respect in connection with any CARES Act Indebtedness, the CARES Act or the process leading thereto.”

6. Section 6.1 of the Note Purchase Agreement is hereby amended by replacing clause (j) thereof in its entirety with the following:

“(j) Indebtedness in an aggregate amount (taken together with the amount of any other Indebtedness secured by Liens pursuant to Section 6.2(o)) not to exceed at any time outstanding an aggregate principal amount equal to (A) \$500,000 minus (B) the aggregate outstanding principal amount of all CARES Act Indebtedness (but in no event less than zero).”

7. Section 6.1 of the Note Purchase Agreement is hereby amended by (x) deleting the “and” at the end of clause (n), (y) deleting the “.” at the end of clause (o) and inserting “; and” in lieu thereof and (z) adding the following new clause (p):

“(p) unsecured Indebtedness incurred by Company or any of its Subsidiaries incurred pursuant to paragraph 36 of Section 7(a) of the SBA and Section 1102 of the CARES Act (the “**CARES Act Indebtedness**”), when taken together with the amount of Indebtedness outstanding under Section 6.1(j), in an aggregate outstanding amount not to exceed \$10,000,000 (or such greater amount as the Requisite Purchasers agree in writing in their sole discretion), so long as (x) the proceeds thereof are applied in accordance with the CARES Act Permitted Purposes and (y) CARES Act Indebtedness is not incurred under any other clause of this Section 6.1.”

8. Section 6.7 of the Note Purchase Agreement is hereby amended by (x) deleting the “and” at the end of clause (g), (y) deleting the “.” at the end of clause (h) and inserting “; and” in lieu thereof and (z) adding the following new clause (i):

“(i) Investments made by any Note Party or any of its Subsidiaries in another Note Party or any of its Subsidiaries directly from the proceeds of any CARES Act Indebtedness so long as such proceeds are applied by the Note Parties and their Subsidiaries for the CARES Act Permitted Purposes.”

9. Section 6.19 of the Note Purchase Agreement is hereby amended by adding the following sentence at the end of such Section:

“ In addition, in no event shall any Note Party or any of its Affiliates directly or indirectly purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any CARES Act Indebtedness prior to its scheduled maturity date as required under the CARES Act, other than the cancellation and forgiveness of such Indebtedness in accordance with the CARES Act.”

10. Section 8.1 of the Note Purchase Agreement is hereby amended by amending and restating clause (b) thereof in its entirety as follows:

“(b) Default in Other Agreements. (i) Failure of any Note Party or any of their respective Subsidiaries to pay when due any principal of or interest on or any other amount, including any payment in settlement, payable in respect of one or more items of Material Indebtedness, in each case beyond the grace period, if any, provided therefor; (ii)

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breach or default by any Note Party or any of its Subsidiaries with respect to any other term of (1) one or more items of Material Indebtedness, or (2) any loan agreement, mortgage, note, indenture or other agreement relating to such item(s) of Material Indebtedness, in each case beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Material Indebtedness (or a trustee on behalf of such holder or holders), with or without the passage of time, to cause, that Material Indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or other redemption) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; or (iii) the amount in the CARES Act Account is less than the outstanding CARES Act Indebtedness (excluding Eligible CARES Act Indebtedness) of the Note Parties and their Subsidiaries; or”

11. Section 8.1 of the Note Purchase Agreement is hereby amended by amending and restating clause (c) thereof in its entirety as follows:

“(c) Breach of Certain Covenants. (i) Failure of any Note Party to perform or comply with any term or condition contained in Section 5.1, Section 5.2, Section 5.3, Section 5.4, Section 5.5, Section 5.6, Section 5.8, Section 5.10, Section 5.11, Section 5.14(c), Section 5.15, Section 5.16 or Section 6; or”

12. Schedule 5.15 of the Note Purchase Agreement is hereby amended by inserting the following at the end thereof:

“On or prior to the date that is five (5) Business Days after the Third Amendment Date, the Company shall have delivered current insurance certificates demonstrating the director and officer insurance maintained pursuant to Section 5.5 of the Note Purchase Agreement.”

#### B. CONDITIONS TO EFFECTIVENESS

Notwithstanding any other provision of this Amendment and without affecting in any manner the rights of the Purchaser hereunder, it is understood and agreed that this Amendment shall not become effective, and the Note Parties shall have no rights under this Amendment, until the Purchaser shall have received the following documents, in form and substance satisfactory to the Purchaser: executed counterparts to this Amendment from the Company, each other Note Party and the Purchaser.

#### C. REPRESENTATIONS

To induce the Purchaser and the Collateral Agent to enter into this Amendment, each Note Party hereby represents and warrants to the Purchaser and the Collateral Agent that:

1. Each of the Note Parties and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (b) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Note Documents to which it is a party and to carry out the transactions contemplated thereby, and (c) is qualified to do business and in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations, except in jurisdictions where the failure to be so qualified or in good standing has not had, and could not be reasonably expected to have, a Material Adverse Effect; and

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2. The execution, delivery and performance of this Amendment has been duly authorized by all necessary action on the part of each Note Party that is a party hereto.

#### D. OTHER AGREEMENTS

1. Continuing Effectiveness of Note Documents. As amended hereby, all terms of the Note Purchase Agreement and the other Note Documents shall be and remain in full force and effect and shall constitute the legal, valid, binding and enforceable obligations of the Note Parties party thereto. To the extent any terms and conditions in any of the other Note Documents shall contradict or be in conflict with any terms or conditions of the Note Purchase Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified and amended accordingly to reflect the terms and conditions of the Note Purchase Agreement as modified and amended hereby. Upon the effectiveness of this Amendment such terms and conditions are hereby deemed modified and amended accordingly to reflect the terms and conditions of the Note Purchase Agreement as modified and amended hereby.

2. Reaffirmation of Guaranty. Each Guarantor consents to the execution and delivery by the Note Parties of this Amendment and the consummation of the transactions described herein, and ratifies and confirms the terms of the Guaranty to which such Guarantor is a party with respect to the indebtedness now or hereafter outstanding under the Note Purchase Agreement as amended hereby and all promissory notes issued thereunder. Each Guarantor acknowledges that, notwithstanding anything to the contrary contained herein or in any other document evidencing any indebtedness of the Note Parties to the Purchasers or any other obligation of the Note Parties, or any actions now or hereafter taken by the Purchasers with respect to any obligation of the Note Parties, the Guaranty to which such Guarantor is a party (i) is and shall continue to be a primary obligation of such Guarantor, (ii) is and shall continue to be an absolute, unconditional, continuing and irrevocable guaranty of payment, and (iii) is and shall continue to be in full force and effect in accordance with its terms. Nothing contained herein to the contrary shall release, discharge, modify, change or affect the original liability of any Guarantor under the Guaranty to which such Guarantor is a party.

3. Acknowledgment of Perfection of Security Interest. Each Note Party hereby acknowledges that, as of the date hereof, the security interests and liens granted to Collateral Agent and the Purchasers under the Note Purchase Agreement and the other Note Documents are in full force and effect, are properly perfected and are enforceable in accordance with the terms of the Note Purchase Agreement and the other Note Documents.

4. Effect of Agreement. Except as set forth expressly herein, all terms of the Note Purchase Agreement, as amended hereby, and the other Note Documents shall be and remain in full force and effect and shall constitute the legal, valid, binding and enforceable obligations of the Note Parties to the Purchasers and Collateral Agent. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Purchasers under the Note Purchase Agreement, nor constitute a waiver of any provision of the Note Purchase Agreement. This Amendment shall constitute a Note Document for all purposes of the Note Purchase Agreement.

5. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York and all applicable federal laws of the United States of America.

6. No Novation. This Amendment is not intended by the parties to be, and shall not

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be construed to be, a novation of the Note Purchase Agreement and the other Note Documents or an accord and satisfaction in regard thereto.

7. Costs and Expenses. The Note Parties agrees to pay on demand all costs and expenses of Purchaser and Collateral Agent in connection with the preparation, execution and delivery of this Amendment, including, without limitation, the reasonable fees and out-of-pocket expenses of outside counsel for Purchaser and Collateral Agent with respect thereto.

8. Counterparts. This Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Amendment by facsimile transmission, electronic transmission (including delivery of an executed counterpart in .pdf format) shall be as effective as delivery of a manually executed counterpart hereof.

9. Binding Nature. This Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective successors, successors-in-titles, and assigns. No third party beneficiaries are intended in connection with this Amendment.

10. Entire Understanding. This Amendment sets forth the entire understanding of the parties with respect to the matters set forth herein, and shall supersede any prior negotiations or agreements, whether written or oral, with respect thereto.

11. Release. (a) Each Note Party hereby releases, acquits, and forever discharges Collateral Agent and each of the Purchasers, and each and every past and present subsidiary, affiliate, stockholder, officer, director, agent, servant, employee, representative, and attorney of Collateral Agent and the Purchasers (each a "Releasee"), from any and all claims, causes of action, suits, debts, liens, obligations, liabilities, demands, losses, costs and expenses (including attorneys' fees) of any kind, character, or nature whatsoever, known or unknown, fixed or contingent, which such Note Party may have or claim to have now or which may hereafter arise out of or connected with any act of commission or omission of Releasee existing or occurring on or prior to the date of this Amendment or any instrument executed on or prior to the date of this Amendment including, without limitation, any claims, liabilities or obligations arising with respect to the Note Purchase Agreement or the other of the Note Documents. The provisions of this paragraph shall be binding upon each Note Party and shall inure to the benefit of Releasees, and their respective heirs, executors, administrators, successors and assigns, and the other released parties set forth herein. No Note Party is aware of any claim or offset against, or defense or counterclaim to, any Note Party's obligations or liabilities under the Note Purchase Agreement or any other Note Document. The provisions of this Section shall survive payment in full of the Obligations, full performance of the terms of this Amendment and the Note Documents, and/or Collateral Agent's or each Purchaser's actions to exercise any remedy available under the Note Documents or otherwise. Each Note Party warrants and represents that such Note Party is the sole and lawful owner of all right, title and interest in and to all of the claims released hereby and each Note Party has not heretofore voluntarily, by operation of law or otherwise, assigned or transferred or purported to assign or transfer to any person any such claim or any portion thereof.

*[Remainder of this page intentionally left blank]*

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IN WITNESS WHEREOF, this Amendment has been duly executed as of the date first written above.

Capstone Turbine Corporation, as the Company and as a Note Party

By: /s/ Darren Jamison  
Name: Darren Jamison  
Title: President & CEO

Guarantors:

Capstone Turbine International, Inc.

By: /s/ Darren Jamison  
Name: Darren Jamison  
Title: President & CEO

Capstone Turbine Financial Services, LLC

By: /s/ Darren Jamison  
Name: Darren Jamison  
Title: President & CEO

[Signature Page to Third Amendment to Note Purchase Agreement]

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GOLDMAN SACHS SPECIALITY LENDING GROUP, L.P. as  
Purchaser

By: /s/ Gaurav Seth  
Name: Gaurav Seth  
Title: Managing Director

GOLDMAN SACHS SPECIALITY LENDING GROUP, L.P. as  
Collateral Agent

By: /s/ Gaurav Seth  
Name: Gaurav Seth  
Title: Managing Director

[Signature Page to Third Amendment to Note Purchase Agreement]

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U.S. Small Business Administration  
NOTE

SBA Loan #	74603771-01
SBA Loan Name	Capstone Turbine Corporation
Date	04/21/2020
Loan Amount	\$2,610,200.00
Interest Rate	1.00 % per annum
Borrower	Capstone Turbine Corporation, a Delaware Corporation
Operating Company	N/A
Lender	Western Alliance Bank, an Arizona Corporation

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of Two Million Six Hundred Ten Thousand Two Hundred and No/100 Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

“Collateral” means any property taken as security for payment of this Note or any guarantee of this Note. “Guarantor” means each person or entity that signs a guarantee of payment of this Note.

“Loan” means the loan evidenced by this Note.

“Loan Documents” means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

“SBA” means the Small Business Administration, an Agency of the United States of America.

3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

This Note will mature in 2 years from the date of initial disbursement.

The interest rate is 1.00% per year.

Borrower must pay principal and interest payments every month, beginning seven months from the date of initial disbursement in an amount sufficient to fully-amortize the outstanding balance; payments must be made on the 4th calendar day in the months they are due.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal. Lender may adjust the payment amount periodically as needed to amortize the principal over the remaining term of the Note.

Loan Prepayment:

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and
- c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

All remaining principal and accrued interest is due and payable 2 years from date of initial disbursement.

Late Charge. If payment on this Note is more than 10 days late, Lender may charge Borrower a late fee of up to 5.00% of the unpaid portion of the regularly scheduled payment.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE-SPECIFIC PROVISIONS:

When SBA is not the holder of this Note, the law of the State where the loan is made shall govern the interpretation and enforcement of this Note.

11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

**Capstone Turbine Corporation, a Delaware Corporation**

By: /s/ Frederick Hencken III

Name: Frederick Hencken III

Title: Chief Financial Officer

Date: 4/24/2020

**CAPSTONE TURBINE (NASDAQ: CPST) RECEIVES \$2.6M PAYCHECK PROTECTION PROGRAM SBA LOAN UNDER THE COVID-19 FEDERAL GOVERNMENT CARES ACT**

*Sub \$22M Market Cap, Substantially Less Than 500 Employees and Limited Access to Capital Helped the Company's Eligibility Under the SBA Loan Program*

*The Company May Potentially Qualify for Forgiveness of a Portion of the Loan*

**VAN NUYS, CA / ACCESSWIRE / April 29, 2020** / 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 Capstone has applied for and received a loan under the Paycheck Protection Program (PPP) pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The \$2.6M note was entered into with its banking partner Western Alliance Bank, an Arizona corporation on April 24, 2020.

On March 24th Capstone Turbine enacted an emergency Business Continuity Plan (BCP) designed to keep employees safe and continue to support its critical aftermarket Factory Protection Plan (FPP) long-term service contracts and spare parts deliveries to its Essential Critical Infrastructure Customers, such as energy, health care, wastewater treatment, food processing services, pharmaceuticals, etc. Under the BCP, the Company furloughed, reduced hours, or reduced pay for approximately 70% of its direct workforce, leaving behind only staff deemed critical for day-to-day essential operations. In addition, Capstone Turbine's CEO and senior executive leadership voluntarily took a temporary 25% pay cut, and other managers, consisting of approximately 15% of the workforce, took a temporary 15% pay cut.

"We appreciate the federal government's commitment in supporting small businesses through the Paycheck Protection Program, along with Western Alliance Bank for their swift and efficient work to get us the appropriate funding during this unprecedented time," said Darren Jamison, President and Chief Executive Officer of Capstone Turbine. "During these times of uncertainty that the COVID-19 pandemic has created for nearly every business, having the additional liquidity provided by the PPP enhances our ability to continue manufacturing products and providing aftermarket services for our customers, which includes our global distribution network which is largely comprised of 62 small businesses, across 73 countries," added Mr. Jamison.

"A key strategic goal of the company's Business Continuity Plan in response to COVID-19 was to maintain cash flow and liquidity, and having this \$2.6M PPP loan in place from the SBA in combination with the furloughs, pay cuts, and the dramatic slowing of incoming raw material are essential to keep the Company liquid and allow us to maintain our support of Capstone's essential critical infrastructure end-use customers," said Eric Hencken, Chief Financial Officer and Chief Accounting Officer of Capstone Turbine.

Capstone received the full amount of the loan on April 24, 2020, and currently plans to use the proceeds to support fixed costs such as payroll costs, rent, and utilities in accordance with the relevant terms and conditions of the CARES Act. The advance under the loan bears interest at a rate per annum of 1%. The term of the loan is two years, ending April 24, 2022. Beginning on the

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seventh month following the Initial disbursement date, the Company is required to pay monthly principal and interest payments, with each installment payment first to pay interest accrued since the initial disbursement date, then to bring principal current. The Company may adjust the payment amount periodically to amortize the principal over the remaining term of the note.

The loan may be forgiven partially or fully if the funding received is used for payroll costs, interest on mortgages, rent, and utilities, provided that at least 75% of the forgiven amount has been used for payroll costs. Forgiveness is based on the Company maintaining, or quickly rehiring employees and maintaining applicable salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Any forgiveness of the loan shall be subject to approval of the SBA and will require the Company and Western Alliance to apply to the SBA for such treatment in the future.

### **About Capstone Turbine Corporation**

Capstone Turbine Corporation ([www.capstoneturbine.com](http://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, via our direct sales team, as well as our global distribution network. Capstone provides scalable solutions from 30 kW to 10 MWs that operate on a variety of fuels and are the ideal solution for today's multi-technology distributed power generation projects.

For customers with limited capital or short-term needs, Capstone offers rental systems, for more information contact: [rentals@capstoneturbine.com](mailto:rentals@capstoneturbine.com). To date, Capstone has shipped nearly 10,000 units to 73 countries and in FY19, 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](http://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.

"Capstone" and "Capstone Microturbine" are registered trademarks of Capstone Turbine Corporation. All other trademarks mentioned are the property of their respective owners.

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**CONTACT:** Capstone Turbine Corporation  
Investor and investment media inquiries:  
818-407-3628  
[ir@capstoneturbine.com](mailto:ir@capstoneturbine.com)

Integra Investor Relations  
Shawn M. Severson  
415-226-7747  
[cpst@integra-ir.com](mailto:cpst@integra-ir.com)

