Management Presentation

NASDAQ: CPST

Reliable power when and where you need it.
Clean and simple.

Safe Harbor

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Distributed Generation Megatrend

Driven by economics and resiliency, power users are increasingly searching for ways to reduce their dependence on grid power. Capstone can solve this problem by providing a highly reliable and efficient power source to solve power demand issues for users across numerous industries.

Annual distributed generation power additions will grow to 200 GW in 2020 from 150 GW currently

Global electricity consumption will rise to 26.9 terawatt-hours (Twh) by 2020

Microgrids account for 27 GW of current distributed generation

$205 billion will be invested in global distributed power generation annually by 2020 - 42% of total power additions

65% of global electricity consumption will be located in emerging markets (Asia, Africa & Middle East) by 2020

Source: General Electric - Rise of Distributed Power - 2014

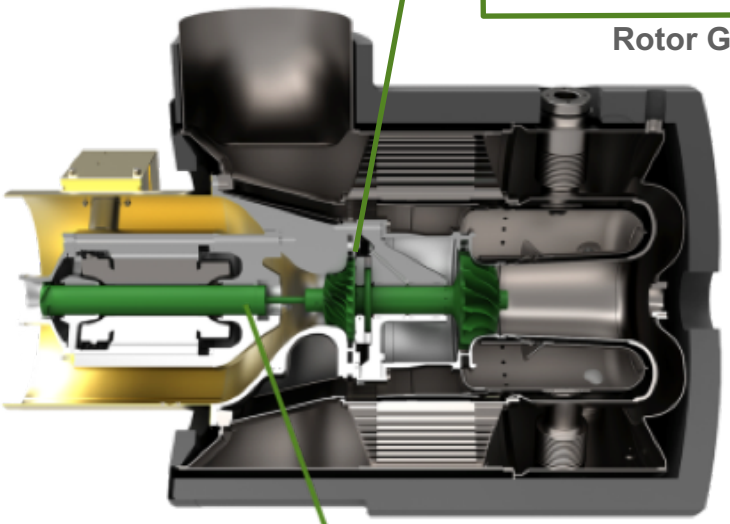
Capstone Has Competitive Advantage Over Incumbent Technology

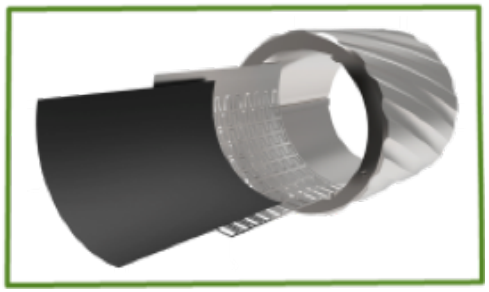
Capstone Business Catalysts

- Corporate Focus on Reducing Costs
- Sustained Low Cost Natural Gas
- Increasing Microgrid Adoption
- New Gas Flaring Regulations
- New Engine Emissions Requirements
- Green Building & Energy Efficiency (LEED)
- Severe Weather – Hurricanes & Floods
- Increasing Global Crude Oil Prices
- Federal & State Subsidies
- Electrification of Emerging Markets

What is a Microturbine?

Rotor Group





Air Foil

Power Out

Heat Out

Air In

Fuel In

CHP/TYPE	EFFICIENCY	
	ELECTRIC	TOTAL
Hot Water	33.0%	85.0%
Steam	33.0%	60.0-95.0%
Chilled Water	33.0%	85.0%

Competitive Advantages

	Features	Benefits
	Inverter based with one moving part	Factory guaranteed low operating costs
	Patented air bearing technology	No lubricants or coolants needed - unmanned projects
	Stand alone or grid connect	Supports aging utility infrastructure
	Fuel availability	Operates on gaseous, renewable and liquid fuels
	High power density	Compact footprint, small modular design
	Low emissions	No exhaust aftertreatment
	Free clean waste heat	Thermal energy for cogeneration/trigeneration
	Remote monitoring	View performance and diagnostics 24/7
	Scalable to match demand	Multiple applications and industries

Global Market Verticals

Energy Efficiency

Generate on-site power capture thermal energy from the clean exhaust in CHP and CCHP applications.

- Hotels
- Industrial Applications
- Large Residential Complexes
- Retail Buildings
- Office Buildings

Oil, Gas & Other Natural Resources

Produce on-site power for all phases of oil and gas production in both onshore and offshore applications.

- Drilling Operations
- Flare Gas Reduction
- Gas Compression
- Mining
- Water Conversion

Renewable Energy

Cleanly and efficiently generate onsite power operating on biogas and other waste products to create high-efficiency renewable power and heat.

- Farm Digesters
- Landfills
- Solid Waste Management
- Wastewater Treatment
- Food Waste

Critical Power Supply

Mission critical businesses have an uninterruptible power source with the world's only microturbine-powered UPS solution.

- Data Centers
- Telecom
- Power Rentals
- Hospitals

Transportation

Operate in conjunction with battery packs to provide onboard battery charging and vehicle range extension.

- Commercial Trucks
- Heavy-duty Vehicles
- Supercars
- Transit Buses
- Delivery Vehicles

Marine

Provide onboard power, vessel range extension and utilize thermal energy for onboard heating and cooling.

- Work Boats
- Cargo Ships
- Commercial Vessels
- Tour Boats

FY2017 Percentage of Shipments					
59%	34%	7%	<1%	Product Demo	Product Demo

Sample New York Installations

Energy Efficiency
Residential

Residential Complex
Bronx, New York

Natural gas-fueled combined heat and power (CHP) microturbine provides primary power and hot water to the multi-family residential complex.

(1) C1000 | DM*
1MW Electricity

Projected ROI: 3.5 yrs

Commissioned: 9/16

Energy Efficiency
Healthcare

Residential Healthcare
Wyckoff, New Jersey

Assisted living facility with 292-bed capacity. Four natural gas-fueled microturbines provide combined cooling, heat and power (CCHP) to residents.

(4) C65 | DM*
Absorption Chiller
260kW Electricity

Commissioned: 8/08

Energy Efficiency
Retail

Retail Wine Store
New York, New York

2011 AEE Energy Project winner. Exhaust heat from two microturbines is used to provide 40 tons of chilling year round.

(2) C65 ICHP| GC*
40-Ton Absorption Chiller
130kW Electricity
Projected ROI: 4 yrs

Commissioned: 12/05

Energy Efficiency
Hospitality

Luxury Hotel
New York, New York

Twelve integrated combined heat and power (ICHP) microturbine array supplies electricity and hot water to the building and also feeds an absorption chiller.

(12) C65 ICHP
200-Ton York Absorption Chiller
780kW Electricity
Projected ROI: 4.5 yrs

Commissioned: 10/13

Renewable Energy
Waste Water Treatment

WWTP
New York, New York

Two microturbines fueled by digester gas and natural gas blend provide power and heat to the waste water treatment plant (WWTP).

(2) C65 ICHP
130kW Electricity

Projected ROI: 6 yrs

Commissioned: 9/14

Energy Efficiency
Residential

Residential Complex
New York, New York

Four microturbines provide combined heat and power (CHP) to multi-family high rise building. Also feeds into an integrated heating loop for winter months.

(4) C65 ICHP | GC*
260kW Electricity

Projected ROI: 4 yrs

Commissioned: 12/10

*DM – Dual Mode System (Emergency backup power feature)
*GC – Grid Connect System
Case Studies can be found on www.capstoneturbine.com/case-studies
Projected ROI estimates are at time of sale

Integrated Hot Water Heat Exchanger (ICHP) for CHP/CCHP

- Turbines can generate Electricity and ***Hot Water***
  - Product up to 212ºF (100ºC) of Hot Water for Free - 400,000 to 5,000,000 million BTUs of Thermal Energy
- Turbines can generate Electricity and ***Chilled Water***
  - 20 to 400+ Tons of Chilled Water for Air Conditioning - Coefficient of Performance (COP) 0.7 to 2.5
- Turbines can generate Electricity and ***Steam***
  - 3 to 500 psig - Integrated Duct Burners - Total System Efficiencies of up to 90%

C65 ICHP

C200 ICHP

C1000 ICHP

Capstone – "The High Efficiency Boiler that Generates Electricity"

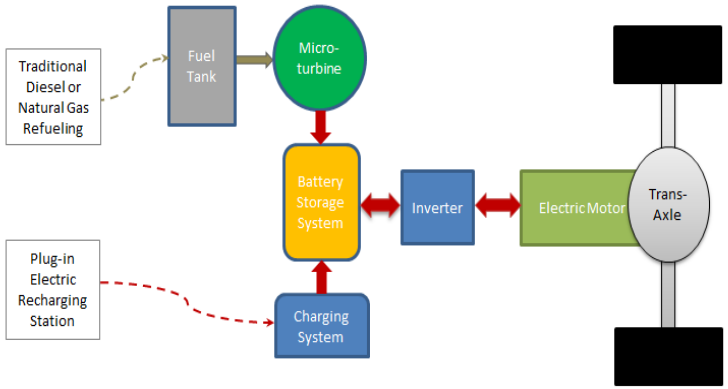
Meeting Demand in the Oil & Gas Industry

Capstone systems help ensure the flow of natural gas and oil in both on and offshore applications. Microturbines provide a perfect fit for many different types of oil and gas sites.

- Exploration
- Gathering (midstream)
- Transmission & Storage
- Metering & Regulation
- Water Pumping
- Processing Stations

Kenworth Hybrid Class 7 Demo

- Quantitative Emissions and Fuel Economy Measurements
  - ✓ Criteria Pollutants (NOx, CO, PM, NMHCs)
  - ✓ Greenhouse Gas (CO2)
  - ✓ Fuel Consumption (both charge sustaining & charge depleting basis)
  - ✓ Compare Results to Traditional Diesel Drivetrain
- Three Specific Drive Cycles
  - ✓ Urban and Rural Delivery
- Two Customer Demonstrations Planned



Capstone Business Growth Trends

5 AREAS OF GROWTH

Revenue
- Total revenue up 14% Y/Y
- Total revenue up 15% Q/Q
- Total Q3'18 vs. Q3'17 up 13%
- Record A/P&S levels
- Product net new orders up Q/Q

Margin Expansion
- Gross margin up Y/Y and Q/Q
- Gross margin up 18 basis pts. Y/Y
- Product margin up Y/Y and Q/Q
- Record A/P&S margin at 42%

Expense Control
- OpEx down Y/Y and Q/Q
- OpEx down 14% Y/Y
- Warranty down Y/Y and Q/Q
- Warranty down 91% Y/Y
- Completed facility consolidation

Adjusted EBITDA
- Q3 adjusted EBITDA & EBITDA positive
- Adjusted EBITDA improved 71% Y/Y
- Net loss improved 91% Q/Q
- Q3 net loss ($0.01) per share
- Adjusted EBITDA earnings $0.01 per share
- Net loss improved 62% Y/Y

Strengthen Balance Sheet
- Total cash balance up Q/Q
- Cash usage excluding proceeds from equity transactions down 33% Y/Y
- Inventories down Q/Q and Y/Y
- Accounts payable down Q/Q
- Finished goods down Q/Q and Y/Y
- Inventory turns up Q/Q
- Work in process down Q/Q and Y/Y

Q3FY18 vs. EBITDA Breakeven Model

(In millions)	Q3 FY2018 Results	Balanced CHP - O&G Model	Capstone Initiatives and Management Notes
Microturbine Product	$14.6	$15.0	Oil & Gas Shipments Up – No Hurricane Revenue YTD
Accessories, Parts & Service	$8.2	$10.0	Aftermarket Service Revenue at Record Level and Growing
Total Revenue	**$22.8**	**$25.0**	New Signature Series Products and New *Sell-to-Win* Program
Cost of Good Sold	$17.8	$19.5	New Signature Series Cost Reduction Program Underway
Gross Margin	**$5.0**	**$5.0**	Underspent on Service FIP Drives Down Q3 Warranty Expense
Gross Margin Percent	22%	20%	Accessories, Parts & Service Margins Expand to 41.6%
Total Operating Expenses	**$5.0**	**$5.0**	Lower Service Provider Costs & Russian Bad Debt Recovery
Adjusted EBITDA*	$0.4	$0	Management Achieved Positive EBITDA Breakeven Milestone

*See Appendix, Slide 21

Capstone Achieves Strategic Adjusted EBITDA Breakeven Goal

Q3FY18 vs. New Target Business Model

(In millions)	Q3 FY2018 Results	Management's New Target Model	Capstone Initiatives and Management Strategies
Microturbine Product	$14.6	$25.0	Crude Oil Strengthening, USD Weakening, Hurricane Activity
Accessories, Parts & Service	$8.2	$15.0	Higher FPP and Accessory Revenue on CHP Market Growth
Total Revenue	**$22.8**	**$40.0**	New Signature Series Products and New *Sell-to-Win* program
Cost of Good Sold	$17.8	$26.3	Lower Signature Series Cost – Higher Purchase Volumes
Gross Margin	**$5.0**	**$13.7**	Growing Product Sales & FPP - Lower Warranty and FPP COGS
Gross Margin Percent	22%	34%	Aftermarket Business Margin Expanding from 42% to 50%
Total Operating Expenses	**$5.0**	**$6.0**	OpEx up on Increased Marketing Spend and Sales Commissions
Adjusted EBITDA*	$0.4	$7.7	Minimal Tax Impact with Approx. $678M in Federal NOLs

*See Appendix, Slide 21

Adjusted EBITDA Grows from 1% Today to 19% in New Target Model

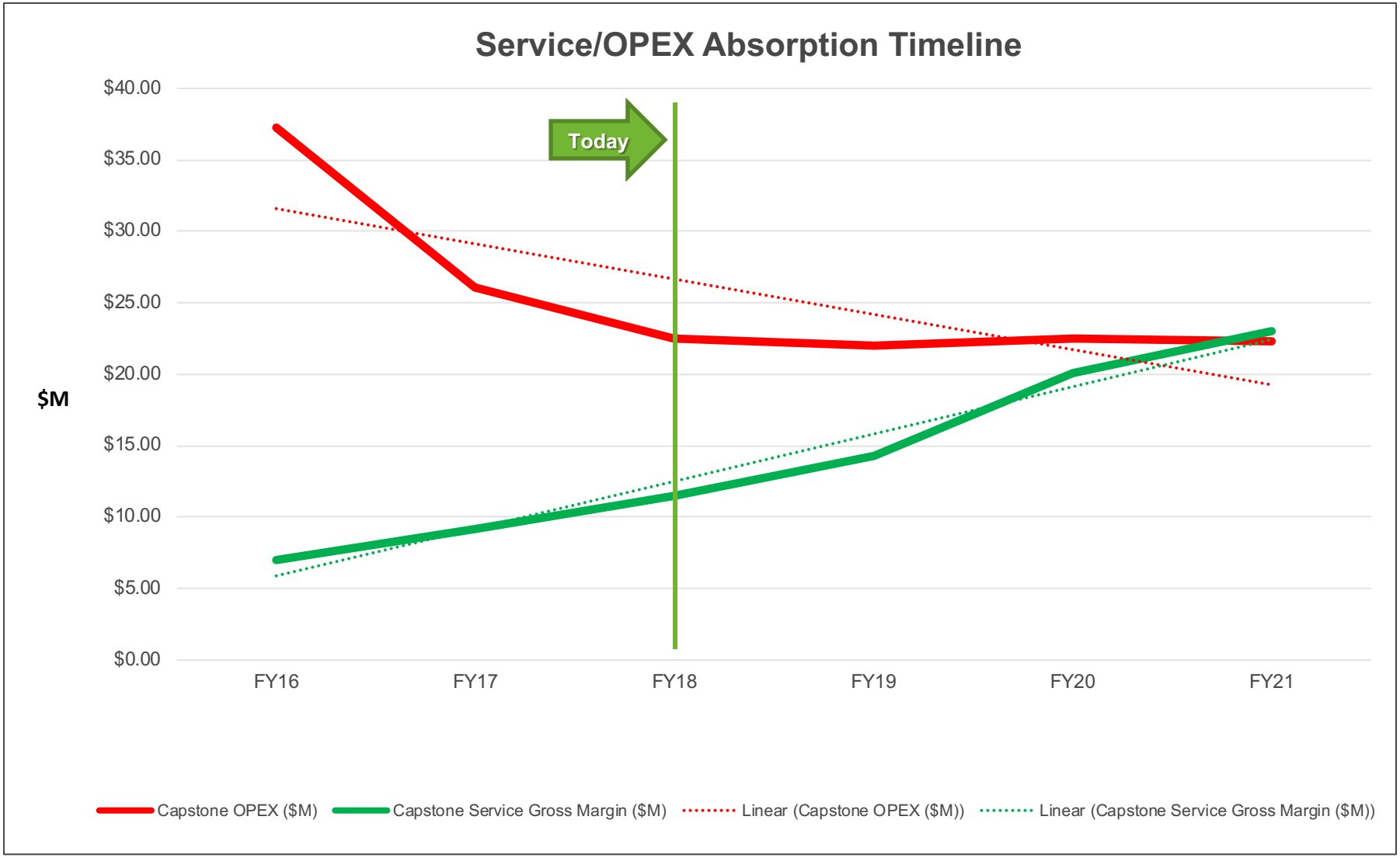
9 Months - YTD FY18 vs. YTD FY17

(In millions, except per share data)	YTD FY18	YTD FY17
Microturbine Product	$39.4	$33.1
Accessories, Parts & Service	$22.4	$21.1
Total Revenue	$61.8	$54.2
Gross Margin	$10.2	($0.3)
Gross Margin Percent	17%	(1%)
R&D Expenses	$3.3	$4.3
SG&A Expenses	$13.8	$15.6
Total Operating Expenses	$17.1	$19.9
Net Loss	$(8.1)	$(21.1)
Adjusted EBITDA*	**$(5.3)**	**$(18.4)**
Basic Loss Per Share	$(0.18)	$(0.68)
Adjusted EBITDA* Basic Loss Per Share	$(0.12)	$(0.60)

*See Appendix, Slide 21

YTD FY18 Adjusted EBITDA Improved $13.1M or 71% over YTD FY17

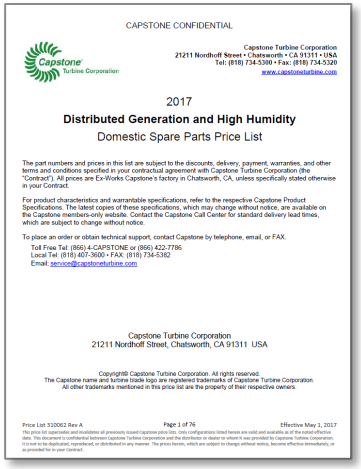
100% Absorption Forecast



Aftermarket Service Business Grows to Cover OpEx Over Next 8 Quarters

Revenue Growth Initiatives

- New Signature Series product focused on CHP market
- Launched new "*Sell-to-Win*" ICHP bundled solutions
  - **C200S/C1000S Series ICHP bundle** - microturbine, heat recovery module (HRM) and pre-paid FPP service contract
  - **C65 ICHP bundle** - microturbine, HRM and pre-paid FPP service contract
  - "*Sell-to-Win*" drives CHP product, HRM and FPP service contract revenue
  - "*Sell-to-Win*" program positively impacts working capital and cash flow
- Launched special program for all future 5 & 9-year FPP service contracts that are 100% pre-paid
- Launched program to sell "Signature Series" upgrade kits for older non "Signature Series" systems
- New spare parts price increase (5% domestic, 3% international)
- New creative plan to increase the FPP service contract attachment rates
- Focus on Distributor KPIs and spare parts stocking levels



CAPSTONE CONFIDENTIAL

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2017

Distributed Generation and High Humidity

Domestic Spare Parts Price List

The part numbers and prices in this list are subject to the discounts, delivery, payment, warranties, and other terms and conditions specified in your contractual agreement with Capstone Turbine Corporation (the "Contract"). All prices are Ex-Works Capstone's factory in Chatsworth, CA, unless specifically stated otherwise in your Contract.

For product characteristics and warrantable specifications, refer to the respective Capstone Product Specifications. The latest copies of these specifications, which may change without notice, are available on the Capstone members-only website. Contact the Capstone Call Center for standard delivery lead times, which are subject to change without notice.

To place an order or obtain technical support, contact Capstone by telephone, email, or FAX.

Toll Free Tel: (866) 4-CAPSTONE or (866) 422-7786
Local Tel: (818) 407-3600 • FAX: (818) 734-5382
Email: service@capstoneturbine.com

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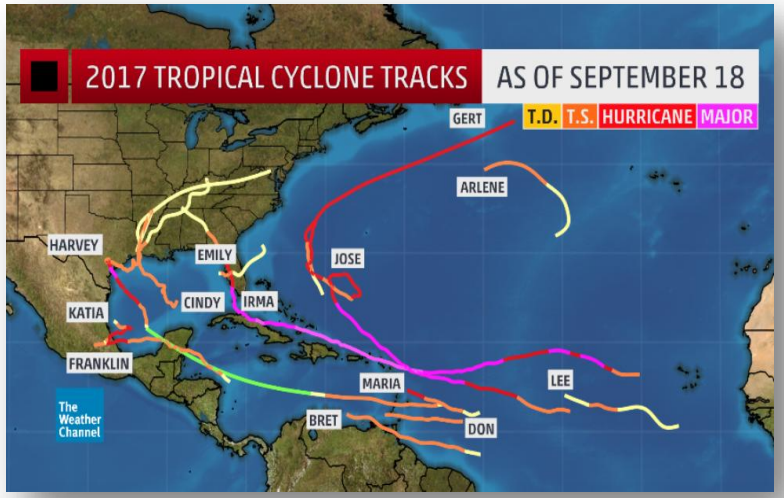
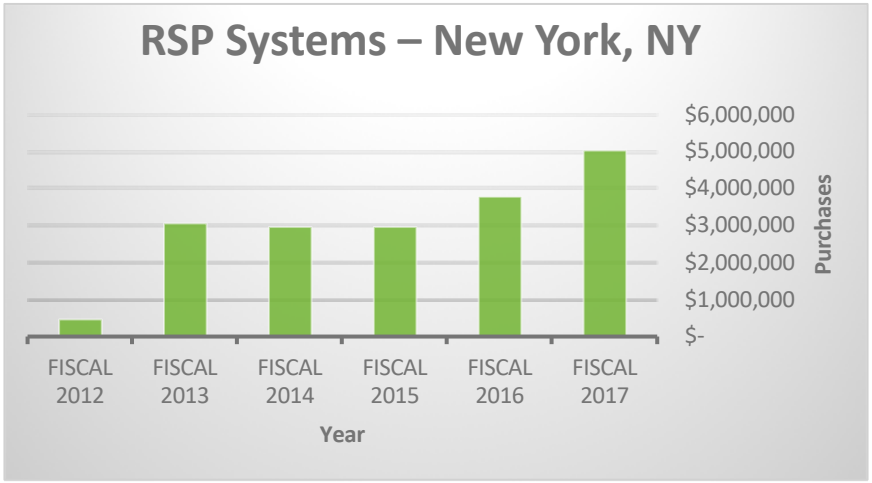
21211 Nordhoff Street, Chatsworth, CA 91311 USA

Growth Programs Designed to Improve Both Revenue & Working Capital

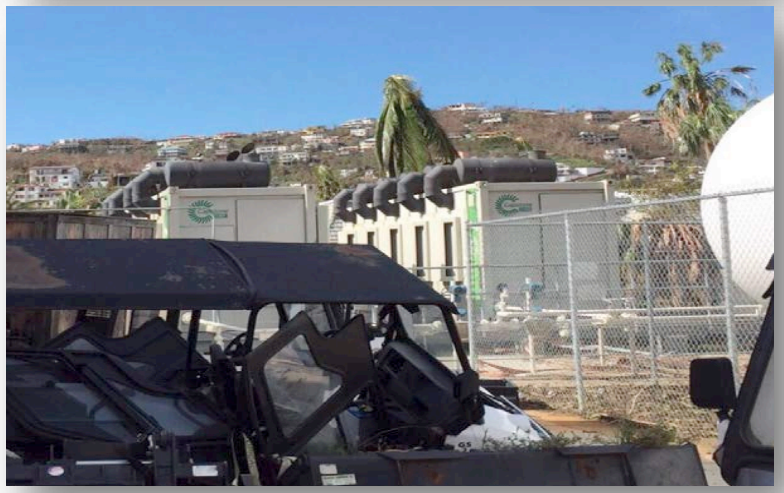
Impact of Hurricanes

- Overwhelming majority of our microturbine installations in Texas, Florida, Puerto Rico, Dominican Republic and the U.S. Virgin Islands not only survived the storms but were fully operational providing critical power and in some cases providing the power needed to pump water.
- Similar results in late October 2012 when Hurricane Sandy devastated the states of New York and New Jersey. An estimated 93 out of 95 microturbines remained fully operational at that time.





Five years removed from Hurricane Sandy, RSP Systems, Capstone's distributor for the greater New York area, is a top five revenue producer worldwide



Fully operational Capstone Microturbines on St. Thomas surrounded by debris from Hurricane Irma

On-site Distributed Generation Provides Money Savings, On-site Generation & Critical Emergency Backup Power

APPENDIX

Financial & Market Statistics Comparison

Selected Public Companies

($ in millions, except per share data)

Company	IPO (1)	Financial Statistics: Revenue	Gross Margin	GM %	OPEX	EBITDA	Revenue Per Employee	Market Statistics: Market Cap (2)	Cash (3)	Q/Q in Cash
Capstone Turbine Corporation (4)	30	$22.8	$5.0	22%	$5.0	$0.1	$0.14	$33.4	$16.5	$1.3
Small-Cap Distribution Generation										
American Superconductor Corp.(5)	31	11.0	0.3	2%	8.1	(4.0)	0.03	108.8	30.3	(7.3)
Ballard Power Systems(6)	10	31.8	10.2	32%	11.1	0.3	0.07	657.3	60.1	(8.0)
FuelCell Energy(7)	26	47.9	3.2	7%	11.3	(6.2)	0.08	126.4	87.4	13.6
Maxwell Technologies, Inc.(8)	53	35.8	7.4	21%	20.7	(10.6)	0.10	215.2	52.8	33.6
Plug Power, Inc.(8)	21	35.4	(19.4)	-55%	17.0	(31.3)	0.08	442.1	56.5	2.4
Avg. selected companies	28	$32.4	$0.3	1%	$13.6	$(10.4)	$0.07	$310.0	$57.4	$6.9

(1) Years since incorporation or first initial public offering

(2) Source: Nasdaq as of January 31, 2018

(3) Cash, cash equivalents and restricted cash

(4) Source: Capstone Turbine Corporation's February 2018 Form 10-Q filing

(5) Source: American Superconductor Corporation's November 2017 Form 10-Q filing

(6) Source: Ballard Power Systems third quarter financial report issued November 2017 on company's website

(7) Source: FuelCell Energy's January 2018 Form 10-K filing

(8) Source: Maxwell Technologies, Inc. and Plug Power, Inc. November 2017 Form 10-Q filings

Favorable Comparison on Margin, OpEx, EBITDA and Revenue per Employee

Reconciliation of Non-GAAP Financial Measure

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Net loss, as reported	$ (323)	$ (10,686)	$ (8,083)	$ (21,068)
Interest expense	170	129	489	392
Provision for income taxes	—	—	7	3
Depreciation and amortization	272	384	854	1,186
EBITDA	119	(10,173)	(6,733)	(19,487)
Stock-based compensation	102	173	409	653
Restructuring charges	58	—	277	—
Change in warrant valuation	84	—	741	—
Warrant issuance expenses	—	421	—	421
Adjusted EBITDA	$ 363	$ (9,579)	$ (5,306)	$ (18,413)

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has used EBITDA and Adjusted EBITDA, non-GAAP measures. These non-GAAP measures are among the indicators management uses as a basis for evaluating the Company's financial performance as well as for forecasting future periods. Management establishes performance targets, annual budgets and makes operating decisions based in part upon these metrics. Accordingly, disclosure of these non-GAAP measures provides investors with the same information that management uses to understand the Company's economic performance year-over-year. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income or other measures prepared in accordance with GAAP.

EBITDA is defined as net income before interest, provision for income taxes, depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA before stock-based compensation expense, the change in warrant valuation, warrant issuance expenses and restructuring charges. Restructuring charges includes one-time costs related to the company's cost reduction initiatives. EBITDA and Adjusted EBITDA are not measures of the company's liquidity or financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of its liquidity.

While management believes that the non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these measures. The measures are not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies due to potential differences in the exact method of calculation. Management compensates for these limitations by relying primarily on the company's GAAP results and by using EBITDA and Adjusted EBITDA only supplementally and by reviewing the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures.

Non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States. The Company's non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures, and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

Q3FY18 Business Highlights

- 2017 proved to be a devastating year for many due to the severe hurricane season. Several countries and states experienced power outages and had been without power from days to months. Capstone reported that the majority of its customers' installations in Texas, Florida, Puerto Rico, Dominican Republic and the U.S. Virgin Islands not only survived the storms but were fully operational providing critical power; in some cases providing the power needed to pump water. This result is similar to how well Capstone microturbines performed back in late October 2012 when Hurricane Sandy devastated the states of New York and New Jersey and a then estimated 93 out of 95 microturbines, remained fully operational.

- The company continues to see improvement in the European market, with IBT Europe, GmbH, one of Capstone's Italian distributors, securing an order for a C1000 Signature Series microturbine to provide combined cooling, heat and power (CCHP) for a large cured meat company in Veneto, Italy.

- Capstone received a follow-on 2-megawatt (MW) Factory Protection Plan (FPP) order in the Hawaiian hospitality market. The multi-year contract was secured by Capstone's Hawaiian distributor, Critchfield Pacific, for a global resort hotel chain on the island of Maui. This adds to the established multi-year contract for the same resort hotel chain at a large property on the Hawaiian island of Kauai.

- Capstone confirmed shipment of two C1000 and four C800 Signature Series microturbines, totaling 5.2 MWs to its exclusive distributor for the Mid-Atlantic and Southeastern United States, E-Finity Distributed Generation. The natural gas-fueled microturbines are for a 5.2 MW U.S. pipeline project that will provide power along a new U.S. shale gas pipeline currently under construction.

- Capstone secured an order for two C200 microturbines to provide combined heat and power (CHP) for a Jamaican hotel. The propane-fueled microturbines will provide electrical power to the site loads, and the thermal energy from the microturbines exhaust will be utilized via an absorption chiller to provide chilled water to the building's heating, ventilation and air conditioning (HVAC) system. Additionally, the microturbines reduce the customer's dependence on the local utility grid, which can be unstable, unreliable and very susceptible to severe weather events such as hurricanes.

- Capstone continued to see a steady increase in domestic sales revenue as Cal MicroTurbine, one of Capstone's distributors for California, confirmed two separate orders. The first order received was for a C600 Signature Series microturbine to power an oil and gas facility in California. The second order was for two C1000 Signature Series microturbines to power an oil and gas site in California.

- Capstone completed its consolidation into a single manufacturing facility located in Van Nuys, California. This consolidation is another key element in Capstone's multi-point strategic plan to reduce expenses once the facility has been subleased. The Van Nuys location also serves as Capstone's corporate headquarters.

Capstone Energy Finance JV Initiative

- Now Offering PPA, Lease and Rentals
- Executed First Agreement – September 18, 2017
- In Negotiation for Several Projects
- Projects Cover Wide Variety of Markets and Applications
- Pipeline over $60M (product only)
- Actively Working with Sky Capital (subsidiary of Sky Solar Group) to Provide Up to $150M in Project Financing
- Partnering with Additional Banks to Broaden Competitive Lease Rates

SKY SOLAR®

Capstone® Turbine Corporation

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