Management Presentation

Nasdaq Ticker: CPST

"Change is the law of life. And those who look only at the past or present are certain to miss the future."

– John F. Kennedy

Safe Harbor

This presentation contains “forward-looking statements” regarding future events or financial performance of Capstone Turbine Corporation (Capstone), within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements may be identified by words such as “believe,” “expect," "objective," "intend," "targeted," "plan" and similar phrases.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other periodic 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. Because of the risks and uncertainties, Capstone cautions you not to place undue reliance on these statements, which speak only as of the date of this presentation. We undertake no obligation, and specifically disclaim any obligation, to release any revision to any forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

The Imminent Change in Energy

MICROTURBINES WELL POSITIONED FOR DISTRIBUTED GENERATION MEGATREND

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

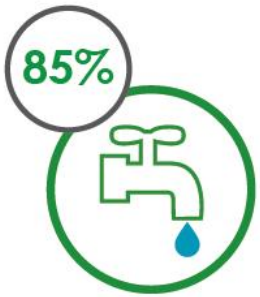
65% of global electricity consumption will be in emerging markets (MEA) by 2020

Source: General Electric - Rise of Distributed Power

Microturbines are the Future

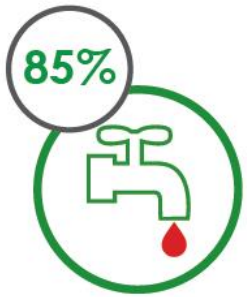
CHP EFFICIENCY

Overall **ELECTRIC** of **33%**



COLD WATER

STEAM



HOT WATER

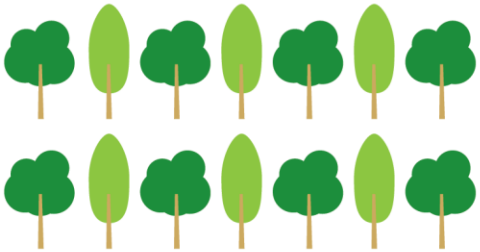
Saving Money & the Environment

$194 MILLION

FY18 FINANCIAL SAVINGS

Annual **CUSTOMER** Savings

314,000 Tons in Carbon Savings



APPROXIMATELY 369,800
acres of U.S. forests
in one year

=

OVER 67,000
passenger vehicles
removed for one year

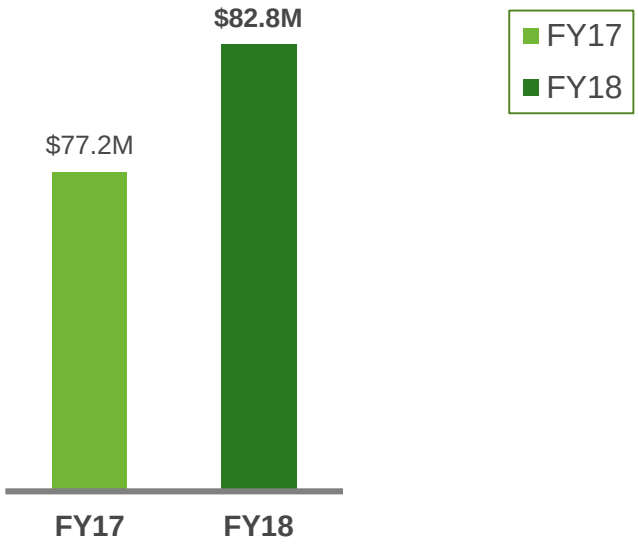
Microturbine Technology Advantages

C30 C65 C65 ICHP C200S C600S C800S C1000S

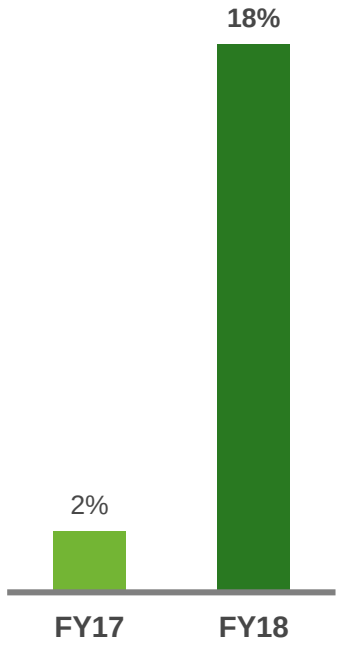
	Features	Benefits
	Inverter based with one moving part	Factory guaranteed low operating costs
	Patented air bearing technology	No lubricants or coolants needed - unmanned projects
	Stand alone or grid connect	Supports aging utility infrastructure
	Fuel availability	Operates on gaseous, renewable and 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

FY2018 Revenue & Gross Margin

Revenue

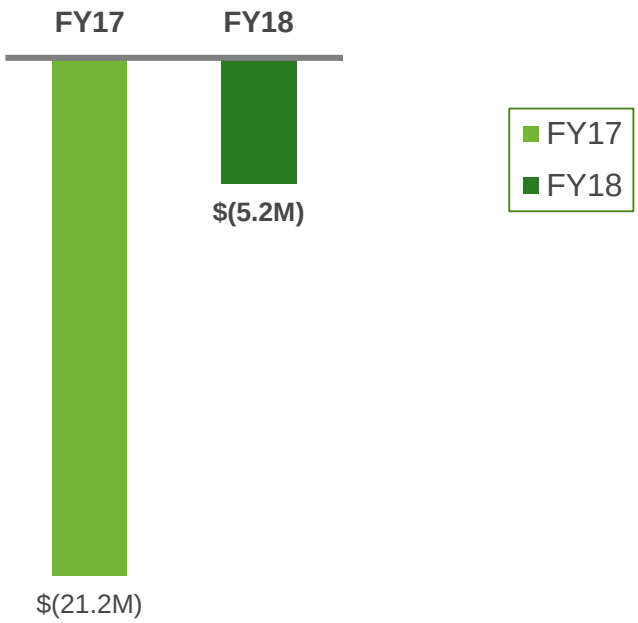


Gross Margin

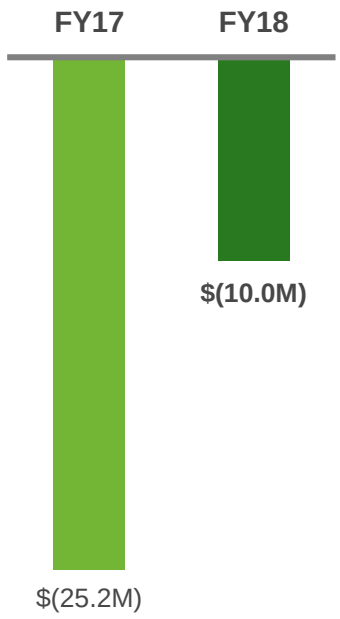


FY2018 Adjusted EBITDA & Net Loss

Adjusted EBITDA*



Net Loss



*See Appendix, Slide 38

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 Bundled Solution 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 38

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

FY2019 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

Market Vertical Update

ENERGY EFFICIENCY

- Energy efficiency is utilization of both electrical and thermal energy.
- Capstone microturbines can be integrated to capture thermal energy to provide a significant economic advantage.
- Broad Suite of Applications:
  - Large Retailers
  - Hospitality
  - Office Buildings
  - Recreation
- Recent REIT LEED Buildings:
  - Related Properties
  - Tishman Speyer
  - Brandywine
  - Capreit

Energy Efficiency was 47% of our FY2018 Product Revenue

Market Vertical Update

OIL, GAS & OTHER NATURAL RESOURCES

- Capstone microturbines are currently used in all phases of oil production including upstream, midstream, and downstream operations in both onshore and offshore applications.

- Broad Suite of Applications:
  - Oil & Gas (onshore/offshore)
  - Land Rigs
  - Water Conversion
  - Gas Compression

- Recent Oil & Gas Customers:
  - EQT Corporation
  - California Resource Corp
  - Williams Companies
  - Anadarko Petroleum
  - Gazprom
  - Occidental Petroleum
  - Pioneer Natural Resources
  - Pacific Coast Resources
  - Shell

Natural Resources was 38% of our FY2018 Product Revenue

Market Vertical Update

RENEWABLE ENERGY

- Capstone microturbines are able to cleanly and effectively run on methane gas from landfills, wastewater treatment facilities and food processing facilities, as well as agriculture waste.

- Broad Suite of Applications:
  - Wastewater Treatment Plants
  - Farm Digesters
  - Landfills
  - Food Processing Plants

- Recent Renewable Installations:
  - City of Durango WWTP
  - Oneida County WWTP
  - Dallas WWTP
  - Tuscany WWTP
  - Carmel WWTP
  - Taiwan Swine Farms
  - Malaysian Palm Oil Farms

Renewable Energy was 9% of our FY2018 Product Revenue

Market Vertical Update

CRITICAL POWER SUPPLY

- Mission critical facilities require a power generation solution that is more reliable and efficient than what a typical utility can provide.
- Microturbine-powered Uninterruptible Power Source (UPS) solution that delivers the reliability and performance.
- Recent Critical Power Installations:
  - Intel Data Center
  - Kaiser Hospital, Downey
  - Memorial Sloan Kettering
  - Kings County Hospital
  - Pertimina Hospital
  - Dryden Hospital
  - Auburn Hospital

Critical Power Supply was 4% of our FY2018 Product Revenue

Market Vertical Update

MICROGRIDS

- A microgrid is a distribution network that incorporates a variety of distributed energy resources that can be optimized and aggregated into a single system that can balance loads and generation with or without energy storage and is capable of islanding whether connected or not connected to a traditional utility power grid.

- Microgrid Features:
  - Multiple generation resources and loads
  - Clearly defined electrical boundaries to a utility grid
  - Able to operate in island mode
  - Controllable as a single entity

- Recent Microgrid Installations:
  - Goldwind, China
  - Sierra Nevada Brewery
  - Open Access Technology Int.
  - Plaza Extra Supermarket
  - Philadelphia Navy Yard
  - Gordon Bubolz Nature Center
  - Mali, Africa

Microgrids were 2% of our FY2018 Product Revenue

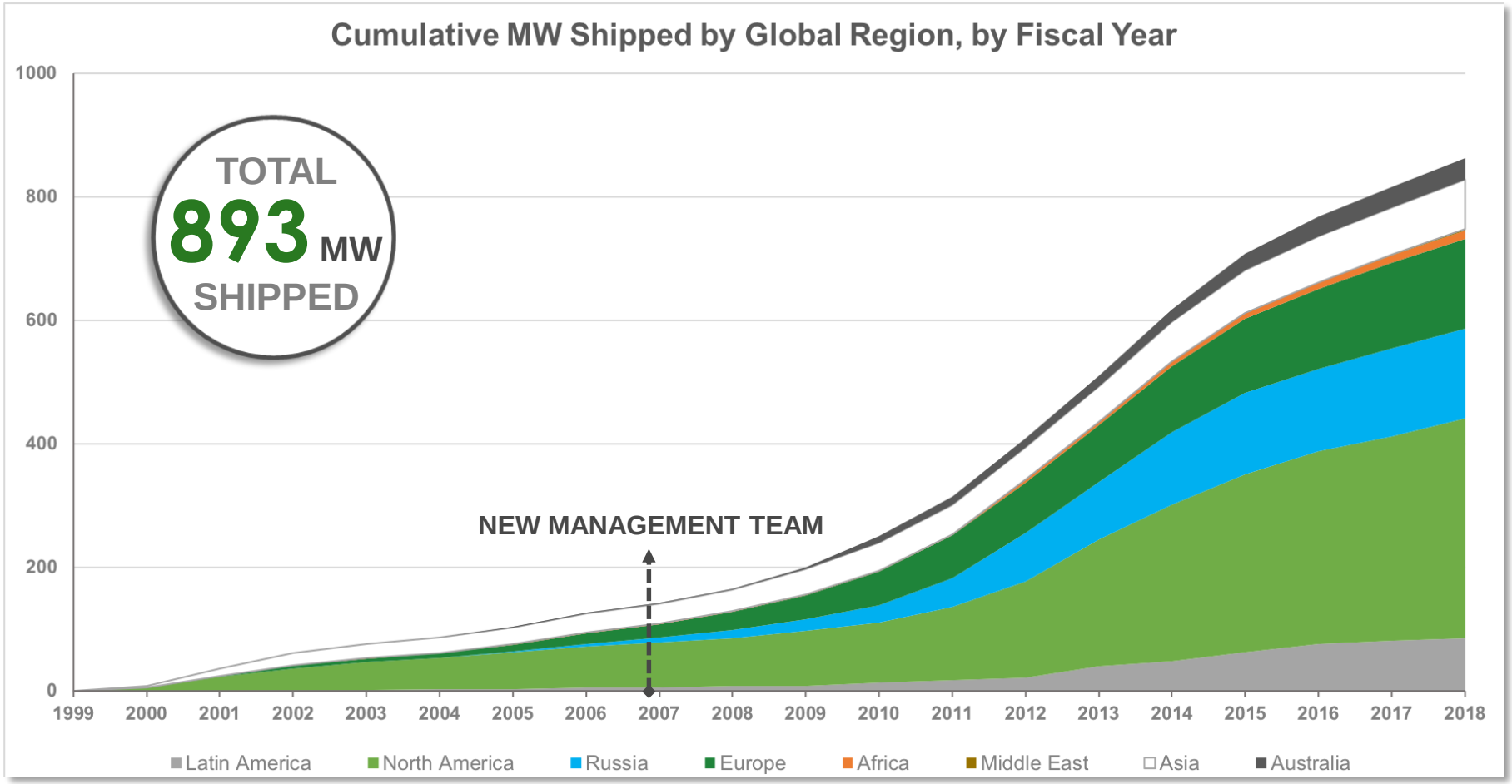
Market Vertical Update

TRANSPORTATION

- Electric vehicles are clean and efficient, but limited in the distance they can travel between battery charges.
- Capstone microturbines can be used in marine applications to provide onboard auxiliary power or as a range extender for commercial vessels.
- Current List of Active Discussions:
  - Transit Buses
  - Heavy-duty Trucks
  - Hybrid Electric Vehicles
  - HEV Charging Stations
  - Work Boats
  - Cargo Ships

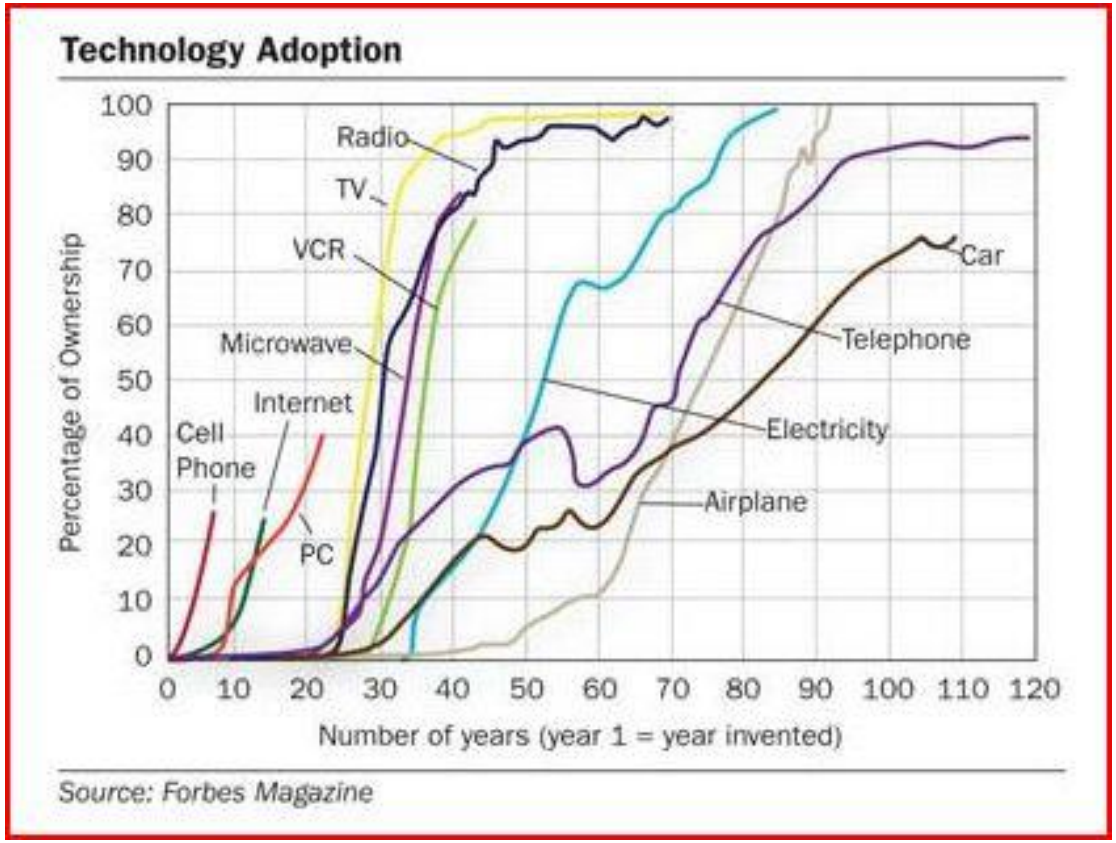
Transportation Products were Customer Demonstrations Only in FY2018

Cumulative Megawatts Shipped



Capstone has transformed from a small single product, single market, U.S. only business to a global multi-product, multi-market comprehensive product & services enterprise.

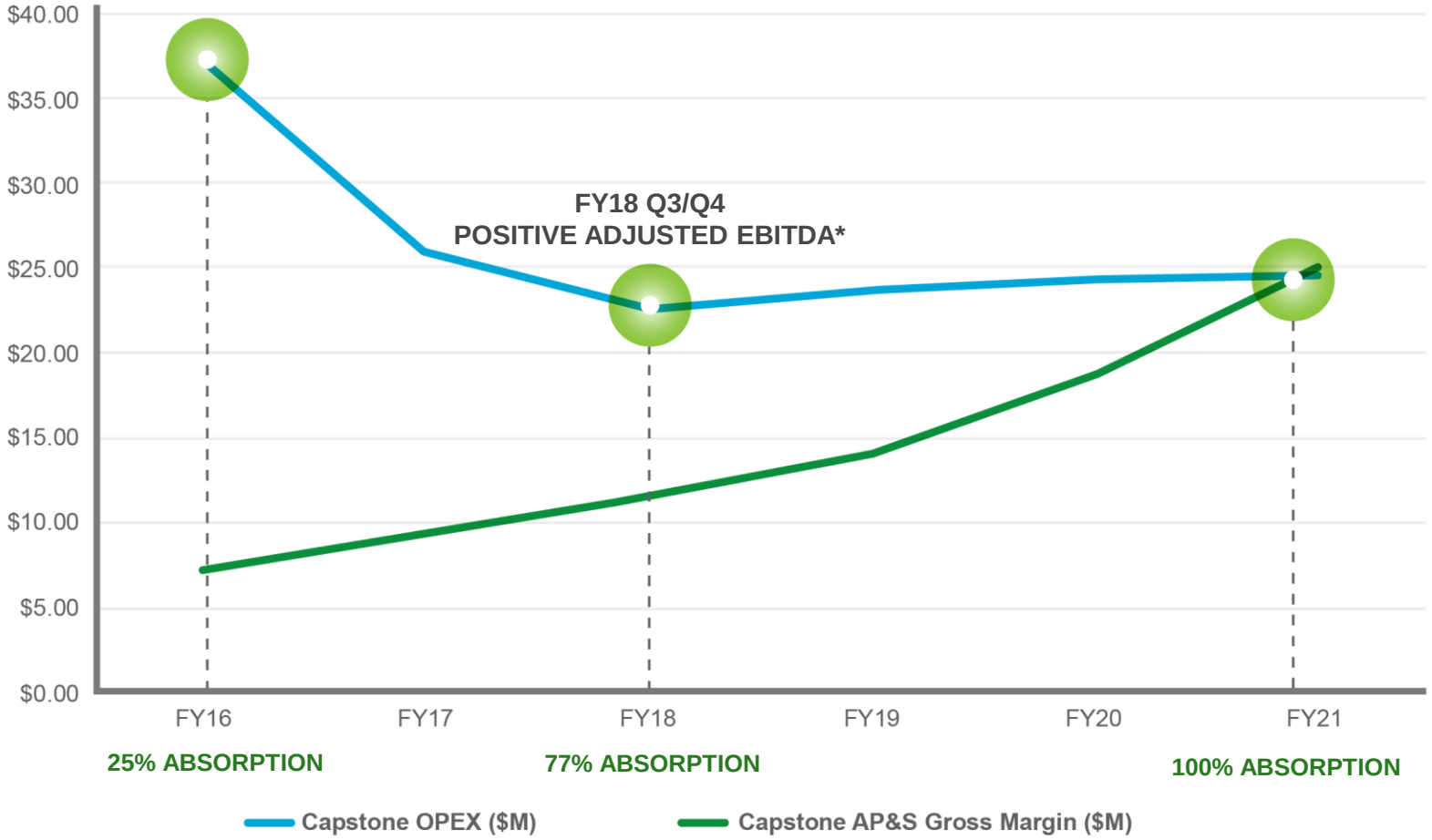
Technology Adoption Timelines



30+ YEARS HIGHER COST TECHNOLOGIES

Capstone Absorption Strategy

Aftermarket Accessories, Parts and Service (AP&S)/OPEX Absorption Timeline vs. Net Loss Timeline

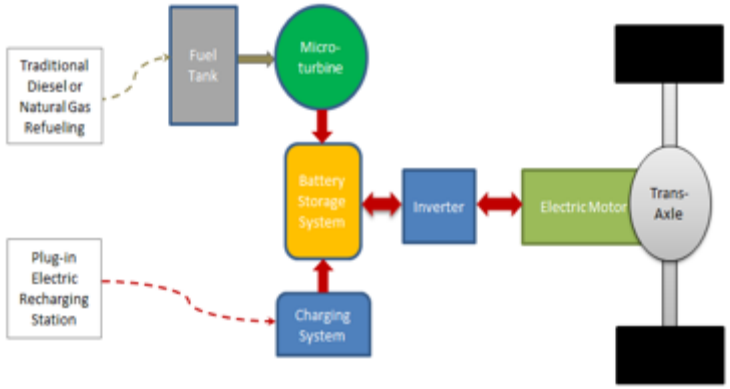


*See Appendix, Slide 38

Aftermarket AP&S Today Has Grown to Cover 77% OpEx vs. the Plan of 100%

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

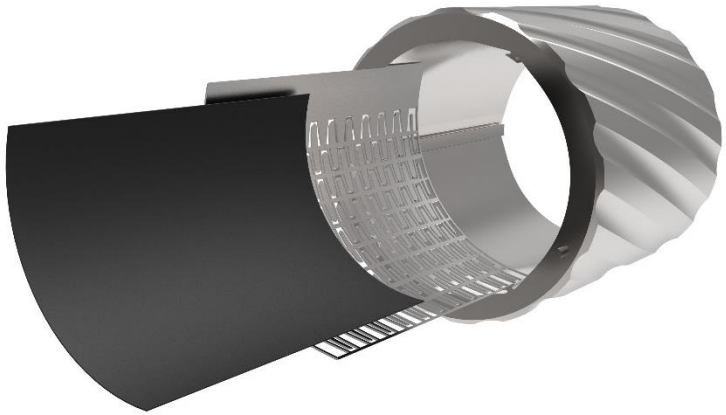


KENWORTH

A PACCAR COMPANY

New Air Bearing Business

- **Approach** – Offer existing Capstone air bearings plus engineering support to qualified non-competitive companies for integration into their products
- **Application** – Using existing Capstone air bearings requires customer product redesign and qualification
- Interested Companies Include:
  - ✓ solar energy turbine company
  - ✓ motor company, turbocharger manufacturer
  - ✓ ORC vapor compression company
  - ✓ auxiliary power unit manufacturer
  - ✓ fuel cell air compressor company
  - ✓ air compressor
  - ✓ turbine expander
  - ✓ food processing blower
  - ✓ downhole pump
- First Commercial Success Timeline:
  - ✓ Feasibility discussions started 2009
  - ✓ First development parts order 2013
  - ✓ Second development parts order 2015
  - ✓ Production order for bearing sets 2018

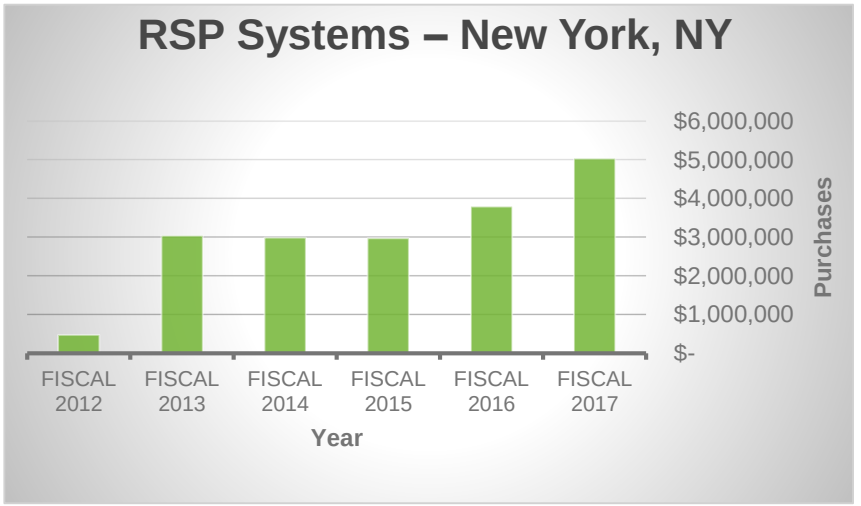


PRAXAIR

Making our planet more productive

Impact of Severe Weather

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



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

Capstone Provides Money Saving On-site Energy & Critical Backup Power

FY2019 Strategic Business Goals

1. Improve quarterly working capital, cash flow and balance sheet
   - New "*Bundled Solutions"* program
   - Continued "*War on Costs*" and increased distributor marketing effort
   - Increased margins in aftermarket accessories, parts and service business
   - Continue to collect the fully reserved BPC receivable

2. Double digit revenue growth through accelerating global product sales
   - Increased marketing and customer acquisition with new Distributor Support System initiative.

3. Diversify the company into new market verticals and new geographies
   - Product modification for Microgrid and Marine markets
   - Continue focus on Africa, Latin America and Middle East
   - Continue to rebuild Russia and CIS Region distributor business

4. Increased Service/OpEx absorption percentage driving towards targeted 100% absorption
   - Increased remanufacturing of spare parts in UK and USA
   - Higher FPP attachment rates in oil and gas vertical
   - Sell air bearings into adjacent products and technologies (*See Appendix, Slide 23)

Capstone Conclusions

- Distributed generation is increasingly displacing large traditional centralized power plants as customers are looking to improve energy economics and resiliency
- Capstone's microturbine technology can meet the changing market demand by providing highly reliable, low cost, green energy products to customers
- Microturbines economically achieve the highest levels of green building standards
- Capstone meets or exceeds the lowest emission standards in the world
- Microturbines leverage low cost natural gas and free associated gas
- Microturbines run on biogas with various BTU content, requiring minimal gas treatment when compared to reciprocating engines, improving overall project cost and reliability
- Capstone's global distribution partners continue to penetrate global markets with tremendous new markets opening up in Australia, Africa and the Middle East
- Capstone installations powered through Hurricanes Harvey, Irma and Maria, much like they did with Hurricane Sandy back in 2012, with little or no downtime

Capstone Has a Competitive Advantage Over Incumbent Technology

APPENDIX

P&L FY2018 vs. FY2017

(In millions, except per share data)	FY2018	FY2017
Microturbine Product	$50.8	$48.3
Accessories, Parts & Service	$32.0	$28.9
Total Revenue	$82.8	$77.2
Gross Margin	$15.0	$1.8
Gross Margin Percent	18%	2%
R&D Expenses	$4.0	$5.4
SG&A Expenses	$19.6	$20.7
Total Operating Expenses	$23.6	$26.0
Net Loss	$(10.0)	$(25.2)
Adjusted EBITDA*	**$(5.2)**	**$(21.9)**
Basic Net Loss Per Share	$(0.20)	$(0.79)
Adjusted EBITDA* Basic Net Loss Per Share	$(0.10)	$(0.68)

*See Appendix, Slide 38

FY2018 Adjusted EBITDA Improved $16.7M or 76% over FY2017

Balance Sheet FY2108

(In millions)	March 31, 2018
Cash & Cash Equivalents, Including Restricted Cash	$19.4
Cash Provided by (used in) in Operating Activities	$0.5
Accounts Receivable, Net of Allowances	$16.0
Total Inventories	$16.7
Accounts Payable & Accrued Expenses	$13.5

Improving Cash Provided by Ops – Strengthening Balance Sheet

FY2018 Business Highlights

- Company Returned to Annual Revenue Growth
- Revenue up 7% and Gross Margin Improved 16 Basis Points
- Accessories, Parts and Service Revenue Increased 11% to a Record $32.0M, or 39% of Revenue
- Adjusted EBITDA* Improved 76% Year-over-Year and Net Loss Dropped from $25.2M to $10.0M
- R&D Expense Decreased 26% Year-over-Year as Products Mature
- Cash used in Operations Dropped 54% Year-over-Year
- New Distributor Support Payments to Fund an Additional $1.3M in Annual Marketing Spend and Customer Acquisition
- Annual Revenue Growth in All Global Regions Except Europe
- Bundled Solutions Driving Increased FPP and Positive Working Capital
- Expanded Bridge Bank Facility from $12M to $15M with Improved Terms

*See Appendix, Slide 38

FY2019 Strategic Initiatives

Bundled Solution Initiative

- ✓ Microturbine, heat recovery module (HRM) and **Pre-Paid FPP 5-year or 9-Year Long-Term Service Contract**
- ✓ "*Bundled Solution*" drives CHP product, HRM and FPP service contract growth
- ✓ "*Bundled Solution*" program positively impacts working capital and cash flows

Distributor Support System Initiative

- ✓ The goal is to provide improved worldwide distributor training, sales efficiency, website development, company branding and provide funding for increased strategic marketing activities.
- ✓ Fund additional support for distributor business development activities, customer lead generation, brand awareness and precisely tailored marketing services for each major geography and market vertical.

Both Initiatives Designed to Improve Both Revenue & Working Capital

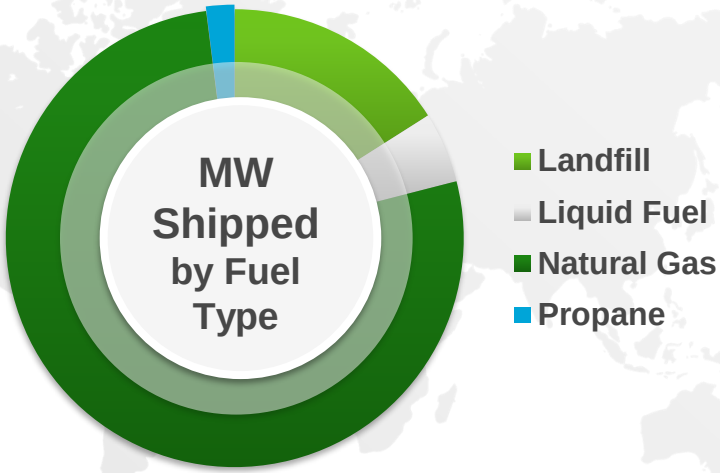
Capstone Energy Finance JV Initiative

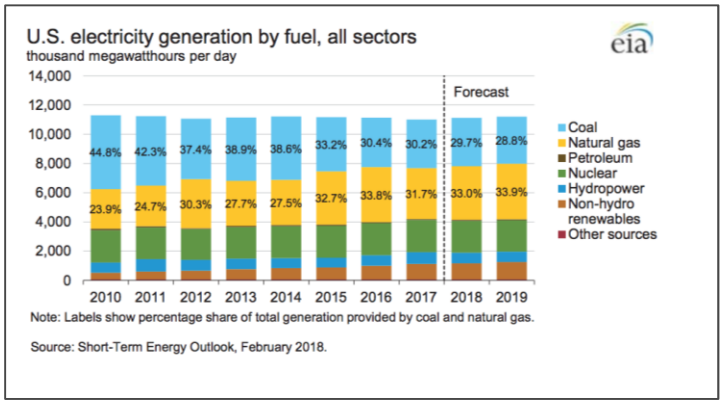
- Now Offering PPA, Lease and Rentals
- Executed First Agreement – September 18, 2017
- In Negotiation for Several Projects
- Projects Cover Wide Variety of Markets and Applications
- Pipeline over $60M (product only)
- Actively Working with Sky Capital (subsidiary of Sky Solar Group) to Provide Up to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

SKY SOLAR®

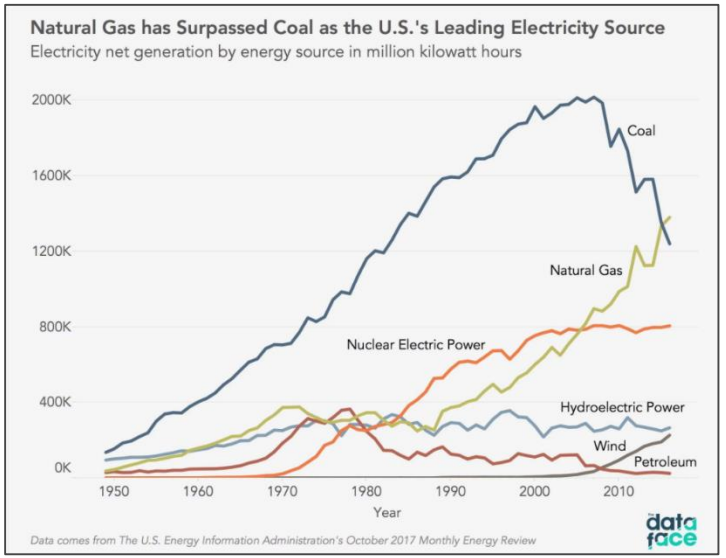
Capstone Energy Finance Provides More Purchase Options to Customers

Leading U.S. Electricity Source is Natural Gas (Also Fastest Growing)





Source: https://www.eia.gov/outlooks/steo/data.php?type=figures



Source: http://thedataface.com/2017/11/economy/energy-sources

77% of All Capstone Units Shipped Run Off Natural Gas

Tightening Emissions Regulations

EPA Tier 4 Interim / EU Stage IIIB EPA Tier 4 Final / EU Stage IV

kW	EPA	HP	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
0-18*		0-24	(7.5) / 6.6 / 0.40									
19-36		25-48	(7.5) / 5.5 / 0.30					(4.7) / 5.0 / 0.03				
37-55		49-74	(4.7 / 5.0 / 0.30 Option 1)									
56-129*		75-173					3.4 / 0.19 / 5.0 / 0.02			0.40 / 0.19 / 5.0 / 0.02		
130-560*		174-751				2.0 / 0.19 / 3.5 / 0.02				0.40 / 0.19 / 3.5 / 0.02		
>560		>751				3.5 / 0.40 / 3.5 / 0.10						3.5/0.19 /3.5 /0.04

kW	EU	HP	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
18-36		24-48	Stage IIIA (7.5) / 5.5 / 0.6									
37-55		49-74						(4.7) / 5.0 / 0.025				
56-129*		75-173					3.3 / 0.19 / 5.0 / 0.025			0.4 / 0.19 / 5.0 / 0.025		
130-560		174-751				2.0 / 0.19 / 3.5 / 0.025				0.4 / 0.19 / 3.5 / 0.025		

(NOx + HC) / CO / PM (Oxides of Nitrogen + Hydrocarbons) / Carbon Monoxide / Particulate Matter (g/kW-hr)
NOx / HC / CO / PM Oxides of Nitrogen / Hydrocarbons / Carbon Monoxide / Particulate Matter (g/kW-hr)
* Combines regulatory powerbands with same emission levels

Source: http://cumminsengines.com/emission-regulations

Capstone exceeds all EPA/EU Standards *plus* our Flagship C65 & C200 ICHP systems already meet the World's Most Difficult Standard (CARB)

Examples of New York Metro Area 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

Examples of California Area Installations

Energy Efficiency
Food Processing

Brewing Company
Northern California

Brewing facility uses two C1000 microturbines to complement their existing on-site electrical generation and operate as a microgrid.

(2) C1000 | Microgrid
2MW Electricity

Projected ROI: 3.4 yrs

Commissioned: 3/15

Energy Efficiency
Healthcare

Los Angeles Hospital
Southern California

A natural gas-fueled microturbine is used to offset electric base load and provides chilled water, boosting the facility's overall efficiency.

(1) C1000
1MW Electricity

Projected ROI: 4 yrs

Commissioned: 10/13

Energy Efficiency
Manufacturing

Pharmaceutical Facility
Northern California

The dual mode system provides steam and hot water to the critical power facility and raises overall efficiency to almost 90%.

(2) C1000 | DM*
1MW Electricity

Projected ROI: 3.6 yrs

Commissioned: 7/15

Oil & Gas
Offshore O&G

Offshore Oil Producer
California Coast

The associated gas-fueled microturbines provide power to site loads and lowers operating costs for the end user.

(1) C1000S (1) C600S
1.6MW Electricity

Projected ROI: 2.8 yrs

Commissioned: 12/16

Oil & Gas
Onshore O&G

Onshore Oil Producer
California

Associated gas is piped directly to the system and provides heat to be used in the processing of free water knockout (FWKO) during drilling.

(1) C1000
1MW Electricity

Projected ROI: 2.5 yrs

Commissioned: 4/13

Critical Power
Utility

Gas Utility
Southern California

Two C1000 microturbines provide prime power for the key gas compression facility that provides significant natural gas to Southern California.

(2) C1000 | PP*
2MW Electricity

Projected ROI: 2 yrs

Commissioned: 8/13

*PP– Prime Power
*DM – Dual Mode System (Emergency backup power feature)

Examples of New England Area Installations

Energy Efficiency
Healthcare

Hospital
Massachusetts

The C1000 system provides heat and power to the Boston-based hospital 24/7/365. The system will soon approach 40,000 run-time hours.

(1) C1000
1MW Electricity

Commissioned: 2011

Energy Efficiency
Technology

Software Company
Natick, Massachusetts

Four C65 systems power and cool the new headquarters/data center at this computer software company. System is under FPP through 2023.

(4) C65
260kW Electricity
100-Ton Absorption Chiller

Commissioned: 2014

Critical Power
Microgrid

Utility Software
Bloomington, Minnesota

A C600S system forms the backbone of the microgrid at their new headquarters and data center.

(1) C600S
600kW Electricity
200-Ton Absorption Chiller

Commissioned: 2017

Critical Power
Data Center

Data Center
Southfield, Michigan

Two C1000 power packages provide power and backup capacity to the growing data center.

(2) C1000 | PP*
2MW Electricity

Projected ROI: 3 yrs

Commissioned: 2016

Critical Power
Utility Power/Microgrid

Island Power
Off the Coast of Maine

Four liquid-fueled microturbines are the primary power source for the remote island. The technology was funded by the U.S. Government.

(4) C65
260kW Electricity

Commissioned: 2016

Renewable Energy
Dairy Plant

Food Processing
Franklin, Massachusetts

Ten combined heat and power (CHP) microturbines utilize digester gas from dairy processing as fuel and captures the hot water in order to heat the digester.

(10) C65
650kW Electricity

Commissioned: 2014

***PP** – Prime Power
Case Studies can be found on www.capstoneturbine.com/case-studies
Projected ROI estimates are at time of sale

Examples of Mid-Atlantic Area Installations

Energy Efficiency
Hospitality

Luxury Hotel
Philadelphia, Pennsylvania

Three C65 ICHP units in a combined heat and power (CHP) application provide 100% of the hotel's domestic hot water and 30% of their electrical needs.

(3) C65 ICHP | GC*
195kW Electricity

Projected ROI: 3 yrs

Commissioned: 10/09

Energy Efficiency
Manufacturing

Boat Manufacturer
New Gretna, New Jersey

Six microturbines produce 40% of the facility's on-site electrical energy, providing power and 100% of the heating and chilled water.

(6) C65 ICHP | GC*
390kW Electricity
(3) 30-Ton Absorption Chillers
Projected ROI: 7 yrs

Commissioned: 12/12

Energy Efficiency
Manufacturing

Manufacturer
Harrisburg, Pennsylvania

A dual-mode combined cooling, heat and power (CCHP) C1000 provides backup power to the facility manufacturing processes.

(1) C1000 | DM*
1MW Electricity
300-Ton Absorption Chiller | Heat Exchanger
Projected ROI: 5.9 yrs

Commissioned: 1/14

Oil & Gas
Onshore O&G

Compressor Station
West Virginia

The natural gas-fueled microturbine is the primary power source generating electricity 24/7. The system was the first C600S commisioned in the world.

(1) C600S | PP*
600kW Electricity

Commissioned: 10/16

Oil & Gas
Onshore O&G

Gas Gathering Facility
West Pennsylvania

Six skid mounted microturbines operate on high Btu wellhead gas. Skid system arrives fully commissioned, reducing installation and startup.

(6) C65 | DM*
390kW Electricity

Commissioned: 4/15

Critical Power
Data Center

Bank with Data Center
Harrisburg, Pennsylvania

A C800 dual-mode system provides combined cooling, heat and power (CCHP) for the LEED gold-certified facility and data center.

(1) C800 | DM*
800kW Electricity
250-Ton Absorption Chiller | Heat Exchanger
Projected ROI: 5 yrs

Commissioned: 10/13

*__PP–__ Prime Power
*__GC–__ Grid Connect
*__DM__ – Dual Mode System (Emergency backup power feature)
Case Studies can be found on www.capstoneturbine.com/case-studies | *Projected ROI estimates are at time of sale*

Examples of United Kingdom Area Installations

Renewable Energy
Landfill

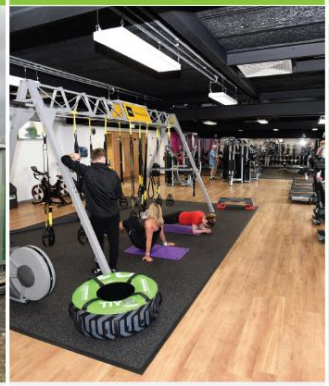
Landfill
Harlech, UK

A methane-powered C65 microturbine provides both heat and electricity to the landfill site.

(1) C65 | GC*
55 kW Electricity

Commissioned: 2/17

Energy Efficiency
Public Facility



Leisure Facility
Lincoln, UK

Two C65 units in a combined heat and power (CHP) application have reduced utility costs by 10% annually and lowered emissions by 303 metric tonnes per year.

(2) C65 | GC*
130 kW Electricity

Commissioned: 10/09

Energy Efficiency
Public Facility

Leisure Facility
Birmingham, UK

Two C65 units provide added operational protection for the leisure facility's heat and electrical demand using electricity displaced from the grid.

(2) C65 | GC*
130 kW Electricity

Commissioned: 9/16

Energy Efficiency
Hospitality

Hotel/Leisure Club
Manchester, UK

A C65 system installation allows for the hotel and leisure facility to benefit from immediate savings in both energy costs and carbon emissions.

(1) C65
65 kW Electricity

Commissioned: 5/16

Energy Efficiency
Public Facility

Stadium/Sports Center
Aylesbury, UK

Two highly efficient C65 units provide 70% of the stadium's on-site power and delivers up to £24,000 in annual savings.

(2) C65
130 kW Electricity

Commissioned: 4/15

Energy Efficiency
Public Facility

Leisure Facility
Milton Keynes, UK

A low maintenance C65 unit generates up to 370,000 kWh of electricity and 680,000 kWh of heat per annum for the large multi-sport facility.

(1) C65 | GC*
65 kW Electricity

Commissioned: 11/16

*GC – Grid Connect System
Case Studies can be found on www.capstoneturbine.com/case-studies

Reconciliation of Non-GAAP Financial Measure

Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA	Three months ended		Fiscal year ended March 31,	
	March 31, 2018	December 31, 2017	2018	2017
Net loss, as reported	$ (1,942)	$ (323)	$ (10,026)	$ (25,245)
Interest expense	116	170	606	536
Provision for income taxes	11	—	18	19
Depreciation and amortization	315	271	1,170	1,578
EBITDA	(1,500)	118	(8,232)	(23,112)
Stock-based compensation	177	102	586	808
Restructuring charges	487	58	764	—
Leadership incentive program	981	—	981	
Change in warrant valuation	—	84	741	—
Warrant issuance expenses	—	—	—	421
Adjusted EBITDA	$ 145	$ 362	$ (5,160)	$ (21,883)

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, restructuring charges, leadership incentive program, the change in warrant valuation and warrant issuance expenses. Restructuring charges includes facility consolidation costs and one-time costs related to the company's cost reduction initiatives. Leadership incentive program is the payout to the company's executive leadership team upon successfully achieving positive Adjusted EBITDA for two consecutive quarters. This program was put into place only for fiscal 2018 and as such it is included in the Adjusted EBITDA items for this one-time program. 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.

For more information on Capstone® Turbine Corporation please visit **www.capstoneturbine.com**

Follow Capstone **twitter.com/CapstoneTurbine**

Follow Capstone **linkedin.com/company/34302/**

Follow Darren Jamison, CEO **twitter.com/darren_jamison**

Follow Capstone **youtube.com/CapstoneTurbine**