Management Presentation

Nasdaq Ticker: CPST

"Change is the law of life. And those who look only to the past or the 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.

Microturbines Are Well Positioned

The Imminent Change in Global Energy

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

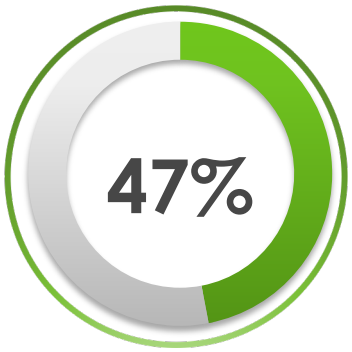
Microgrids account for 27 GW of current distributed generation

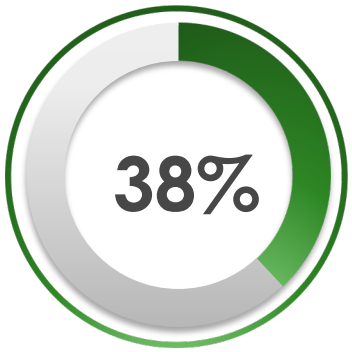
$205 billion will be invested in global distributed power generation annually by 2020 - 42% of total power additions

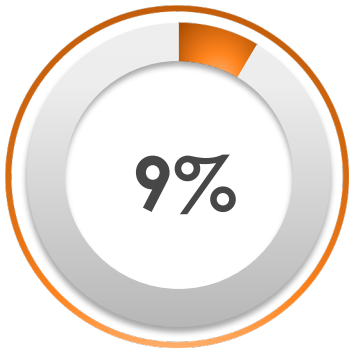
65% of global electricity consumption will be in emerging markets by 2020

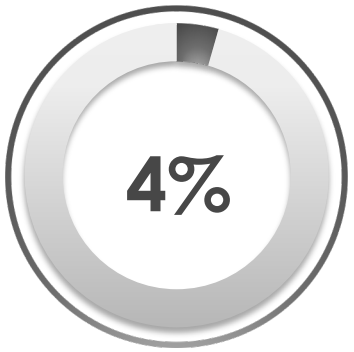
Source: General Electric - Rise of Distributed Power

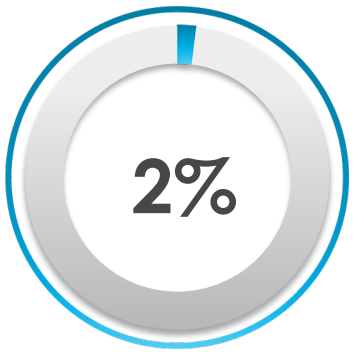
Microturbines Are Diverse

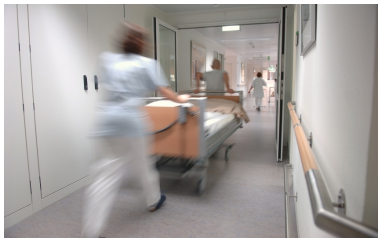












ENERGY EFFICIENCY

- Large Retailers
- Hospitality
- Office Buildings
- Recreation

NATURAL RESOURCES

- Oil & Gas (onshore and offshore)
- Land Rigs
- Water Conversion
- Gas Compression

RENEWABLE ENERGY

- Wastewater Treatment Plants
- Farm Digesters
- Landfills
- Food Processing Plants

CRITICAL POWER SUPPLY

- Data Centers
- Hospitals
- Telecom
- Power Rentals

MICROGRID

- Manufacturing
- Retail
- Hospitality
- Data Center

Microturbines Are Saving Money & Saving The Environment

$194 MILLION

FY18 FINANCIAL SAVINGS

Annual **CUSTOMER** Savings

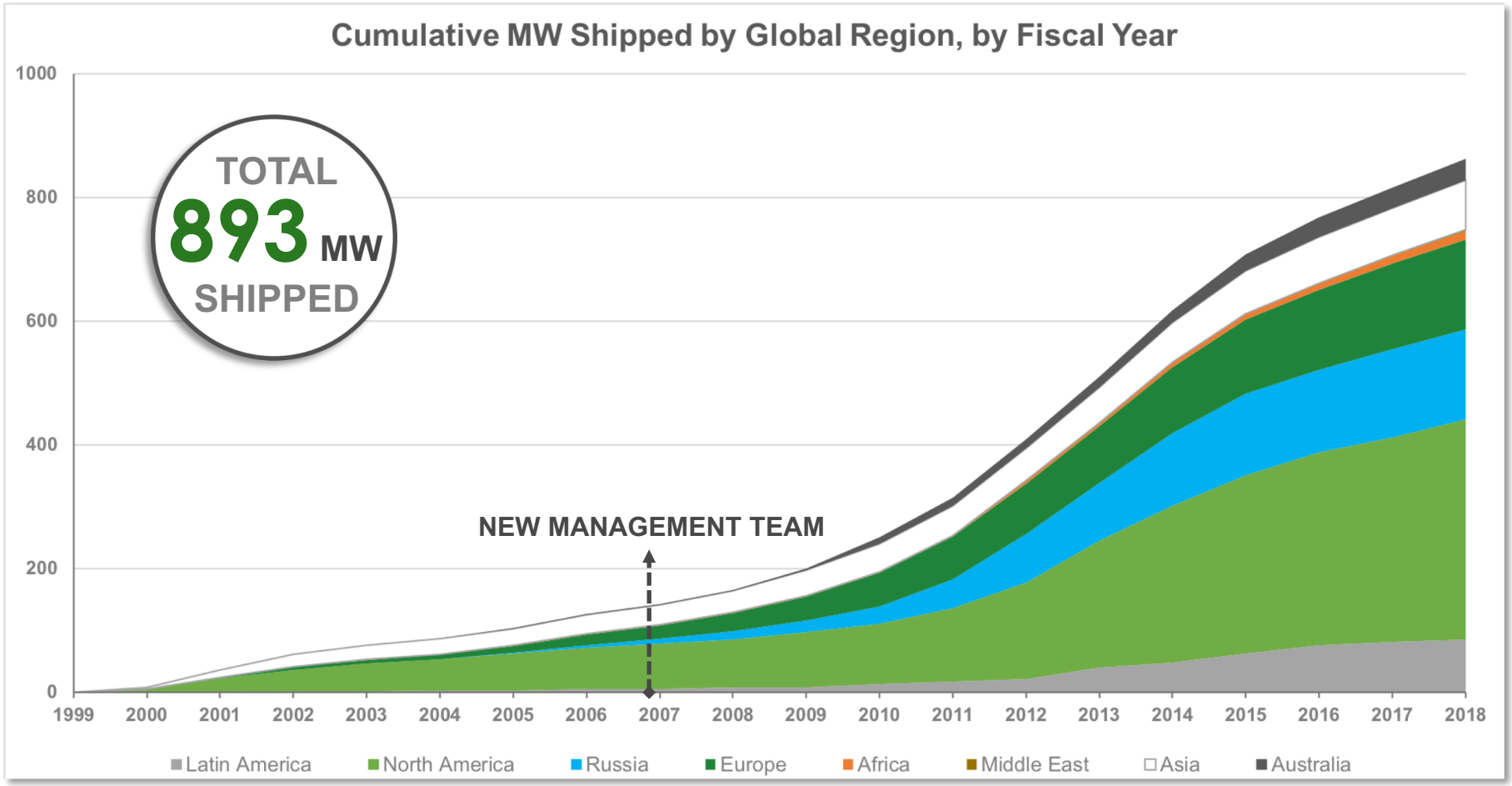
314,000 Tons in Carbon Savings

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

=

OVER 67,000
passenger vehicles
removed for one year

Microturbines Are Going Global



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.

Microturbines Are High Tech

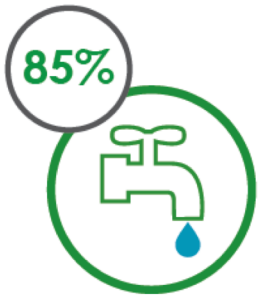
C30 C65 C65 ICHP C200S C600S C800S C1000S

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

Microturbines Are the Future

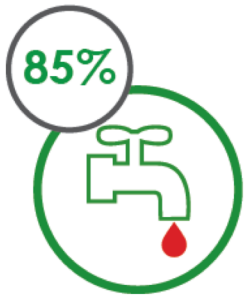
CHP EFFICIENCY

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



COLD WATER

STEAM



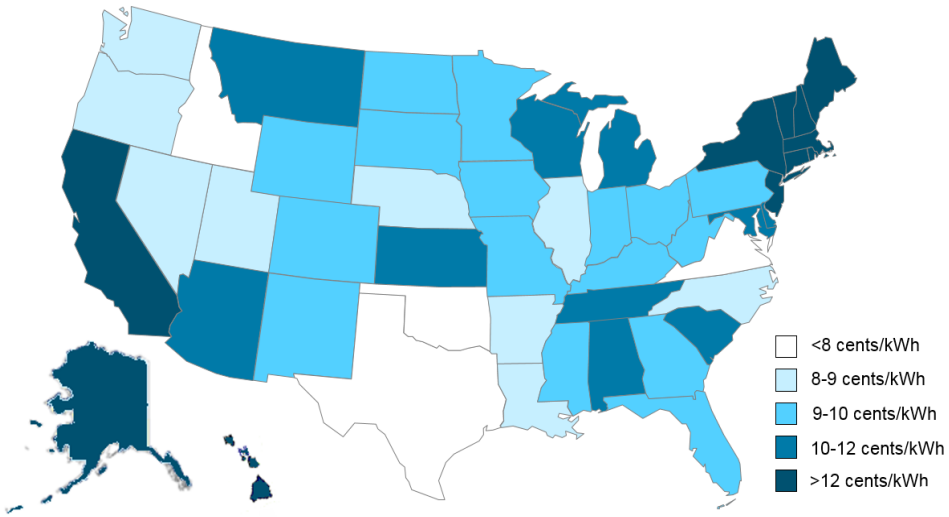
HOT WATER

Microturbines Are Benefitting From Multiple Growth Catalysts

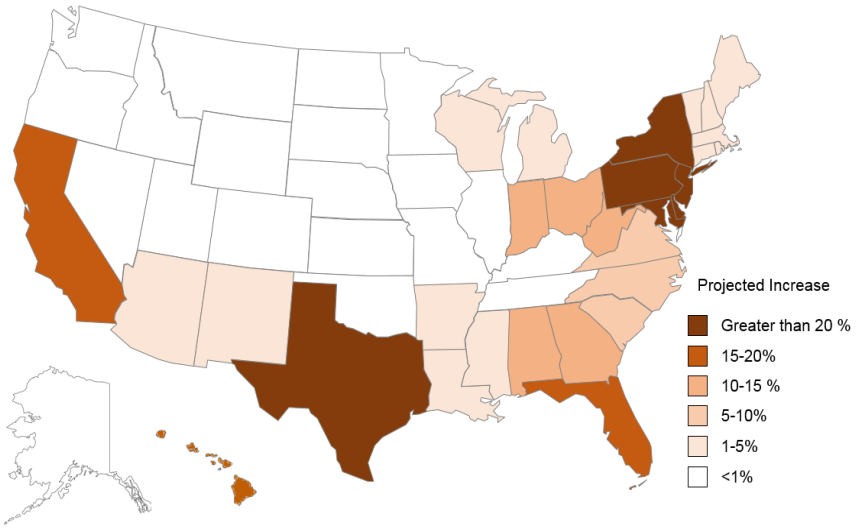
- Corporate Focus on Reducing Costs
- Sustained Low Cost Natural Gas
- Increasing Microgrid Adoption
- New Gas Flaring Regulations
- New Engine Emissions Requirements
- Green Building & Energy Efficiency (LEED)
- Severe Weather – Hurricanes & Floods
- Increasing Global Crude Oil Prices
- Federal & State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

Microturbines Are Benefiting As Electricity Prices Rise

Average Electricity Price for Commercial Customers



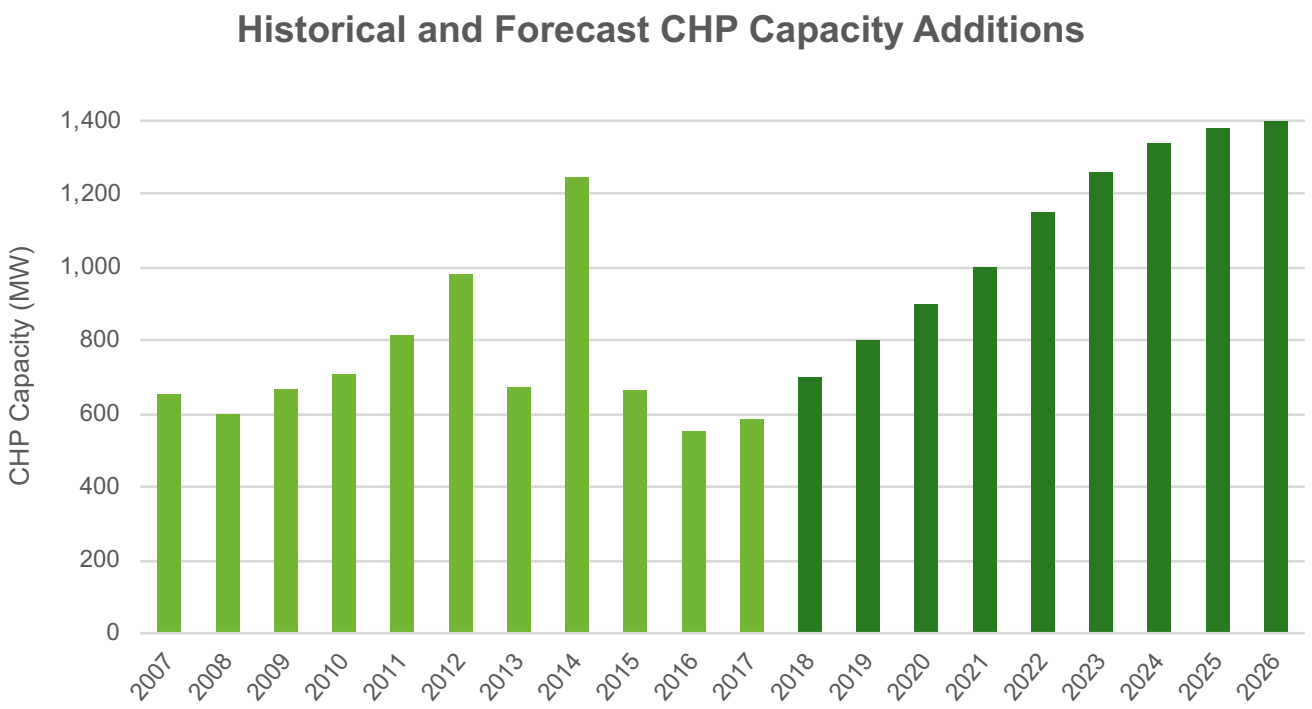
Projected 20 Year Growth in Electricity Prices



Source: Energy Information Administration, Electricity Price Data, 2017 and Annual Energy Outlook

Microturbines Are Benefiting From CHP Capacity Additions

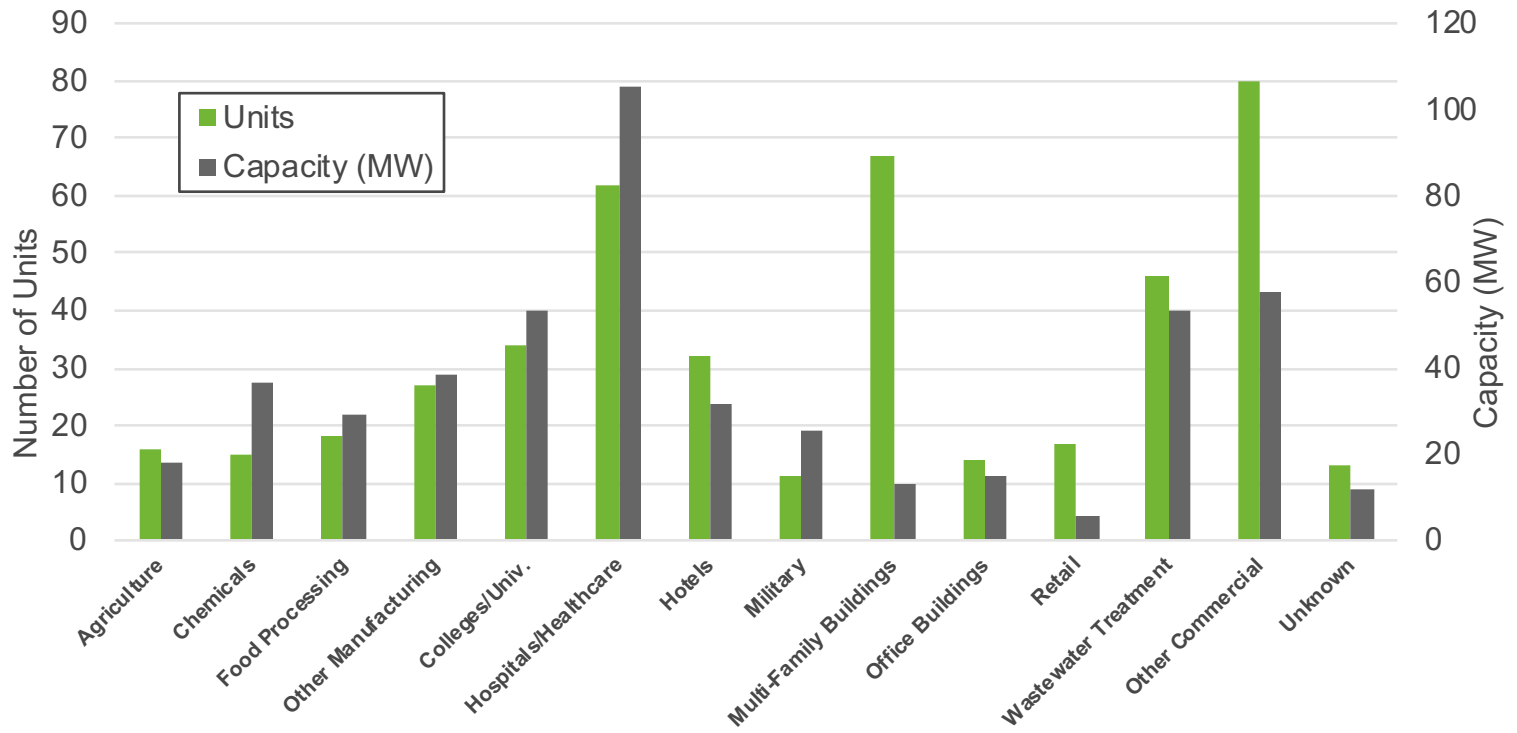
Growth in Overall CHP Market Driven by Smaller Commercial Applications



Source: ICF International internal forecast using our CHPower model to calculate the expected CHP deployment through the U.S. over the next decade. The increase is mainly due to an increased spark spread caused by stable gas prices and increasing electric rates.

Microturbines Are A Good Fit For Growing CHP Applications

CHP "Watch List": Projects in Development, 100 kW – 5 MW

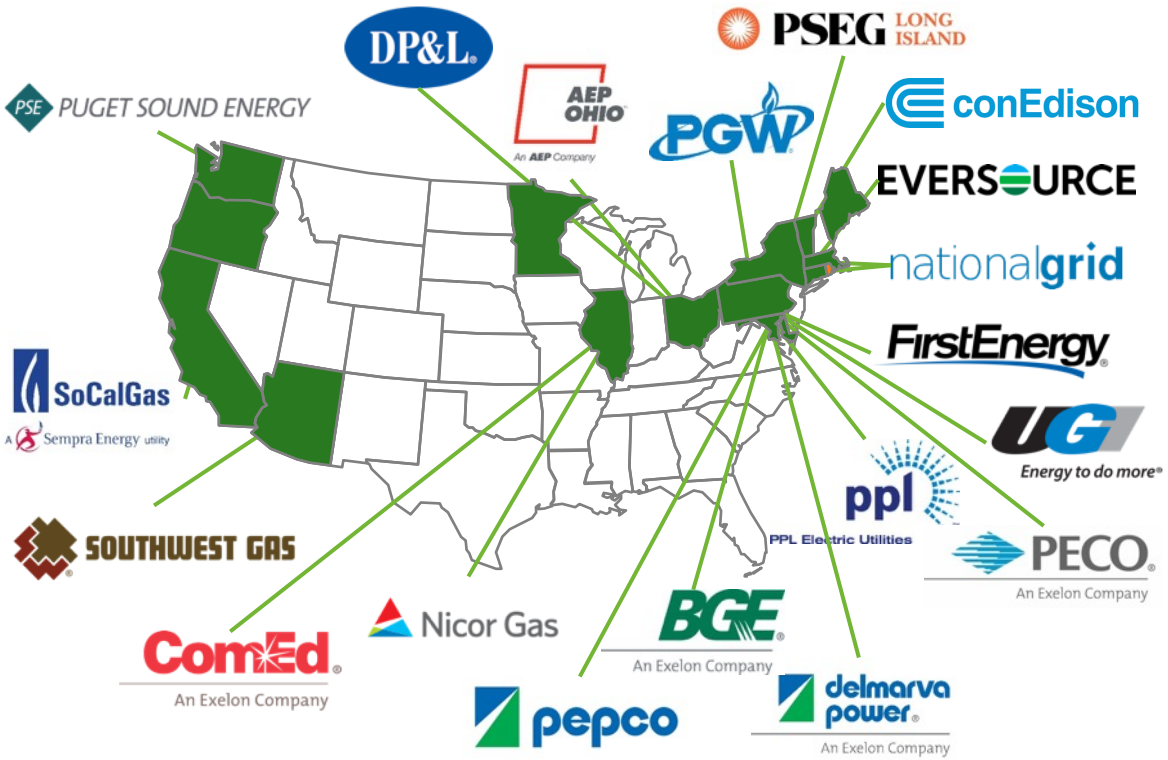


Source: ICF International

Microturbine Technology a Good Fit for Healthcare, Multi-Family and Commercial Applications

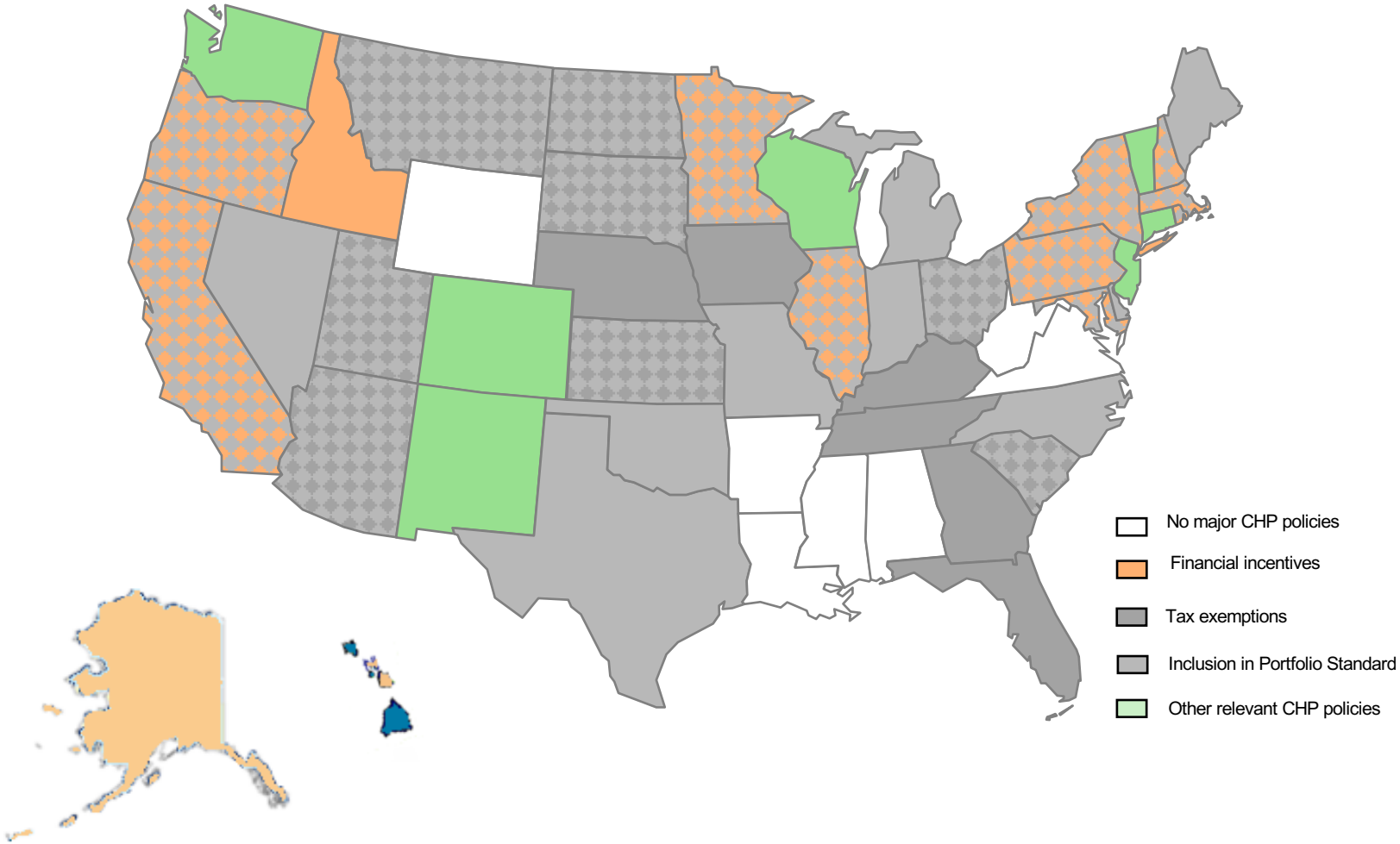
Microturbines Are Benefiting From New Utility CHP Incentives

At least **20 utilities** are administering incentive programs specifically for CHP



Microturbines Are Benefiting From New Favorable CHP Policies

Favorable CHP Policies – Natural Gas and/or Biomass Systems

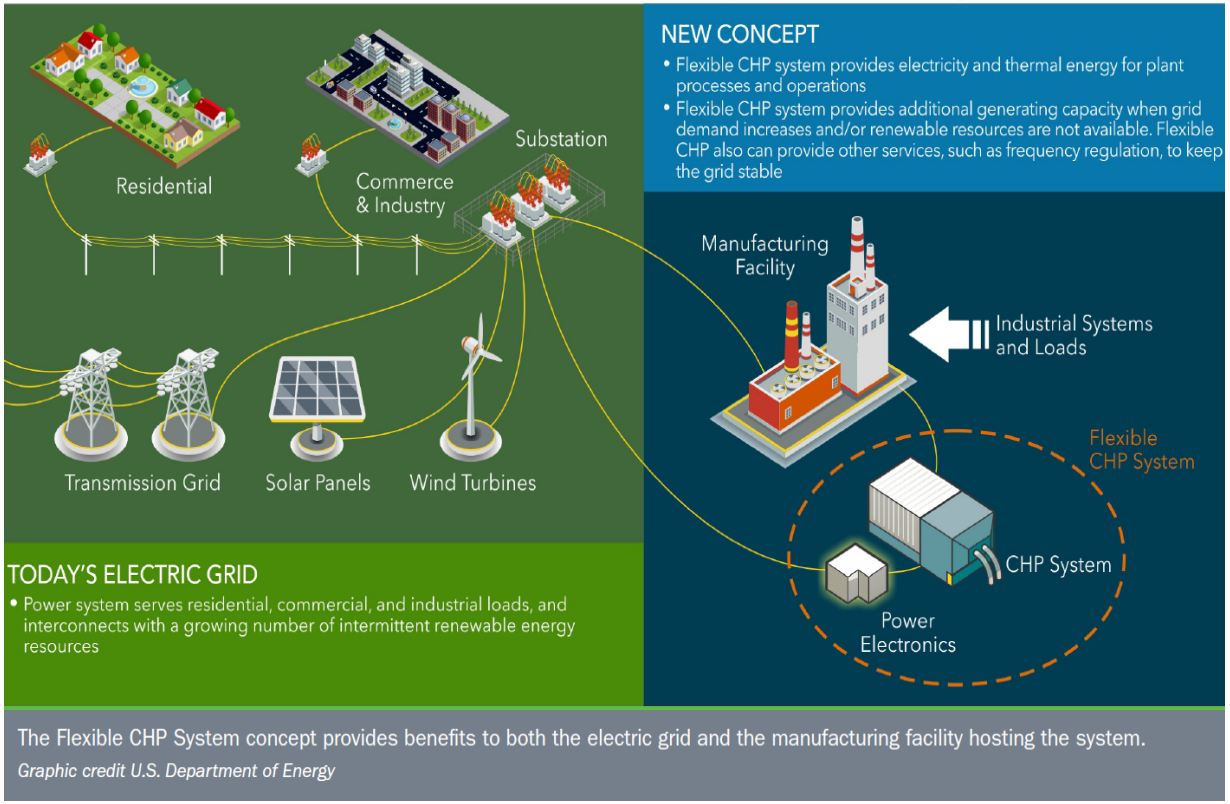


Source: ICF CHP Policy and Incentive Tracking and EPA dCHPP Database

Microturbines Are Flexible & Fit The New DOE CHP Model

- Ability to support the grid in handling intermittent renewable generation; providing ancillary services
- U.S. Department of Energy R&D Program
  - Analyzed potential for flexible CHP in California
  - Currently looking for demonstration projects
- California Energy Commission "Topic of Interest"

Flexible Combined Heat and Power (CHP) Systems - The Concept

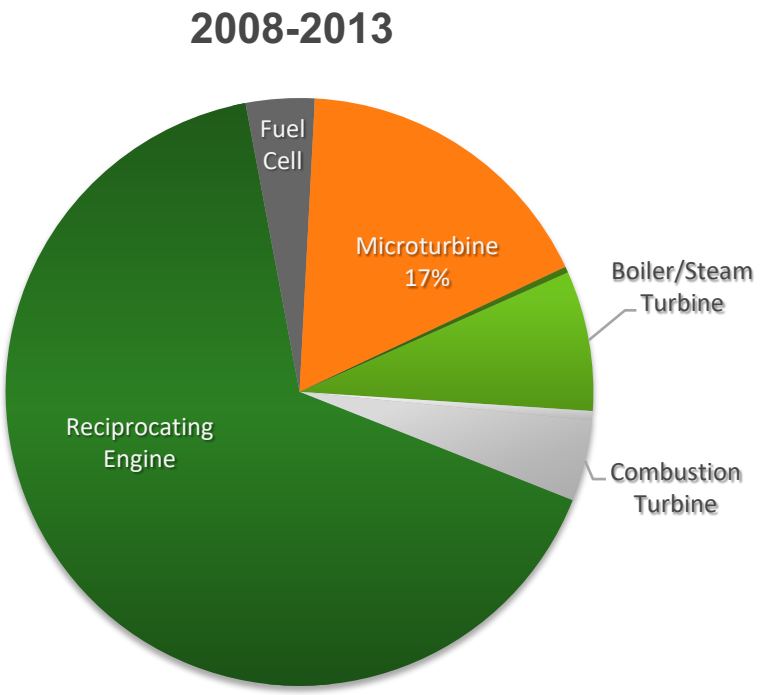


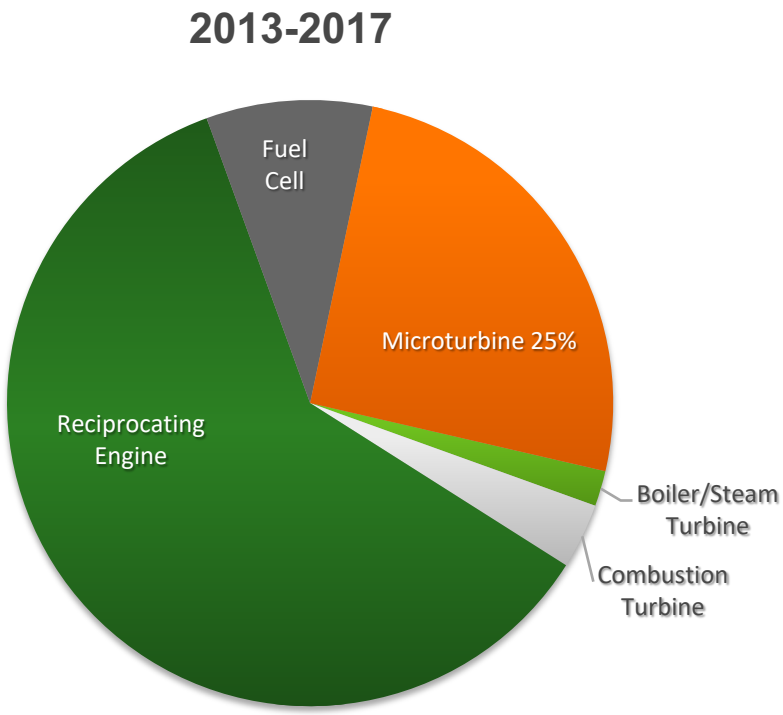
The Flexible CHP System concept provides benefits to both the electric grid and the manufacturing facility hosting the system.

Graphic credit U.S. Department of Energy

Microturbines Are Gaining Share

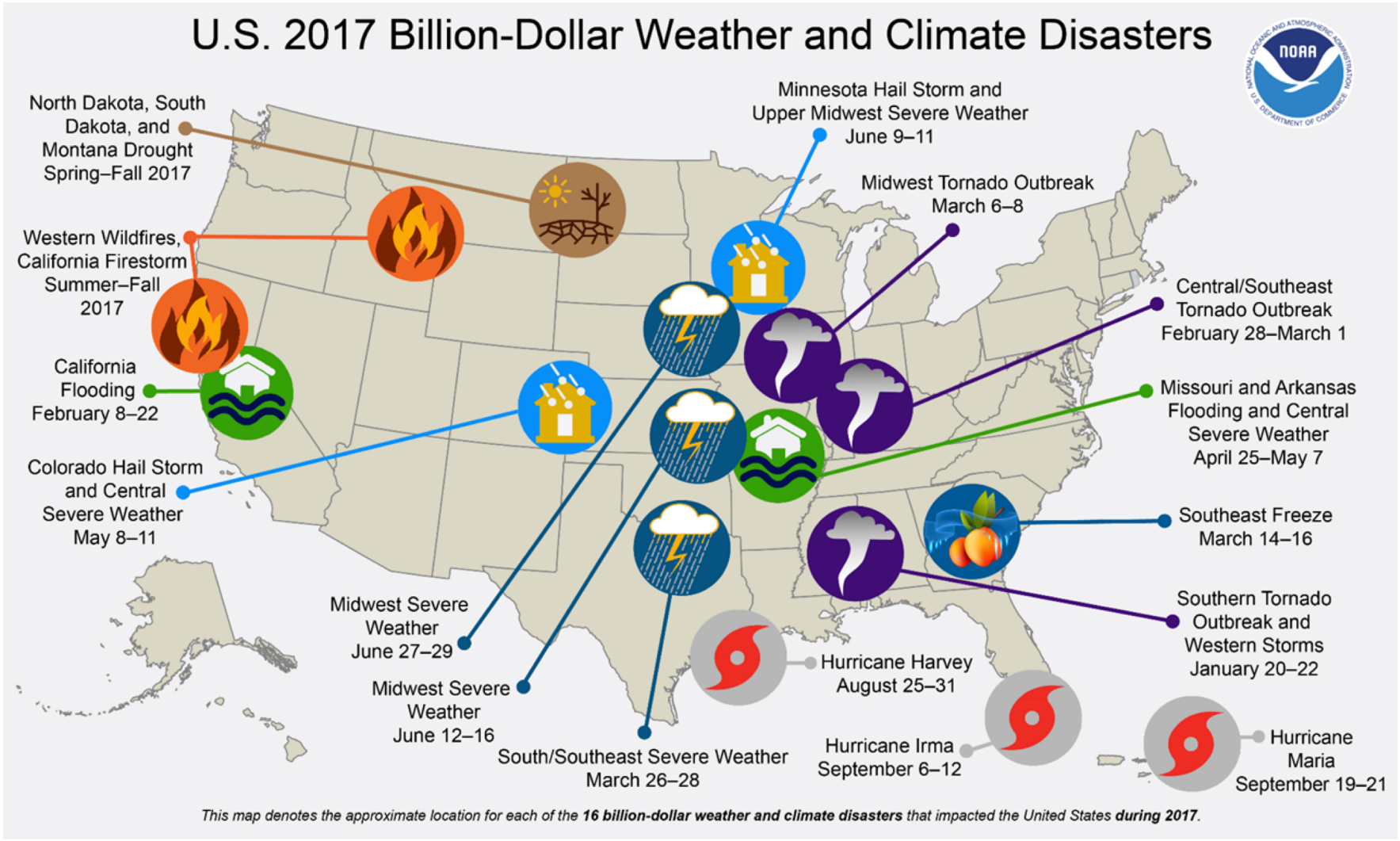
U.S. CHP Installations by Technology
100 kW – 5 MW





Source: ICF International

Microturbines Are Addressing The Growing U.S. Resiliency Issues



Source: National Oceanic and Atmospheric Administration

Capstone 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

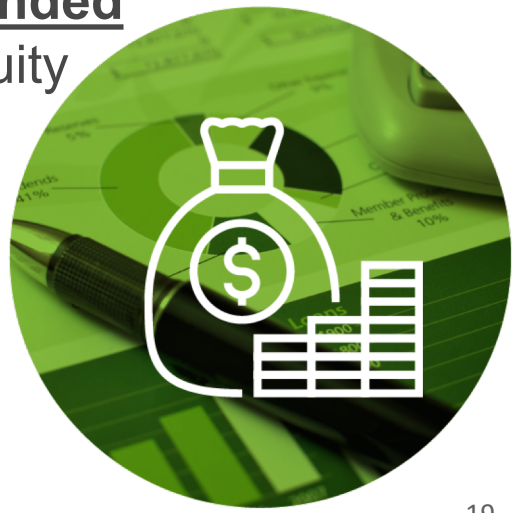
2. **Double digit revenue growth through accelerating global product sales**
   - Increased marketing and customer acquisition with new Distributor Support System initiative

3. **Continued diversification 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

1. Cash & Working Capital

- **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
- **Cash increased $0.2 million during the first quarter of fiscal 2019 to $19.6 million** compared to cash, cash equivalents, and restricted cash of $19.4 million and $19.1 million as of March 31, 2018 and June 30, 2017, respectively.
- During the quarter the Company **leveraged its expanded asset-based credit facility** and its at-the-market equity offering to cover its expected loss from operations, including cash payments of approximately $3.2 million for an unexpected supplier prepayment obligation and for its one-time Leadership Incentive Bonus Program.



2. Double Digit Revenue Growth

- **Double digit revenue growth through accelerating product sales**
  - Increased marketing and customer acquisition with new Distributor Support System initiative
- **Revenue for the first quarter increased 10% to $21.2** compared to $19.2 million in the same period last year.
- Product revenue increased 8% during the quarter to $13.6 million, the highest year-over-year increase in product revenue in three years.
- New gross product orders of $16 million during the quarter generating a 1.2:1 book-to-bill ratio.
- Capstone booked $32.5 million in gross product orders for the six-month period ended June 30, 2018, compared to $16.4 million in the preceding six-month period ended December 31, 2017, **an increase of 98% period-over-period**.

3. Diversify Market Vertical & Geographies

- **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

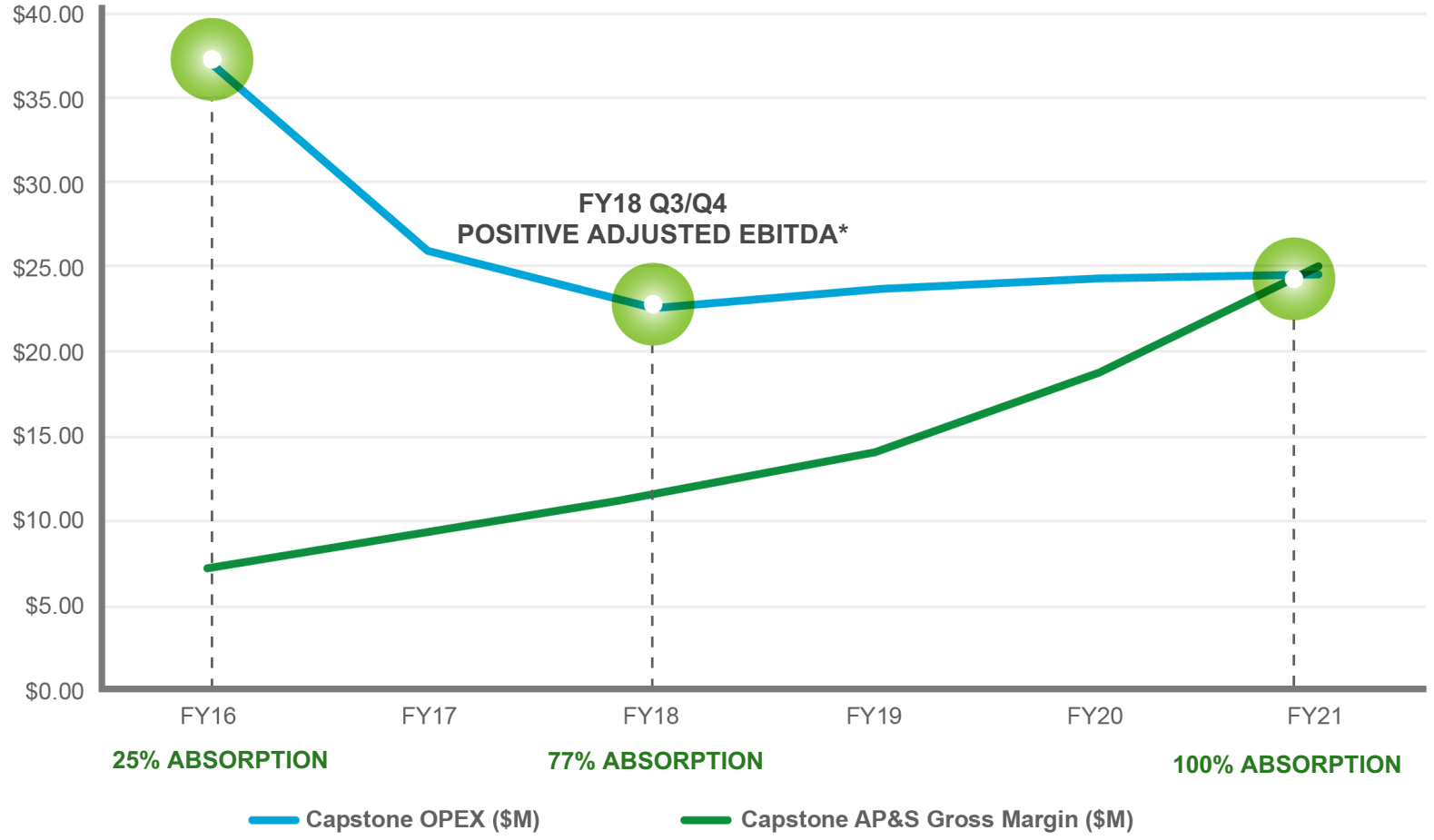
- **1.2:1 book-to-bill ratio** representing new product orders from **11 different countries and 13 distributors**

4. Increase Service Absorption

- **Increased Service/OpEx absorption percentage driving towards targeted 100% absorption** (*See Slide 23)
  - 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
- Q1FY2019 experienced higher than normal scheduled and unscheduled maintenance activities resulting in an elevated cost of goods and a lower quarterly gross margin
- **<u>Impacts on our aftermarket business are short-term in nature and will strengthen and normalize over the second half of fiscal 2019</u>**
- During the quarter we continued our strategic focus to increase the remanufacturing of spare parts in the US and the UK and increase FPP attachment rates in the oil and gas market

Absorption Strategy To Cover OPEX With Reoccurring Revenues

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



*See Appendix, Slide 41

Absorption Limits Downside and Allows Growth with Market-Based Pricing

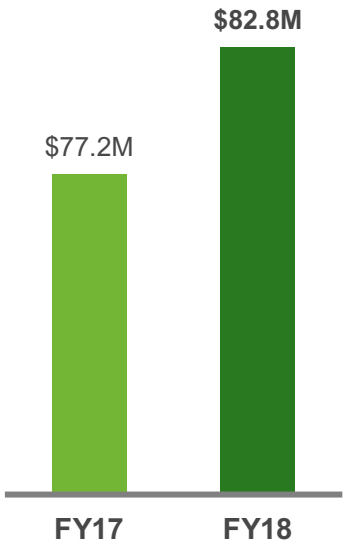
APPENDIX

Q1 FY2019 Business Highlights

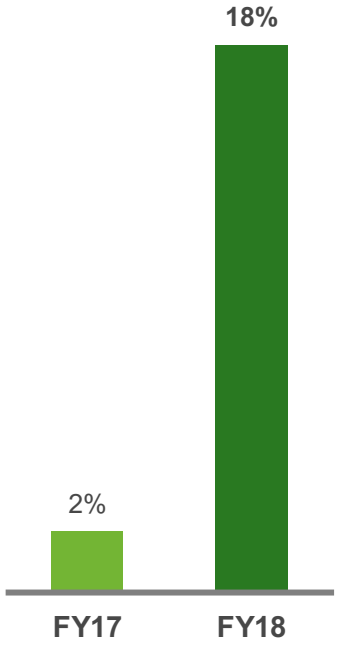
- Product revenue year-over-year **increased 8%,** highest first quarter year-over-year increase in three years, powered by increases in the Oil & Gas market vertical
- Accessories, parts and service revenue **up 15%** year-over-year
- Total revenue for the quarter **increased 10%** year-over-year
- **1.2:1 book-to-bill ratio** representing new product orders from **11 different countries**
- Total of $32.5 million in gross product orders for the last six-months compared to $16.4 million in the preceding six months representing **an increase of 98% period-over-period!**
- Total **cash increased $0.2 million** despite a pay down of accrued expenses and unplanned supplier prepayments during the quarter

FY2018 vs. FY2017 Revenue, Gross Margin & Adjusted EBITDA

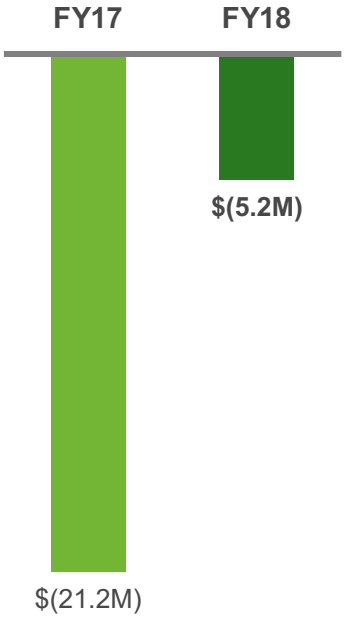
Revenue



Gross Margin



Adjusted EBITDA*



Q1FY2019 vs. Q1FY2018 Financial Results

(In millions, except per share data)	Q1FY19	Q1FY18
Microturbine Product	$13.6	$12.6
Accessories, Parts & Service	$7.6	$6.6
Total Revenue	$21.2	$19.2
Gross Margin	$1.8	$2.2
Gross Margin Percent	9%	11%
R&D Expenses	$0.9	$1.1
SG&A Expenses	$5.7	$5.0
Total Operating Expenses	$6.6	$6.1
Net Loss	$(4.9)	$(4.1)
Adjusted EBITDA*	$(3.9)	$(3.4)
Basic Net Loss Per Share	$(0.08)	$(0.10)
Adjusted EBITDA* Basic Net Earnings (Loss) Per Share	$(0.06)	$(0.08)

*See Appendix, Slide 41

10% Year-Over-Year Revenue Growth

Q1 FY19/Q4 FY18 Balance Sheet

(In millions)	June 30, 2018	March 31, 2018
Cash & Cash Equivalents, Including Restricted Cash	$19.6	$19.4
Cash (used in) Provided by Operating Activities (*Approx. $3.2 million for an unexpected supplier prepayment obligation and for one-time Leadership Incentive Bonus Program).	$(6.0)*	$0.5
Accounts Receivable, Net of Allowances	$15.9	$16.0
Total Inventories	$17.2	$16.7
Accounts Payable & Accrued Expenses	$13.6	$13.5

Maintained Cash by Effectively Leveraging Credit Facility & ATM

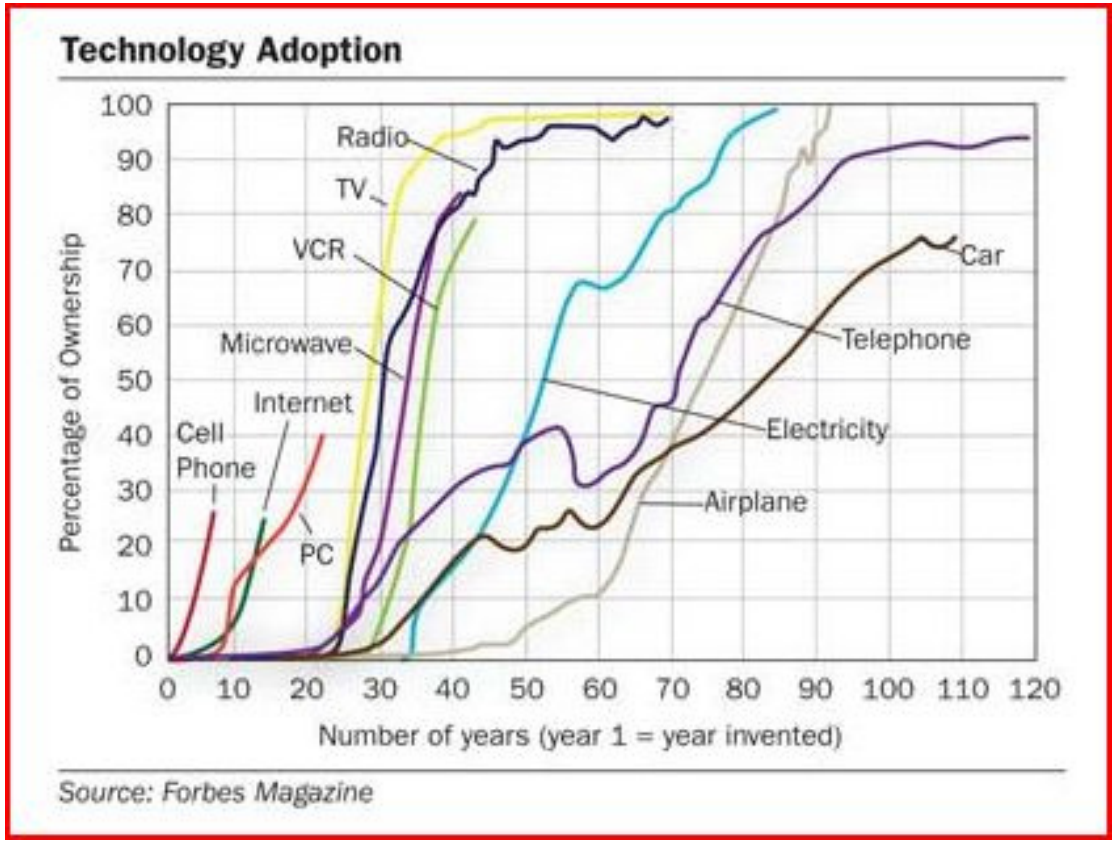
Q3FY2018 vs. New Target Business Model

(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 41

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

Technology Adoption Timelines



30+ YEARS HIGHER COST TECHNOLOGIES

Capstone Energy Finance JV Initiative

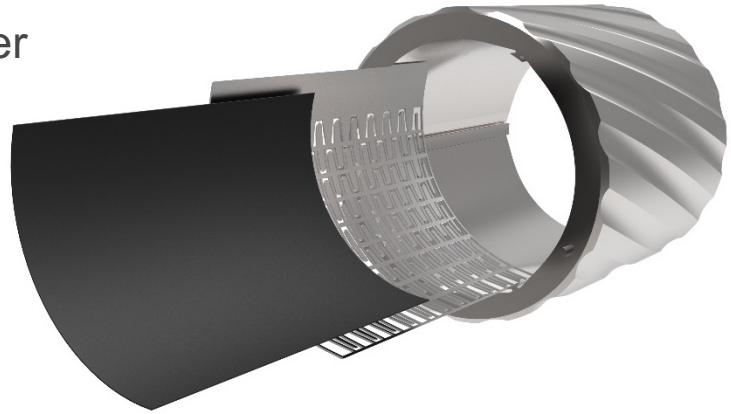
- Now Offering PPA, Lease and Rentals
- Executed First Agreement – September 18, 2017
- In Negotiation for Several Projects
- Projects Cover Wide Variety of Markets and Applications
- Pipeline over $60M (product only)
- Actively Working with Sky Capital (subsidiary of Sky Solar Group) to Provide Up to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

SKY SOLAR®

Capstone Energy Finance Provides More Purchase Options to Customers

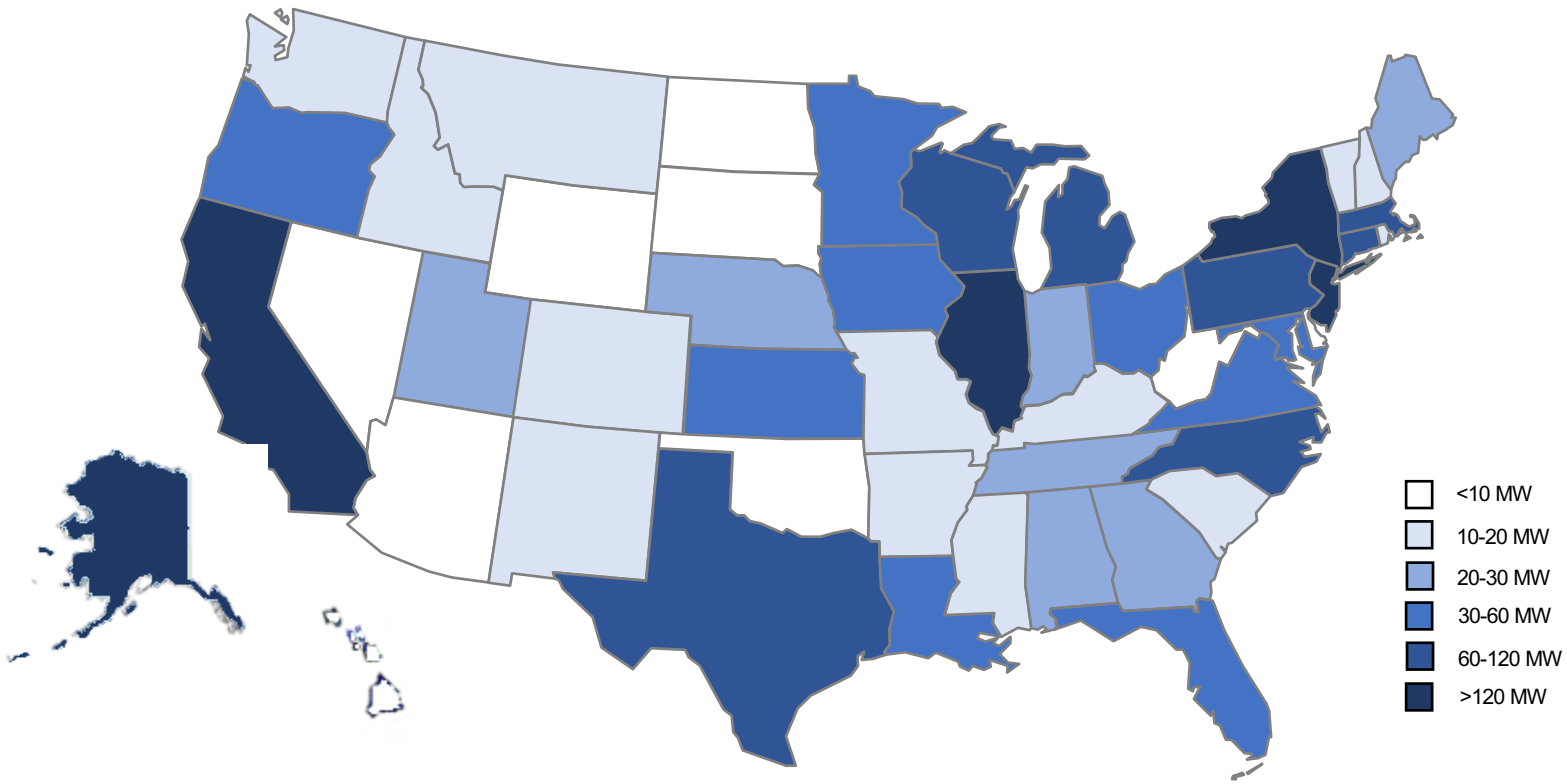
New Air Bearing Business

- **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



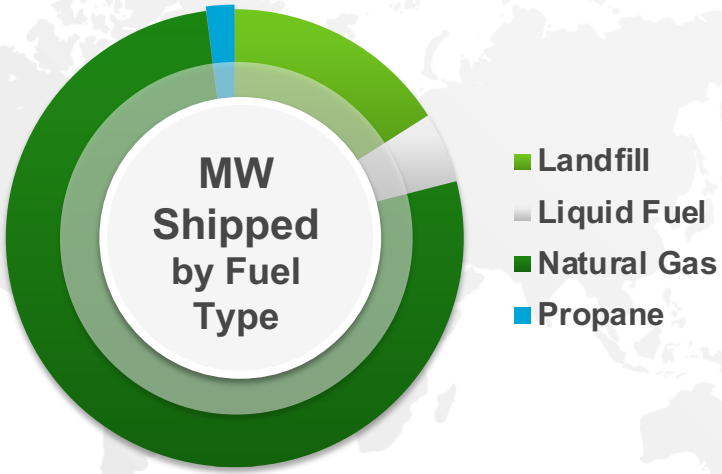
- First Commercial Success Timeline with Praxair:
  - ✓ Feasibility discussions started 2009
  - ✓ First development parts order 2013
  - ✓ Second development parts order 2015
  - ✓ Production order for bearing sets 2018

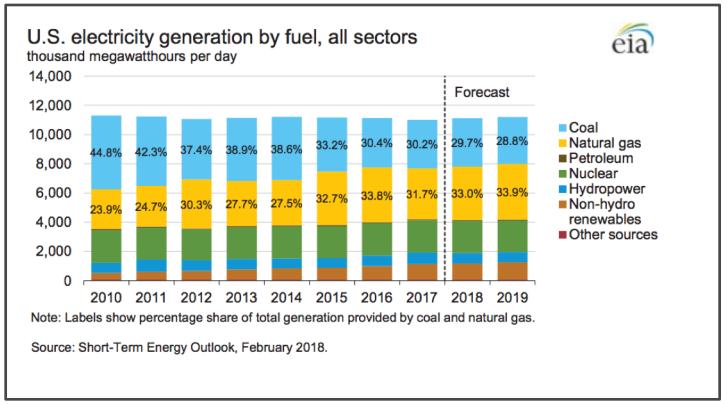
U.S. Installed Capacity By State (100 kW – 5 MW)



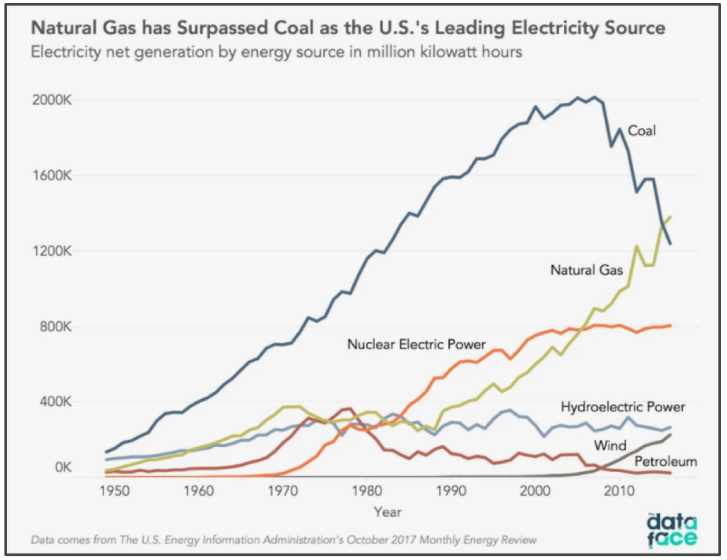
ICF/DOE CHP Installation Database, https://doe.icfwebservices.com/chpdb/

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





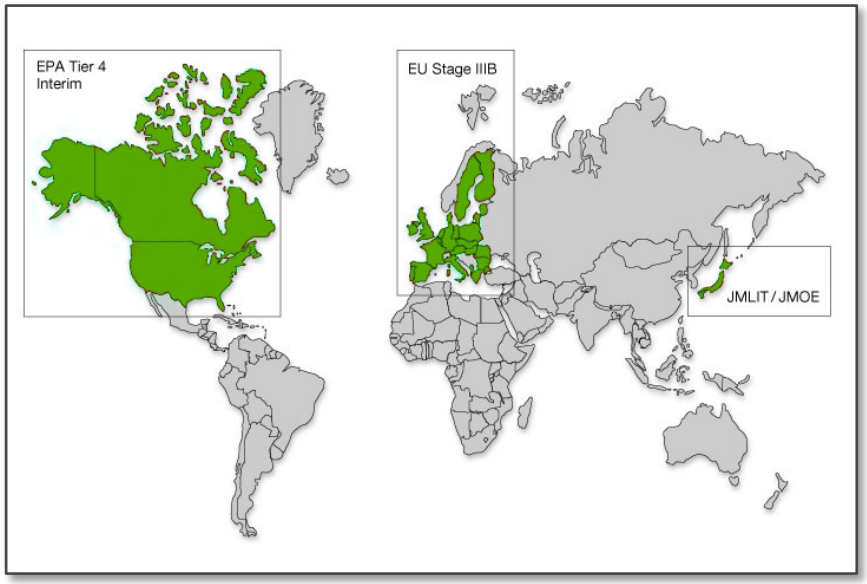
Source: https://www.eia.gov/outlooks/steo/data.php?type=figures



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		
	June 30, 2018	June 30, 2017	December 31, 2017
Net loss, as reported	$ (4,897)	$ (4,092)	$ (323)
Interest expense	118	221	170
Provision for income taxes	4	—	—
Depreciation and amortization	287	304	271
EBITDA	$ (4,488)	$ (3,567)	$ 118
Stock-based compensation	227	154	102
Restructuring charges	403	—	58
Change in warrant valuation	—	—	84
Adjusted EBITDA	$ (3,858)	$ (3,413)	$ 362

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, 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.

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.

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