Management Presentation

November 2015

Reliable power when and where you need it.
Clean and simple.
Safe Harbor Statement

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

These statements relate to, among other things -- growth and diversification of our end markets; strengthened distribution channels; ongoing new order flow; reduced cash usage; growth in revenue, gross margin and backlog; attaining profitability; adequacy of liquidity and capital resources; improved operating leverage and organizational efficiency; new product development; product reliability; shifts to larger markets for our products; benefits from our cost reduction initiatives; performance in light of macroeconomic headwinds; advantages over competing technologies; Nasdaq listing; implementation of a new Capstone finance business; collection of reserved accounts receivable; opportunities in New York; improved brand equity and product recognition; the implementation of our new strategic action plan; and a strengthened aftermarket. Forward-looking statements may be identified by words such as “expects,” “objective,” “intend,” “targeted,” “plan” and similar phrases.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone’s Form 10-K, Form 10-Q and other recent 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 today. 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.
Who is Capstone Turbine?

- Founded 1988 – Commercial launch in 1998
- Public Corporation 2000 (NASDAQ: CPST)
- World leader in MicroTurbines
- Headquarters and two manufacturing plants in California
- Over 95 distribution partners and 762 dedicated distributor employees
- More than 8,600 units shipped worldwide
- Over 50,000,000 operating hours
- Installations in 73 countries worldwide
- Not heavily dependent on government subsidies
- Tremendous business leverage
Why Capstone?

Capstone Turbine is the world’s leading developer and manufacturer of clean-and-green microturbine power generation systems. With over 100 patents and years of advanced engineering, Capstone offers a comprehensive product line, providing scalable solutions from 30kW to 30MW. Capstone serves six major market verticals, including Oil & Gas, Energy Efficiency, Renewable Energy, Critical Power Supply, Transportation and Marine. These award-winning, low-emission energy systems operate on a variety of fuels and are compliant with all current emissions regulations without after-treatment. Capstone microturbines provide reliable power when and where you need it. Clean and Simple.
What is a Microturbine?

<table>
<thead>
<tr>
<th>CHP/TYPe</th>
<th>EFFICIENCY</th>
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<tbody>
<tr>
<td></td>
<td>ELECTRIC</td>
<td>TOTAL</td>
</tr>
<tr>
<td>Hot Water</td>
<td>33.0%</td>
<td>85.0%</td>
</tr>
<tr>
<td>Steam</td>
<td>33.0%</td>
<td>60.0-95.0%</td>
</tr>
<tr>
<td>Chilled Water</td>
<td>33.0%</td>
<td>85.0%</td>
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## Product Competitive Advantages

<table>
<thead>
<tr>
<th>Features</th>
<th>Benefits</th>
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<tbody>
<tr>
<td>Only one moving part</td>
<td>Longer service intervals, low operating cost</td>
</tr>
<tr>
<td>Patented air bearing technology</td>
<td>No lubricants or coolants needed</td>
</tr>
<tr>
<td>Stand alone or grid connect</td>
<td>Multiple applications and industries</td>
</tr>
<tr>
<td>Wide fuel range</td>
<td>Operates on gaseous, renewable, and liquid fuels</td>
</tr>
<tr>
<td>High power density</td>
<td>Compact footprint, small modular design</td>
</tr>
<tr>
<td>Advanced Combustion Controls</td>
<td>Low emissions, no exhaust aftertreatment</td>
</tr>
<tr>
<td>Clean waste heat</td>
<td>Thermal energy for cogeneration/trigeneration</td>
</tr>
<tr>
<td>Remote monitoring</td>
<td>View performance and diagnostic 24/7</td>
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</table>
Global Market Segments

**Energy Efficiency**
- Capture and utilize thermal energy from the clean exhaust in CHP and CCHP applications.
- Hotels
- Large Residential Complexes
- Retail Buildings
- Office Buildings

**Oil, Gas & Other Natural Resources**
- Generate 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 operate 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**
- Ensure 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 auxiliary power, vessel range extension and utilize thermal energy for onboard heating and cooling.
- Work Boats
- Cargo Ships
- Commercial Vessels
- Luxury Yachts
- Tour Boats

**Potential Market Capture**
- $440M
- $310M
- $340M
- $250M
- $90M
- $100M
Drivers and Future Growth Targets

- **CORPORATE FOCUS ON REDUCING COSTS**
- **SUSTAINED LOW COST GAS ENVIRONMENT**
- **DECLINING GRID RELIABILITY**
- **NEW GAS FLARING REGULATIONS**
- **NEW TIER 4 EMISSIONS REQUIREMENTS**

Megawatts Shipped Six Months FY16
33MW

Future Growth Targets

**DOWNTURN IN THE OIL MARKETS**
**CONTINUED STRENGTH OF THE U.S. DOLLAR**
**ONGOING GEOPOITICAL TENSIONS**
**RUSSIAN SANCTIONS AND RUBLE**
**DELAYED ORDERS AND SHIPMENTS**

Note: The map above depicts megawatts of microturbines shipped for the six months of FY2016
Plan is to add 100 new sales people into our existing global distribution channel in support of our C1000 Series product improvements that will be unveiled at PowerGen International in December 2015.

Note: The above employee and location figures are based on data provided by distributors and have not been independently verified.
Renew growth from 100 new sales people, enhanced C1000 product, new finance business, growth in CHP business and expansion in Latin America, Africa, Middle East and Australia.

(a) Adjusted to conform to current fiscal year periods.
April 2015, with the large drop in crude oil prices, Capstone started its cost cutting initiatives at the top by flattening the executive organization and consolidating roles and responsibilities with the elimination of three top level executive positions. This action streamlined the executive team and provides an annual savings of $2.2M.

August 2015, Capstone announced that its distributors agreed to add 100 new sales employees globally. This would put more boots on the ground to market and sell Capstone products worldwide and increase the number of employees in the distribution channel to approximately 850 dedicated personnel.

Over the past couple of months, Capstone eliminated a total of 29 positions. We ceased all hourly overtime whenever possible, suspended the annual merit increase and converted all cash commissions and cash bonuses to CPST stock.

Capstone will unveil a newly enhanced C1000 Series product at the upcoming PowerGen International Tradeshow in December 2015. The C200 and C1000 Series product improvements will allow our products to be more competitive and cost-effective in growing the combined heat and power (CHP) space.

Capstone is increasing its focus on growing the CHP and Renewable markets and adding resources to increase its geographic diversification. Capstone is set to substantially grow its business in Latin America, Africa, Middle East and Australia in the next 12 months. Australia is already showing the effect of this effort with sales in Q2 equaling almost all of last fiscal year sales in Australia.

Capstone is forming a Capstone finance JV business that will enable us to provide a power purchase option to U.S. oil and gas customers that do not have the capital budgets to continue to buy the product today but would like to use onsite gas to generate electricity at a lower cost than the grid. Capstone will own 30% of the JV and look to rebuild lost oil and gas revenue.

Under the new “Strategic Action Plan” breakeven will drop from approximately $40M per quarter at 25% gross margin to $30M per quarter at 25% gross margin with improved key CHP products, global diversification, new sales resources and financing solutions.
Total Project Pipeline

- U.S. and Canada: $482.9 million
- Latin America: $551.5 million
- Europe: $194.8 million
- Africa/Middle East: $96.0 million
- Asia/Australia/Russia: $176.7 million

Goal is to improve close rate from approximately 11% to 20% with tools and training.

Data obtained from the Capstone Turbine Corporation Distributor pipeline in Salesforce.com
• Contributing to overall gross margin
• Record FPP contract backlog
• 8,600 unit install base provides scalability
• C200/C1000 reliability improving
• Lower product warranty expense
• Improved reliability decreases FPP costs and increases customer satisfaction

**Global Customer Footprint**

- Supporting 95 Distributors/9 OEM partners in 73 countries
- 3 Capstone service centers globally
- 1,000+ units under FPP and growing
- Establishing regional remanufacturing centers to lower logistical costs and service
- Improved alignment with Sales and Aftermarket

*As of September 30, 2015*
Operating expenses have remained stable over time despite significant growth.
### Multiple Headwinds Continue to Weigh; Cost Realignment in Place.

As preannounced, F2Q16 proved to be markedly difficult for Capstone, as multiple end markets delayed shipments causing revenue to decline by 34% seq. The company sat on 72 units of product - though 1/3 recently shipped and another 1/3 is expected to ship in Nov. Management is rightsizing the company by reducing opex by 25% over upcoming quarters. Dec 8 PowerGen conference can serve as a catalyst.

**Jeffrey Osborne**  
November 6, 2015

### 2Q Largely In-Line With Pre-Release, With Lower Orders & Sizeable Backlog Adjustment. Planning More Cost Cuts As Headwinds Remain.

2Q results came in slightly ahead of pre-released results but reflected delayed shipments and lower orders given continued headwinds from low oil prices and a stronger USD. While Capstone expects to recognize much of the 13MW ($12M-$13M) of delayed orders in 3Q, backlog was down noticeably Q/Q due to the lower orders and from the removal of its Russian distributor from backlog.

**Eric Stine**  
November 6, 2015

### Updating Financial Model Post Reverse Stock Split

One-for-twenty reverse stock split. On November 6, 2015, CPST announced a 1-for-20 reverse stock split. The stock began trading on a split adjusted basis on November 9, 2015. This development is in line with expectations the company had set to complete the reverse split by the end of 2015. We believe this move supports the company’s strategic needs on maintaining a Nasdaq listing and maintaining customer confidence in the company.

**Amit Dayal**  
November 10, 2015

### Additional Costs Cutting in a Bid to Achieve Breakeven.

CPST is implementing cost cutting measures that it anticipates will result in EBITDA breakeven on ~$30mn in quarterly revenue by FQ1’17. This appears to require significant improvement in both GMs and opex in FH2’16. While the focus on reaching EBITDA breakeven is encouraging, we continue to await signs of improvement in oil and gas and a sustained uptick in CHP before coming off the sidelines.

**Matt Koranda**  
November 6, 2015

### Initiate with a Perform Rating

We are initiating coverage of Capstone Turbine (CPST) with a Perform rating. We view CPST as a leader in efficient, low-emissions distributed generation. We believe the company has right-sized its business and is prepared to reach sustainable profitability on the back of its new C200 and C1000 offerings.

**Colin Rusch**  
November 16, 2015
Capstone Investment Highlights

Leading Manufacturer of Low Emission, Ultra Reliable, Highly Efficient, Electric/Thermal Generators

- Microturbines are scalable from 30kW to 30MW and can operate on a variety of gaseous or liquid fuels: natural gas, propane, landfill gas, digester gas, diesel, aviation and kerosene
- Four major design features: advanced combustion technology, patented air-bearing technology, digital power electronics, remote monitoring and advanced control capability
- Optimized performance results in lower emissions, higher reliability and higher total system efficiency over a variable power range and harsh environmental conditions

Large, Underpenetrated Vertical Markets and Geographies

- Annual addressable market of approximately $15 billion; potential capture of $1.5 billion
- Diversified across end markets and geographies – currently in 73 countries, over 8,600 units shipped
- Favorable macro trends such as corporate and regulatory trends towards energy efficiency and stringent emission and fuel standards

Growing Installed Base and Compelling Environmental and Value Proposition Enables Increased Market Penetration

- Microturbines are more environmentally friendly and offer lower total cost of ownership versus standard internal combustion engine solutions and lower cost than fuel cells without incentives
- Growing installed base helps drive new customer adoption across verticals and geographies
- Broad and scalable product range supporting a number of end markets
- Poised to penetrate new verticals (marine, transportation and critical power) and geographies (Middle East and South America)
- Market-leading service offering with 5 & 9 year contracts, provides recurring revenue

Maturing Distribution Network Lays Foundation for Long-Term Growth

- 95 distributors and 9 OEMs reaching 158 market locations throughout the world
- Built from the ground up over the last 8 years and the equivalent of 762 Capstone dedicated employees
- As network continues to mature and grow, distributors become more productive and efficient

Experienced, Proven Management Team

- Company has significant industry experience at senior leadership and operational levels
- Leadership team has combined 113 years of energy industry experience

Future Revenue Growth, Continued Margin Expansion and Operating Leverage Drive Path To Profitability

- Stronger, leaner, more flexible and better positioned for rapid growth than ever before
- Projected revenue growth, steady margin improvements and positive operating leverage all support path to profitability; balance sheet supports growth plans
- Developing Capstone financial solutions business to leverage top line growth
- Two manufacturing plants operating on a single shift, 5 days a week, 35% capacity
Appendix

Additional Information

Reliable power when and where you need it.
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Installations in new facilities and the renovation and upgrading of existing facilities are driving new opportunities for both Capstone and RSP, our distributor in New York.

In New York, NYSERDA (New York State Energy Research & Development Association) is granting significant funds via CHP programs that are further driving sales up in the state.

### New York CHP/CCHP

<table>
<thead>
<tr>
<th>Office Building &amp; Mixed Use</th>
<th>Manufacturing</th>
<th>Affordable Housing Projects</th>
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<tbody>
<tr>
<td>• Hudson Yards Complex</td>
<td>• Alexion Pharmaceuticals</td>
<td>• Third Ave Bronx Buildings</td>
</tr>
<tr>
<td>• 7 Bryant Park</td>
<td>• Firestone</td>
<td>• Fordham Housing Projects</td>
</tr>
<tr>
<td>• 1350 Ave of the Americas</td>
<td>• Astor Chocolate</td>
<td>• Fox Point</td>
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<tr>
<th>Hotels (Boutique to Large)</th>
<th>Hospitals</th>
<th>Universities</th>
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<tbody>
<tr>
<td>• Archer Hotel</td>
<td>• Memorial Sloan Kettering</td>
<td>• The New School</td>
</tr>
<tr>
<td>• Downtown Marriott Hotel</td>
<td></td>
<td>• New York University</td>
</tr>
<tr>
<td>• The NY Palace Hotel</td>
<td></td>
<td>• Beecher Road School</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pomfret School</td>
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**Astor Chocolates**

**The Palace Hotel**

**Syracuse University**
• New business to accelerate the adoption of microturbines and reduce flaring in oil and gas industry by offering clients financing via Power Purchase Agreements (PPAs).

• Proposed Capstone Finance JV will offer customers finance solutions with no direct equity investment by CPST for several years.

• Solution also helps to validate the technology, the ROI and sets the foundation for future relationships, partnerships and growth.

• Operating projects can be sold or flipped into a Yieldco or JV can accept new equity.

• Near-term goal is to leverage up to $10M in equity with reasonably priced debt with “blue chip” oil and gas and CHP customers.

• Distributors have lost $22M in FY16 and over $50M in FY15 due to lack of financing options.