

March 24, 2020

Message to our Customers, Distributors, Supply Chain Partners and Shareholders

RE: COVID-19 Response

We are providing this update to our valued customers, distributors, supply chain partners and shareholders on how Capstone Turbine is responding to the COVID-19 pandemic. This is an unprecedented situation with the pandemic affecting our families, our businesses and our local communities as the circumstances surrounding the COVID-19 continue to steadily evolve on a global level.

Today Capstone updated and enacted our emergency Business Continuity Plan designed to keep employees safe, fully align with government guidelines, continue to support our critical Aftermarket Factory Protection Plan (FPP) long-term service contracts and spare parts deliveries to our Essential Critical Infrastructure Customers, such as Energy, Health Care, Wastewater Treatment, Food Manufacturing, etc. as well as to sustain our key long-term business initiatives.

The Capstone management team remains committed to meeting the company's stated goal of reaching Adjusted EBITDA positive in the upcoming June quarter and in support of that goal has volunteered to take a 25% temporary salary cut, as well as the fiscal 2020 Executive Bonus in equity in lieu of cash, if earned. In addition, approximately 25 other top company managers volunteered to take a similar 15% reduction in salary.

As part of the comprehensive Business Continuity Plan, Capstone has taken the following steps:

1. Beginning March 30th, Capstone is furloughing approximately 70% of its direct workforce, leaving behind only staff deemed essential for day-to-day administrative operations for a minimum period of 45 days. This will ensure those who remain can more easily practice proper social distancing.
2. During this period (March 30th - May 18th), Capstone will have a limited production capability of new microturbine products, but has recently pre-built approximately 5MW of microturbine finished goods for shipment to distributors during this period of suspended production.
3. Capstone will maintain a crew of essential operations employees to manufacture service engines, remanufacture spare parts and provide service spares in support of FPPs and global distributor spare parts orders and is pre-building and shipping immediately to sustain our critical customer sites during this time of uncertainty.

The Capstone COVID-19 Business Continuity Plan provides the following benefits to employees, distribution partners, and company shareholders:

- *Provides the generally recommended safety environment for our employees while still maintaining liquidity and business continuity*

- *Supports our Essential Critical Infrastructure Customers globally with reliable energy to maintain operations at hospitals, clean water facilities, food manufacturing, and other critical services*
- *Maintains all employees' health insurance during the period of business interruption*
- *Continues to support the critical aftermarket business and 60+ worldwide distributors*
- *Complies with the LA County "Shelter-at-Home" restriction and the WARN Act both Federal and State (California)*
- *Provides the flexibility to bring back employees sooner if conditions improve*
- *Provides operating expense reduction with the lowest risk of employee turnover*
- *Best supports Management's goal of Q1 FY21 Positive Adjusted EBITDA*

As the situation develops, we will adapt our Business Continuity Plan to the extent we can in order to address the changing needs of our employees, our distributors and our supply chain partners.

I would like to offer our thoughts and prayers to all those around the world that are directly and indirectly impacted by the COVID-19 virus, and give a heartfelt thank you to the everyday heroes that are on the frontlines. From the bravery of our healthcare workers, EMTs, fire, police, military – all the way to the grocery store clerks, and everyone else in between who are selflessly serving and supporting all others through this crisis is appreciated beyond mere words. We at Capstone stand with you and will continue our support of your critical mission. There is much inspiration to witness in our local communities, our nation and the collective world who are coming together to fight this pandemic. Together we will prevail as we navigate through these uncertain times by working together and continuing to follow best health guidelines.

As we go forward, we will keep you updated. On behalf of the entire Capstone organization, we thank you for your continued understanding and support.

Sincerely,



Darren R. Jamison
President & Chief Executive Officer
Capstone Turbine Corporation

<https://www.capstoneturbine.com/news/press-releases/detail/3762/>