

CAPSTONE TURBINE CORP AGM Date: 2013-08-29

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|---|---------------|
| 1.01 Re-elect Gary D. Simon | For |
| 1.02 Re-elect Richard K. Atkinson | For |
| 1.03 Re-elect John V. Jagers Non-Executive Director. Independent by Company but not considered to be independent as he has served on the Board for more than nine years. However, there is sufficient independent representation on the Board. | For |
| 1.04 Re-elect Darren R. Jamison | For |
| 1.05 Re-elect Noam Lotan | For |
| 1.06 Re-elect Gary J. Mayo | For |
| 1.07 Re-elect Eliot G. Protsch Non-Executive Director. Independent by Company but not considered to be independent as he has served on the Board for more than nine years. However, there is sufficient independent representation on the Board. | For |
| 1.08 Re-elect Holly A. Van Deursen | For |
| 1.09 Re-elect Darrell J. Wilk | For |
| 2 Re-approve performance criteria under the Company's Executive Incentive Performance Plan Stockholders are being asked to re-approve the business criteria that the Compensation Committee must use for setting performance goals with respect to awards granted under the Executive Plan so that the Executive Plan will continue to qualify under Section 162(m). The Compensation Committee is not comprised wholly of independent directors. No quantified performance targets have been disclosed for the long term incentives, it is therefore not possible to determine the extent to which performance measures are challenging. 25% of options vest on the first anniversary and monthly thereafter on a pro rata basis the next 36 months and as such should not be considered long term. Awards automatically vest on merger or change of control. The Board may at any time and for any reason amend, alter, revise, suspend or terminate the Equity Plan. The total potential awards are above 200% of base salary and as such are considered excessive. | Oppose |

3 Approve Pay Structure

As a result of SEC legislation (Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act), the company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of our opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment.

The Company does not disclose the performance hurdles for annual incentives which does not allow for shareholders to determine if the criteria are sufficiently challenging.

There is also a concern that there is no comparator criteria in the performance conditions.

There are concerns that the only performance criteria for stock options is share price appreciation. The vesting schedule for stock options and restricted stock units is not considered to be sufficiently long term as the awards begin to vest one year from date of grant. Based upon our concerns we oppose.

Oppose

4 Appoint the auditors

For