

EXHIBIT 1

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CAPSTONE TURBINE
CORPORATION SECURITIES
LITIGATION

Lead Case No.: 2:15-CV-08914 DMG
(RAO)

Honorable Dolly M. Gee

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement, dated as of April 12, 2019 (the “Stipulation”) is entered into between: (a) Court-appointed Lead Plaintiffs, Randall and Elizabeth Kay (collectively, “Lead Plaintiffs”), and plaintiffs David Kinney and John Perez (collectively, and together with Lead Plaintiffs, “Plaintiffs”), on behalf of themselves and the Settlement Class (defined below); and (b) Capstone Turbine Corporation (“Capstone”), Darren R. Jamison (“Jamison”), and Jayme Brooks (“Brooks”) (collectively, with former defendant Edward I. Reich, “Defendants”); by and through their counsel of record, and embodies the terms and conditions of the settlement of the above-captioned action (the “Action”).¹ Subject to the approval of the Court and the terms and conditions expressly provided herein, in consideration of the benefits flowing to the Parties

¹ All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to them in ¶ 1 of the “Definitions” section of this Stipulation.

from the settlement set forth herein, the Released Claims shall be finally and fully compromised, settled, resolved, and released, and the Action shall be dismissed with prejudice, as to all Settling Parties and their Related Persons.

WHEREAS:

A. The class action complaint in this Action was filed in the United States District Court for the Central District of California, which by Order dated February 29, 2016, consolidated the action with a related case, recaptioned the action as *In re Capstone Turbine Corp. Securities Litigation*, 2:15-CV-08914 DMG (RAO), and appointed Lead Plaintiffs and Lead Counsel.

B. On May 6, 2016, Plaintiffs filed and served their Consolidated Class Action Complaint (the “Consolidated Complaint”) asserting claims against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. Among other things, the Consolidated Complaint alleged that Defendants made materially false and misleading statements about the company’s backlog orders and accounts receivable. The Consolidated Complaint further alleged that the prices of Capstone publicly-traded securities were artificially inflated as a result of Defendants’ allegedly false and misleading statements, and declined when the alleged truth was revealed.

C. On June 17, 2016, Defendants moved to dismiss the Consolidated Complaint.

D. On July 12, 2016, the Parties filed a Joint Stipulation of Dismissal of Claims against Edward I. Reich, due to the fact that Mr. Reich died after the case was initiated, and on July 13, 2016, the Court entered an Order dismissing the claims against Mr. Reich without prejudice.

E. On March 10, 2017, the Court granted Defendants' motion to dismiss with leave to amend.

F. On April 28, 2017, Plaintiffs filed and served the Consolidated Second Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Amended Complaint"). The Amended Complaint, like the Consolidated Complaint, asserted claims against Defendants Capstone, Jamison, and Brooks under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and against Individual Defendants Jamison and Brooks under Section 20(a) of the Exchange Act. The Amended Complaint alleged claims substantially similar to those alleged in the Consolidated Complaint.

G. On June 2, 2017, Defendants filed and served a motion to dismiss the Amended Complaint. The motion was fully briefed. On February 9, 2018, the Court entered an order denying Defendants' motion.

H. On March 30, 2018, Defendants filed and served an answer to the Amended Complaint.

I. Plaintiffs continued their investigation into the claims asserted but they also recognized that the Court's decision on the motion to dismiss underscored the risks attendant to this litigation. While the Parties believe in the merits of their respective positions, they recognized the benefits that would accrue if they could reach an agreement to resolve the Action. They began to discuss the possibility of exploring whether a settlement could be reached through mediation. The Parties selected former federal district court Judge Layn Phillips as mediator and scheduled a mediation session for September 24, 2018.

J. In advance of the mediation, Defendants produced relevant documents relating to Capstone's accounts receivables and backlog. Defendants' substantial production was reviewed and analyzed by Lead Counsel. Following Defendants' production, the Parties exchanged detailed mediation statements and exhibits that addressed the issues of liability, loss causation and damages. Thereafter, each Party provided rebuttal statements and exhibits. Both the opening and rebuttal mediation statements and exhibits were submitted to Judge Phillips in advance of a full-day mediation session that occurred on September 24, 2018. The session, which the Lead Plaintiffs attended in person, ended without any settlement agreement being reached.

K. Over the course of the next several weeks, Judge Phillips conducted further discussions with the Parties which culminated in Judge Phillips issuing a mediator's proposal to settle this Action. The Parties ultimately agreed to Judge Phillips' mediator's proposal to settle the Action for \$5,550,000.

L. The investigation, drafting of the two substantial complaints, briefing on two motions to dismiss, review of documents produced by Defendants, and the mediation process has confirmed Plaintiffs' and Lead Counsel's belief that the Settlement is fair, reasonable and adequate. Based upon their investigation, prosecution and mediation of the case, Plaintiffs and Lead Counsel have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate to Plaintiffs and the other members of the Settlement Class, and in their best interests. Based on Plaintiffs' direct oversight of the prosecution of this matter and with the advice of their counsel, each of the Plaintiffs has agreed to settle and release the claims raised in the Action pursuant to the terms and provisions of this Stipulation, after considering, among other things: (a) the substantial financial benefit that Plaintiffs and the other members of the Settlement Class will receive under the proposed Settlement; and (b) the significant risks and costs of continued litigation and trial.

M. Defendants are entering into the Stipulation solely to eliminate the uncertainty, burden and expense of further protracted litigation. Defendants,

individually and collectively, have denied and continue to deny that they have violated the federal securities laws and maintain that their conduct was at all times proper and in compliance with all applicable provisions of the law. Defendants have denied and continue to deny specifically each and all of the claims and contentions of wrongful conduct alleged in the Action, along with all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Defendants also have denied and continue to deny, *inter alia*, the allegations that they knowingly or otherwise, made any material misstatements or omissions, that the price of Capstone common stock was artificially inflated by reason of any alleged misrepresentation or otherwise, or that any member of the Settlement Class or any Capstone investor was harmed by the conduct alleged in the Action or that could have been alleged as part of the Action. In addition, the Defendants maintain they have meritorious defenses to all claims alleged in the Action. The Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Defendants, or any other of the Defendants' Releasees (defined in ¶1(m) below), with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have, or could have, asserted.

N. Similarly, the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any Plaintiff of any infirmity in any of the claims asserted in the Action, or an admission or concession that any of the Defendants' defenses to liability had any merit.

O. This Stipulation (together with the exhibits hereto) reflects the final and binding agreement between the Parties.

NOW THEREFORE, it is hereby STIPULATED AND AGREED, by and among Plaintiffs (individually and on behalf of all other members of the Settlement Class) and Defendants, by and through their respective undersigned attorneys and subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Parties from the Settlement, all Released Plaintiffs' Claims as against the Defendants' Releasees and all Released Defendants' Claims as against the Plaintiffs' Releasees shall be settled and released, upon and subject to the terms and conditions set forth below.

DEFINITIONS

1. As used in this Stipulation and any exhibits attached hereto and made a part hereof, the following capitalized terms shall have the following meanings:

(a) "Action" means the consolidated securities class action captioned *In re Capstone Turbine Corporation Securities Litigation*, 5-CV-08914 DMG (RAO).

(b) “Amended Complaint” means the Consolidated Second Amended Class Action Complaint for Violations of the Federal Securities Laws filed on April 28, 2017.

(c) “Authorized Claimant” means any Settlement Class Member who submits a Proof of Claim Form to the Claims Administrator that is approved by the Court for payment from the Net Settlement Fund.

(d) “Capstone” means Capstone Turbine Corporation.

(e) “Claim” means a Proof of Claim Form submitted to the Claims Administrator.

(f) “Claim Form” or “Proof of Claim Form” means the form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, that a Claimant or Settlement Class Member must complete and submit should that Claimant or Settlement Class Member seek to share in a distribution of the Net Settlement Fund.

(g) “Claimant” means a person or entity who or which submits a Claim Form to the Claims Administrator seeking to be eligible to share in the proceeds of the Settlement Fund.

(h) “Claims Administrator” means the firm retained by Plaintiffs and Lead Counsel, subject to approval of the Court, to provide all notices approved

by the Court to potential Settlement Class Members, to process the Proof of Claim Forms, and to administer the Settlement.

(i) “Class Distribution Order” means an order entered by the Court authorizing and directing that the Net Settlement Fund be distributed, in whole or in part, to Authorized Claimants.

(j) “Court” means the United States District Court for the Central District of California.

(k) “Defendants” means Capstone and the Individual Defendants.

(l) “Defendants’ Counsel” means Wilson Sonsini Goodrich & Rosati, Professional Corporation.

(m) “Defendants’ Releasees” means Defendants, their current and former officers, directors, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, investment advisors, personal or legal representatives, agents, parents, affiliates, subsidiaries, successors, predecessors, divisions, joint ventures, assigns, assignees, spouses, heirs, estates, related or affiliated entities, employees, any entity in which Defendants have a controlling interest, any members of the Individual Defendants’ Immediate Family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant’s Immediate Family, and any entity in which a Defendant

and/or any member of an Individual Defendant's Immediate Family has or have a controlling interest (directly or indirectly).

(n) "Effective Date" with respect to the Settlement means the first date by which all of the events and conditions specified in ¶ 36 of this Stipulation have been met and have occurred or have been waived.

(o) "Escrow Account" means an account maintained at Huntington National Bank wherein the Settlement Amount shall be deposited and held in escrow under the control of Lead Counsel.

(p) "Escrow Agent" means Huntington National Bank.

(q) "Escrow Agreement" means the agreement between Lead Counsel and the Escrow Agent setting forth the terms under which the Escrow Agent shall maintain the Escrow Account.

(r) "Final," means when the last of the following with respect to the Judgment shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion being filed; (ii) if no appeal is filed, the expiration date of the time provided for filing or noticing any appeal under the Federal Rules of Appellate Procedure, *i.e.*, thirty (30) days after entry of the judgment or order, unless the date to take such an appeal shall have been extended by Court order or otherwise, or unless the 30th day falls on a weekend or Court holiday, in which

case the date for purposes of this Stipulation shall be deemed to be the next business day after such 30th day; (iii) if a motion to alter or amend is filed under Federal Rule of Civil Procedure 59(e), or if an appeal is taken from the Judgment, immediately after the determination of that motion or appeal so that it is no longer subject to any further judicial review or appeal whatsoever, whether by reason of affirmance by a court of last resort, lapse of time, voluntary dismissal of the appeal or otherwise, and in such a manner as to permit the consummation of the Settlement in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph, an “appeal” shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this Settlement. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to (i) attorneys’ fees, costs or expenses, or (ii) the plan of allocation of Settlement proceeds (as submitted or subsequently modified), shall not in any way delay or preclude a judgment from becoming Final.

(s) “Immediate Family” means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, “spouse” shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

(t) “Individual Defendants” means Darren R. Jamison, Jayme Brooks, and former defendant Edward I. Reich.

(u) “Judgment” means the final judgment, substantially in the form attached hereto as Exhibit B, to be entered by the Court approving the Settlement.

(v) “Lead Counsel” means the law firm of Glancy Prongay & Murray LLP.

(w) “Lead Plaintiffs” means Randall and Elizabeth Kay.

(x) “Litigation Expenses” means costs and expenses incurred in connection with commencing, prosecuting and settling the Action (which may include the costs and expenses of Plaintiffs directly related to their representation of the Settlement Class), for which Lead Counsel intends to apply to the Court for reimbursement from the Settlement Fund.

(y) “Net Settlement Fund” means the Settlement Fund less: (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; and (iv) any attorneys’ fees awarded by the Court.

(z) “Notice” means the Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 1 to Exhibit A, which shall be made available online at a website

maintained by the Claims Administrator or mailed to Settlement Class Members upon request.

(aa) “Notice and Administration Costs” means the costs, fees and expenses that are incurred by the Claims Administrator and/or Lead Counsel in connection with: (i) providing notices to the Settlement Class; and (ii) administering the Settlement, including but not limited to the Claims process, as well as the costs, fees and expenses incurred in connection with the Escrow Account.

(bb) “Officer” means any officer as that term is defined in Securities and Exchange Act Rule 16a-1(f).

(cc) “Parties” means Defendants and Plaintiffs, on behalf of themselves and the Settlement Class.

(dd) “Plaintiffs” means Lead Plaintiffs and plaintiffs David Kinney and John Perez.

(ee) “Plaintiffs’ Counsel” means Lead Counsel and all other legal counsel who, at the direction and under the supervision of Lead Counsel, performed services on behalf of the Settlement Class in the Action.

(ff) “Plaintiffs’ Releasees” means Plaintiffs, all other plaintiffs in the Action, their respective attorneys, and all other Settlement Class Members, and their respective current and former officers, directors, agents, parents, affiliates,

subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, any entity in which Plaintiffs have a controlling interest, any members of a Plaintiff's Immediate Family, any trust of which a Plaintiff is the settlor or which is for the benefit of a Plaintiff and/or any member of a Plaintiff's Immediate Family, and any entity in which a Plaintiff and/or any member of a Plaintiff's Immediate Family has or have a controlling interest (directly or indirectly).

(gg) "Plan of Allocation" means the proposed plan of allocation of the Net Settlement Fund set forth in the Notice. Any Plan of Allocation is not part of the Stipulation, and Defendants and the other Defendants' Releasees shall have no responsibility or liability with respect to the Plan of Allocation.

(hh) "Postcard Notice" means the Postcard Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 4 to Exhibit A, which is to be mailed to Settlement Class Members.

(ii) "Preliminary Approval Order" means the order, substantially in the form attached hereto as Exhibit A, to be entered by the Court preliminarily approving the Settlement and directing that notice of the Settlement be provided to the Settlement Class.

(jj) “Released Claims” means all Released Defendants’ Claims and all Released Plaintiffs’ Claims.

(kk) “Released Defendants’ Claims” means all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and other costs, expenses or liabilities whatsoever), whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law or any other law, rule, ordinance, administrative provision or regulation, whether class or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured, unmatured, concealed or hidden, suspected or unsuspected, which now exist or heretofore have existed, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendants. Released Defendants’ Claims do not include any claims relating to the enforcement of the Settlement or any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

(ll) “Released Plaintiffs’ Claims” means all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees,

expert or consulting fees, and other costs, expenses or liabilities whatsoever), whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law or any other law, rule, ordinance, administrative provision or regulation, whether class or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured, unmatured, concealed or hidden, suspected or unsuspected, which now exist or heretofore have existed, that Plaintiffs or any other member of the Settlement Class: (i) asserted in the Amended Complaint or prior complaints in this Action; or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, public filings, statements, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Amended Complaint and that relate to the purchase, acquisition, holding, disposition, or sale of Capstone common stock during the Settlement Class Period. Released Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; (ii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court; (iii) claims of FiveT Investment Management LTD and Deep Field Fund Spc Ltd Open Cluster Segregated Portfolio brought by them in the action styled *FiveT Investment Management LTD, et al., v. Jamison, et al.*, Case No. 2:18-cv-03512-DMG-RAO (C.D. Cal.); and (iv) claims brought derivatively in the following actions: *Stesiak v. Jamison, et al.*, No.

BC610782 (Los Angeles County); *Kilpatrick v. Simon, et al.*, No. BC623167 (Los Angeles County); *Haber v. Jamison, et al.*, No. CV16-01569-DMG-RAO (C.D. Cal.); *Tuttle v. Atkinson, et al.*, No. 2:16-cv-05127-DMG-RAO (C.D. Cal.); and *Boll v. Jamison, et al.*, No. 2:16-cv-04282-DMG-RAO (C.D. Cal.).

(mm) “Releasee(s)” means each and any of the Defendants’ Releasees and each and any of the Plaintiffs’ Releasees.

(nn) “Releases” means the releases set forth in ¶¶ 6, 8 of this Stipulation.

(oo) “Settlement” means the settlement between Plaintiffs, on behalf of themselves and the Settlement Class, and Defendants on the terms and conditions set forth in this Stipulation.

(pp) “Settlement Amount” means \$5,550,000 in cash.

(qq) “Settlement Class” means all persons and entities who or which purchased or otherwise acquired Capstone common stock between June 12, 2014 and November 5, 2015, inclusive (the “Settlement Class Period”) and were damaged thereby. Excluded from the Settlement Class are Defendants; members of the Immediate Family of each of the Individual Defendants; the Officers and/or directors of Capstone; any person, firm, trust, corporation, Officer, director or other individual or entity which is related to or affiliated with any of the Defendants; and the legal representatives, agents, affiliates, heirs, successors-in-

interest or assigns of any such excluded party. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in the Notice.

(rr) “Settlement Class Member” means each person and entity falling within the definition of the Settlement Class as set forth in ¶ 1(qq) above.

(ss) “Settlement Fund” means the Settlement Amount plus any and all interest earned thereon in the Escrow Account.

(tt) “Settlement Hearing” means the hearing set by the Court under Rule 23(e)(2) of the Federal Rules of Civil Procedure to consider final approval of the Settlement.

(uu) “Summary Notice” means the Summary Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys’ Fees and Reimbursement of Litigation Expenses, substantially in the form attached hereto as Exhibit 3 to Exhibit A, to be published as set forth in the Preliminary Approval Order.

(vv) “Taxes” means: (i) all federal, state and/or local taxes of any kind (including any interest or penalties thereon) on any income earned by the Settlement Fund; (ii) the expenses and costs incurred by Lead Counsel in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including, without limitation, expenses of tax attorneys and

accountants); and (iii) all taxes imposed on payments by the Settlement Fund, including withholding taxes.

(ww) “Unknown Claims” means any Released Plaintiffs’ Claims which any plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants’ Claims which any Defendant or any other Defendants’ Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement, including his, her or its decision(s) not to object to the Settlement or to seek exclusion from the Settlement Class. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Defendants’ Releases shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her,

would have materially affected his or her settlement with the debtor or released party.

Plaintiffs, any Settlement Class Member, Defendants, and their respective Releasees, may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and each of the Defendants shall expressly waive, and each of the other Settlement Class Members and Releasees shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived any and all Released Claims without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members and each of the other Defendants' Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

CLASS CERTIFICATION

2. Solely for purposes of the Settlement and for no other purpose, the Parties stipulate and agree to: (a) the certification of the Action as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class; (b) the appointment of Lead Plaintiffs as Class Representatives for the Settlement Class; and (c) the appointment of Lead Counsel

as Class Counsel for the Settlement Class pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

3. The certification of the Settlement Class shall be binding only with respect to the Settlement of the Action and only if the Judgment contemplated by this Stipulation becomes Final and the Effective Date occurs. Nothing in this Stipulation shall serve in any fashion, either directly or indirectly, as evidence of or support for certification of a class other than for settlement purposes, and the Parties intend that the provisions herein concerning certification of the Settlement Class shall have no effect whatsoever in the event the Settlement does not become Final. Defendants expressly reserve the right to contest class certification in the event the Settlement is terminated or the Effective Date does not occur for any other reason.

PRELIMINARY APPROVAL OF SETTLEMENT

4. Promptly upon execution of this Stipulation, Plaintiffs will move for preliminary approval of the Settlement, certification of the Settlement Class for settlement purposes only, and the scheduling of a hearing for consideration of final approval of the Settlement, which motion shall be unopposed by Defendants. Concurrently with the motion for preliminary approval, Plaintiffs shall apply to the Court for, and Defendants shall agree to, entry of the Preliminary Approval Order, substantially in the form attached hereto as Exhibit A.

RELEASE OF CLAIMS

5. The obligations incurred pursuant to this Stipulation are in consideration of: (i) the full and final disposition of the Action as against Defendants; and (ii) the Releases provided for herein.

6. Pursuant to the Judgment, without further action by anyone, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim (including, without limitation, Unknown Claims) against the Defendants and the other Defendants' Releasees (whether or not such Settlement Class Member executes and delivers a Proof of Claim form or obtains a distribution from the Net Settlement Fund).

7. Pursuant to the Judgment, without further action by anyone, upon the Effective Date, Plaintiffs and each of the Settlement Class Members and anyone claiming through or on behalf of them, shall be permanently barred and enjoined from (i) the commencement, assertion, institution, maintenance, prosecution, or enforcement against any Defendant or other Defendants' Releasee of any action or

other proceeding in any court of law or equity, arbitration, tribunal, administrative forum, or forum of any kind, asserting any of Plaintiffs' Released Claims (including, without limitation, Unknown Claims), and/or (ii) appealing any prior rulings in this case.

8. Pursuant to the Judgment, without further action by anyone, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim against Plaintiffs and the other Plaintiffs' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees. This release shall not apply to any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

9. Notwithstanding ¶¶ 6-8 above, nothing in the Judgment shall bar any action by any of the Parties to enforce or effectuate the terms of this Stipulation or the Judgment.

THE SETTLEMENT CONSIDERATION

10. In consideration of the settlement of the Released Plaintiffs' Claims against Defendants and the other Defendants' Releasees, Defendants' insurance carriers shall cause to be paid the Settlement Amount into the Escrow Account no later than fifteen (15) business days after the later of: (a) the date of entry by the Court of an order preliminarily approving this Settlement; or (b) Defendants' Counsel's receipt from Lead Counsel of the information necessary to effectuate a transfer of funds to the Escrow Account, including wiring instructions that include the bank name, the bank's address, ABA routing number, account name and number, and a signed W-9 reflecting a valid taxpayer identification number for the qualified settlement fund in which the Settlement Amount is to be deposited.

11. The payment described in ¶ 10 above is the only payment to be made by or on behalf of Defendants in connection with this Settlement.

USE OF SETTLEMENT FUND

12. The Settlement Fund shall be used to pay: (a) any Taxes; (b) any Notice and Administration Costs; (c) any Litigation Expenses awarded by the Court; and (d) any attorneys' fees awarded by the Court. The balance remaining in the Settlement Fund, that is, the Net Settlement Fund, shall be distributed to Authorized Claimants as provided in ¶¶ 23-34 below.

13. Except as provided herein or pursuant to orders of the Court, the Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held by the Escrow Agent shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned pursuant to the terms of this Stipulation and/or further order of the Court. The Escrow Agent shall invest any funds in the Escrow Account exclusively in United States Treasury Bills (or a mutual fund invested solely in such instruments) and shall collect and reinvest all interest accrued thereon, except that any residual cash balances up to the amount that is insured by the FDIC may be deposited in any account that is fully insured by the FDIC. In the event that the yield on United States Treasury Bills is negative, in lieu of purchasing such Treasury Bills, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or backed by the full faith and credit of the United States. Additionally, if short-term placement of the funds is necessary, all or any portion of the funds held by the Escrow Agent may be deposited in any account that is fully insured by the FDIC or backed by the full faith and credit of the United States.

14. Subject to further order(s) and/or directions as may be made by the Court, or as provided in the Stipulation, the Escrow Agent is authorized to execute such transactions as are consistent with the terms of the Stipulation. Defendants

and the other Defendants' Releasees shall have no responsibility for, interest in, or liability whatsoever with respect to the actions of the Escrow Agent, or any transaction executed by the Escrow Agent.

15. The Parties agree that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of Treasury Regulation § 1.468B-1 and that Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall be solely responsible for filing or causing to be filed all informational and other tax returns as may be necessary or appropriate (including, without limitation, the returns described in Treasury Regulation § 1.468B-2(k)) for the Settlement Fund. Lead Counsel shall also be responsible for causing payment to be made from the Settlement Fund of any Taxes owed with respect to the Settlement Fund. Defendants and the other Defendants' Releasees shall not have any liability or responsibility for any such Taxes. Upon written request, Defendants will provide to Lead Counsel the statement described in Treasury Regulation § 1.468B-3(e). Lead Counsel, as administrator of the Settlement Fund within the meaning of Treasury Regulation § 1.468B-2(k)(3), shall timely make such elections as are necessary or advisable to carry out this paragraph, including, as necessary, making a "relation back election," as described in Treasury Regulation § 1.468B-1(j), to cause the Qualified Settlement Fund to come into existence at the earliest allowable date, and

shall take or cause to be taken all actions as may be necessary or appropriate in connection therewith.

16. All Taxes shall be paid out of the Settlement Fund, and shall be timely paid by the Escrow Agent pursuant to the disbursement instructions to be set forth in the Escrow Agreement, and without further order of the Court. Any tax returns prepared for the Settlement Fund (as well as the election set forth therein) shall be consistent with the previous paragraph and in all events shall reflect that all Taxes on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided herein. Defendants and the other Defendants' Releasees shall have no responsibility or liability for the acts or omissions of Lead Counsel or its agents with respect to the payment of Taxes, as described herein. The Settlement Fund shall indemnify and hold each of the Defendants and the other Defendants' Releasees and their counsel harmless for Taxes (including, without limitation, Taxes payable by reason of any such indemnification).

17. The Settlement is not a claims-made settlement. Upon the occurrence of the Effective Date, no Defendant, Defendants' Releasee, or any other person or entity who or which paid any portion of the Settlement Amount shall have any right to the return of the Settlement Fund or any portion thereof for any reason whatsoever, including without limitation, the number of Claim Forms submitted, the collective amount of Recognized Claims of Authorized Claimants, the

percentage of recovery of losses, or the amounts to be paid to Authorized Claimants from the Net Settlement Fund.

18. Notwithstanding the fact that the Effective Date of the Settlement has not yet occurred, Lead Counsel may pay from the Settlement Fund, without further approval from Defendants or further order of the Court, all Notice and Administration Costs actually incurred and paid or payable up to \$300,000. Such costs and expenses shall include, without limitation, the actual costs of printing and mailing the Postcard Notice, publishing the Summary Notice, reimbursements to nominee owners for forwarding the Postcard Notice to their beneficial owners, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice, administering the Settlement (including processing the submitted Claims), and the fees, if any, of the Escrow Agent. In the event that the Settlement is terminated pursuant to the terms of this Stipulation, all Notice and Administration Costs paid or incurred, including any related fees, shall not be returned or repaid to Defendants, any of the other Defendants' Releasees, or any other person or entity who or which paid any portion of the Settlement Amount.

19. Except as required by ¶ 10 concerning the payment of the Settlement Amount, neither Defendants nor any other of the Defendants' Releasees are responsible for Taxes, Notice and Administration Costs, Litigation Expenses, or

attorneys' fees awarded by the Court, nor shall they be liable for any claims with respect thereto.

ATTORNEYS' FEES AND LITIGATION EXPENSES

20. Lead Counsel will apply to the Court for an award of attorneys' fees to Lead Counsel to be paid from (and out of) the Settlement Fund. Lead Counsel also will apply to the Court for reimbursement of Litigation Expenses, which may include a request for reimbursement of Plaintiffs' costs and expenses directly related to their representation of the Settlement Class, to be paid from (and out of) the Settlement Fund. Lead Counsel's application for an award of attorneys' fees and/or Litigation Expenses is not the subject of any agreement between Defendants and Plaintiffs other than what is set forth in this Stipulation.

21. Any attorneys' fees and Litigation Expenses that are awarded by the Court shall be paid to Lead Counsel immediately upon award, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Lead Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or Litigation Expenses is reduced or reversed and

such order reducing or reversing the award has become Final. Lead Counsel shall make the appropriate refund or repayment in full no later than thirty (30) days after: (a) receiving from Defendants' Counsel notice of the termination of the Settlement; or (b) any order reducing or reversing the award of attorneys' fees and/or Litigation Expenses has become Final. An award of attorneys' fees and/or Litigation Expenses is not a necessary term of this Stipulation and is not a condition of the Settlement embodied herein. Neither Plaintiffs nor Lead Counsel may cancel or terminate the Settlement based on this Court's or any appellate court's ruling with respect to attorneys' fees and/or Litigation Expenses, and any order or proceeding relating to attorneys' fees and/or Litigation Expenses, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Settlement, or affect or delay the finality of the Judgment approving the Stipulation and the Settlement of the Action (including the releases contained herein).

22. Lead Counsel shall allocate the attorneys' fees awarded amongst Plaintiffs' Counsel in a manner which it, in good faith, believes reflects the contributions of such counsel to the institution, prosecution and settlement of the Action. Defendants and the other Defendants' Releasees shall have no responsibility for or liability whatsoever with respect to the allocation or award of attorneys' fees or Litigation Expenses. The attorneys' fees and Litigation

Expenses that are awarded to Plaintiffs' Counsel shall be payable solely from the Settlement Fund.

NOTICE AND SETTLEMENT ADMINISTRATION

23. As part of the Preliminary Approval Order, Plaintiffs shall seek appointment of a Claims Administrator. The Claims Administrator shall administer the Settlement, including but not limited to the process of receiving, reviewing and approving or denying Claims, under Lead Counsel's supervision and subject to the jurisdiction of the Court. Other than Capstone's obligation to provide its securities holders records as provided in ¶ 24 below, none of the Defendants, nor any other Defendants' Releasees, shall have any involvement in or any responsibility, authority or liability whatsoever for the selection of the Claims Administrator, the Plan of Allocation, the administration of the Settlement, the Claims process, or disbursement of the Net Settlement Fund, and shall have no liability whatsoever to any person or entity, including, but not limited to, Plaintiffs, any other Settlement Class Members or Lead Counsel in connection with the foregoing. Defendants' Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

24. In accordance with the terms of the Preliminary Approval Order to be entered by the Court, Lead Counsel shall cause the Claims Administrator to mail the Postcard Notice to those members of the Settlement Class as may be identified

through reasonable effort. Lead Counsel shall also cause the Claims Administrator to: (a) post downloadable copies of the Notice and Claim Form online at www.CapstoneTurbineSecuritiesLitigation.com; and (b) have the Summary Notice published in accordance with the terms of the Preliminary Approval Order to be entered by the Court. For the purposes of identifying and providing notice to the Settlement Class, within ten (10) business days of the date of entry of the Preliminary Approval Order, Capstone shall provide or cause to be provided to the Claims Administrator in electronic format (at no cost to the Settlement Fund, Lead Counsel or the Claims Administrator) its security lists (consisting of names and addresses) of the holders of Capstone common stock during the Settlement Class Period.

25. The Claims Administrator shall receive Claims and determine first, whether the Claim is a valid Claim, in whole or part, and second, each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim compared to the total Recognized Claims of all Authorized Claimants (as set forth in the Plan of Allocation set forth in the Notice attached hereto as Exhibit 1 to Exhibit A, or in such other plan of allocation as the Court approves).

26. The Plan of Allocation proposed in the Notice is not a necessary term of the Settlement or of this Stipulation and it is not a condition of the Settlement or

of this Stipulation that any particular plan of allocation be approved by the Court. The proposed Plan of Allocation is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in the Stipulation. Plaintiffs and Lead Counsel may not cancel or terminate the Settlement (or this Stipulation) based on this Court's or any appellate court's ruling with respect to the Plan of Allocation or any other plan of allocation in this Action, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the Settlement set forth therein, or any other orders entered pursuant to the Stipulation. Settlement Class Members and Defendants shall be bound by the terms of the Stipulation, irrespective of whether the Court disapproves or modifies the Plan of Allocation. Defendants and the other Defendants' Releasees shall not object in any way to the Plan of Allocation or any other plan of allocation in this Action. No Defendant, nor any of the other Defendants' Releasees, shall have any involvement with or liability, obligation or responsibility whatsoever for the application or administration of the Court-approved plan of allocation.

27. Any Settlement Class Member who does not submit a valid Claim Form will not be entitled to receive any distribution from the Net Settlement Fund, but will otherwise be bound by all of the terms of this Stipulation and Settlement,

including the terms of the Judgment, to be entered in the Action and the releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against Defendants and the other Defendants' Releasees with respect to the Released Plaintiffs' Claims in the event that the Effective Date occurs with respect to the Settlement.

28. Lead Counsel shall be responsible for supervising the administration of the Settlement and the disbursement of the Net Settlement Fund subject to Court approval. No Defendant, nor any of the other Defendants' Releasees, shall be permitted to review, contest or object to any Claim Form, or any decision of the Claims Administrator or Lead Counsel with respect to accepting or rejecting any Claim for payment by a Settlement Class Member. Lead Counsel shall have the right, but not the obligation, to waive what it deems to be formal or technical defects in any Claim Forms submitted in the interests of achieving substantial justice.

29. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

(a) Each Settlement Class Member shall be required to submit a Claim Form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, supported by such documents as are designated therein, including proof of the

Claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

(b) All Claim Forms must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice. Any Settlement Class Member who fails to submit a Claim Form by such date shall be forever barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless by Order of the Court such Settlement Class Member's Claim Form is accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment and the Releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any Defendant and the other Defendants' Releasees with respect to any Released Plaintiffs' Claim. Provided that it is mailed by the claim-submission deadline, a Claim Form shall be deemed to be submitted when postmarked, if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted on the date when actually received by the Claims Administrator;

(c) Each Claim Form shall be submitted to and reviewed by the Claims Administrator who shall determine in accordance with this Stipulation and

the plan of allocation the extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below as necessary;

(d) Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Claims Administrator shall notify, in a timely fashion and in writing, all Claimants whose Claim the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose Claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements of subparagraph (e) below; and

(e) If any Claimant whose Claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court.

30. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided, however, that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's Claim. No discovery shall be allowed on the merits of this Action or of the Settlement in connection with the processing of Claim Forms.

31. Lead Counsel will apply to the Court for a Class Distribution Order: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Claims submitted; (b) approving payment of any administration fees and expenses associated with the administration of the Settlement from the Escrow Account; and (c) if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants from the Escrow Account.

32. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Settlement Class Members. All Settlement Class Members whose Claims are not approved by the Court for payment shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment to be entered in this Action and the Releases provided for herein

and therein, and will be permanently barred and enjoined from bringing any action against any and all Defendants and the other Defendants' Releasees with respect to any and all of the Released Plaintiffs' Claims.

33. No person or entity shall have any claim against Plaintiffs, Lead Counsel, the Claims Administrator or any other agent designated by Lead Counsel, or Defendants and the other Defendants' Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or any order of the Court. Plaintiffs and Defendants, and their respective counsel, and Plaintiffs' damages expert and all other Releasees shall have no liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

34. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court. All Settlement Class Members and

Parties to this Settlement expressly waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

TERMS OF THE JUDGMENT

35. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel and Defendants' Counsel shall request that the Court enter a Judgment, substantially in the form attached hereto as Exhibit B.

CONDITIONS OF SETTLEMENT AND EFFECT OF DISAPPROVAL, CANCELLATION OR TERMINATION

36. The Effective Date of the Settlement shall be deemed to occur on the occurrence or waiver of all of the following events:

(a) the execution of this Stipulation and other such documents as may be required to obtain final Court approval of the Stipulation in a form satisfactory to the Parties;

(b) the Court has entered the Preliminary Approval Order, substantially in the form set forth in Exhibit A attached hereto, as required by ¶ 4 above, and notice has been made to the Settlement Class Members as provided in the Preliminary Approval Order;

(c) the Settlement Amount has been deposited into the Escrow Account in accordance with the provisions of ¶ 10 above;

(d) Defendants have not exercised their option to terminate the Settlement pursuant to the provisions of this Stipulation (including the Supplemental Agreement described in ¶ 39 below); and

(e) the Court has approved the Settlement as described herein, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and entered the Judgment and the Judgment has become Final.

37. Upon the occurrence of all of the events referenced in ¶ 36 above, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished and the Releases herein shall be effective.

38. If (i) Defendants exercise their right to terminate the Settlement as provided in this Stipulation; (ii) the Court disapproves the Settlement; or (iii) the Effective Date as to the Settlement otherwise fails to occur, then:

(a) The Settlement and the relevant portions of this Stipulation shall be canceled and terminated;

(b) Plaintiffs and Defendants shall revert to their respective positions in the Action as of November 16, 2018, as though this Stipulation and the Settlement had never happened, and neither party will be treated as having

forfeited or waived any factual or legal defenses or arguments by virtue of this Settlement or Stipulation;

(c) The terms and provisions of this Stipulation, with the exception of this paragraph and ¶¶ 18, 21, 40 and 64, shall have no further force and effect with respect to the Parties and shall not be used in the Action or in any other proceeding for any purpose, and any Judgment or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*; and

(d) Within five (5) business days after joint written notification of termination is sent by Defendants' Counsel to Lead Counsel, the Settlement Fund (including accrued interest thereon and any funds received by Lead Counsel consistent with ¶ 21 above), less any Notice and Administration Costs actually incurred, paid or payable and less any Taxes paid, due or owing shall be refunded by the Escrow Agent to Defendants' insurance carrier(s) who funded the Settlement Fund pursuant to written instructions from Defendants' Counsel. In the event that the funds received by Lead Counsel consistent with ¶ 21 above have not been refunded to the Settlement Fund within the five (5) business days specified in this paragraph, those funds shall be refunded by the Escrow Agent to Defendants (or such other persons or entities as Defendants may direct) immediately upon their deposit into the Escrow Account consistent with ¶ 21 above. At the request of

Defendants' counsel, the Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after deduction of any expenses incurred in connection with such application(s) for refund, to such persons that paid the Settlement Fund pursuant to written instructions from Defendants' Counsel.

39. In addition to the grounds set forth in ¶ 38 above, Capstone shall have the unilateral right to terminate the Settlement in the event that Settlement Class Members timely and validly requesting exclusion from the Settlement Class meet the conditions set forth in Capstone's confidential supplemental agreement with Plaintiffs (the "Supplemental Agreement"), in accordance with the terms of that agreement. The Supplemental Agreement is incorporated by reference into this Stipulation. The Supplemental Agreement, which is being executed concurrently herewith, shall not be filed with the Court and its terms shall not be disclosed in any other manner (other than the statements herein and in the Notice, to the extent necessary, or as otherwise provided in the Supplemental Agreement) unless and until the Court otherwise directs or a dispute arises between Plaintiffs and Capstone concerning its interpretation or application, in which event the Parties shall submit the Supplemental Agreement to the Court in camera and request that the Court afford it confidential treatment. Copies of all requests for exclusion

received, together with copies of all written revocations of requests for exclusion, shall be promptly delivered to Capstone's counsel by Lead Counsel.

NO ADMISSION OF WRONGDOING

40. Neither the term sheets, this Stipulation (whether or not consummated), including the exhibits hereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the term sheets and this Stipulation, nor any proceedings taken pursuant to or in connection with the term sheets, this Stipulation and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of Defendants or the other Defendants' Releasees;

(b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of Defendants or the other Defendants' Releasees in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants and the other Defendants' Releasees may file the Stipulation and/or Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement,

judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, or in connection with any proceeding to enforce the terms of this Stipulation;

(c) shall be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as, or deemed to be evidence of any presumption, concession or admission by any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants' Releasees had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs' Releasees, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; or

(d) shall be construed against any of the Releasees as an admission, concession, or presumption that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial;

provided, however, that if this Stipulation is approved by the Court, the Parties and the Releasees and their respective counsel may refer to it to effectuate the protections from liability granted hereunder or otherwise to enforce the terms of the Settlement.

MISCELLANEOUS PROVISIONS

41. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein. Notwithstanding the foregoing, in the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit attached hereto, the terms of the Stipulation shall prevail.

42. The Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Action. The Settlement and all negotiations, discussions, and proceedings leading up to and in connection herewith shall not be deemed to constitute a presumption, concession, or an admission by any Party or any of the Releasees of any fault, liability, or wrongdoing by it, or as to the merits of any claim or defense.

43. Defendants warrant that, as to the payments made or to be made by or on behalf of them, at the time of entering into this Stipulation and at the time of such payment they, or to their knowledge any persons or entities contributing to the payment of the Settlement Amount, were not insolvent, nor will the payment required to be made by or on behalf of them render them insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by each of the Defendants and not by their counsel.

44. In the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof by or on behalf of Defendants to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited into the Settlement Fund by others, then, at the election of Plaintiffs, Plaintiffs and Defendants shall jointly move the Court to vacate and set aside the Releases given and the Judgment entered in favor of Defendants and the other Releasees pursuant to this Stipulation, in which event the releases and Judgment shall be null and void, and the Parties shall be restored to their respective positions in the litigation as provided in ¶ 38 above and any cash amounts in the Settlement Fund (less any Taxes paid, due or owing with respect to the Settlement Fund and less any Notice and Administration Costs actually incurred, paid or payable) shall be returned as provided in ¶ 38.

45. The Parties intend this Stipulation and the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by Plaintiffs and any other Settlement Class Members against Defendants and the other Defendants' Releasees with respect to the Released Plaintiffs' Claims. Accordingly, Plaintiffs and their counsel and Defendants and their counsel agree not to assert in any forum that this Action was brought by Plaintiffs or defended by Defendants in bad faith or without a reasonable basis. No Party shall assert any

claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the institution, prosecution, defense, or settlement of this Action. The Parties agree that the amounts paid and the other terms of the Settlement were negotiated at arm's-length and in good faith by the Parties, including through a mediation process supervised and conducted by Judge Phillips, and reflect the Settlement that was reached voluntarily after extensive negotiations and consultation with experienced legal counsel, who were fully competent to assess the strengths and weaknesses of their respective clients' claims or defenses.

46. While retaining their right to deny that the claims asserted in the Action were meritorious, Defendants and their counsel, in any statement made to any media representative (whether or not for attribution) will not assert that the Action was commenced or prosecuted in bad faith, nor will they deny that the Action was commenced and prosecuted in good faith and is being settled voluntarily after consultation with competent legal counsel. In all events, Plaintiffs and their counsel and Defendants and their counsel shall not make any accusations of wrongful or actionable conduct by either Party concerning the prosecution, defense, and resolution of the Action, and shall not otherwise suggest that the Settlement constitutes an admission of any claim or defense alleged.

47. The terms of the Settlement, as reflected in this Stipulation, may not be modified or amended, nor may any of its provisions be waived except by a

writing signed on behalf of both Plaintiffs and Defendants (or their successors-in-interest).

48. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

49. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and Litigation Expenses to Plaintiffs' Counsel and enforcing the terms of this Stipulation, including the Plan of Allocation (or such other plan of allocation as may be approved by the Court) and the distribution of the Net Settlement Fund to Settlement Class Members.

50. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation. No waiver of any term of provision of this Stipulation, or of any breach or default hereof or hereunder, shall be valid or effective unless in writing and signed by or on behalf of all Parties or their respective successors-in-interest.

51. This Stipulation and its exhibits and the Supplemental Agreement constitute the entire agreement among Plaintiffs and Defendants concerning the Settlement and this Stipulation and its exhibits. All Parties acknowledge that no other agreements, representations, warranties, or inducements have been made by

any Party hereto concerning this Stipulation, its exhibits or the Supplemental Agreement other than those contained and memorialized in such documents.

52. This Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tiff image of the signature transmitted via email. All executed counterparts and each of them shall be deemed to be one and the same instrument.

53. This Stipulation shall be binding upon and inure to the benefit of the successors and assigns of the Parties, including any and all Releasees and any corporation, partnership, or other entity into or with which any Party hereto may merge, consolidate or reorganize.

54. The construction, interpretation, operation, effect and validity of this Stipulation, the Supplemental Agreement and all documents necessary to effectuate it shall be governed by the internal laws of the State of California without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

55. Any action arising under or to enforce this Stipulation or any portion thereof, shall be commenced and maintained only in the Court.

56. Pending approval of the Court of the Stipulation, all proceedings in this Action shall be stayed other than proceedings necessary to carry out or enforce the terms and conditions of this Stipulation, and pending final determination

whether the Settlement should be approved, the Plaintiffs and all Settlement Class Members shall be barred and enjoined from commencing or prosecuting any and all of the Released Plaintiffs' Claims against each and all of the Defendants or the other Defendants' Releasees, provided that this provision shall have no impact on the pending actions captioned *FiveT Investment Management LTD, et al., v. Jamison, et al.*, Case No. 2:18-cv-03512-DMG-RAO (C.D. Cal.); *Stesiak v. Jamison, et al.*, No. BC610782 (Los Angeles County); *Kilpatrick v. Simon, et al.*, No. BC623167 (Los Angeles County); *Haber v. Jamison, et al.*, No. CV16-01569-DMG-RAO (C.D. Cal.); *Tuttle v. Atkinson, et al.*, No. 2:16-cv-05127-DMG-RAO (C.D. Cal.); and *Boll v. Jamison, et al.*, No. 2:16-cv-04282-DMG-RAO (C.D. Cal.).

57. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties, it being recognized that it is the result of arm's-length negotiations between the Parties and all Parties have contributed substantially and materially to the preparation of this Stipulation.

58. This Stipulation shall be construed and interpreted to effectuate the intent of the settling Parties, which is to resolve completely those claims and disputes, including in the Action, and as more fully described herein. If any provisions of this Stipulation shall be determined to be invalid, void, or illegal,

such provision shall be construed and amended in a manner that would permit its enforcement, but in no event shall such provision affect, impair or invalidate any other provision hereof.

59. Plaintiffs, Settlement Class Members and Defendants shall not be bound by the Stipulation if the Court modifies material terms thereof, provided, however, that it shall not be a basis for Settlement Class Members to terminate the Settlement if the Court modifies any proposed Plan of Allocation or criteria for allocation of the Net Settlement Fund amongst Settlement Class Members, or if the Plan of Allocation is modified on appeal. Nor shall it be a basis to terminate the Stipulation if the Court disapproves of or modifies the Stipulation with respect to attorneys' fees or expenses or the distribution of the Net Settlement Fund. Notwithstanding any such modification of the terms or Plan of Allocation or the Stipulation with respect to attorneys' fees or expenses, Defendants and Defendants' insurers shall be entitled to all benefits of the Settlement and shall not, under any circumstances, be called upon to contribute additional funds to the Settlement Fund.

60. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related Settlement documents, warrant and represent that they have the full authority to do so and that they have the authority to take

appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

61. Lead Counsel and Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order and the Settlement, as embodied in this Stipulation, and to use best efforts to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval by the Court of the Settlement.

62. If any Party is required to give notice to another Party under this Stipulation, such notice shall be in writing and shall be deemed to have been duly given upon receipt of hand delivery or facsimile or email transmission, with confirmation of receipt. Notice shall be provided as follows:

If to Plaintiffs or Lead Counsel: Glancy Prongay & Murray LLP
Attn: Casey E. Sadler, Esq.
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
Tel. (310) 201-9150
settlements@glancylaw.com

If to Defendants: Wilson Sonsini Goodrich & Rosati
Attn: Nina Locker, Esq.
650 Page Mill Road
Palo Alto, CA 94304-1050
nlocker@wsgr.com

63. Except as otherwise provided herein, each Party shall bear its own costs.

64. Whether or not the Stipulation is approved by the Court and whether or not the Stipulation is consummated, or the Effective Date occurs, the Parties and their counsel shall keep all negotiations, discussions, acts performed, agreements, drafts, documents signed and proceedings in connection with the Stipulation confidential.

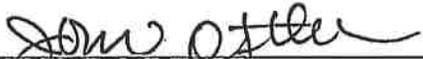
65. All agreements made and orders entered during the course of this Action relating to the confidentiality of information shall survive this Settlement.

66. No opinion or advice concerning the tax consequences of the proposed Settlement to individual Settlement Class Members is being given or will be given by the Parties or their counsel; nor is any representation or warranty in this regard made by virtue of this Stipulation. Each Settlement Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Settlement Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Settlement Class Member.

IN WITNESS WHEREOF, the Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, as of April 12, 2019.

DATED: April 12, 2019

WILSON SONSINI GOODRICH & ROSATI
PROFESSIONAL CORPORATION



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DATED: April 12, 2019

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Lead Counsel for Plaintiffs and the Settlement Class

EXHIBIT A

Exhibit A

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CAPSTONE TURBINE
CORPORATION SECURITIES
LITIGATION

Case No.: 2:15-CV-08914 DMG
(RAO)

Honorable Dolly M. Gee

**[PROPOSED] ORDER PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING FOR NOTICE**

WHEREAS, a consolidated class action is pending in this Court entitled *In re Capstone Turbine Corporation Securities Litigation*, Lead Case No.: 2:15-CV-08914 DMG (RAO) (the “Action”);

WHEREAS, (a) Lead Plaintiffs, Randall and Elizabeth Kay, and plaintiffs David Kinney and John Perez (collectively, “Plaintiffs”), on behalf of themselves and the Settlement Class (defined below), and (b) defendant Capstone Turbine Corporation (“Capstone”) and defendants Darren R. Jamison and Jayme Brooks (collectively, the “Individual Defendants”; and, together with Capstone and former defendant Edward I. Reich, the “Defendants”; and together with Plaintiffs, the “Parties”) have determined to settle all claims asserted against Defendants in this Action with prejudice on the terms and conditions set forth in the Stipulation and

Agreement of Settlement dated April 12, 2019 (the “Stipulation”) subject to approval of this Court (the “Settlement”);

WHEREAS, Plaintiffs have made an application, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for an order preliminarily approving the Settlement in accordance with the Stipulation, certifying the Settlement Class for purposes of the Settlement only, and allowing notice to Settlement Class Members as more fully described herein;

WHEREAS, the Court has read and considered: (a) Plaintiffs’ motion for preliminary approval of the Settlement, and the papers filed and arguments made in connection therewith; and (b) the Stipulation and the exhibits attached thereto; and

WHEREAS, unless otherwise defined herein, all capitalized words contained herein shall have the same meanings as they have in the Stipulation;

NOW THEREFORE, IT IS HEREBY ORDERED:

1. **Class Certification for Settlement Purposes** – Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the Court certifies, solely for purposes of effectuating the proposed Settlement, a Settlement Class consisting of all persons and entities who or which purchased or otherwise acquired Capstone common stock between June 12, 2014 and November 5, 2015, inclusive (the “Settlement Class Period”) and were damaged thereby. Excluded from the Settlement Class are Defendants; members of the Immediate Family of

each of the Individual Defendants; the Officers and/or directors of Capstone; any person, firm, trust, corporation, Officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants; and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court.

2. **Class Findings** – Solely for purposes of the proposed Settlement of this Action, the Court finds that each element required for certification of the Settlement Class pursuant to Rule 23 of the Federal Rules of Civil Procedure has been met: (a) the members of the Settlement Class are so numerous that their joinder in the Action would be impracticable; (b) there are questions of law and fact common to the Settlement Class which predominate over any individual questions; (c) the claims of Lead Plaintiffs in the Action are typical of the claims of the Settlement Class; (d) Lead Plaintiffs and Lead Counsel have and will fairly and adequately represent and protect the interests of the Settlement Class; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the Action.

3. The Court hereby finds and concludes that pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, Lead

Plaintiffs Randall and Elizabeth Kay are adequate class representatives and certifies them as Class Representatives for the Settlement Class. The Court also appoints Lead Counsel as Class Counsel for the Settlement Class, pursuant to Rule 23(g) of the Federal Rules of Civil Procedure.

4. **Preliminary Approval of the Settlement** – The Court hereby preliminarily approves the Settlement as embodied in the Stipulation, as being fair, reasonable and adequate to the Settlement Class, subject to further consideration at the Settlement Hearing to be conducted as described below.

5. **Settlement Hearing** – The Court will hold a settlement hearing (the “Settlement Hearing”) on _____, 2019 at __:__ .m. at 350 West 1st Street, Los Angeles, CA, 90012, Courtroom 8C, 8th Floor, for the following purposes: (a) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate to the Settlement Class, and should be approved by the Court; (b) to determine whether a Judgment substantially in the form attached as Exhibit B to the Stipulation should be entered; (c) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (d) to determine whether the motion by Lead Counsel for an award of attorneys’ fees and reimbursement of Litigation Expenses should be approved; and (e) to consider any other matters that may properly be brought before the Court in connection with the

Settlement. Notice of the Settlement and the Settlement Hearing shall be given to Settlement Class Members as set forth in paragraph 7 of this Order.

6. The Court may adjourn the Settlement Hearing without further notice to the Settlement Class, and may approve the proposed Settlement with such modifications as the Parties may agree to, if appropriate, without further notice to the Settlement Class.

7. **Retention of Claims Administrator and Manner of Giving Notice** – Lead Counsel is hereby authorized to retain the Angeion Group (the “Claims Administrator”) to supervise and administer the notice procedure in connection with the proposed Settlement as well as the processing of Claims as more fully set forth below. Notice of the Settlement and the Settlement Hearing shall be given by Lead Counsel as follows:

(a) within ten (10) business days of the date of entry of this Order, Capstone shall provide or cause to be provided to the Claims Administrator in electronic format (at no cost to the Settlement Fund, Lead Counsel or the Claims Administrator) its security holder lists (consisting of names and addresses) for the Capstone Securities during the Settlement Class Period;

(b) not later than twenty (20) business days after the date of entry of this Order (the “Notice Date”), the Claims Administrator shall cause a copy of the Postcard Notice, substantially in the form attached hereto as Exhibit 4, to be

mailed by first-class mail to potential Settlement Class Members at the addresses set forth in the records provided by Capstone or in the records which Capstone caused to be provided, or who otherwise may be identified through further reasonable effort;

(c) contemporaneously with the mailing of the Postcard Notice, the Claims Administrator shall cause copies of the Notice and the Claim Form to be posted on a website to be developed for the Settlement, from which copies of the Notice and Claim Form can be downloaded;

(d) not later than ten (10) business days after the Notice Date, the Claims Administrator shall cause the Summary Notice, substantially in the form attached hereto as Exhibit 3, to be published once in *Investor's Business Daily* and to be transmitted once over the *PR Newswire*; and

(e) not later than seven (7) calendar days prior to the Settlement Hearing, Lead Counsel shall serve on Defendants' Counsel and file with the Court proof, by affidavit or declaration, of such mailing and publication.

8. **Approval of Form and Content of Notice** – The Court (a) approves, as to form and content, the Notice, the Claim Form, the Summary Notice, and the Postcard Notice attached hereto as Exhibits 1, 2, 3, and 4, respectively, and (b) finds that the mailing and distribution of the Postcard Notice, the posting of the Notice and Claim Form online, and the publication of the Summary Notice in the

manner and form set forth in paragraph 7 of this Order (i) is the best notice practicable under the circumstances; (ii) constitutes notice that is reasonably calculated, under the circumstances, to apprise Settlement Class Members of the pendency of the Action, of the effect of the proposed Settlement (including the Releases to be provided thereunder), of Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, of their right to object to the Settlement, the Plan of Allocation and/or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses, of their right to exclude themselves from the Settlement Class, and of their right to appear at the Settlement Hearing; (iii) constitutes due, adequate and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (iv) satisfies the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules. The date and time of the Settlement Hearing shall be included in the Postcard Notice, Notice, and Summary Notice before they are mailed, posted online, and published, respectively.

9. **Nominee Procedures** – Brokers and other nominees who purchased or otherwise acquired Capstone Securities during the Settlement Class Period for the benefit of another person or entity shall (a) within seven (7) calendar days of

receipt of the Postcard Notice, request from the Claims Administrator sufficient copies of the Postcard Notice to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Postcard Notices forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of the Postcard Notice, send a list of the names and addresses of all such beneficial owners to the Claims Administrator in which event the Claims Administrator shall promptly mail the Postcard Notice to such beneficial owners. Upon full compliance with this Order, such nominees may seek reimbursement of their reasonable expenses actually incurred in complying with this Order, up to a maximum of \$0.50 per notice, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Such properly documented expenses incurred by nominees in compliance with the terms of this Order shall be paid from the Settlement Fund, with any disputes as to the reasonableness or documentation of expenses incurred subject to review by the Court.

10. **Participation in the Settlement** – Settlement Class Members who wish to participate in the Settlement and to be eligible to receive a distribution from the Net Settlement Fund must complete and submit a Claim Form in accordance with the instructions contained therein. Unless the Court orders otherwise, all Claim Forms must be postmarked no later than one hundred twenty

(120) calendar days after the Notice Date. Notwithstanding the foregoing, Lead Counsel may, at its discretion, accept for processing late Claims provided such acceptance does not delay the distribution of the Net Settlement Fund to the Settlement Class. By submitting a Claim, a person or entity shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim and the subject matter of the Settlement.

11. Each Claim Form submitted must satisfy the following conditions: (a) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding paragraph; (b) it must be accompanied by adequate supporting documentation for the transactions and holdings reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional and holding information found in a broker confirmation slip or account statement, or such other documentation as is deemed adequate by Lead Counsel or the Claims Administrator; (c) if the person executing the Claim Form is acting in a representative capacity, a certification of his, her or its current authority to act on behalf of the Settlement Class Member must be included in the Claim Form to the satisfaction of Lead Counsel or the Claims Administrator; and (d) the Claim Form must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

12. Any Settlement Class Member that does not timely and validly submit a Claim Form or whose Claim is not otherwise approved by the Court: (a) shall be deemed to have waived his, her or its right to share in the Net Settlement Fund; (b) shall be forever barred from participating in any distributions therefrom; (c) shall be bound by the provisions of the Stipulation and the Settlement and all proceedings, determinations, orders and judgments in the Action relating thereto, including, without limitation, the Judgment and the Releases provided for therein, whether favorable or unfavorable to the Settlement Class; and (d) will be barred from commencing, maintaining or prosecuting any of the Released Plaintiffs' Claims against each and all of the Defendants' Releasees, as more fully described in the Stipulation and Notice. Notwithstanding the foregoing, late Claim Forms may be accepted for processing as set forth in paragraph 10 above.

13. All Settlement Class Members shall be bound by all determinations and judgments in the Action concerning the Settlement, whether favorable or unfavorable to the Settlement Class.

14. **Exclusion From the Settlement Class** – Any member of the Settlement Class who wishes to exclude himself, herself or itself from the Settlement Class must request exclusion in writing within the time and in the manner set forth in the Notice, which shall provide that: (a) any such request for exclusion from the Settlement Class must be mailed or delivered such that it is

received no later than twenty-one (21) calendar days prior to the Settlement Hearing, to: CLASS ACTION OPT-OUT, ATTN: *In re Capstone Turbine Corporation Securities Litigation*, P.O. Box 58220, 1500 John F Kennedy Blvd, Suite C31, Philadelphia, PA 19102, and (b) each request for exclusion must (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity “requests exclusion from the Settlement Class in *In re Capstone Turbine Corporation Securities Litigation*, Lead Case No.: 2:15-CV-08914 DMG (RAO)”; (iii) state the number of each Capstone Security (in terms of shares and face value of notes) that the person or entity requesting exclusion purchased/acquired and/or sold during the Settlement Class Period, as well as the dates and prices of each such purchase/acquisition and sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative. A request for exclusion shall not be effective unless it provides all the required information and is received within the time stated above, or is otherwise accepted by the Court.

15. Lead Counsel shall cause to be provided to Defendants’ Counsel copies of all requests for exclusion as expeditiously as possible and in any event not less than fourteen (14) days prior to the Settlement Hearing. Lead Counsel shall cause to be provided to Defendants’ Counsel copies of any written revocation

of requests for exclusion as expeditiously as possible, and in any event not less than two (2) days prior to the Settlement Hearing.

16. Any person or entity who or which timely and validly requests exclusion in compliance with the terms stated in this Order and is excluded from the Settlement Class shall not be a Settlement Class Member, shall not be bound by the terms of the Settlement or any orders or judgments in the Action and shall not receive any payment out of the Net Settlement Fund.

17. Any Settlement Class Member who or which does not timely and validly request exclusion from the Settlement Class in the manner stated in this Order: (a) shall be deemed to have waived his, her or its right to be excluded from the Settlement Class; (b) shall be forever barred from requesting exclusion from the Settlement Class in this or any other proceeding; (c) shall be bound by the provisions of the Stipulation and Settlement and all proceedings, determinations, orders and judgments in the Action, including, but not limited to, the Judgment and the Releases provided for therein, whether favorable or unfavorable to the Settlement Class; and (d) will be barred from commencing, maintaining or prosecuting any of the Released Plaintiffs' Claims against any of the Defendants or the other Defendants' Releasees, as more fully described in the Stipulation and Notice.

18. **Appearance and Objections at Settlement Hearing** – Any

Settlement Class Member who does not request exclusion from the Settlement Class may enter an appearance in the Action, at his, her or its own expense, individually or through counsel of his, her or its own choice, by filing with the Clerk of Court and delivering a copy of said appearance to both Lead Counsel and Defendants' Counsel, at the addresses set forth in paragraph 19 below, such that it is received no later than twenty-one (21) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct. Any Settlement Class Member who does not enter an appearance will be represented by Lead Counsel.

19. Any Settlement Class Member who does not request exclusion from the Settlement Class may file a written objection to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses and appear and show cause, if he, she or it has any cause, why the proposed Settlement, the proposed Plan of Allocation and/or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses should not be approved; *provided, however*, that no Settlement Class Member shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, the proposed Plan of Allocation and/or the motion for attorneys' fees and reimbursement of Litigation Expenses unless that person or entity has filed a written objection with the Court and served copies of such objection on Lead Counsel and Defendants' Counsel at

the addresses set forth below such that they are received no later than twenty-one (21) calendar days prior to the Settlement Hearing.

Lead Counsel

Glancy Prongay & Murray LLP
Casey E. Sadler, Esq.
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
Telephone: (888) 773-9224

Defendants' Counsel

Wilson Sonsini Goodrich & Rosati, PC
Nina F. Locker, Esq.
650 Page Mill Road
Palo Alto, CA 94304-1050
Telephone: (650) 493-9300

20. Any objections, filings and other submissions by the objecting Settlement Class Member: (a) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of Capstone common stock that the objecting Settlement Class Member purchased/acquired and/or sold during the Settlement Class Period, as well as the dates and prices of each such purchase/acquisition and sale. Objectors who enter an appearance and desire to present evidence at the Settlement Hearing in support of their objection must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and any exhibits they intend to introduce into evidence at the hearing. Such

persons may be heard orally at the discretion of the Court.

21. Any Settlement Class Member who or which does not make his, her or its objection in the manner provided herein shall be deemed to have waived his, her or its right to object to any aspect of the proposed Settlement, the proposed Plan of Allocation, and Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses and shall be forever barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Settlement, the Plan of Allocation or the requested attorneys' fees and Litigation Expenses, or from otherwise being heard concerning the Settlement, the Plan of Allocation or the requested attorneys' fees and Litigation Expenses in this or any other proceeding.

22. **Stay and Temporary Injunction** – Until otherwise ordered by the Court, the Court stays all proceedings in the Action other than proceedings necessary to carry out or enforce the terms and conditions of the Stipulation. Pending final determination of whether the Settlement should be approved, the Court bars and enjoins Plaintiffs, and all other members of the Settlement Class, from commencing or prosecuting any and all of the Released Plaintiffs' Claims against each and all of the Defendants and the other Defendants' Releasees. For the avoidance of doubt, this provision shall have no impact on the pending actions captioned *FiveT Investment Management LTD, et al., v. Jamison, et al.*, Case No.

2:18-cv-03512-DMG-RAO (C.D. Cal.); *Stesiak v. Jamison, et al.*, No. BC610782 (Los Angeles County); *Kilpatrick v. Simon, et al.*, No. BC623167 (Los Angeles County); *Haber v. Jamison, et al.*, No. CV16-01569-DMG-RAO (C.D. Cal.); *Tuttle v. Atkinson, et al.*, No. 2:16-cv-05127-DMG-RAO (C.D. Cal.); and *Boll v. Jamison, et al.*, No. 2:16-cv-04282-DMG-RAO (C.D. Cal.).

23. **Settlement Administration Fees and Expenses** – All reasonable costs incurred in identifying Settlement Class Members and notifying them of the Settlement as well as in administering the Settlement shall be paid as set forth in the Stipulation without further order of the Court.

24. **Settlement Fund** – The contents of the Settlement Fund held by Huntington National Bank (which the Court approves as the Escrow Agent), shall be deemed and considered to be *in custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as they shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

25. **Taxes** – Lead Counsel is authorized and directed to prepare any tax returns and any other tax reporting form for or in respect to the Settlement Fund, to pay from the Settlement Fund any Taxes owed with respect to the Settlement Fund, and to otherwise perform all obligations with respect to Taxes and any reporting or filings in respect thereof without further order of the Court in a manner consistent with the provisions of the Stipulation.

26. **Termination of Settlement** – If the Settlement is terminated as provided in the Stipulation, the Settlement is not approved, or the Effective Date of the Settlement otherwise fails to occur, this Order shall be vacated, rendered null and void and be of no further force and effect, except as otherwise provided by the Stipulation, and this Order shall be without prejudice to the rights of Plaintiffs, the other Settlement Class Members and Defendants, and the Parties shall revert to their respective positions in the Action as of November 16, 2018, as provided in the Stipulation.

27. **Use of this Order** – Neither this Order, the term sheets, the Stipulation (whether or not consummated), including the exhibits thereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the term sheets and this Stipulation, nor any proceedings taken pursuant to or in connection with the term sheets, this Stipulation and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of Defendants or the other Defendants' Releasees;

(b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of Defendants or the other Defendants'

Releasees in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants and the other Defendants' Releasees may file the Stipulation and/or Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, or in connection with any proceeding to enforce the terms of this Stipulation;

(c) shall be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as, or deemed to be evidence of any presumption, concession or admission by any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants' Releasees had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs' Releasees, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; or

(d) shall be construed against any of the Releasees as an admission, concession, or presumption that the consideration to be given under the Settlement

represents the amount which could be or would have been recovered after trial; *provided, however*, that if the Stipulation is approved by the Court, the Parties and the Releasees and their respective counsel may refer to it to effectuate the protections from liability granted thereunder or otherwise to enforce the terms of the Settlement.

28. **Supporting Papers** – Lead Counsel shall file and serve the opening papers in support of the proposed Settlement, the Plan of Allocation, and Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses no later than thirty-five (35) calendar days prior to the Settlement Hearing; and reply papers, if any, shall be filed and served no later than seven (7) calendar days prior to the Settlement Hearing.

29. Neither Defendants, the other Defendants’ Releasees, nor Defendants’ insurers shall have any responsibility for the Plan of Allocation or any application for attorneys’ fees or expenses submitted by Lead Counsel or Lead Plaintiffs, and such matters will be considered separately from the fairness, reasonableness, and adequacy of the Settlement.

30. The Court retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

SO ORDERED this _____ day of _____, 2019.

The Honorable Dolly M. Gee
United States District Judge

EXHIBIT A-1

Exhibit A-1

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CAPSTONE TURBINE
CORPORATION SECURITIES
LITIGATION

Lead Case No.: 2:15-CV-08914
DMG (RAO)

Honorable Dolly M. Gee

**NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED
SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING; AND (III)
MOTION FOR AN AWARD OF ATTORNEYS' FEES AND
REIMBURSEMENT OF LITIGATION EXPENSES**

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the “Action”) pending in the United States District Court for the Central District of California (the “Court”), if, during the period between June 12, 2014 and November 5, 2015, inclusive (the “Settlement Class Period”), you purchased or otherwise acquired Capstone Turbine Corporation common stock and were damaged thereby.¹

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiffs, Randall and Elizabeth Kay, and plaintiffs David Kinney and John Perez (collectively, “Plaintiffs”), on behalf of themselves and the Settlement Class (as defined in ¶ 27 below), have reached a proposed settlement of the Action for \$5,550,000 in cash that, if approved, will resolve all claims in the Action (the “Settlement”).

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains

¹ All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated April 12, 2019 (the “Stipulation”), which is available at www.CapstoneTurbineSecuritiesLitigation.com.

important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact Capstone, any other Defendants in the Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (see ¶ 87 below).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that defendant Capstone Turbine Corporation (“Capstone”), Darren R. Jamison (“Jamison”), Edward Reich (“Reich”), and Jayme Brooks (“Brooks”) (collectively, the “Defendants”)² violated the federal securities laws by making false and misleading statements regarding Capstone. A more detailed description of the Action is set forth in paragraphs 11-26 below. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Class, as defined in paragraph 27 below.

2. **Statement of the Settlement Class’s Recovery:** Subject to Court approval, Plaintiffs, on behalf of themselves and the Settlement Class, have agreed to settle the Action in exchange for a settlement payment of \$5,550,000 in cash (the “Settlement Amount”) to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the “Settlement Fund”) less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys’ fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the “Plan of Allocation”) is set forth on pages ___-___ below.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Plaintiffs’ damages expert’s estimate of the number of shares of Capstone common stock purchased during the Settlement Class Period that may have been affected by the conduct at issue in the Action and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses and costs as

² Defendants Jamison, Reich, and Brooks are collectively referred to herein as the “Individual Defendants.”

described herein) per eligible security is \$0.55. Settlement Class Members should note, however, that the foregoing average recovery per share is only an estimate. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, when and at what prices they purchased/acquired or sold their Capstone stock and the total number of valid Claim Forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages ___-___ below) or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share that would be recoverable if Plaintiffs were to prevail in the Action. Among other things, Defendants deny that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Court-appointed Lead Counsel, Glancy Prongay & Murray LLP, which have been prosecuting the Action on a wholly contingent basis since its inception, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Lead Counsel will apply to the Court for an award of attorneys' fees in an amount not to exceed 30% of the Settlement Fund. In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution and resolution of the claims against the Defendants, in an amount not to exceed \$140,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. An estimate of the average cost per affected share of common stock, if the Court approves Lead Counsel's fee and expense application, is \$0.18 per eligible share.

6. **Identification of Attorneys' Representatives:** Plaintiffs and the Settlement Class are represented by Casey E. Sadler, Esq. of Glancy Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, (888) 773-9224, settlements@glancylaw.com.

7. **Reasons for the Settlement:** Plaintiffs' principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might

be achieved after contested motions, a trial of the Action and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN _____, 201__.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 36 below) that you have against Defendants and the other Defendants' Releasees (defined in ¶ 37 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS <i>RECEIVED</i> NO LATER THAN _____, 201__.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS <i>RECEIVED</i> NO LATER THAN _____, 201__.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
GO TO A HEARING ON _____, 201__ AT __:__.M., AND	Filing a written objection and notice of intention to appear by _____, 201__ allows you to speak in Court, at the discretion of the Court, about

<p>FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN _____, 201__.</p>	<p>the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys’ fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.</p>
<p>DO NOTHING.</p>	<p>If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.</p>

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WHY DID I GET THE POSTCARD NOTICE?

8. The Court directed that the Postcard Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired one or more of the Capstone common stock during the Settlement Class Period. The Court also directed that this Notice be posted online at www.CapstoneTurbineSecuritiesLitigation.com and mailed to you upon request to the Claims Administrator. The Court has directed us to disseminate these notices because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, and the Plan of Allocation (or some other plan of allocation), the claims administrator selected by Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). See paragraph 78 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. This litigation stems from Plaintiffs' allegations that Defendants made

misstatements and omissions regarding Capstone's backlog orders and accounts receivable.

12. The class action complaint in this Action was filed in the United States District Court for the Central District of California, which by Order dated February 29, 2016, consolidated the action with a related case, recaptioned the action as *In re Capstone Turbine Corp. Securities Litigation*, 2:15-CV-08914 DMG (RAO), and appointed Lead Plaintiffs and Lead Counsel.

13. On May 6, 2016, Plaintiffs filed and served their Consolidated Class Action Complaint (the "Consolidated Complaint") asserting claims against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. Among other things, the Consolidated Complaint alleged that Defendants made materially false and misleading statements about the company's backlog orders and accounts receivable. The Consolidated Complaint further alleged that the prices of Capstone publicly-traded securities were artificially inflated as a result of Defendants' allegedly false and misleading statements, and declined when the alleged truth was revealed.

14. On June 17, 2016, Defendants moved to dismiss the Consolidated Complaint.

15. On July 12, 2016, the parties filed a Joint Stipulation of Dismissal of Claims against Edward I. Reich, due to the fact that Mr. Reich died after the case was initiated, and on July 13, 2016, the Court entered an Order dismissing the claims against Mr. Reich without prejudice.

16. On March 10, 2017, the Court granted Defendants' motion to dismiss with leave to amend.

17. On April 28, 2017, Plaintiffs filed and served the Consolidated Second Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Amended Complaint"). The Amended Complaint, like the Consolidated Complaint, asserted claims against Defendants Capstone, Jamison, and Brooks under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and against Individual Defendants Jamison and Brooks under Section 20(a) of the Exchange Act. The Amended Complaint alleged claims substantially similar to those alleged in the Consolidated Complaint.

18. On June 2, 2017, Defendants filed and served a motion to dismiss the Amended Complaint. The motion was fully briefed. On February 9, 2018, the Court entered an order denying Defendants' motion.

19. On March 30, 2018, Defendants filed and served an answer to the Amended

Complaint.

20. Plaintiffs continued their investigation into the claims asserted but they also recognized that the Court's decision on the motion to dismiss underscored the risks attendant to this litigation. While the Parties believe in the merits of their respective positions, they recognized the benefits that would accrue if they could reach an agreement to resolve the Action. They began to discuss the possibility of exploring whether a settlement could be reached through mediation. The Parties selected former federal district court Judge Layn Phillips as mediator and scheduled a mediation session for September 24, 2018.

21. In advance of the mediation, Defendants produced relevant documents relating to Capstone's accounts receivables and backlog. Defendants' substantial production was reviewed and analyzed by Lead Counsel. Following Defendants' production, the Parties exchanged detailed mediation statements and exhibits that addressed the issues of liability, loss causation and damages. Thereafter, each Party provided rebuttal statements and exhibits. Both the opening and rebuttal mediation statements and exhibits were submitted to Judge Phillips in advance of a full-day mediation session that occurred on September 24, 2018. The session, which the Lead Plaintiffs attended in person, ended without any settlement agreement being reached.

22. Over the course of the next several weeks, Judge Phillips conducted further discussions with the Parties which culminated in Judge Phillips issuing a mediator's proposal to settle this Action. The Parties ultimately agreed to Judge Phillips' mediator's proposal to settle the Action for \$5,550,000.

23. Based on the investigation, drafting of two substantial complaints, briefing on two motions to dismiss, documents produced by Defendants, mediation of the case and Plaintiffs' direct oversight of the prosecution of this matter and with the advice of their counsel, each of the Plaintiffs has agreed to settle and release the claims raised in the Action pursuant to the terms and provisions of the Stipulation, after considering, among other things, (a) the substantial financial benefit that Plaintiffs and the other members of the Settlement Class will receive under the proposed Settlement; and (b) the significant risks and costs of continued litigation and trial.

24. Defendants are entering into the Stipulation solely to eliminate the uncertainty, burden and expense of further protracted litigation. Defendants, individually and collectively, have denied and continue to deny that they have violated the federal securities laws and maintain that their conduct was at all times proper and in compliance with all applicable provisions of the law. Defendants have denied and continue to deny specifically each and all of the claims and

contentions of wrongful conduct alleged in the Action, along with all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Defendants also have denied and continue to deny, *inter alia*, the allegations that they knowingly or otherwise, made any material misstatements or omissions, that the price of Capstone common stock was artificially inflated by reason of any alleged misrepresentation or otherwise, or that any member of the Settlement Class or any Capstone investor was harmed by the conduct alleged in the Action or that could have been alleged as part of the Action. In addition, the Defendants maintain they have meritorious defenses to all claims alleged in the Action. The Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Defendants, or any other of the Defendants' Releasees (defined in ¶ 37 below), with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have, or could have, asserted.

25. Similarly, the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any plaintiff of any infirmity in any of the claims asserted in the Action, or an admission or concession that any of the Defendants' defenses to liability had any merit.

26. On _____, 201__, the Court preliminarily approved the Settlement, authorized the Postcard Notice to be mailed to potential Settlement Class Members and this Notice to be posted online and mailed to potential Settlement Class Members upon request, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

**HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?
WHO IS INCLUDED IN THE SETTLEMENT CLASS?**

27. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

all persons and entities who or which purchased or otherwise acquired Capstone common stock between June 12, 2014 and November 5, 2015, inclusive (the "Settlement Class Period") and were damaged thereby.

Excluded from the Settlement Class are Defendants; members of the Immediate Family of each of the Individual Defendants; the Officers and/or directors of Capstone; any person, firm, trust, corporation, Officer, director or other individual

or entity which is related to or affiliated with any of the Defendants; and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. See “What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself,” on page [] below.

PLEASE NOTE: RECEIPT OF THE POSTCARD NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

If you are a Settlement Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Claim Form that is available online at www.CapstoneTurbineSecuritiesLitigation.com or which can be mailed to you upon request to the Claims Administrator, and the required supporting documentation as set forth therein, postmarked no later than _____, 20__.

WHAT ARE PLAINTIFFS’ REASONS FOR THE SETTLEMENT?

28. Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims against the remaining Defendants through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages. Plaintiffs and Lead Counsel recognized that Defendants had numerous avenues of attack that could preclude recovery. For example, Defendants asserted that their statements were not materially false or misleading, and that even Plaintiffs could prove a materially false or misleading statement, Defendants did not make any statements with the requisite state of mind to support the securities fraud claim alleged. Even if the hurdles to establishing liability were overcome, the amount of damages that could be attributed to the allegedly false statement would be hotly contested because other material disclosures concerning Capstone’s financial condition were made at the time of the alleged disclosure of the alleged fraud. Plaintiffs would have to prevail at several stages – motions for summary judgment, trial, and if they prevailed on those, on the appeals that were likely to follow. Thus, there were very significant risks attendant to the continued prosecution of the Action.

29. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Settlement Class, Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Plaintiffs and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely \$5,550,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future.

30. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. The Defendants assert, among other things, that they did not violate any federal securities laws and that Capstone's investors were not damaged. Defendants have agreed to the Settlement solely to eliminate the burden, uncertainty, and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

31. If there were no Settlement and Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Plaintiffs nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

32. As a Settlement Class Member, you are represented by Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," on page __ below.

33. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A

Member Of The Settlement Class? How Do I Exclude Myself?,” on page _____ below.

34. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel’s application for attorneys’ fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement?,” on page _____ below.

35. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the “Judgment”). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs’ Claim (as defined in ¶ 36 below) (including, without limitation, Unknown Claims) against the Defendants and the other Defendants’ Releasees (as defined in ¶ 37 below) (whether or not such Settlement Class Member executes and delivers a Proof of Claim form or obtains a distribution from the Net Settlement Fund). The Judgment will also provide that, upon the Effective Date, Plaintiffs and each of the Settlement Class Members and anyone claiming through or on behalf of them, shall be permanently barred and enjoined from (i) the commencement, assertion, institution, maintenance, prosecution, or enforcement against any Defendant or any other Defendants’ Releasee of any action or other proceeding in any court of law or equity, arbitration, tribunal, administrative forum, or forum of any kind, asserting any of Plaintiffs’ Released Claims (including, without limitation, Unknown Claims), and/or (ii) appealing any prior rulings in this case.

36. “Released Plaintiffs’ Claims” means all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and other costs, expenses or liabilities whatsoever), whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law or any other law, rule, ordinance, administrative provision or regulation, whether class or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured, unmatured, concealed or

hidden, suspected or unsuspected, which now exist or heretofore have existed, that Plaintiffs or any other member of the Settlement Class: (i) asserted in the Amended Complaint or prior complaints in this Action; or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, public filings, statements, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Amended Complaint and that relate to the purchase, acquisition, holding, disposition, or sale of Capstone common stock during the Settlement Class Period. Released Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; (ii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court; (iii) claims of FiveT Investment Management LTD and Deep Field Fund Spc Ltd Open Cluster Segregated Portfolio brought by them in the action styled *FiveT Investment Management LTD, et al., v. Jamison, et al.*, Case No. 2:18-cv-03512-DMG-RAO (C.D. Cal.); and (iv) claims brought derivatively in the following actions: *Stesiak v. Jamison, et al.*, No. BC610782 (Los Angeles County); *Kilpatrick v. Simon, et al.*, No. BC623167 (Los Angeles County); *Haber v. Jamison, et al.*, No. CV16-01569-DMG-RAO (C.D. Cal.); *Tuttle v. Atkinson, et al.*, No. 2:16-cv-05127-DMG-RAO (C.D. Cal.); and *Boll v. Jamison, et al.*, No. 2:16-cv-04282-DMG-RAO (C.D. Cal.).

37. "Defendants' Releasees" means Defendants and their current and former officers, directors, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, investment advisors, personal or legal representatives, agents, parents, affiliates, subsidiaries, successors, predecessors, divisions, joint ventures, assigns, assignees, spouses, heirs, estates, related or affiliated entities, employees, any entity in which Defendants have a controlling interest, any members of the Individual Defendants' Immediate Family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant's Immediate Family, and any entity in which a Defendant and/or any member of an Individual Defendant's Immediate Family has or have a controlling interest (directly or indirectly).

38. "Unknown Claims" means any Released Plaintiffs' Claims which any plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Defendant or any other Defendants' Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement, including his, her or its decision(s) not to object to the Settlement or to seek exclusion from the Settlement Class. With

respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Defendants' Releases shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Plaintiffs, any Settlement Class Member, Defendants, and their respective Releasees, may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and each of the Defendants shall expressly waive, and each of the other Settlement Class Members and Releasees shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived any and all Released Claims without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members and each of the other Defendants' Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

39. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim (as defined in ¶ 40 below) against Plaintiffs and the other Plaintiffs' Releasees (as defined in ¶ 41 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

40. "Released Defendants' Claims" means all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including, but

not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and other costs, expenses or liabilities whatsoever), whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law or any other law, rule, ordinance, administrative provision or regulation, whether class or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured, unmatured, concealed or hidden, suspected or unsuspected, which now exist or heretofore have existed, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendants. Released Defendants' Claims do not include any claims relating to the enforcement of the Settlement or any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

41. "Plaintiffs' Releasees" means Plaintiffs, all other plaintiffs in the Action, their respective attorneys, and all other Settlement Class Members, and their respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, any entity in which Plaintiffs have a controlling interest, any members of a Plaintiff's Immediate Family, any trust of which an Plaintiff is the settlor or which is for the benefit of a Plaintiff and/or any member of a Plaintiff's Immediate Family, and any entity in which a Plaintiff and/or any member of a Plaintiff's Immediate Family has or have a controlling interest (directly or indirectly).

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

42. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than _____, 201__**. A Claim Form is available on the website maintained by the Claims Administrator for the Settlement, www.CapstoneTurbineSecuritiesLitigation.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-855-637-1041. Please retain all records of your ownership of and transactions in Capstone common stock, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

43. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

44. Pursuant to the Settlement, Defendants have agreed to pay or caused to be paid five million five hundred fifty thousand dollars (\$5,550,000) in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon after being transferred to the escrow account is referred to as the “Settlement Fund.” If the Settlement is approved by the Court and the Effective Date occurs, the “Net Settlement Fund” (that is, the Settlement Fund less (a) all federal, state and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including, without limitation, reasonable expenses of tax attorneys and accountants), and all taxes imposed on payments by the Settlement Fund, including withholding taxes; (b) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (c) any attorneys’ fees and Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

45. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

46. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court’s order or judgment approving the Settlement becomes Final. Defendants and the other Defendants’ Releasees shall not have any liability, obligation or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund or the plan of allocation.

47. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

48. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before _____, 201__ shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the

releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 36 above) against Defendants and the other Defendants' Releasees (as defined in ¶ 37 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants or the other Defendants' Releasees whether or not such Settlement Class Member submits a Claim Form.

49. Participants in and beneficiaries of a plan covered by ERISA ("ERISA Plan") should NOT include any information relating to their transactions in Capstone common stock held through the ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares that they purchased or acquired outside of the ERISA Plan. Claims based on any ERISA Plan's purchases or acquisitions of Capstone common stock during the Settlement Class Period may be made by the plan's trustees. To the extent any of the Defendants or any of the other persons or entities excluded from the Settlement Class are participants in the ERISA Plan, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from the Settlement by the ERISA Plan.

50. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member.

51. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

52. Only Settlement Class Members, *i.e.*, persons and entities who purchased or otherwise acquired Capstone common stock during the Settlement Class Period and were damaged as a result of such purchases or acquisitions will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only securities that are included in the Settlement are Capstone common stock.

PROPOSED PLAN OF ALLOCATION

53. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The Court has not made any findings that the Defendants are liable to the Settlement Class or that the Settlement Class has suffered any compensable damages, nor has the Court made any finding as to the measure of damages.

54. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

55. The Plan of Allocation generally measures the amount of loss that a Settlement Class Member can claim for purposes of making *pro rata* allocations of the cash in the Net Settlement Fund to Authorized Claimants. The Plan of Allocation is not a formal damage analysis. Recognized Loss Amounts are based primarily on the price declines observed over the period which Plaintiffs allege corrective information was entering the market place. In this case, Plaintiffs allege that Defendants made false statements and omitted material facts between June 12, 2014 and November 5, 2015, which had the effect of artificially inflating the prices of Capstone common stock.

56. In order to have recoverable damages, the corrective disclosure of the allegedly misrepresented information must be the cause of the decline in the price or value of the Capstone stock. In this Action, Plaintiffs allege that Defendants made false statements and omitted material facts during the period between June 12, 2014 and November 5, 2015, inclusive, which had the effect of artificially inflating the prices of Capstone common stock. Plaintiffs further allege that corrective disclosures removed artificial inflation from the price of Capstone stock on August 7, 2014, June 15, 2015, October 1, 2015, and November 5, 2015. Thus, in order for a Settlement Class Member to have a “Recognized Loss Amount” under the Plan of Allocation, with respect to Capstone stock, the shares must have been purchased or acquired during the Settlement Class Period and held through at least one of these disclosure dates. Additionally, in order to have a Recognized Loss Amount, a Claimant must have suffered a loss on their transactions in Capstone common stock.

57. To the extent a Claimant does not satisfy one of the conditions set forth in the preceding paragraph, his, her or its Recognized Loss Amount for those transactions will be zero.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

58. Based on the formula set forth below, a “Recognized Loss Amount” shall be calculated for each purchase or acquisition of Capstone stock during the

Settlement Class Period that is listed in the Proof of Claim Form and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

59. For shares of common stock purchased or otherwise acquired between June 12, 2014 and November 5, 2015:

A. For shares of Capstone common stock held at the end of trading on February 3, 2016, the Recognized Loss shall be that number of shares multiplied by the lesser of:

- (1) the applicable purchase date artificial inflation per share figure, as found in Table A; or
- (2) the difference between the purchase price per share and \$1.55.³

B. For shares of Capstone common stock sold between June 12, 2014 and November 5, 2015, the Recognized Loss shall be that number of shares multiplied by the lesser of:

- (1) the applicable purchase date artificial inflation per share figure less the applicable sales date artificial inflation per share figure, as found in Table A; or
- (2) the difference between the purchase price per share and the sales price per share.

C. For shares of Capstone common stock sold between November 6, 2015 and February 3, 2016, the Recognized Loss shall be the lesser of:

- (1) the applicable purchase date artificial inflation per share figure, as found in Table A; or
- (2) the difference between the purchase price per share and the sales price per share; or

³ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” The mean (average) closing price of Capstone Turbine common stock during the 90-day period beginning on November 6, 2015 and ending on February 3, 2016 was \$1.55 per share.

- (3) the difference between the purchase price per share and the average closing price between November 6, 2015 and the date of sale, as found in Table B⁴.

Table A

<u>Purchase or Sale Date Range</u>	<u>Artificial Inflation Per Share</u>
06/12/2014 - 08/07/2014	\$ 8.22
08/08/2014 - 06/15/2015	\$ 3.82
06/16/2015 - 09/30/2015	\$ 2.04
10/01/2015 - 11/05/2015	\$ 0.31

Table B

<u>Date of Sale</u>	<u>Average Closing Price Between 11/06/2015 and Date of Sale</u>	<u>Date of Sale</u>	<u>Average Closing Price Between 11/06/2015 and Date of Sale</u>
11/06/2015	\$3.99	12/21/2015	\$1.78
11/09/2015	\$3.52	12/22/2015	\$1.76
11/10/2015	\$3.27	12/23/2015	\$1.75
11/11/2015	\$3.00	12/24/2015	\$1.74
11/12/2015	\$2.84	12/28/2015	\$1.74
11/13/2015	\$2.75	12/29/2015	\$1.73
11/16/2015	\$2.64	12/30/2015	\$1.71

⁴ Pursuant to Section 21(D)(e)(2) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff's damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security."

11/17/2015	\$2.56	12/31/2015	\$1.71
11/18/2015	\$2.49	01/04/2016	\$1.70
11/19/2015	\$2.43	01/05/2016	\$1.69
11/20/2015	\$2.38	01/06/2016	\$1.69
11/23/2015	\$2.33	01/07/2016	\$1.68
11/24/2015	\$2.29	01/08/2016	\$1.67
11/25/2015	\$2.25	01/11/2016	\$1.66
11/27/2015	\$2.21	01/12/2016	\$1.65
11/30/2015	\$2.17	01/13/2016	\$1.64
12/01/2015	\$2.14	01/14/2016	\$1.63
12/02/2015	\$2.11	01/15/2016	\$1.62
12/03/2015	\$2.08	01/19/2016	\$1.61
12/04/2015	\$2.05	01/20/2016	\$1.60
12/07/2015	\$2.02	01/21/2016	\$1.59
12/08/2015	\$1.99	01/22/2016	\$1.59
12/09/2015	\$1.96	01/25/2016	\$1.58
12/10/2015	\$1.94	01/26/2016	\$1.57
12/11/2015	\$1.91	01/27/2016	\$1.57
12/14/2015	\$1.88	01/28/2016	\$1.57
12/15/2015	\$1.86	01/29/2016	\$1.56
12/16/2015	\$1.84	02/01/2016	\$1.56
12/17/2015	\$1.82	02/02/2016	\$1.55
12/18/2015	\$1.80	02/03/2016	\$1.55

ADDITIONAL PROVISIONS

60. The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution Amount (defined in paragraph 63 below) is \$10.00 or greater.

61. If a Settlement Class Member has more than one purchase/acquisition or sale of Capstone common stock, all purchases/acquisitions and sales of the like security shall be matched on a First In, First Out (“FIFO”) basis. Settlement Class Period sales will be matched first against any holdings at the beginning of the Settlement Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period.

62. A Claimant’s “Recognized Claim” under the Plan of Allocation shall be the sum of his, her or its Recognized Loss Amounts for all of the Capstone common stock.

63. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically,

a “Distribution Amount” will be calculated for each Authorized Claimant, which shall be the Authorized Claimant’s Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

64. Purchases or acquisitions and sales of Capstone common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of Capstone common stock during the Settlement Class Period shall not be deemed a purchase, acquisition or sale of Capstone common stock for the calculation of an Authorized Claimant’s Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of any Capstone stock unless (i) the donor or decedent purchased or otherwise acquired such Capstone stock during the Settlement Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Capstone stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

65. The date of covering a “short sale” is deemed to be the date of purchase or acquisition of the Capstone common stock. The date of a “short sale” is deemed to be the date of sale of the Capstone stock. Under the Plan of Allocation, however, the Recognized Loss Amount on “short sales” is zero. In the event that a Claimant has an opening short position in an Capstone stock, the earliest Settlement Class Period purchases or acquisitions of that security shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

66. Option contracts are not securities eligible to participate in the Settlement. With respect to Capstone stock purchased or sold through the exercise of an option, the purchase/sale date of the Capstone stock is the exercise date of the option and the purchase/sale price of the Capstone stock is the exercise price of the option.

67. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in Capstone common stock during the Settlement Class Period, the value of the Claimant’s Recognized Claim shall be zero. Such Claimants shall in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its overall transactions in Capstone stock during the Settlement Class Period, but that market loss was less than the total Recognized Claim calculated above, then the

Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

68. For purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in Capstone stock during the Settlement Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount⁵ and (ii) the sum of the Total Sales Proceeds⁶ and Total Holding Value.⁷ This difference shall be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in Capstone stock during the Settlement Class Period.

69. After the initial distribution of the Net Settlement Fund, the Claims Administrator shall make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed

⁵ The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for all Capstone stock purchased or acquired during the Settlement Class Period.

⁶ The Claims Administrator shall match any sales of Capstone common stock during the Settlement Class Period, first against the Claimant's opening position in the like security (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of Capstone common stock sold during the Settlement Class Period shall be the "Total Sales Proceeds."

⁷ The Claims Administrator shall ascribe a holding value to Capstone stock purchased or acquired during the Settlement Class Period and still held as of the close of trading on November 5, 2015, which shall be the November 5, 2015 closing price.

to non-sectarian, not-for-profit organization(s), to be recommended by Lead Counsel and approved by the Court.

70. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiffs, Lead Counsel, Plaintiffs' damages expert, Defendants, Defendants' Counsel, or any of the other Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Plaintiffs, Defendants and their respective counsel, and all other Defendants' Releasees, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

71. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Plaintiffs after consultation with their damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.CapstoneTurbineSecuritiesLitigation.com.

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT
CLASS SEEKING?
HOW WILL THE LAWYERS BE PAID?**

72. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 30% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed \$140,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class

Members are not personally liable for any such fees or expenses.

**WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS?
HOW DO I EXCLUDE MYSELF?**

73. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to CLASS ACTION OPT-OUT, ATTN: *In re Capstone Turbine Corporation Securities Litigation*, P.O. Box 58220, 1500 John F Kennedy Blvd, Suite C31, Philadelphia, PA 19102. The exclusion request must be *received* no later than _____, 201___. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must: (a) state the name, address and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (b) state that such person or entity “requests exclusion from the Settlement Class in *In re Capstone Turbine Corporation Securities Litigation*, Lead Case No. 2:15-CV-08914 DMG (RAO)”; (c) identify and state the number of Capstone shares that the person or entity requesting exclusion purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, between June 12, 2014 and November 5, 2015, inclusive), as well as the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

74. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs’ Claim against any of the Defendants or the other Defendants’ Releasees.

75. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

76. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Plaintiffs and Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

77. Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.

78. The Settlement Hearing will be held on _____, 201__ at __: __ .m., before the Honorable Dolly M. Gee at the United States District Court for the Central District of California, United States Courthouse, 350 West 1st Street, Los Angeles, CA, 90012, Courtroom 8C, 8th Floor. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

79. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation or Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk’s Office at the United States District Court for the Central District of California at the address set forth below on or before _____, 201__. You must also serve the papers on Lead Counsel and on Defendants’ Counsel at the addresses set forth below so that the papers are *received on or before* _____, 201__.

<u>Clerk’s Office</u>	<u>Lead Counsel</u>	<u>Defendants’ Counsel</u>
United States District Court Central District of California Clerk of the Court United States Courthouse 350 West 1st Street, Los Angeles, CA, 90012	Glancy Prongay & Murray LLP Casey E. Sadler, Esq. 1925 Century Park East, Suite 2100 Los Angeles, CA 90067	Wilson Sonsini Goodrich & Rosati Nina Locker, Esq. 650 Page Mill Road Palo Alto, CA 94304-1050

80. Any objection: (a) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of Capstone common stock that the objecting Settlement Class Member purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, between June 12, 2014 and November 5, 2015, inclusive), as well as the dates and prices of each such purchase/acquisition and sale. You may not object to the Settlement, the Plan of Allocation or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

81. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

82. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file and serve a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth above so that it is **received on or before _____, 201__**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

83. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 79 above so that the notice is **received on or _____, 201__**.

84. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

85. Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

86. If you purchased or otherwise acquired Capstone common stock between June 12, 2014 and November 5, 2015, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either: (a) within seven (7) calendar days of receipt of the Postcard Notice, request from the Claims Administrator sufficient copies of the Postcard Notice to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Postcard Notices forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of the Postcard Notice, provide a list of the names and addresses of all such beneficial owners to *In re Capstone Turbine Corporation Securities Litigation*, c/o Claims Administrator, 1650 Arch Street, Suite 2210, Philadelphia, PA 19103. If you choose the second option, the Claims Administrator will send a copy of the Postcard Notice to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, up to a maximum of \$0.50 per notice, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Any dispute concerning the reasonableness of reimbursement costs shall be resolved by the Court. Copies of this Notice and the Claim Form may be obtained from the website maintained by the Claims Administrator, www.CapstoneTurbineSecuritiesLitigation.com, or by calling the Claims Administrator toll-free at 1-855-637-1041.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

87. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Central District of California,

United States Courthouse, 350 West 1st Street, Los Angeles, CA, 90012, Courtroom 8C, 8th Floor. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.CapstoneTurbineSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to the Claims Administrator or Lead Counsel at:

<i>In re Capstone Turbine Corporation</i>	and/or	GLANCY PRONGAY & MURRAY LLP
<i>Securities Litigation</i>		Casey E. Sadler, Esq.
c/o Claims Administrator		1925 Century Park East,
1650 Arch Street, Suite 2210		Suite 2100
Philadelphia, PA 19103		Los Angeles, CA 90067
1-800-637-19103		(888) 773-9224
Info@CapstoneTurbineSecuritiesLitigation.com		settlements@glancylaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: _____, 201__

By Order of the Court
United States District Court
Central District of California

EXHIBIT A-2

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CAPSTONE TURBINE
CORPORATION SECURITIES
LITIGATION

Lead Case No.: 2:15-CV-08914
DMG (RAO)

Honorable Dolly M. Gee

PROOF OF CLAIM AND RELEASE

Deadline for Submission: _____, 2019

IF YOU PURCHASED OR OTHERWISE ACQUIRED CAPSTONE TURBINE CORPORATION (“CAPSTONE” OR THE “COMPANY”) COMMON STOCK BETWEEN JUNE 12, 2014 AND NOVEMBER 5, 2015, INCLUSIVE, AND WERE DAMAGED THEREBY, YOU MAY BE A CLASS MEMBER AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

I. GENERAL INSTRUCTIONS

1. To recover as a member of the Class based on your claims in the action entitled *In re Capstone Turbine Corp. Securities Litigation*, Lead Case No. 2:15-CV-08914 DMG (RAO)(the “Action”), you must complete and, on page 18 hereof, sign this Proof of Claim and Release. If you fail to file a properly addressed (as set forth in paragraph 3 below) Proof of Claim and Release, your claim may be rejected and you may be precluded from any

recovery from the Net Settlement Fund created in connection with the proposed Settlement of the Action.

2. Submission of this Proof of Claim and Release, however, does not assure that you will share in the proceeds of the Settlement of the Action.

3. YOU MUST EMAIL OR MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE POSTMARKED ON OR BEFORE _____, 2019, ADDRESSED AS FOLLOWS TO THE CLAIMS ADMINISTRATOR:

Capstone Turbine Securities Litigation Settlement
c/o Claims Administrator
1650 Arch Street, Suite 2210
Philadelphia, PA 19103

-or-

Email: Info@CapstoneTurbineSecuritiesLitigation.com

If you are NOT a member of the Class as defined in the Postcard Notice or the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice"), DO NOT submit a Proof of Claim and Release form.

4. If you are a member of the Class and you do not timely request exclusion in connection with the proposed Settlement, you will be bound by

the terms of any judgment entered in the Action, including the releases provided therein, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE FORM.

5. PLEASE NOTE: As set forth in the Plan of Allocation, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Fund. If the prorated payment to any Authorized Claimant calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

II. CLAIMANT IDENTIFICATION

Use Part I of this form entitled “Claimant Identification” to identify the beneficial purchaser of Capstone common stock which forms the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR ACQUIRER(S) OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OR ACQUIRER(S) OF SHARES UPON WHICH THIS CLAIM IS BASED.

All joint purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The last four digits of

the Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

If you are acting in a representative capacity on behalf of a Class Member (for example, as an executor, administrator, trustee, or other representative), you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the Settlement website at www.CapstoneTurbineSecuritiesLitigation.com or you may email the Claims Administrator's electronic filing department at Info@CapstoneTurbineSecuritiesLitigation.com. Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the

Claims Administrator issues an email to that effect after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at Info@CapstoneTurbineSecuritiesLitigation.com to inquire about your file and confirm it was received and acceptable.

IMPORTANT: PLEASE NOTE THAT YOUR CLAIM IS NOT DEEMED FILED UNTIL YOU RECEIVE AN ACKNOWLEDGEMENT POSTCARD. THE CLAIMS ADMINISTRATOR WILL ACKNOWLEDGE RECEIPT OF YOUR CLAIM FORM BY MAIL, WITHIN 60 DAYS. IF YOU DO NOT RECEIVE AN ACKNOWLEDGEMENT POSTCARD WITHIN 60 DAYS, PLEASE CALL THE CLAIMS ADMINISTRATOR TOLL FREE AT 1-855-637-1041.

III. CLAIM FORM

Use Part II of this form entitled “Schedule of Transactions in Capstone common stock” to supply all required details of your transaction(s) in Capstone common stock. If you need more space or additional schedules,

attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

On the schedules, provide all of the requested information with respect to *all* of your purchases and acquisitions and *all* of your sales of Capstone common stock between June 12, 2014 and February 3, 2016, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to *all* of the Capstone common stock you held at the close of trading on February 3, 2016. Failure to report all such transactions may result in the rejection of your claim.

List these transactions separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

The date of covering a “short sale” is deemed to be the date of purchase or acquisition of Capstone common stock. The date of a “short sale” is deemed to be the date of sale of Capstone common stock.

Copies of stockbroker confirmation slips, stockbroker statements, or other documents evidencing your transactions in Capstone common stock should be attached to your claim. If any such documents are not in your possession, please obtain a copy or equivalent documents from your broker

because these documents are necessary to prove and process your claim.
Failure to provide this documentation could delay verification of your claim
or result in rejection of your claim.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

In re Capstone Turbine Corporation Securities Litigation
Lead Case No. 2:15-CV-08914 DMG (RAO)

PROOF OF CLAIM AND RELEASE

Must Be Emailed or Postmarked No Later Than:

_____, 2019

Please Type or Print in Blue or Black Ink

PART I: CLAIMANT IDENTIFICATION

Beneficial Owner's Name (First, Middle, Last):		
Address:		
City:	State:	ZIP:
Foreign Province:	Foreign Country:	
Day Phone:	Evening Phone:	
Email:		
Last Four Digits of Social Security Number (for individuals):	OR	Last Four Digits of Taxpayer Identification Number (for estates, trusts, corporations, etc.):

PART II: SCHEDULE OF TRANSACTIONS IN CAPSTONE COMMON STOCK

Please be sure to include proper documentation with your Claim Form as described in detail in Part II – General Instructions, above. Do not include information regarding securities other than Capstone common stock.

1. HOLDINGS AS OF June 12, 2014 – State the total number of shares of Capstone common stock held as of the opening of trading on June 12, 2014 . (Must be documented.) If none, write “zero” or “0.” _____				Confirm Proof of Position Enclosed <input type="radio"/>
2. PURCHASES/ACQUISITIONS FROM June 12, 2014 THROUGH November 5, 2015 – Separately list each and every purchase/acquisition (including free receipts) of Capstone common stock from after the opening of trading on June 12, 2014 through and including the close of trading on November 5, 2015. (Must be documented.)				
Date of Purchase/ Acquisition (List Chronologically) (Month/Day/Year)	Number of Shares Purchased/ Acquired	Purchase/ Acquisition Price Per Share	Total Purchase/ Acquisition Price (excluding taxes, commissions, and fees)	Confirm Proof of Purchase Enclosed
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
3. PURCHASES/ACQUISITIONS FROM November 6, 2015 THROUGH February 3, 2016 – State the total number of shares of Capstone common stock purchased/acquired (including free receipts) from after the opening of trading on November 6, 2015 through and including the close of trading on February 3, 2016. If none, write “zero” or “0.” ¹ _____				

¹ **Please note:** Information requested with respect to your purchases/acquisitions of Capstone common stock from after the opening of trading on November 6, 2015 through and including the close of trading on February 3, 2016 is needed in order to balance your claim; purchases during this period, however, are not eligible under the Settlement and will not be used for purposes of calculating your Recognized Claim pursuant to the Plan of Allocation.

4. SALES FROM June 12, 2014 THROUGH February 3, 2016 – Separately list each and every sale/disposition (including free deliveries) of Capstone common stock from after the opening of trading on June 12, 2014 through and including the close of trading on February 3, 2016. (Must be documented.)				IF NONE, CHECK HERE <input type="radio"/>
Date of Sale (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Sale Price Per Share	Total Sale Price (excluding taxes, commissions, and fees)	Confirm Proof of Sale Enclosed
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
5. HOLDINGS AS OF February 3, 2016 – State the total number of shares of Capstone common stock held as of the close of trading on February 3, 2016. (Must be documented.) If none, write “zero” or “0.” _____				Confirm Proof of Position Enclosed <input type="radio"/>

IF YOU REQUIRE ADDITIONAL SPACE FOR THE SCHEDULE ABOVE, ATTACH EXTRA SCHEDULES IN THE SAME FORMAT. PRINT THE BENEFICIAL OWNER’S FULL NAME AND LAST FOUR DIGITS OF SOCIAL SECURITY/TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE. IF YOU DO ATTACH EXTRA SCHEDULES, CHECK THIS BOX

YOU MUST READ AND SIGN THE RELEASE ON PAGE 13. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR REJECTION OF YOUR CLAIM.

PART III: RELEASE OF CLAIMS AND SIGNATURE

I. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Stipulation and Agreement of Settlement (“Stipulation”) described in the Postcard Notice and the detailed Notice.² I (We) also submit to the jurisdiction of the United States District Court for the Central District of California with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim in connection with the same purchases of Capstone common stock and know of no other person having done so on my (our) behalf.

² All capitalized terms used in this Proof of Claim and Release that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation, which is available at www.CapstoneTurbineSecuritiesLitigation.com.

II. RELEASE

1. Upon the Effective Date of the Settlement, I (we) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Released Plaintiffs' Claims (defined below), including Unknown Claims (defined below), each and all of the Defendants' Releasees (defined below) as provided in the Stipulation, parts of which are set forth in Paragraphs 2-5 below.

2. "Defendants' Releasees" means Defendants, their current and former officers, directors, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, investment advisors, personal or legal representatives, agents, parents, affiliates, subsidiaries, successors, predecessors, divisions, joint ventures, assigns, assignees, spouses, heirs, estates, related or affiliated entities, employees, any entity in which Defendants have a controlling interest, any members of the Individual Defendants' Immediate Family, any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant and/or any member of an Individual Defendant's Immediate Family, and any entity in which a Defendant and/or any member of an Individual Defendant's Immediate Family has or have a controlling

interest (directly or indirectly).

3. “Defendants” means Capstone and the Individual Defendants: Darren R. Jamison, Jayme Brooks, and former defendant Edward I. Reich.

4. “Released Plaintiffs’ Claims” means all claims, demands, rights, causes of action or liabilities of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and other costs, expenses or liabilities whatsoever), whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law or any other law, rule, ordinance, administrative provision or regulation, whether class or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured, unmatured, concealed or hidden, suspected or unsuspected, which now exist or heretofore have existed, that Plaintiffs or any other member of the Settlement Class: (i) asserted in the Amended Complaint or prior complaints in this Action; or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, public filings, statements, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Amended Complaint and that relate to the purchase, acquisition, holding, disposition, or sale of Capstone common

stock during the Settlement Class Period. Released Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; (ii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court; (iii) claims of FiveT Investment Management LTD and Deep Field Fund Spc Ltd Open Cluster Segregated Portfolio brought by them in the action styled *FiveT Investment Management LTD, et al., v. Jamison, et al.*, Case No. 2:18-cv-03512-DMG-RAO (C.D. Cal.); and (iv) claims brought derivatively in the following actions: *Stesiak v. Jamison, et al.*, No. BC610782 (Los Angeles County); *Kilpatrick v. Simon, et al.*, No. BC623167 (Los Angeles County); *Haber v. Jamison, et al.*, No. CV16-01569-DMG-RAO (C.D. Cal.); *Tuttle v. Atkinson, et al.*, No. 2:16-cv-05127-DMG-RAO (C.D. Cal.); and *Boll v. Jamison, et al.*, No. 2:16-cv-04282-DMG-RAO (C.D. Cal.).

(a) "Unknown Claims" means any Released Plaintiffs' Claims which any plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Defendant or any other Defendants' Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or

it, might have affected his, her or its decision(s) with respect to this Settlement, including his, her or its decision(s) not to object to the Settlement or to seek exclusion from the Settlement Class. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Defendants' Releases shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Plaintiffs, any Settlement Class Member, Defendants, and their respective Releasees, may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and each of the

Defendants shall expressly waive, and each of the other Settlement Class Members and Releasees shall be deemed to have waived, and by operation of the Judgment, shall have expressly waived any and all Released Claims without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members and each of the other Defendants' Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) purchases, acquisitions, and sales of Capstone common stock between June 12, 2014 and February 3, 2016, and the number of shares of Capstone common stock held by me (us) at the close of trading on February 3, 2016.

7. I (We) certify that I am (we are) not subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code.

Note: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

8. I (We) declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____
(Month/Year)
in _____, _____
(City) (State/Country)

(Sign your name here)

(Type or print your name here)

(Capacity of person(s) signing, e.g.,
Beneficial Purchaser or Acquirer,
Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A
SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign and date the above release and declaration. If this Proof of Claim and Release is submitted on behalf of joint claimants, then both claimants must sign.
2. Remember to attach supporting documentation, if available.
3. DO NOT send original stock certificates.
4. Keep a copy of everything you submit for your records, including your Proof of Claim and Release form.
5. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgement postcard. If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator toll free at 1-855-637-1041.
6. If you move after submitting this Proof of Claim and Release, please notify the Claims Administrator of the change in your address.

**THIS PROOF OF CLAIM AND RELEASE MUST BE SUBMITTED
VIA EMAIL OR POSTMARKED NO LATER THAN _____,
2019, ADDRESSED AS FOLLOWS:**

Capstone Turbine Securities Litigation Settlement
c/o Claims Administrator
1650 Arch Street, Suite 2210
Philadelphia, PA 19103

-or-

Email: Info@CapstoneTurbineSecuritiesLitigation.com

EXHIBIT A-3

Exhibit A-3

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CAPSTONE TURBINE
CORPORATION SECURITIES
LITIGATION

Case No.: 2:15-CV-08914 DMG
(RAO)

Honorable Dolly M. Gee

**SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND
PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING;
AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES
AND REIMBURSEMENT OF LITIGATION EXPENSES**

**TO: all persons and entities who or which purchased or otherwise acquired
Capstone common stock between June 12, 2014 and November 5, 2015,
inclusive (the "Settlement Class Period") and were damaged thereby:**

**PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS WILL BE
AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS
COURT.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Central District of California, that the above-captioned litigation (the "Action") has been certified as a class action on behalf of the Settlement Class, except for certain persons and entities who are excluded from the Settlement Class by definition as set forth in the full Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses (the "Notice").

YOU ARE ALSO NOTIFIED that Plaintiffs in the Action have reached a proposed settlement of the Action for \$5,550,000 in cash (the "Settlement"), that, if approved, will resolve all claims in the Action.

A hearing will be held on _____, 201__ at __:__ __.m., before the Honorable Dolly M Gee at United States District Court for the Central District of

California, United States Courthouse, 350 West 1st Street, Los Angeles, CA, 90012, Courtroom 8C, 8th Floor, to determine (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice against Defendants, and the Releases specified and described in the Stipulation and Agreement of Settlement dated April 12, 2019 (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

If you are a member of the Settlement Class, your rights will be affected by the pending Action and the Settlement, and you may be entitled to share in the Settlement Fund. The Notice and Proof of Claim and Release Form ("Claim Form"), can be downloaded from the website maintained by the Claims Administrator, www.CapstoneTurbineSecuritiesLitigation.com. You may also obtain copies of the Notice and Claim Form by contacting the Claims Administrator at *In re Capstone Turbine Corporation Litigation*, c/o Claims Administrator, 1650 Arch Street, Suite 2210, Philadelphia, PA 19103, 1-855-637-1041.

If you are a member of the Settlement Class, in order to be eligible to receive a payment under the proposed Settlement, you must submit a Claim Form *postmarked* no later than _____, 2019. If you are a Settlement Class Member and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement but you will nevertheless be bound by any judgments or orders entered by the Court in the Action.

If you are a member of the Settlement Class and wish to exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is *received* no later than _____, 2019, in accordance with the instructions set forth in the Notice. If you properly exclude yourself from the Settlement Class, you will not be bound by any judgments or orders entered by the Court in the Action and you will not be eligible to share in the proceeds of the Settlement. All Settlement Class Members who do not request exclusion from the Settlement Class in response to the Notice will be bound by any judgment in this Action pursuant to the Stipulation.

Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of expenses, must be filed with the Court and delivered to Lead Counsel and Defendants' Counsel such that they are *received* no later than _____, 2019, in accordance with the instructions set forth in the Notice.

Please do not contact the Court, the Clerk's office, Capstone, any other Defendants in the Action, or their counsel regarding this notice. All questions about this notice, the proposed Settlement, or your eligibility to participate in the Settlement should be directed to Lead Counsel or the Claims Administrator.

Requests for the Notice and Claim Form should be made to:

In re Capstone Turbine Securities Litigation
c/o Claims Administrator
1650 Arch Street, Suite 2210
Philadelphia, PA 19103
1-800-637-1041
www.CapstoneTurbineSecuritiesLitigation.com

Inquiries, other than requests for the Notice and Claim Form, should be made to Lead Counsel:

GLANCY PRONGAY & MURRAY LLP
ATTN: Casey E. Sadler, Esq.
1925 Century Park East, Suite 2100
Los Angeles, CA 90067
(888) 773-9224
settlements@glancylaw.com

By Order of the Court

EXHIBIT A-4

In re Capstone Turbine Securities Litigation
c/o Claims Administrator
1650 Arch Street, Suite 2210
Philadelphia, PA 19103

[Postage Prepaid]

COURT-ORDERED LEGAL NOTICE

Important Notice about a Securities Class Action Settlement.

You may be entitled to a CASH payment. This Notice may affect your legal rights. Please read it carefully.

Name
Address
City, State
Zip

In re Capstone Turbine Corporation Securities Litigation
Case No.: 2:15-CV-08914 DMG (RAO)

THIS CARD PROVIDES ONLY LIMITED INFORMATION ABOUT THE SETTLEMENT. PLEASE VISIT WWW.CAPSTONETURBINESECURITIESLITIGATION.COM FOR MORE INFORMATION.

There has been a proposed Settlement of claims against Capstone Turbine Corporation (“Capstone”) and certain executives of Capstone (collectively, the “Defendants”). The Settlement would resolve a lawsuit in which Plaintiffs allege that Defendants disseminated materially false and misleading information to the investing public about its backlog and accounts receivable, in violation of the federal securities laws. Defendants deny any wrongdoing. You received this Postcard Notice because you or someone in your family may have purchased or otherwise acquired Capstone common stock between June 12, 2014 and November 5, 2015, inclusive, and been damaged thereby.

Defendants have agreed to pay a Settlement Amount of \$5,550,000. The Settlement provides that the Settlement Fund, after deduction of any Court-approved attorneys’ fees and expenses, notice and administration costs, and taxes, is to be divided among all Settlement Class Members who submit a valid Claim Form, in exchange for the settlement of this case and the Releases by Settlement Class Members of claims related to this case. **For all details of the Settlement, read the Stipulation and full Notice, available at www.CapstoneTurbineSecuritiesLitigation.com.**

Your share of the Settlement proceeds will depend on the number of valid Claims submitted, and the number, size and timing of your transactions in Capstone Securities. If every eligible Settlement Class Member submits a valid Claim Form, the average recovery will be \$0.55 per eligible share of common stock before expenses and other Court-ordered deductions. Your award will be determined *pro rata* based on the number of claims submitted. This is further explained in the detailed Notice found on the Settlement website.

To qualify for payment, you must submit a Claim Form. The Claim Form can be found on the website www.CapstoneTurbineSecuritiesLitigation.com or will be mailed to you upon request to the Claims Administrator (1-855-637-1041). **Claim Forms must be postmarked by _____.** If you do not want to be legally bound by the Settlement, you must exclude yourself by _____, or you will not be able to sue the Defendants about any legal claims arising from the facts alleged in this case. If you exclude yourself, you cannot get money from this Settlement. If you want to object to the Settlement, you may file an objection by _____. The detailed Notice explains how to submit a Claim Form, exclude yourself or object.

The Court will hold a hearing in this case on _____, to consider whether to approve the Settlement and a request by the lawyers representing the Settlement Class for up to 30% of the Settlement Fund in attorneys’ fees, plus actual expenses up to \$140,000 for litigating the case and negotiating the Settlement, including reimbursement of Plaintiffs’ costs and expenses related to their representation of the Settlement Class. You may attend the hearing and ask to be heard by the Court, but you do not have to. For more information, call toll-free 1-855-637-1041 or visit the website www.CapstoneTurbineSecuritiesLitigation.com and read the detailed Notice.

EXHIBIT B

Exhibit B

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CAPSTONE TURBINE
CORPORATION SECURITIES
LITIGATION

Lead Case No.: 2:15-CV-08914
DMG (RAO)

Honorable Dolly M. Gee

JUDGMENT APPROVING CLASS ACTION SETTLEMENT

This matter came before the Court pursuant to the Order Preliminarily Approving Settlement and Providing for Notice (“Preliminary Approval Order”) dated _____, 2019, on the application of the Parties for approval of the Settlement set forth in the Stipulation and Agreement of Settlement dated April 12, 2019 (the “Stipulation”).¹ Due and adequate notice having been given to the Settlement Class as required in said Order, and the Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. **Jurisdiction** – The Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement, as well as personal

¹ Unless otherwise stated, all capitalized terms that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation. ECF No. ____.

jurisdiction over all of the Parties and each of the Settlement Class Members.

2. **Incorporation of Settlement Documents** – This Judgment incorporates and makes a part hereof: (a) the Stipulation filed with the Court on April 12, 2019; and (b) the Notice, the Summary Notice, and the Postcard Notice, all of which were filed with the Court on April 12, 2019.

3. **Class Certification for Settlement Purposes** – The Court hereby affirms its determinations in the Preliminary Approval Order certifying, for the purposes of the Settlement only, the Action as a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class consisting of all persons and entities who or which purchased or otherwise acquired Capstone common stock between June 12, 2014 and November 5, 2015, inclusive (the “Settlement Class Period”) and were damaged thereby. Excluded from the Settlement Class are Defendants; members of the Immediate Family of each of the Individual Defendants; the Officers and/or directors of Capstone; any person, firm, trust, corporation, Officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants; and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. [Also excluded from the Settlement Class are the persons and entities listed on Exhibit 1 hereto who or which are excluded from the Settlement Class pursuant to

request.]

4. **Adequacy of Representation** – Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the Court hereby affirms its determinations in the Preliminary Approval Order certifying Lead Plaintiffs as Class Representatives for the Settlement Class and appointing Lead Counsel as Class Counsel for the Settlement Class. Lead Plaintiffs and Lead Counsel have fairly and adequately represented the Settlement Class both in terms of litigating the Action and for purposes of entering into and implementing the Settlement and have satisfied the requirements of Federal Rules of Civil Procedure 23(a)(4) and 23(g), respectively.

5. **Notice** – The Court finds that the dissemination of the Postcard Notice, the online posting of the Notice, and the publication of the Summary Notice: (a) were implemented in accordance with the Preliminary Approval Order; (b) constituted the best notice practicable under the circumstances; (c) constituted notice that was reasonably calculated, under the circumstances, to apprise Settlement Class Members of (i) the pendency of the Action; (ii) the effect of the proposed Settlement (including the Releases to be provided thereunder); (iii) Lead Counsel’s motion for an award of attorneys’ fees and reimbursement of Litigation Expenses; (iv) their right to object to any aspect of the Settlement, the Plan of Allocation and/or Lead Counsel’s motion for attorneys’ fees and reimbursement of

Litigation Expenses; (v) their right to exclude themselves from the Settlement Class; and (vi) their right to appear at the Settlement Hearing; (d) constituted due, adequate, and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (e) satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules.

6. **Final Settlement Approval and Dismissal of Claims** – Pursuant to, and in accordance with, Rule 23 of the Federal Rules of Civil Procedure, this Court hereby fully and finally approves the Settlement set forth in the Stipulation in all respects (including, without limitation: the amount of the Settlement; the Releases provided for therein; and the dismissal with prejudice of the claims asserted against Defendants in the Action), and finds that the Settlement is, in all respects, fair, reasonable and adequate to the Settlement Class. The Parties are directed to implement, perform and consummate the Settlement in accordance with the terms and provisions contained in the Stipulation.

7. The Action and all of the claims asserted against Defendants in the Action by Plaintiffs and the other Settlement Class Members are hereby dismissed with prejudice. The Parties shall bear their own costs and expenses, except as otherwise expressly provided in the Stipulation.

8. **Binding Effect** – The terms of the Stipulation and of this Judgment shall be forever binding on Defendants, Plaintiffs and all other Settlement Class Members (regardless of whether or not any individual Settlement Class Member submitted a Claim Form or sought or seeks or obtains a distribution from the Net Settlement Fund), as well as their respective successors and assigns. [The persons and entities listed on Exhibit 1 hereto are excluded from the Settlement Class pursuant to request and are not bound by the terms of the Stipulation or this Judgment.]

9. **Releases** – The Releases set forth in paragraphs 6 and 8 of the Stipulation, together with the definitions contained in paragraph 1 of the Stipulation relating thereto, are expressly incorporated herein in all respects. The Releases are effective as of the Effective Date. Accordingly, this Court orders that:

(a) Without further action by anyone, and subject to paragraph 10 below, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim (including, without limitation, Unknown Claims) against the Defendants and the

other Defendants' Releasees (whether or not such Settlement Class Member executed and delivered a Proof of Claim form or obtains a distribution from the Net Settlement Fund).

(b) Without further action by anyone, upon the Effective Date, Plaintiffs and each of the Settlement Class Members and anyone claiming through or on behalf of them, shall be permanently barred and enjoined from (i) the commencement, assertion, institution, maintenance, prosecution, or enforcement against any Defendant or any other Defendants' Releasee of any action or other proceeding in any court of law or equity, arbitration, tribunal, administrative forum, or forum of any kind, asserting any of Plaintiffs' Released Claims (including, without limitation, Unknown Claims), and/or (ii) appealing any prior rulings in this case.

(c) Without further action by anyone, and subject to paragraph 10 below, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim against Plaintiffs and the other Plaintiffs' Releasees, and shall forever be enjoined from prosecuting any or all of the

Released Defendants' Claims against any of the Plaintiffs' Releasees. [This Release shall not apply to any person or entity listed on Exhibit 1 hereto.]

10. Notwithstanding paragraphs 9(a) – (c) above, nothing in this Judgment shall bar any action by any of the Parties to enforce or effectuate the terms of the Stipulation or this Judgment.

11. **Rule 11 Findings** – The Court finds and concludes that the Parties and their respective counsel have complied in all respects with the requirements of Rule 11 of the Federal Rules of Civil Procedure in connection with the institution, prosecution, defense, and settlement of the Action.

12. **No Admissions** – Neither this Judgment, the term sheets, or the Stipulation (whether or not consummated), including the exhibits thereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the term sheets and the Stipulation, nor any proceedings taken pursuant to or in connection with the term sheets, Stipulation and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of Defendants or the other Defendants' Releasees;

(b) is or may be deemed to be or may be used as an admission of,

or evidence of, any fault or omission of any of Defendants or the other Defendants' Releasees in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants and the other Defendants' Releasees may file the Stipulation and Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, or in connection with any proceeding to enforce the terms of the Stipulation;

(c) shall be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as, or deemed to be evidence of any presumption, concession or admission by any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants' Releasees had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs' Releasees, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; or

(d) shall be construed against any of the Releasees as an admission,

concession, or presumption that the consideration to be given under the Settlement represents the amount which could be or would have been recovered after trial; *provided, however*, that the Parties and the Releasees and their respective counsel may refer to this Judgment and the Stipulation to effectuate the protections from liability granted hereunder and thereunder or otherwise to enforce the terms of the Settlement.

13. **Retention of Jurisdiction** – Without affecting the finality of this Judgment in any way, this Court retains continuing and exclusive jurisdiction over: (a) the Parties for purposes of the administration, interpretation, implementation and enforcement of the Settlement; (b) the disposition of the Settlement Fund; (c) any motion for an award of attorneys’ fees and/or Litigation Expenses by Lead Counsel in the Action that will be paid from the Settlement Fund; (d) any motion to approve the Plan of Allocation; (e) any motion to approve the Class Distribution Order; and (f) the Settlement Class Members for all matters relating to the Action.

14. Separate orders shall be entered regarding approval of a plan of allocation and the motion of Lead Counsel for an award of attorneys’ fees and reimbursement of Litigation Expenses. Such orders shall in no way affect or delay the finality of this Judgment and shall not affect or delay the Effective Date of the Settlement.

15. **Modification of the Agreement of Settlement** – Without further

approval from the Court, Plaintiffs and Defendants are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation or any exhibits attached thereto to effectuate the Settlement that: (a) are not materially inconsistent with this Judgment; and (b) do not materially limit the rights of Settlement Class Members in connection with the Settlement. Without further order of the Court, Plaintiffs and Defendants may agree to reasonable extensions of time to carry out any provisions of the Settlement.

16. **Termination of Settlement** – In the event the Settlement does not become effective in accordance with the terms of the Stipulation or the Effective Date of the Settlement otherwise fails to occur, this Judgment shall be vacated, rendered null and void and be of no further force and effect, except as otherwise provided by the Stipulation, and this Judgment shall be without prejudice to the rights of Plaintiffs, the other Settlement Class Members, and Defendants, and the Parties shall revert to their respective positions in the Action as of November 16, 2018, as provided in the Stipulation.

17. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation.

18. **Entry of Final Judgment** – The Clerk of the Court is expressly directed to immediately enter this final judgment in this Action.

SO ORDERED this _____ day of _____, 201__.

The Honorable Dolly M. Gee
United States District Judge

Exhibit 1

[List of Persons and Entities Excluded from the Settlement Class Pursuant to

Request]