

EXHIBIT A NONDISCLOSURE AGREEMENT This Nondisclosure Agreement ("Agreement") is made effective as of August 2, 2000 by and between Solar Turbines Incorporated, a Delaware corporation having its principal office in San Diego, California ("Solar") and Capstone Turbine Corp., a California corporation having its principal office in Woodland Hills, California ("Capstone"). WHEREAS, Solar and Capstone entered into an Alliance Agreement dated August 25, 1997 ("Alliance Agreement"), under which Solar has been supplying certain primary surface recuperators ("PSRs") for Capstone's Microturbine Generator sets and Capstone has been purchasing PSRs from Solar. WHEREAS, on August 25, 1997 Solar and Capstone also entered into a License Agreement ("License Agreement") under which Solar agreed, upon Capstone's election, to license Solar Intellectual Property (as defined therein) to Capstone to manufacture and modify PSRs for incorporation into Capstone's Microturbines, all in accordance with the terms of such License Agreement. WHEREAS, Capstone agreed to pay Solar certain Transition Fees pursuant to that certain Transition Agreement dated August 2, 2000 between the parties ("Transition Agreement") for the buyout and termination of the Alliance Agreement, the modification and amendment of the License Agreement and the assistance to be provided by Solar in transitioning its present manufacturing capabilities for PSRs for Capstone Microturbines to Capstone, all pursuant and subject to the Transition Agreement and the Amended And Restated License Agreement between the parties of even date herewith (the "Amended and Restated License Agreement") which define in further detail the transaction contemplated thereby (the "Transaction"). WHEREAS, Solar has agreed to share and disclose certain proprietary information and Solar Technology (collectively the "Solar Technology" hereunder), as defined in the Amended and Restated License Agreement, to Capstone as part of and in furtherance of the Transaction. WHEREAS, certain proprietary information was disclosed under the Alliance Agreement subject to that certain Nondisclosure Agreement dated June 1, 1996 between the parties which was Exhibit C to the Alliance Agreement ("Prior Nondisclosure Agreement"). WHEREAS, Solar and Capstone

executed a Nondisclosure Agreement, dated July 11, 1994, ("Prior Nondisclosure Agreement") when Capstone was operating under the name "NoMac Energy Systems, Inc.". WHEREAS, Capstone is actively engaged in the development of gas turbines and recuperated gas turbines in the *** size range and in the development of major components of both gas turbines and recuperated gas turbines in this size range; including turbines, 15 16 compressors, air bearings, combustors, permanent magnet alternators, electronic convertors and recuperators and has the right to disclose certain proprietary information related thereto ("Capstone Proprietary Information"). WHEREAS, the parties agree that all proprietary information disclosed under each of the above described Prior Nondisclosure Agreements and the Solar Technology (as defined in the Amended and Restated Licensing Agreement) and the Capstone Proprietary Information (as defined just above), collectively, shall be referred to herein as "proprietary information" and be subject to this Agreement. WHEREAS, each party desires to disclose such proprietary information to the other party for the limited purposes authorized under and in furtherance of the Transaction and, as to the Solar Technology and Solar proprietary information, subject to the terms of the Amended and Restated Licensing Agreement. WHEREAS, as used herein, "Party", receiving party" and "disclosing party" means each and every party who may receive or disclose Proprietary Information regardless of the use of the singular rather than the plural form "parties". NOW, THEREFORE, in consideration of the foregoing premises, the following promises, covenants and undertakings, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties agree as follows: 1. Each Party will use its best efforts to keep in confidence, and not disclose to any person or persons or use for purposes other than as allowed under the Amended and Restated License Agreement, proprietary information disclosed to it under this Agreement. Each Party recognizes that any disclosure of proprietary information received by it from the other would substantially injure the disclosing Party's business, impair its investments and goodwill and jeopardize its relationships with its buyers and customers. In order to protect such proprietary information, each Party agrees: (a) to hold all proprietary information disclosed to it in safekeeping and in strict confidence and not to disclose such proprietary information to any third parties or permit use of all such information to the disadvantage of the disclosing Party; (b) to treat all proprietary information disclosed to it with at least the same degree of care with which each treats and protects its own proprietary information which does not wish to disclose to third parties, which in any event shall be reasonable under the circumstances; (c) to limit the access of all proprietary information disclosed to it to only those employees within its organization who require such proprietary information in performing the limited purpose of this Agreement, and to inform each of its employees of the provisions of this agreement; and 16 17 (d) to use proprietary information disclosed to it only to the extent necessary for performing the limited purposes of this Agreement 2. Exceptions. The restrictions contained in Section 1 shall not apply to any proprietary information if the same is: (a) in the public domain at the time of disclosure, or is subsequently made available by the disclosing Party to the general public without restriction; (b) known by the receiving Party at the time of disclosure, as evidenced by appropriate documentation, or independently developed, as evidenced by appropriate documentation, by the receiving Party; (c) used or disclosed with the prior written approval of the disclosing Party; (d) becomes known to the receiving Party without similar restrictions as to its use or disclosure from a source other than the disclosing Party; (e) used or disclosed after a period of ten (10) years from the date of termination of this Agreement; (f) becomes known pursuant to judicial action or Governmental regulations or requirements, provided that the recipient of such data shall have notified the other Party. 3. Neither the execution of this Agreement, nor the furnishing of any materials hereunder, shall be construed as granting, either expressly or by implication, estoppel or otherwise, any license under any invention or patent now or hereafter owned by or controlled by the Party furnishing the materials. 4. No rights or obligations other than those expressly recited herein are to be implied by this Agreement with respect to patents, inventions and proprietary information. In providing data pursuant to this Agreement, the Party providing the proprietary information makes no representation, either expressed or implied, as to adequacy, sufficiency, or freedom from fault of such proprietary information and incurs no responsibility nor obligation whatsoever by reason thereof; and the furnishing of such proprietary information shall not convey any rights or license with respect to such proprietary information. 5. Nothing in this Agreement shall grant to either Party the right to make commitments of any kind for or on behalf of the other Party without the prior written consent of the other Party. 6. If a contractual relationship results from discussions between Solar and Capstone, the contract or purchase order will authorize Solar to disclose information to other parties which have a need to know after Solar ensures that a nondisclosure agreement such 17 18 as this Agreement is in place with such parties. Similarly, such contract or purchase order will authorize Capstone, subject to the provision of Paragraph 3.2 of the Amended and Restated License Agreement, to disclose information to other parties which have a need to know after Capstone ensures that a nondisclosure agreement such as this Agreement is in place with such parties. 7. This Agreement may be terminated (a) by either Party for breach of the terms hereof or of the License Agreement or Transition Agreement upon giving sixty (60) written notice of its intention to terminate to the other Party unless the defaulting party cures each and every breach within such cure period; or (b) the Agreement shall automatically expire ten (10) years from the Effective Date provided, however, that when the Agreement terminates, the obligations not to use and not to disclose proprietary information exchanged hereunder shall continue for the period specified hereinabove. 8. All modifications to this Agreement shall be in writing and signed by duly authorized representatives of both corporations. 9. All notices and information shall be addressed as follows: If to Capstone: Capstone Turbine Corp. 21211 Nordhoff Street Chatsworth, California 91311-5844 Attn: Ake Almgren President and Chief Executive Officer With a copy to: Capstone Turbine Corp. 21211 Nordhoff Street Chatsworth, California 91311-5844 Attn: Jeff Watts Chief Financial Officer If to Solar: Solar Turbines Incorporated 2200 Pacific Highway San Diego, CA 92101 Attn: Director,

Recuperator Business 18 19 With a copy to: General Counsel Legal Department Solar Turbines Incorporated 2200 Pacific Highway San Diego, CA 92101 10. Return of Proprietary information. All proprietary information disclosed to the receiving Party shall remain the property of the disclosing Party and within thirty (30) days of any termination of this Agreement in accordance with Paragraph 7 above, the receiving Party agrees to immediately return all proprietary information and all copies to the disclosing Party with a written statement that the foregoing has been accomplished. 11. Notification -and Injunctive Relief. If either Party, inadvertently or otherwise, makes an unauthorized disclosure of the other Party's proprietary information to a third party, the violating Party shall immediately take every reasonable action to recover the improperly disclosed proprietary information, execute a retroactive protective agreement with the unauthorized third party if possible and immediately notify the Party whose data was improperly disclosed ("Injured Party") and provide complete information about the unauthorized disclosure and the corrective measures being taken. The Parties agree that monetary damages are inadequate for any material breach involving an unauthorized disclosure when the Injured Party reasonably believes said breach will cause it to suffer significant business harm. If the Injured Party believes, based on the facts, it will suffer material harm from the unauthorized disclosure and the corrective measures being taken by the violating Party are inadequate to mitigate this harm, the Parties agree the Injured Party shall be entitled to prompt injunctive relief. Both Parties' other legal and equitable remedies and defenses remain unchanged by this provision. 12. Each Party reserves the right to change its designation of authorized representative, should circumstances so require, and to notify the other Party, in writing, of any such changes. 13. (a) All technical information and ideas relating to any proprietary information disclosed hereunder shall be in writing and will be identified, in writing, as being proprietary information. (b) Oral communications which are considered proprietary by the originating Party and so identified shall be reduced to writing within thirty (30) days and shall contain a notice thereon to the effect that any disclosure and use shall be subject to the terms and conditions of this present Agreement. Such orally disclosed information shall be given the protection afforded proprietary information hereunder during such thirty (30) day period. (c) All copies of proprietary information shall contain a similar identification. 19 20 14. This Agreement shall be governed by and construed in accordance with the laws of the State of California as if made in California for performance entirely within the State of California. 15. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, supersedes all prior oral or written agreements regarding the subject matter hereof, and cannot be changed or terminated except by a writing signed by both Parties. 16. If any provision of this Agreement is held illegal, invalid or unenforceable under present or future state or federal laws, or rules and regulations promulgated thereunder, effective during the term hereof, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be automatically as part of this Agreement a provision similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable. 17. This Agreement is not assignable or transferable without the prior written consent of each Party, which consent may be withheld for any reason. 18. Nothing herein shall be construed as a grant of a license or conveyance of any rights under any discoveries, inventions, patents, trade secrets, copyrights, industrial property rights or know-how belonging to any Party hereto. 19. This Agreement shall not constitute, create, give effect to or otherwise imply a teaming, joint venture, leader-follower or other formal business relationship. Further, nothing herein shall be construed as providing for the sharing of profits or losses arising out of the efforts of the Parties. No Party shall be liable to the other for any of the costs, expenses, risks, or liabilities arising out of the other Party's efforts in connection with this Agreement. 20. Each Party to this Agreement has had the opportunity to review the Agreement with legal counsel. This Agreement shall not be construed or interpreted against either Party on the basis that such Party drafted or authorized a particular provision, parts of, or the entirety of this Agreement 20 21 IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers. CAPSTONE TURBINE CORPORATION SOLAR TURBINES INCORPORATED By: /s/ AKE

ALMGREN By: /s/ GARY STROUP ----- Title: President & CEO
Title: President ----- Date: August 7, 2000 Date: August 3, 2000 -----

----- CAPSTONE TURBINE CORPORATION SOLAR TURBINES
INCORPORATED By: /s/ WILLIAM TREECE By: /s/ DAVID W. ESBECK -----
----- Title: Sr. VP Strategic Technology Title: Vice President -----

----- Date: August 7, 2000 Date: August 4, 2000 ----- 21