

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15 (d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 26, 2023

CAPSTONE GREEN ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-15957
(Commission File Number)

95-4180883
(IRS Employer
Identification No.)

16640 Stagg Street,
Van Nuys, California
(Address of principal executive offices)

91406
(Zip Code)

(818) 734-5300
(Registrant's telephone number, including area code)

Former name or former address, if changed since last report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of exchange on which registered</u> |
|------------------------------------------------------------------|--------------------------|---------------------------------------------|
| Common Stock, par value \$.001 per share | CGRN | NASDAQ Capital Market |
| Series B Junior Participating Preferred Stock Purchase Rights | | |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into Material Definitive Agreement

The information set forth below under Item 1.03 of this Current Report on Form 8-K regarding the TSA (as defined below) is incorporated herein by reference.

Item 1.03 Bankruptcy or Receivership

Voluntary Petition for Bankruptcy

On September 28, 2023 (the “Petition Date”), Capstone Green Energy Corporation (the “Company”) and its wholly-owned subsidiaries, Capstone Turbine International, Inc. (“Capstone Turbine International”) and Capstone Turbine Financial Services, LLC, (together with the Company, the “Debtors”), filed voluntary petitions (the “Chapter 11 Cases”) for relief under chapter 11 of title 11 (“Chapter 11”) of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). The Debtors filed a motion with the Bankruptcy Court seeking to jointly administer the Chapter 11 Cases under the caption “In re: Capstone Green Energy Corporation, et al.”

The Debtors will continue to operate their businesses as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. To facilitate their transition into Chapter 11, the Debtors filed a variety of “first day” motions seeking customary relief intended to enable the Debtors to continue ordinary course operations during the Chapter 11 Cases by, among other things, making payments upon, or otherwise honoring, certain obligations that arose prior to the Petition Date.

The Company will seek an order (the “NOL Order”), regarding the Company’s common stock, par value \$0.001 per share (the “Common Stock”). The NOL Order, if approved by the Bankruptcy Court, will be designed to assist the Debtors in preserving certain of their tax attributes by establishing among other things, procedures (including notice requirements) that certain stockholders and potential stockholders must comply with regarding transfers of the Common Stock, as well as certain obligations with respect to notifying the Debtors with respect to current stock ownership.

Transaction Support Agreement and Plan

On September 28, 2023, the Debtors entered into a Transaction Support Agreement (the “TSA”) with Goldman Sachs Specialty Lending Group, L.P., in its capacity as collateral agent (the “Collateral Agent”) under that certain Amended and Restated Note Purchase Agreement, dated as of October 1, 2020 (as amended, the “Note Purchase Agreement”), and Broad Street Credit Holdings LLC, an affiliate of the Collateral Agent, in its capacity as purchaser (“Purchaser” and, together with the Collateral Agent, the “Pre-Petition Secured Parties”) under the Note Purchase Agreement. The TSA contemplates a restructuring of the Debtors on the terms set forth in the TSA, including consummation of the Debtors’ Plan (as defined below).

On the Petition Date, the Debtors filed with the Bankruptcy Court a joint prepackaged chapter 11 plan of reorganization (as amended, restated, supplemented or otherwise modified from time to time, the “Plan”; capitalized terms used but not otherwise defined in this Current Report on Form 8-K having the meanings given to them in the Plan or TSA, as applicable). The TSA and Plan contemplate the Debtors effectuating certain transactions (collectively, the “Restructuring Transactions”), pursuant to which, among other things, the Company shall become a private company (“Reorganized PrivateCo”) that shall continue to own assets consisting of (i) right, title, and interest in and to the certain trademarks of Capstone and (ii) all assets relating to distributor support services (the “Retained Assets”), and Capstone Turbine International shall be re-named Capstone Green Energy Corporation and expects to be a successor to Capstone for purposes of Securities and Exchange Commission (“SEC”) reporting following emergence. All liabilities and assets other than those directly related to the Retained Assets and otherwise described in the Plan will be transferred to a newly formed subsidiary of Reorganized PublicCo (“New Subsidiary”), which shall be the primary operating entity.

Under the Plan, all holders of Allowed General Unsecured Claims will receive payment in full in cash or such other treatment so as to render such claim unimpaired under the Bankruptcy Code. The Purchaser will receive one hundred

percent (100%) of the equity interests in Reorganized PrivateCo in exchange for an agreed-upon portion of its pre-petition secured claim (the “Pre-Petition Secured Claim”) and, in its capacity as DIP Purchaser, an agreed-upon portion of its DIP Claim.

Additionally, as part of the Plan, on the Petition Date the Debtors filed with the Bankruptcy Court that certain Preferred Units Term Sheet (the “Preferred Term Sheet”). Pursuant to the Preferred Term Sheet, Reorganized PublicCo shall own common units representing 62.5% equity ownership in the New Subsidiary, and contribute to Reorganized PrivateCo Series A Preferred Units of New Subsidiary (the “Preferred Units”) with an aggregate value representing non-dilutable 37.5% equity ownership in the New Subsidiary on an as-converted basis. The deemed aggregate purchase price for the Preferred Units shall be 37.5% of the emergence value of the New Subsidiary as determined pursuant to the Plan. The Preferred Units shall rank senior in all respects to the New Subsidiary’s common units and subordinate to the New Subsidiary’s existing and future indebtedness, and the Preferred Units shall be entitled to vote with the New Subsidiary’s common units on an as-converted basis. The holders of the Preferred Units shall also (i) have certain dividend rights, preemptive rights, registration rights, redemption rights, conversion rights (equal to 37.5% of the common units deemed outstanding, on a non-dilutable basis) and a liquidation preference and (ii) subject the Company to certain affirmative and negative covenants.

The Company expects, based on the agreed upon terms in the TSA and the Plan (including the Preferred Term Sheet), that its stockholders will receive their pro rata share of one hundred percent (100%) of the equity in Reorganized PublicCo, subject to dilution from any stock issued as equity incentive compensation pursuant to an equity incentive plan. All other existing equity interests of the Company, including warrants, options, restricted stock units and preferred stock units, will be cancelled.

In accordance with the Plan, Reorganized PublicCo will reserve a pool of common stock that it can use to make grants from time to time to directors, employees and consultants of the Reorganized Debtors.

The foregoing descriptions of the TSA and the Plan (including the Preferred Term Sheet) do not purport to be complete and are qualified in their entirety by reference to the full texts of the TSA and the Plan (including the Preferred Term Sheet), which are respectively attached as Exhibit 10.1 and Exhibit 99.1 hereto and are incorporated herein by reference. Further, the foregoing descriptions are subject to the risks and uncertainties and other factors set forth in the “Cautionary Statement Regarding Forward Looking Statements” included under Item 8.01 below.

DIP and Exit Facility Financing

On September 28, 2023, the Company filed a motion with the Bankruptcy Court seeking approval to enter into a Super-Priority Senior Secured Debtor-In-Possession Note Purchase Agreement (the “DIP Note Purchase Agreement”) among the Debtors and the Pre-Petition Secured Parties, pursuant to which, subject to Bankruptcy Court approval, the Company will issue and Broad Street Credit Holdings LLC will fund \$30.0 million in debtor-in-possession notes, consisting of \$12.0 million of new money (the “DIP New Money Notes”) and a roll up of \$18.0 million of Pre-Petition Secured Claims (the “DIP Roll Up Notes”). The proceeds of the DIP New Money Notes will be used to fund restructuring expenses, for working capital and general corporate purposes and, solely with respect to the DIP Roll Up Notes, to effectuate the roll-up of Pre-Petition Obligations, each in accordance with the Bankruptcy Court Orders and a budget approved by the Debtors and the Pre-Petition Secured Parties. Borrowings under the DIP Note Purchase Agreement are expected to accrue interest at a rate of the SOFR Rate plus 8.75% per annum, which will be payable in kind and added to the outstanding principal of the DIP New Money Notes.

The Company is expected to pay a commitment fee equal to 2.0% of the aggregate commitment under the DIP Note Purchase Agreement, which will be payable in kind and added to the principal balance of the DIP New Money Notes on the closing date of the DIP Note Purchase Agreement.

The DIP Note Purchase Agreement will include protections customary for financings of this type and size, including superpriority claims and priming liens on the Debtors’ assets, liens on previously unencumbered assets, in each case subject to certain Permitted Liens, and other protections to be set forth in the orders approving the DIP Note Purchase Agreement. The DIP Note Purchase Agreement will also include conditions precedent, representations and warranties, affirmative and negative covenants, events of default, and other customary provisions.

The TSA further contemplates that Reorganized PublicCo and/or New Subsidiary shall become obligors under an exit financing facility (the “Exit Financing”) consisting of (i) a roll up of the \$12.0 million DIP New Money Notes (plus any accrued unpaid interest), (ii) a roll up of \$8.0 million of DIP Roll Up Notes (plus any accrued unpaid interest), and (iii) an additional \$5.0 million new money committed revolving facility (the “Exit Revolving Facility”). The Exit Financing credit documents will provide for a \$10.0 million uncommitted incremental facility and up to a \$10.0 million asset-based revolver debt basket (the “ABL Facility”), with terms and conditions to be mutually agreed for each, provided that, as a condition to entry into the ABL Facility, Reorganized PublicCo shall repay any amounts outstanding with respect to the Exit Revolving Facility in full in cash, and the Exit Revolving Facility commitment shall be terminated.

Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing

As previously disclosed on Form 8-K with the Securities Exchange Commission on March 31, 2023, the Company received written notice (the “Notification Letter”) from the listing qualifications department of The Nasdaq Stock Market (“Nasdaq”) on March 28, 2023, stating that the Company’s market value of listed securities (“MVLS”) for the last 30 consecutive business days was below the required minimum of \$35 million for continued listing on Nasdaq under Nasdaq Listing Rule 5550(b)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(C), the Company had 180 calendar days (or until September 25, 2023) to regain compliance (the “Compliance Period”). The Notification Letter stated that Nasdaq will close the matter and provide written confirmation that the Company has achieved compliance with rule 5550(b)(2) if at any time before September 25, 2023, the Company’s MVLS closes at \$35 million or more for a minimum of ten (10) consecutive business days.

On September 26, 2023, the Company received written notice (the “Delisting Letter”) from Nasdaq that the Company has not regained compliance with Nasdaq Listing Rule 5550(b)(2) for the MVLS within the Compliance Period in accordance with Nasdaq Listing Rule 5810(c)(3)(C). Accordingly, unless the Company requests an appeal of this determination, the Company’s securities will be delisted from The Nasdaq Capital Market, trading of the Company’s Common Stock will be suspended at the opening of business on October 5, 2023, and a Form 25-NSE will be filed with the Securities and Exchange Commission to remove the Company’s securities from listing and registration on Nasdaq. Because the Company expects to receive a notice from Nasdaq that the Common Stock no longer meets the eligibility requirements necessary for listing pursuant to Nasdaq Listing Rule 5110(b) as a result of the Chapter 11 Cases, the Company does not intend to appeal Nasdaq’s determination and, therefore, it is expected that its Common Stock will be delisted. The delisting of the Common Stock would not affect the Company’s post-petition status and does not presently change its reporting requirements under the rules of the Securities and Exchange Commission.

Item 7.01 Regulation FD Disclosure

On September 28, 2023, the Company issued a press release and an investor presentation, each in connection with the filing of the Chapter 11 Cases. Copies of the press release and investor presentation are attached hereto as Exhibit 99.2 and Exhibit 99.3, respectively, and are incorporated by reference herein.

Item 8.01 Other Events

Cautionary Note Regarding Trading in the Company’s Securities

The Company cautions that trading in its securities during the pendency of the Chapter 11 Cases is highly speculative and poses substantial risks. Trading prices for the Company’s securities may bear little or no relationship to the actual recovery, if any, by holders in the Chapter 11 Cases. The Common Stock may be quoted and traded on an over-the-counter market following delisting.

Additional Information on the Chapter 11 Cases

Court filings and information about the Chapter 11 Cases can be found at a website maintained by the Debtors’ solicitation and claims agent, Kroll Restructuring Administration LLC (“Kroll”), at <https://cases.ra.kroll.com/capstone> or by contacting Kroll at 1-844-642-1256 (Toll Free), +1-646-651-1164 (International) or by e-mail at

capstoneinfo@ra.kroll.com. The documents and other information available via such website or elsewhere are not part of this Current Report on Form 8-K and shall not be deemed incorporated herein.

Cautionary Statement Concerning Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including the statement regarding the Chapter 11 Cases and other statements regarding the Company's expectations, beliefs, plans, intentions, and strategies. The Company has tried to identify these forward-looking statements by using words such as "expect," "anticipate," "believe," "could," "should," "estimate," "intend," "may," "will," "plan," "goal" and similar terms and phrases, but such words, terms and phrases are not the exclusive means of identifying such statements. Actual results, performance and achievements could differ materially from those expressed in, or implied by, these forward-looking statements due to a variety of risks, uncertainties and other factors, including, but not limited to, the following: risks attendant to the Chapter 11 bankruptcy process, including the Company's ability to obtain court approval from the Bankruptcy Court with respect to motions or other requests made to the Bankruptcy Court throughout the course of the Chapter 11 process; the effects of Chapter 11, including increased legal and other professional costs necessary to execute the Chapter 11 process and on the Company's liquidity and results of operations (including the availability of operating capital during the pendency of Chapter 11); the length of time that the Company will operate under Chapter 11 protection and the continued availability of operating capital during the pendency of Chapter 11; the Company's ability to continue funding operations through the Chapter 11 bankruptcy process, and the possibility that it may be unable to obtain any additional funding as needed; the Company's ability to meet its financial obligations during the Chapter 11 process and to maintain contracts that are critical to its operations; the Company's ability to comply with the restrictions imposed by the terms and conditions of the DIP Note Purchase Agreement and other financing arrangements; objections to the DIP Note Purchase Agreement, or other pleadings filed that could protract Chapter 11; the effects of Chapter 11 on the interests of various constituents and financial stakeholders; the effect of the Chapter 11 filings on the Company's relationships with vendors, regulatory authorities, employees and other third parties; possible proceedings that may be brought by third parties in connection with the Chapter 11 process and risks associated with third-party motions in Chapter 11; employee attrition and the Company's ability to retain senior management and other key personnel due to the distractions and uncertainties; the impact and timing of any cost-savings measures and related local law requirements in various jurisdictions; the impact of litigation and regulatory proceedings; risks related to the restatement previously announced by the Company (including discovery of additional information relevant to the financial statements subject to restatement; changes in the effects of the restatement on the Company's financial statements or financial results and delay in the filing of the amended 10-K and amended 10-Q's due to the Company's efforts to complete the restatement; the time, costs and expenses associated with the restatement; potential inquiries from the SEC and/or Nasdaq; the potential material adverse effect on the price of the Company's common stock and possible stockholder lawsuits); and expectations regarding financial performance, strategic and operational plans, and other related matters. For a detailed discussion of factors that could affect the Company's future operating results, please see the Company's filings with the Securities and Exchange Commission, including the disclosures under "Risk Factors" in those filings. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances or future events or for any other reason.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Description |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1 | <u>Transaction Support Agreement, dated September 28, 2023, by and among Capstone Green Energy Corporation and certain of its subsidiaries, Goldman Sachs Specialty Lending Group, L.P., and Broad Street Credit Holdings LLC.</u> |
| 99.1 | <u>Debtors' Joint Prepackaged Chapter 11 Plan.</u> |
| 99.2 | <u>Press Release of Capstone Green Energy Corporation, dated September 28, 2023.</u> |
| 99.3 | <u>Investor Presentation of Capstone Green Energy Corporation, dated September 28, 2023.</u> |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101). |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAPSTONE GREEN ENERGY CORPORATION

Date: September 28, 2023

By: /s/ Robert C. Flexon

Name: Robert C. Flexon

Title: Executive Chairman, Interim President and Chief Executive Officer

CAPSTONE GREEN ENERGY CORPORATION
Transaction Support Agreement

This Transaction Support Agreement (together with the exhibits and schedules attached hereto, as each may be amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof, the “*TSA*” or this “*Agreement*”), ¹ dated as of September 28, 2023, is entered into by and among the following parties:

- (i) Capstone Green Energy Corporation (“*Capstone*”) and those certain additional subsidiaries of Capstone listed on **Schedule 1** hereto (such subsidiaries and Capstone each a “*Debtor*” and, collectively, the “*Debtors*” or the “*Company*”); and
- (ii) Broad Street Credit Holdings LLC (the “*Purchaser*”) as the undersigned holder of claims (the “*Pre-Petition Secured Claims*”) arising under that certain *Amended and Restated Note Purchase Agreement*, dated as of October 1, 2020 (as amended, restated, modified, supplemented, or replaced from time to time, the “*Note Purchase Agreement*”), by and among Goldman Sachs Specialty Lending Group, L.P. (in such capacity, the “*Collateral Agent*”), the Purchaser, the Debtors and other parties thereto.

This Agreement collectively refers to the Debtors and the Purchaser as the “*Parties*” and each individually as a “*Party*.”

RECITALS

WHEREAS, the Parties have in good faith and at arms’ length negotiated and agreed to certain restructuring transactions (the “*Restructuring*”) on the terms set forth in this Agreement and as specified in the joint chapter 11 plan for the Debtors in the form and substance attached hereto as **Exhibit A** (as amended, supplemented, or otherwise modified from time to time in accordance herewith, the “*Plan*”) and incorporated herein by reference pursuant to Section 2 hereof, which Restructuring will be implemented through jointly administered voluntary cases commenced by the Debtors (the “*Chapter 11 Cases*”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the “*Bankruptcy Code*”), in the United States Bankruptcy Court for the District of Delaware (the “*Bankruptcy Court*”), in accordance with the Milestones set forth in Section 8 of this Agreement;

WHEREAS, as of the date hereof, the Purchaser holds no less than 100% of the outstanding Pre-Petition Secured Claims; and

¹ Unless otherwise noted, capitalized terms used but not immediately defined herein shall have the meanings ascribed to them at a later point in this Agreement or in the Plan (as defined herein), as applicable.

NOW, THEREFORE, in consideration of the promises, mutual covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Parties, intending to be legally bound, hereby agrees as follows:

AGREEMENT

1. **TSA Effective Date.** This Agreement shall become effective, and the obligations contained herein shall become binding upon the Parties, upon the first date (such date, the “*TSA Effective Date*”) that (a) this Agreement has been executed by all of the following: (i) each Debtor, and (ii) the Purchaser; and (b) the Debtors shall have paid and reimbursed all reasonable and documented fees and expenses of (i) Cleary Gottlieb Steen & Hamilton LLP, as counsel to the Purchaser; and (ii) Deloitte Transactions & Business Analytics LLP, as financial advisor to the Purchaser, in each case, to the extent outstanding as of the date hereof and incurred in connection with, or arising as a result of, the Note Purchase Agreement, the Restructuring, the Plan, or the Chapter 11 Cases, as applicable, and invoiced to the Debtors on or prior to the date hereof.

2. **Exhibits and Schedules Incorporated by Reference.** Each of the exhibits attached hereto and any schedules to such exhibits (collectively, the “*Exhibits and Schedules*”) is expressly incorporated herein and made a part of this Agreement, and all references to this Agreement shall include the Exhibits and Schedules. In the event of any inconsistency between this Agreement (without reference to the Exhibits and Schedules) and the Exhibits and Schedules, this Agreement (without reference to the Exhibits and Schedules) shall govern.

3. **Definitive Documents.**

- (a) The definitive documents and agreements governing the Restructuring (collectively, the “*Definitive Documents*”) shall include:
- (i) the Plan and all exhibits thereto, including any Plan Supplement;
 - (ii) the Confirmation Order;
 - (iii) the Disclosure Statement;
 - (iv) the solicitation materials with respect to the Plan (collectively, the “*Solicitation Materials*”);
 - (v) (a) the order, whether interim or final, authorizing the Debtors to use cash collateral and obtain debtor-in-possession financing (the “*DIP Order*”), and (b) any related debtor-in-possession note purchase agreement and all related documentation regarding the debtor-in-possession financing (collectively, the “*DIP Facility Documents*”);
 - (vi) any contract between or among two or more Debtors whereby Capstone grants to any Debtor Subsidiary a license or other right to use the Capstone Trademarks (collectively, the “*Intercompany IP Documents*”);
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- (vii) materials with respect to the Series A preferred units of New Subsidiary issued on or about the Effective Date (“*New Subsidiary Preferred Units*”);
 - (viii) all “first day” motions, applications, and other documents that any Debtor intends to file with the Bankruptcy Court and seeks to have heard on an expedited basis at the “first-day hearing” in the Chapter 11 Cases and any proposed orders related thereto;
 - (ix) any other material pleadings or material motions the Debtors intend to file with the Bankruptcy Court in connection with the Chapter 11 Cases, and all orders sought pursuant thereto, including (a) any and all motions filed to assume, assume and assign, or reject an executory contract or unexpired lease and the order or orders of the Bankruptcy Court approving such motions and (b) any and all motions seeking approval of a management incentive plan and the order or orders of the Bankruptcy Court approving such motions; and
 - (x) to the extent not included, any motions and related proposed orders seeking approval of each of the above.
- (b) The Definitive Documents identified in Section 3(a) not executed or in a form attached to this Agreement will, after the TSA Effective Date, remain subject to negotiation and completion. The Definitive Documents shall contain terms, conditions, representations, warranties, and covenants consistent with the terms of this Agreement and otherwise be in form and substance acceptable to the Purchaser.

4. **Restructuring.** The Restructuring will be consummated through the Chapter 11 Cases in the Bankruptcy Court pursuant to the Plan. On the Effective Date, in accordance with the terms of the Plan, among other things more specifically set out in the Plan:

- (a) Capstone and the Capstone Subsidiaries will enter into an IP Assignment Agreement;
 - (b) All of Capstone’s liabilities and assets (other than the Capstone Turbine International Equity, Pre-Petition Secured Debt and obligations under the DIP Note Purchase Agreement and those liabilities and assets directly related to the Retained Assets and described in the Plan Supplement) shall be transferred to New Subsidiary;
 - (c) New Subsidiary shall issue the New Subsidiary Preferred Units and the New Subsidiary Common Units to Capstone;
 - (d) Capstone shall contribute all New Subsidiary Common Units to Capstone Turbine International;
 - (e) Capstone Turbine International shall contribute all assets held by Branch Office - UK to New Subsidiary;
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- (f) Capstone Turbine International shall become a public company and shall be re-named Capstone Green Energy Corporation and be the successor to Capstone with respect to its businesses and/or assets and related liabilities (other than the Capstone Turbine International Equity, Pre-Petition Secured Debt and obligations under the DIP Note Purchase Agreement and those liabilities and assets directly related to the Retained Assets), and is intended to be the successor to Capstone for purposes of Securities and Exchange Commission registration, and shall be the successor with respect to any Claims against, or Interest in, Capstone and any Debtor subsidiary; provided that, for the avoidance of doubt Capstone Turbine International shall not be the successor to Capstone for United States federal, state or local income tax purposes and shall not be the successor to Capstone with respect to the employment of the directors, officers, and employees of the Debtors or relating to any Employment Obligations (as defined in the Plan);
- (g) Capstone shall become a private company that shall continue to own the Retained Assets and the New Subsidiary Preferred Units and have no liabilities relating to, arising under or in connection with any Claims against, or Interest in, any Debtor;
- (h) The Pre-Petition Secured Party shall receive one hundred percent (100%) of the equity interests in Reorganized PrivateCo in exchange for an agreed-upon portion of its Pre-Petition Secured Claim and, in its capacity as DIP Purchaser, an agreed-upon portion of its DIP Claim, in accordance with the terms of the Plan;
- (i) Existing shareholders of Capstone shall receive one hundred (100%) percent of the Reorganized PublicCo Equity, subject to any dilution from any stock issued pursuant to the EIP, including the Key Individual Retention Shares;
- (j) Reorganized PrivateCo and Reorganized PublicCo will enter into the License Agreement; and
- (k) Reorganized PrivateCo and Reorganized PublicCo and/or New Subsidiary will enter into the Services Agreement.

5. **New Subsidiary Preferred Units.** The New Subsidiary Preferred Units will rank senior to the New Subsidiary Common Units. The rest of the terms of the New Subsidiary Preferred Units shall be set forth in a term sheet therefor, which shall be attached as **Exhibit C** hereto (the “**Preferred Units Term Sheet**”) (all on terms satisfactory to Purchaser).

6. **Reorganized PublicCo Board.** The Plan provides and the Confirmation Order shall provide that the members of (i) the board of directors of Reorganized PublicCo (the “**Reorganized PublicCo Board**”) shall be selected by the existing board of directors, (ii) the board

of directors of New Subsidiary shall be selected by the Reorganized PublicCo Board, and (iii) the board of directors of Reorganized PrivateCo shall be selected by Purchaser.

7. **Equity Incentive Plan; Hold Harmless.** The Company, Reorganized PublicCo Board and/or the members of New Subsidiary, as applicable, shall enter into an equity incentive plan (“*EIP*”) in form and substance acceptable to DIP Purchaser and Purchaser in connection with or following the Effective Date. In connection with the issuance of certain nonvoting common shares of Capstone Turbine International to certain employees and directors of Capstone prior the Petition Date (the “*Key Individual Retention Shares*”), the Purchaser and Capstone shall work in good faith to provide funding to pay individual recipients of the Key Individual Retention Shares an amount of cash sufficient to “gross them up” for taxable income in connection with the issuance of such Key Individual Retention Shares.

8. **Milestones.** As provided in and subject to Section 15 hereof, the Debtors shall implement the Restructuring on the following timeline (each deadline, a “*Milestone*”):²

- (a) no later than September 28, 2023 at 11:59 p.m. (prevailing Eastern Time), each of the Debtors shall commence the Chapter 11 Cases by filing petitions for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court (such filing date, the “*Petition Date*”);
- (b) no later than the Petition Date, the Debtors shall have filed with the Bankruptcy Court:
 - (i) the Plan;
 - (ii) the Disclosure Statement;
 - (iii) a motion seeking, among other things, entry of an order (a) approving the procedures for soliciting, receiving, and tabulating votes on the Plan and for filing objections to the Plan, (b) approving the Solicitation Materials, and (c) scheduling the hearing to consider final approval of the Disclosure Statement and confirmation of the Plan (the “*Confirmation Hearing*”);
 - (iv) a motion seeking approval of the DIP Facility (to be requested to be heard on shortened time); and
 - (v) any “first day” motions;each of which shall be in form and substance acceptable to the Purchaser.
- (c) no later than three (3) calendar days after the Petition Date, the Bankruptcy Court shall have entered an interim order approving the DIP Facility, which order shall be in form and substance acceptable to the Purchaser;

² In computing any period of time prescribed or allowed under this Agreement, the provisions of Federal Rule of Bankruptcy Procedure 9006(a) shall apply.

- (d) no later than thirty-five (35) calendar days after the Petition Date, the Bankruptcy Court shall have entered the final order approving the DIP Facility, which order shall be in form and substance acceptable to the Purchaser;
- (e) no later than thirty-five (35) calendar days after the Petition Date, the Bankruptcy Court shall have held the Confirmation Hearing and entered an order confirming the Plan and approving the Disclosure Statement (the “**Confirmation Order**”), which Confirmation Order shall be in form and substance acceptable to the Purchaser;
- (f) no later than forty-two (42) calendar days after the Petition Date, the Plan shall become effective (the “**Effective Date**”);

Each of the Milestones may be extended or waived with the express prior written consent of the Purchaser.

9. **Solicitation of the Plan.** The only solicited class will be the Pre-Petition Secured Claims. All other classes will be either (a) unimpaired and deemed to accept the Plan or (b) impaired and deemed to reject the Plan. Existing shareholders of the Company shall be deemed to reject the Plan. “**Pre-Petition Secured Claims**” means all claims against the Company in respect of the Purchaser’s secured, first lien debt under the Note Purchase Agreement excluding any DIP Claim on account of the DIP Roll Up Notes. In accordance with the terms of the Plan, the Purchaser shall exchange its Pre-Petition Secured Claim for the Pre-Petition Claims Equitization Percentage (as defined in the Plan) of the equity interests in Reorganized PrivateCo.

10. **Releases.** The Plan provides for releases of any and all causes of action or other claims that the Debtors may have against their current officers and directors (the “**D&O Releases**”); *provided*, however, that such releases with respect to any officers and/or directors who are currently the subject of the ongoing investigation by an independent law firm shall be subject to the completion of such investigation. The Plan also provides for the release of any and all causes of action against Purchaser and its affiliates.

11. **Exit Financing.** Reorganized PublicCo and/or New Subsidiary shall become obligors under an exit financing facility (the “**Exit Financing**”) consisting of (i) a roll up of up to \$12 million (plus any fees and accrued and unpaid interest) of the DIP New Money Notes (as defined in the DIP Term Sheet) outstanding (the “**Exit Roll Up Tranche 1**”), (ii) an additional \$5 million new money committed revolving loan (the “**Exit Revolver**”), (iii) roll up term loans of \$5,000,000 (plus any accrued and unpaid interest) of the Prepetition Roll Up Notes (as defined in the Exit Financing Term Sheet) (“**Exit Roll Up Term Loans 2**”); (iii) roll up term loans of \$3,000,000 (plus any accrued and unpaid interest) of Pre-Funding Roll Up Notes (as defined in the Exit Financing Term Sheet) (the “**Exit Roll Up Term Notes 3**”, and together with the Exit Roll Up Loans 1 and Exit Roll Up Loans 2, the “**Exit Term Loans**”). The Exit Financing credit documents will provide for a \$10 million uncommitted incremental facility and up to a \$10 million asset-based revolver debt basket (“**ABL Facility**”) with terms and conditions to be mutually agreed for each; *provided* (i) any ABL Facility will be able to prime obligations under the Exit Financing with respect to the Exit Roll Up Tranche 1, the Exit Roll Up Tranche 2 and Exit Roll Up Tranche 3 as to the collateral securing the ABL Facility and be granted liens on other assets, which liens

shall be junior only to the liens securing the Exit Financing and (ii) the proceeds of such ABL Facility will not be subject to or otherwise trigger any mandatory prepayment obligations of the Exit Financing or any other claims of the Purchaser, provided that, as a condition to entry into the ABL Facility, the Borrower shall repay any amounts outstanding with respect to the Exit Revolver in full in cash. Interest on the Exit Financing shall be described in the term sheet attached hereto as **Exhibit D** (the “**Exit Financing Term Sheet**”).

12. **DIP Claims.** As set forth in the DIP Term Sheet and Exit Financing Term Sheet, DIP Claims in respect of the DIP Roll Up Notes shall be partially equitized in exchange for the DIP Claims Equitization Percentage (as defined in the Plan) of the equity interests in Reorganized PrivateCo and partially rolled into the Exit Financing. All DIP Claims in respect of the DIP New Money Notes shall be rolled into the Exit Financing. “**DIP Claim**” means all Claims pursuant to the DIP Facility (as defined below).

13. **Equity Holders.** Existing holders of public stock in Capstone shall receive one hundred percent (100%) of the equity in Reorganized PublicCo on a pro-rata basis, subject to dilution from any shares issued pursuant to the EIP, including the Key Individual Retention Shares.

14. **Commitment of Purchaser.** The Purchaser agrees to:

- (a) vote to accept, and not object to or otherwise interfere with, the Plan and not support any alternative plan or other disposition of the Company or any of its assets except as set forth in this Agreement;
- (b) provide a DIP facility (the “**DIP Facility**”) consistent with the DIP facility described in the term sheet attached hereto as **Exhibit B** (the “**DIP Term Sheet**”) and consent to the Debtors’ use of cash collateral, subject to the terms of the DIP Order; *provided* that the DIP Order will, among other things:
 - (i) impose covenants:
 - (A) requiring agreed-upon reporting by the Debtors;
 - (B) requiring the Company to satisfy the Milestones;
 - (C) prohibiting the Debtors’ use of cash except as permitted by a budget (the “**Budget**”) to be approved by Purchaser or an affiliate of Purchaser in its capacity as administrative agent of the DIP Facility (in such capacity, the “**DIP Agent**”);
 - (D) granting the DIP Agent reasonable access to information and diligence; and
 - (E) requiring payment of the DIP Agent’s and the Purchaser’s reasonable fees and expenses without court approval (provided that the Debtors are given a general description of the services performed);

- (ii) modify the stay to the extent necessary to permit the Purchaser to terminate upon termination of this Agreement; and
- (c) commit to fund the DIP Facility, subject to customary conditions precedent and other terms and conditions.

The Purchaser's obligations under this Agreement are subject to the entry of the DIP Order (whether interim or final) approving the DIP Facility and use of cash collateral in form and substance acceptable to the DIP Agent, which shall be consistent in all respects with this Agreement, including the DIP Term Sheet.

Nothing in this Agreement and neither a vote to accept the Plan by Purchaser nor the acceptance of the Plan by Purchaser shall (w) be construed to prohibit Purchaser from contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, this Agreement or the Definitive Documents, or exercising rights or remedies specifically reserved herein, (x) be construed to limit Purchaser's rights under any applicable agreement (including the Note Purchase Agreement), and/or applicable law or to prohibit Purchaser from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases, so long as, from the TSA Effective Date until the occurrence of a Termination Date, such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement and are not for the purpose of hindering, delaying, or preventing the consummation of the Restructuring, (y) impair or waive the rights of Purchaser to assert or raise any objection permitted under this Agreement in connection with any hearing on confirmation of the Plan or in the Bankruptcy Court, or (z) require the DIP Agent to increase the size of the DIP Facility or its commitments thereunder, including, without limitation, to fund costs or expenses incurred by the Debtors. For the avoidance of doubt, nothing in this Section 14 shall require Purchaser to (1) incur any expenses, liabilities, or other obligations, or to agree to any commitments, undertakings, concessions, indemnities, or other arrangements that could result in unreimbursed expenses, liabilities, or other obligations owed to or by Purchaser, or (2) provide any information that it determines, in its discretion, to be commercially sensitive, confidential, or privileged.

15. **Commitment of the Debtors.** Each of the Debtors shall:

- (a) prepare a disclosure statement (the "**Disclosure Statement**") in form and substance reasonably acceptable to the Purchaser and use it to solicit Purchaser's vote on the Plan;
 - (b) propose and seek to effectuate the Plan and not seek, solicit or support, whether directly or indirectly, any Alternative Transaction;
 - (c) promptly provide to the Purchaser's advisors a copy of any written offer or proposal (and notice and a description of any oral offer or proposal) for an Alternative Transaction, including, without limitation, any offers, proposals, letters of intent, draft or final agreements, or similar documents, in each case, within one (1) Business Day of any Debtor's receipt of such offer or proposal;
 - (d) unless a third party offers non-priming financing on better terms or priming financing on better terms to the extent the Purchaser consents thereto, use
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commercially reasonable efforts to obtain entry of the DIP Order (whether interim or final), including authorization for the continued use of cash collateral order on terms acceptable to the Purchaser, in accordance with the Milestones, and perform all obligations of the Debtors under the DIP Order if and when entered by the Bankruptcy Court and any other DIP Facility Documents, each in form and substance acceptable to the DIP Agent;

- (e) promptly provide written notice to the Purchaser's advisors of (i) the occurrence, or failure to occur, of any event of which the Debtors have actual knowledge which occurrence or failure would be likely to cause any condition precedent contained in this Agreement not to occur or become impossible to satisfy, (ii) any Debtor's receipt of any written notice from any governmental authority or third party alleging that the consent of such party is or may be required in connection with the transactions contemplated by the Restructuring, (iii) any Debtor's receipt of any written notice of any proceeding commenced or, to the actual knowledge of the Debtors, threatened against the Debtors relating to or involving or otherwise affecting in any material respect the transactions contemplated by this Agreement or the Restructuring, or (iv) a failure of the Debtors to comply in any respect with a covenant or agreement to be complied with or by it hereunder;
 - (f) (i) support and complete the Restructuring set forth in the Plan and this Agreement, (ii) negotiate in good faith all Definitive Documents that are subject to negotiation as of the TSA Effective Date, (iii) take all steps reasonably necessary for the Plan to be confirmed, for the Effective Date to occur, and for the Plan to be substantially consummated, as that phrase is defined in section 1101(2) of the Bankruptcy Code, in accordance with the Milestones, and (iv) obtain, file, submit, or register any and all required governmental, regulatory, and third-party approvals that are necessary or required for the implementation or consummation of the Restructuring or approval by the Bankruptcy Court of the Definitive Documents;
 - (g) use commercially reasonable efforts to obtain approvals of releases, which shall be effective upon the Effective Date, of the Parties as contemplated herein, provided the granting of the D&O Releases (as defined below) is in compliance with the fiduciary duties owed by the Debtors;
 - (h) refrain from taking any action not required by law that is inconsistent with, or that would materially delay or impede approval, confirmation or consummation of the Plan or the DIP Order, or that is otherwise inconsistent with the express terms of
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this Agreement, the Plan or the DIP Order (if any when entered by the Bankruptcy Court);

- (i) comply with all budget and reporting covenants, subject to customary cure and variance provisions;
- (j) satisfy the Milestones;
- (k) promptly provide due diligence information pertaining to the Debtors upon the Purchaser's reasonable request, including, but not limited to, providing the Purchaser's representatives access to the Debtors' properties, books and records as reasonably requested;
- (l) not seek approval of the Bankruptcy Court, or otherwise approve, of any employee retention payment, management incentive plan, or executive employment arrangement, in each case, without the prior written consent of the Purchaser;
- (m) not take any action that is inconsistent with, or is intended to interfere with, the consummation of the Restructuring;
- (n) provide the Purchaser draft copies of (i) the petitions commencing the Chapter 11 Cases, the Plan, the Disclosure Statement, any Plan supplement, any pleading related to the DIP Facility and any proposed order confirming the Plan at least four (4) calendar days prior to filing and (ii) any other pleadings in the Chapter 11 Cases including, without limitation, "first day" motions, applications, and other documents that any Debtor intends to file with the Bankruptcy Court, at least two (2) Business Days prior to filing, which pleadings and documents shall be in form and substance acceptable to Purchaser; and
- (o) pay all reasonable and documented out-of-pocket fees and expenses of Purchaser related to the Chapter 11 Cases.

An "**Alternative Transaction**" means (a) any proposal or offer from any person or any purchase, sale, issuance, acquisition, repurchase, exchange or other disposition of any assets, securities, assets, or indebtedness of the Debtors (including, without limitation, a merger or similar transaction involving the Debtors), in each case, other than as contemplated by the Plan, or (b) any refinancing, plan of reorganization or liquidation, proposal, offer, dissolution, winding up, liquidation, reorganization or other comprehensive restructuring involving the Debtors, in each case, other than the Plan.

16. **Purchaser Termination Events.** The Purchaser shall have the right, but not the obligation, upon written notice to the Debtors, to terminate its obligations under this Agreement upon three (3) Business Days' notice of the occurrence of one or more of the following events (each a "**Purchaser Termination Event**"), in which case this Agreement shall terminate with respect to all Parties:

- (a) the failure of the Company to meet any of the Milestones in Section 8 unless such Milestone is extended by the Purchaser in accordance with Section 8;
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- (b) the appointment of a trustee, receiver, or examiner with expanded powers beyond those set forth in section 1106(a)(3) of the Bankruptcy Code, conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code, or dismissal of any of the Chapter 11 Cases;
 - (c) the appointment of any committee pursuant to section 1102 of the Bankruptcy Code in the Chapter 11 Cases;
 - (d) any Debtor (i) files, amends, or modifies, or files a pleading seeking authority to amend or modify the Definitive Documents in a manner that is inconsistent with this Agreement or (ii) announces that it will no longer support the Restructuring, in each case, without the prior written consent of the Purchaser;
 - (e) a material breach by a Debtor of any representation, warranty, or covenant of such Debtor set forth in this Agreement that (to the extent curable) remains uncured for a period of five (5) Business Days after the receipt by the Debtors of notice and description of such breach;
 - (f) the termination of the Debtors' exclusive periods to file a plan or solicit acceptances thereof;
 - (g) any variance, breach or other violation of the Budget that is not a permitted variance, subject to the DIP Facility;
 - (h) the commencement of any actions by the Debtors or a third party to challenge any liens of the Purchaser or any transactions with the Purchaser;
 - (i) the Company's attempt to enter or entry into any *pari passu* or priming DIP loan other than in accordance with this Agreement;
 - (j) any sale of the Company's assets outside of the ordinary course without consent of the Purchaser (other than as permitted under the DIP Term Sheet or other DIP Facility Documents);
 - (k) the Company's approval of any new employee retention payments, management incentive plans, or executive employment arrangements without consent of the Purchaser, other than the EIP;
 - (l) (i) a default or an "Event of Default" (as defined in the DIP Term Sheet or other DIP Facility Documents) under the DIP Facility Documents or (ii) the "Maturity Date" (as defined in the DIP Term Sheet or other DIP Facility Documents) under the DIP Facility Documents without the Plan having been substantially consummated; or
 - (m) either (i) any Debtor files a motion, application, or adversary proceeding (or any Debtor supports any such motion, application, or adversary proceeding filed or commenced by any third party) asserting any cause of action against and/or with respect or relating to the Pre-Petition Secured Claims or any rights held by the
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Purchaser; or (ii) the Bankruptcy Court (or any court with jurisdiction over the Chapter 11 Cases) enters an order providing relief against the interests of Purchaser with respect to any of the foregoing causes of action or proceedings.

17. **Debtor Termination Events.** Each Debtor may, upon notice to the Purchaser, terminate its obligations under this Agreement upon the occurrence of any of the following events (each a “**Debtor Termination Event**”), in which case this Agreement shall terminate with respect to all Parties, subject to the rights of the Debtors to fully or conditionally waive, in writing, the occurrence of a Debtor Termination Event:

- (a) a material breach by the Purchaser of any representation, warranty, or covenant of Purchaser set forth in this Agreement that (to the extent curable) remains uncured for a period of five (5) business days after the receipt by the Purchaser of notice and description of such breach;
- (b) the board of directors, or such similar governing body of any Debtor, receives a bona fide binding proposal (or enters into a definitive agreement) for an Alternative Transaction that provides for payment in full in cash of all obligations under the DIP Facility and all Pre-Petition Secured Claims on the timeline contemplated by this Agreement; *provided* that the Company may exercise this termination right (the “**Fiduciary Out**”) only if the Company receives a bona fide binding proposal (or enters into a definitive agreement) for an Alternative Transaction that will provide for payment in full in cash of all obligations under the DIP Facility and all Pre-Petition Secured Claims; *provided* that the Company may exercise the Fiduciary Out only after (a) receiving advice of outside counsel and financial advisors and consultation with the Purchaser and (b) providing notice to the Purchaser of at least three (3) Business Days prior to the exercise of the foregoing termination right.
- (c) the Purchaser terminates its obligations under and in accordance with this Agreement; or
- (d) the issuance by any governmental authority, including the Bankruptcy Court, any regulatory authority, or any other court of competent jurisdiction, of any ruling or order enjoining the substantial consummation of the Restructuring.

18. **Mutual Termination; Automatic Termination.** This Agreement and the obligations of all Parties hereunder may be terminated by mutual written agreement by and among (a) each of the Debtors and (b) the Purchaser (the “**Mutual Termination Event**” and together with the Purchaser Termination Events and the Debtor Termination Events, the “**Termination Events**”). This Agreement shall terminate automatically upon the occurrence of the Effective Date.

19. **Effect of Termination.** The earliest date on which termination of this Agreement as to a Party is effective in accordance with Sections 16, 17, or 18 of this Agreement shall be referred to, with respect to such Party, as a “**Termination Date**.” Upon the occurrence of a Termination Date, all Parties’ obligations under this Agreement shall be terminated effective immediately, and such Parties shall be released from all commitments, undertakings, and agreements hereunder; *provided, however*, that each of the following shall survive any such

termination: (a) any claim for breach of this Agreement that occurs prior to such Termination Date, and all rights and remedies with respect to such claims shall remain in full force and effect and not be prejudiced in any way by such termination; (b) the Debtors' obligations in Section 21 of this Agreement accrued up to and including such Termination Date; and (c) Sections 19, 22, 24, 25, 26, 27, 28, 29, 31, 32, 33, 39, 40 and 41 hereof. The automatic stay applicable under section 362 of the Bankruptcy Code shall not prohibit a Party from taking any action necessary to effectuate the termination of this Agreement pursuant to and in accordance with the terms hereof. Upon the Termination Date, any and all ballots tendered by the Purchaser in respect of the Plan before the Termination Date shall be deemed, for all purposes, to be void *ab initio* and shall not be considered or otherwise used in any manner by the Parties in connection with the Restructuring and this Agreement or otherwise.

20. **Transfers of Claims and Interests.** Purchaser shall not (a) sell, transfer, assign, pledge, grant a participation interest in, or otherwise dispose of, directly or indirectly, its right, title, or interest in respect of any of Purchaser's claims against any Debtor subject to this Agreement, as applicable, in whole or in part, or (b) deposit any of Purchaser's claims against any Debtor, as applicable, into a voting trust, or grant any proxies, or enter into a voting agreement with respect to any such claims (the actions described in clauses (a) and (b) are collectively referred to herein as a "**Transfer**" and the Purchaser making such Transfer is referred to herein as the "**Transferor**"), unless such Transfer is to any other entity that first agrees in writing to be bound by the terms of this Agreement by executing and delivering to the Debtors a joinder agreement substantially in the form attached hereto as **Exhibit E** (the "**Joinder Agreement**"). With respect to claims against or interests in a Debtor held by the relevant transferee, upon consummation of a Transfer in accordance herewith, such transferee is deemed to make all of the representations, warranties, and covenants of Purchaser as applicable, set forth in this Agreement. Upon compliance with the foregoing, the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of this Agreement that occurs prior to such Transfer) under this Agreement to the extent of such transferred rights and obligations.

21. **Fees and Expenses.** Subject to Section 19, the Debtors shall pay or reimburse when due all reasonable and documented fees and expenses of Purchaser incurred in connection with, or arising as a result of, the Note Purchase Agreement, the DIP Facility Documents, the Restructuring, the Plan, or the Chapter 11 Cases (regardless of whether such fees and expenses were incurred before or after the Petition Date).

22. **Consents and Acknowledgments.** Each Party irrevocably acknowledges and agrees that this Agreement is not and shall not be deemed to be a solicitation for acceptances to the Plan. The acceptance of the Plan by the Purchaser will not be solicited until the Purchaser has received the Disclosure Statement and related ballot, and will be subject to sections 1125, 1126, and 1127 of the Bankruptcy Code.

23. **Representations and Warranties.**

- (a) Purchaser hereby represents and warrants on a several and not joint basis for itself and not any other person or entity that the following statements are true, correct, and complete, as of the date hereof:
- (i) it has the requisite organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;
 - (ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;
 - (iii) the execution, delivery, and performance by it of this Agreement does not violate any provision of law, rule, or regulation applicable to it, or its certificate of incorporation, bylaws, or other organizational documents in any material respect;
 - (iv) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability;
 - (v) it has reviewed, or has had the opportunity to review, with the assistance of professional and legal advisors of its choosing, all information it deems necessary and appropriate for it to evaluate the financial risks inherent in the Restructuring and to accept the terms of the Plan;
 - (vi) the Pre-Petition Secured Claims held by Purchaser are free and clear of any pledge, lien, security interest, charge, claim, equity, option, proxy, voting restriction, right of first refusal, or other limitation on disposition, transfer, or encumbrances of any kind, that would materially and adversely affect in any way Purchaser's ability to perform any of its obligations under this Agreement at the time such obligations are required to be performed; and
 - (vii) it (a) is the sole owner of the Pre-Petition Secured Claims held by it; and (b) is entitled to all of the rights and economic benefits of such Pre-Petition Secured Claims.
- (b) Each Debtor hereby represents and warrants on a joint and several basis (and not any other person or entity other than the Debtors) that the following statements are true, correct, and complete as of the date hereof:
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- (i) it has the requisite corporate or other organizational power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;
- (ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;
- (iii) the execution and delivery by it of this Agreement does not (a) violate its certificates of incorporation, bylaws, or other organizational documents, or (b) result in a breach of, or constitute (with due notice or lapse of time or both) a default (other than, for the avoidance of doubt, a breach or default that would be triggered as a result of the Chapter 11 Cases or any Debtor's undertaking to implement the Restructuring through the Chapter 11 Cases) under any material contractual obligation to which it is a party;
- (iv) the execution and delivery by it of this Agreement does not require any registration or filing with, the consent or approval of, notice to, or any other action with any federal, state, or other governmental authority or regulatory body, other than, for the avoidance of doubt, the actions with governmental authorities or regulatory bodies required in connection with implementation of the Restructuring and filings pursuant to the Securities Exchange Act of 1934, as amended (the "*Exchange Act*");
- (v) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code and, to the extent applicable, approval by the Bankruptcy Court, this Agreement is a legally valid and binding obligation of each Debtor that is enforceable against each Debtor in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability; and
- (vi) it has sufficient knowledge and experience to evaluate properly the terms and conditions of the Plan and this Agreement, and has been afforded the opportunity to consult with its legal and financial advisors with respect to its decision to execute this Agreement, and it has made its own analysis and decision to enter into this Agreement and otherwise investigated this matter to its full satisfaction.

24. **Survival of Agreement.** Each of the Parties acknowledges and agrees that this Agreement is being executed in connection with negotiations concerning the Restructuring and in contemplation of possible chapter 11 filings by the Debtors and the rights granted in this Agreement are enforceable by each signatory hereto without approval of any court, including the Bankruptcy Court.

25. **Rights and Settlement Discussions.** If the transactions contemplated herein are not consummated, or following the occurrence of a Termination Date, if applicable, nothing herein

shall be construed as a waiver by any Party of any or all of such Party's rights, other than as provided in Section 22, and the Parties expressly reserve any and all of their respective rights. The Parties acknowledge that this Agreement, the Plan, and all negotiations relating hereto are part of a proposed settlement of matters that could otherwise be the subject of litigation. Pursuant to Rule 408 of the Federal Rules of Evidence, any applicable state rules of evidence, and any other applicable law, foreign or domestic, this Agreement, the Plan, any related documents, and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

26. **Waiver and Amendments.** This Agreement, including the Exhibits and Schedules, may not be waived, modified, amended, or supplemented except with the prior written consent of all of the Parties.

27. **Relationship Among Parties.** No Party shall have any responsibility by virtue of this Agreement for any trading by any other entity. No prior history, pattern, or practice of sharing confidences among or between the Parties shall in any way affect or negate this Agreement. The Parties acknowledge that this Agreement does not constitute an agreement, arrangement, or understanding with respect to acting together for the purpose of acquiring, holding, voting, or disposing of any equity securities of the Debtors, and neither the Parties nor any group thereof shall constitute a "group" within the meaning of Rule 13d-5 under the Exchange Act.

28. **Specific Performance.** It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy of any such breach of this Agreement, including an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder. Each Party also agrees that it will not (a) seek, and will waive any requirement for, the securing or posting of a bond in connection with any Party seeking or obtaining such relief or (b) raise as a defense thereto the necessity of proving the inadequacy of money damages as a remedy.

29. **Damages.** Notwithstanding anything to the contrary in this Agreement, none of the Parties or any of their respective successors or assigns shall make a claim against, or seek to recover from, any other Party or the successors, assigns, affiliates, directors, officers, employees, counsel, representatives, agents, or attorneys-in-fact of any of them for any special, indirect, consequential, exemplary, or punitive damages or damages for lost profits in respect of any claim for breach of contract or any other theory of liability arising out of or related to this Agreement.

30. **Governing Law & Jurisdiction.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to such state's choice of law provisions which would require or permit the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each Party irrevocably and unconditionally agrees for itself that any legal action, suit, or proceeding against it with respect to any matter arising under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit, or proceeding, shall be brought in the federal or state courts located in the City of New York, Borough of Manhattan, and by executing and delivering this Agreement, each of the Parties irrevocably accepts and submits itself

to the exclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to New York jurisdiction, if the Chapter 11 Cases are commenced, each Party agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement. By executing and delivering this Agreement, and upon commencement of the Chapter 11 Cases, each of the Parties irrevocably and unconditionally submits to the personal jurisdiction of the Bankruptcy Court solely for purposes of any action, suit, proceeding, or other contested matter arising out of or relating to this Agreement, or for recognition or enforcement of any judgment rendered or order entered in any such action, suit, proceeding, or other contested matter.

31. **Waiver of Right to Trial by Jury.** Each of the Parties irrevocably waives any and all right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between any of the Parties arising out of, connected with, relating to, or incidental to the relationship established between any of them in connection with this Agreement. Instead, any disputes resolved in court shall be resolved in a bench trial without a jury.

32. **Successors and Assigns.** Except as otherwise provided herein, this Agreement is intended to bind and inure to the benefit of each of the Parties and each of their respective permitted successors, assigns, heirs, executors, administrators, and representatives.

33. **No Third-Party Beneficiaries.** Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary of this Agreement.

34. **Notices.** All notices (including, without limitation, any notice of termination or breach) and other communications from any Party hereunder shall be in writing and shall be deemed to have been duly given if personally delivered by courier service, messenger, email, or facsimile to the other Parties at the applicable addresses below, or such other addresses as may be furnished hereafter by notice in writing. Any notice of termination or breach shall be delivered to all other Parties.

(a) If to any Debtor:

Capstone Green Energy Corporation
Attn: John Juric, Chief Financial Officer
16640 Stagg Street
Van Nuys, CA 91406
Email: jjuric@CGRNenergy.com

with a copy to:

Katten Muchin Rosenman LLP
Attn: Mark D. Wood
Peter A. Siddiqui
525 West Monroe Street
Chicago, IL 60661-3693
Tel: (312) 902-5200
Email: mark.wood@katten.com

(b) If to the Purchaser / DIP Agent:

Sachs Specialty Lending Group, L.P.
Attn: Capstone Turbine Corporation, Account Manager
100 Crescent Court
Suite 1000
Dallas, TX 75201
Email: Matt.Carter@gs.com
Rob.chuchla@gs.com
gs-slg-notices@gs.com

with a copy to:

Cleary Gottlieb Steen & Hamilton LLP
Attn: Sean A. O'Neal
John Veraja
One Liberty Plaza
New York, NY 10006
Tel: (212) 225-2000
Email: soneal@cgsh.com
jveraja@cgsh.com

35. **Email Consents.** Where a written consent, acceptance, approval, or waiver is required pursuant to or contemplated by this Agreement, such written consent, acceptance, approval, or waiver shall be deemed to have occurred if, by agreement between counsel to the Parties submitting and receiving such consent, acceptance, approval, or waiver, it is conveyed in writing (including electronic mail) between each such counsel without representations or warranties of any kind on behalf of such counsel.

36. **Entire Agreement.** This Agreement (including the Exhibits and Schedules) constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all prior negotiations, agreements, and understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement.

37. **Reservation of Rights.**

- (a) Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of any Party to protect and preserve its rights, remedies, and interests, including, without limitation, its claims against any of the other Parties.
 - (b) Without limiting Sub-Clause (a) of this Section 37 in any way, if the Restructuring is not consummated in the manner set forth, and on the timeline set forth, in this Agreement (taking into account any extension of applicable Milestones pursuant to
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the terms hereof), or if this Agreement is terminated for any reason in accordance herewith, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, remedies, claims, and defenses and the Parties expressly reserve any and all of their respective rights, remedies, claims, and defenses, subject to Section 24 of this Agreement. This Agreement, the Plan, and any related document shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

38. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which, when so executed, shall constitute the same instrument, and the counterparts may be delivered by electronic mail in portable document format (.pdf).

39. **Public Disclosure.** This Agreement, as well as its terms, its existence, and the existence of the negotiation of its terms are expressly subject to any existing confidentiality agreements executed by and among any of the Parties as of the date hereof; *provided, however*, that, (a) on or after the TSA Effective Date, the Debtors may make any public disclosure or filing of, or with respect to the subject matter of, this Agreement, including the existence of, or the terms of, this Agreement or any other material term of the transaction contemplated herein, that, based upon the advice of outside legal counsel, is required to be made by applicable law or regulation and (b) after the Petition Date, the Parties may disclose the existence of, the terms of, or a copy of this Agreement without the express written consent of the other Parties. Notwithstanding anything to the contrary in this Section 39, the Debtors shall submit drafts to the Purchaser of any press release or other public filing that constitutes an initial disclosure of the existence or terms of this Agreement or any amendment to the terms of this Agreement at least two (2) Business Days prior to making any such disclosure.

40. **Headings.** The section headings of this Agreement are for convenience of reference only and shall not, for any purpose, be deemed a part of this Agreement.

41. **Interpretation.** This Agreement is the product of negotiations among the Parties, and the enforcement or interpretation hereof is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement or any portion hereof shall not be effective in regard to the interpretation hereof.

[Signatures and exhibits follow.]

IN WITNESS WHEREOF, this Transaction Support Agreement has been duly executed as of the date first written above.

BROAD STREET CREDIT HOLDINGS LLC
as Purchaser

By: /s/ Greg Watts

Name: Greg Watts

Title: Authorized Signatory

**GOLDMAN SACHS SPECIALTY LENDING
GROUP, L.P.**
as Collateral Agent

By: /s/ Greg Watts

Name: Greg Watts

Title: Authorized Signatory

[Signature Page to Transaction Support Agreement]

CAPSTONE GREEN ENERGY CORPORATION

By: /s/ John Juric _____

Name: John J. Juric _____

Title: Chief Financial Officer _____

CAPSTONE TURBINE INTERNATIONAL, INC.

By: /s/ John Juric _____

Name: John J. Juric _____

Title: Chief Financial Officer _____

CAPSTONE TURBINE FINANCIAL SERVICES, LLC

By: /s/ John Juric _____

Name: John J. Juric _____

Title: Chief Financial Officer _____

[Signature Page to Transaction Support Agreement]

Schedule 1 to Transaction Support Agreement

Debtor Subsidiaries

1. Capstone Turbine Financial Services, LLC
 2. Capstone Turbine International, Inc.
-

Exhibit A to the Transaction Support Agreement

Plan

Exhibit B to the Transaction Support Agreement

DIP Term Sheet



Exhibit C to the Transaction Support Agreement

Preferred Units Term Sheet



Exhibit D to the Transaction Support Agreement

Exit Financing Term Sheet



Exhibit E to the Transaction Support Agreement

Form of Joinder Agreement

Form of Joinder Agreement

This joinder (this “*Joinder*”) to the Transaction Support Agreement (the “*Agreement*”),¹ dated as of September 28, 2023, by and among (i) Capstone Green Energy Corporation (“*Capstone*”) and those certain additional subsidiaries of Capstone listed on **Schedule 1** to the Agreement, on the one hand, and (ii) the Purchaser, on the other hand, is executed and delivered by [_____] (the “*Joining Party*”) as of [_____].

1. Agreement to be Bound. The Joining Party hereby agrees to be bound by all of the terms of the Agreement, a copy of which is attached to this Joinder as Annex 1 (as the same has been or may be hereafter amended, restated, or otherwise modified from time to time in accordance with the provisions thereof). The Joining Party shall hereafter be deemed to be a Party for all purposes under the Agreement.

2. Representations and Warranties. The Joining Party hereby represents and warrants to each other Party to the Agreement that, as of the date hereof, such Joining Party (a) is the legal or beneficial holder of, and has all necessary authority (including authority to bind any other legal or beneficial holder) with respect to, the claims identified below its name on the signature page hereof, and (b) makes, as of the date hereof, the representations and warranties set forth in Section 23 of the Agreement to each other Party.

3. Governing Law. This Joinder shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflicts of law provisions which would require or permit the application of the law of any other jurisdiction.

4. Notice. All notices and other communications given or made pursuant to the Agreement shall be sent to:

To the Joining Party at:

[JOINING PARTY]

[ADDRESS]

Attn:

Facsimile: [FAX]

EMAIL:

IN WITNESS WHEREOF, the Joining Party has caused this Joinder to be executed as of the date first written above.

¹ Each capitalized term used herein but not otherwise defined shall have the meaning ascribed to it in the Agreement.

[JOINING PARTY]

By: _____

Name:

Title:

Holdings: \$ _____ of Debt



Annex 1 to the Form of Joinder Agreement
Transaction Support Agreement

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|---------------------------------------------------|---|------------------------------------------|
| In re: | : | Chapter 11 |
| | : | |
| CAPSTONE GREEN ENERGY CORPORATION, et al., | : | Case No. 23-[REDACTED] (REDACTED) |
| | : | |
| Debtors.¹ | : | (Joint Administration Requested) |
| | : | |

**JOINT PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION OF
CAPSTONE GREEN ENERGY CORPORATION AND ITS DEBTOR AFFILIATES**

THIS CHAPTER 11 PLAN IS BEING SOLICITED FOR ACCEPTANCE OR REJECTIONS IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND WITHIN THE MEANING OF SECTION 1126 OF THE BANKRUPTCY CODE. THIS CHAPTER 11 PLAN WILL BE SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL FOLLOWING SOLICITATION AND THE DEBTORS' FILING FOR CHAPTER 11 BANKRUPTCY.

Matthew B. Lunn (No. 4119)
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*Proposed Co-Counsel for the Debtors
and Debtors in Possession*

*Proposed Co-Counsel for the Debtors
and Debtors in Possession*

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: Capstone Green Energy Corporation (0883); Capstone Turbine International, Inc. (4270); and Capstone Turbine Financial Services, LLC (N/A). The Debtors' mailing address is 16640 Stagg Street, Van Nuys, California 91406.

TABLE OF CONTENTS

| | Page |
|-------------------------------------------------------------------------------------------------------------------------|------|
| <u>ARTICLE I DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, GOVERNING LAW, AND OTHER REFERENCES</u> | 4 |
| 1.1 <u>Defined Terms</u> | 4 |
| 1.2 <u>Rules of Interpretation</u> | 14 |
| 1.3 <u>Computation of Time</u> | 14 |
| 1.4 <u>Governing Law</u> | 14 |
| 1.5 <u>Reference to Monetary Figures</u> | 15 |
| 1.6 <u>Reference to the Debtors or Reorganized Debtors</u> | 15 |
| <u>ARTICLE II ADMINISTRATIVE AND PRIORITY CLAIMS</u> | 15 |
| 2.1 <u>Administrative Claims</u> | 15 |
| 2.2 <u>Professional Claims</u> | 15 |
| 2.3 <u>Priority Tax Claims</u> | 16 |
| 2.4 <u>DIP Claims</u> | 16 |
| 2.5 <u>Payment of Fees and Expenses</u> | 16 |
| <u>ARTICLE III CLASSIFICATION, TREATMENT, AND VOTING OF CLAIMS AND INTERESTS</u> | 17 |
| 3.1 <u>Classification of Claims and Interests</u> | 17 |
| 3.2 <u>Treatment of Classes of Claims and Interests</u> | 17 |
| 3.3 <u>Special Provision Governing Unimpaired Claims</u> | 21 |
| <u>ARTICLE IV PROVISIONS FOR IMPLEMENTATION OF THE PLAN</u> | 22 |
| 4.1 <u>General Settlement of Claims</u> | 22 |
| 4.2 <u>Transactions On or After the Effective Date</u> | 22 |
| 4.3 <u>New Debt Facility</u> | 23 |
| 4.4 <u>Offering and Issuance of Securities</u> | 23 |
| 4.5 <u>Subordination</u> | 24 |
| 4.6 <u>Vesting of Assets in the Reorganized Debtors</u> | 24 |
| 4.7 <u>Cancellation of Notes, Instruments, Certificates, and Other Documents</u> | 25 |
| 4.8 <u>Issuance of New Securities; Execution of Plan Documents</u> | 25 |
| 4.9 <u>Corporate Action</u> | 25 |
| 4.10 <u>Charter and Bylaws</u> | 25 |
| 4.11 <u>Effectuating Documents; Further Transactions</u> | 26 |

| | | |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----|
| 4.12 | Section 1146(a) Exemption | 26 |
| 4.13 | Directors, Officers, and Management | 26 |
| 4.14 | Incentive Plans and Employee and Retiree Benefits | 26 |
| 4.15 | Preservation of Rights of Action | 27 |
| 4.16 | Pre-Petition Secured Party's Fees | 27 |
| 4.17 | Intercompany Claims | 28 |
| ARTICLE V TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES | | 28 |
| 5.1 | Assumption of Executory Contracts and Unexpired Leases | 28 |
| 5.2 | Cure of Defaults and Objections to Assumption | 29 |
| 5.3 | Pre-existing Payment and Other Obligations | 29 |
| 5.4 | Rejection Damages Claims and Objections to Rejection | 30 |
| 5.5 | Contracts, Intercompany Contracts, and Leases Entered Into After the Petition Date | 30 |
| 5.6 | Reservation of Rights | 30 |
| ARTICLE VI PROVISIONS GOVERNING DISTRIBUTIONS | | 30 |
| 6.1 | Distributions on Account of Claims and Interests Allowed as of the Effective Date | 30 |
| 6.2 | Special Rules for Distributions to Holders of Disputed Claims and Interests | 31 |
| 6.3 | Delivery of Distributions | 31 |
| 6.4 | Claims Paid or Payable by Third Parties | 33 |
| 6.5 | Setoffs | 34 |
| 6.6 | Allocation Between Principal and Accrued Interest | 34 |
| ARTICLE VII PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS | | 34 |
| 7.1 | Disputed Claims Process | 34 |
| 7.2 | Prosecution of Objections to Claims and Interests | 35 |
| 7.3 | No Interest | 35 |
| 7.4 | Disallowance of Claims and Interests | 35 |
| ARTICLE VIII EFFECT OF CONFIRMATION OF THE PLAN | | 35 |
| 8.1 | Discharge of Claims and Termination of Interests | 35 |
| 8.2 | Releases by the Debtors | 36 |
| 8.3 | Releases by Certain Holders of Claims | 37 |
| 8.4 | Exculpation | 38 |

| | |
|-------------------------------------------------------------------------------|--------------------|
| 8.5 Injunction | 38 |
| 8.6 Protection Against Discriminatory Treatment | 38 |
| 8.7 Indemnification | 39 |
| 8.8 Release of Liens | 39 |
| ARTICLE IX CONDITIONS PRECEDENT TO THE EFFECTIVE DATE | 40 |
| 9.1 Conditions Precedent to the Effective Date | 40 |
| 9.2 Waiver of Conditions Precedent | 40 |
| 9.3 Effect of Non-Occurrence of Conditions to Consummation | 40 |
| ARTICLE X MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN | 41 |
| 10.1 Modification of Plan | 41 |
| 10.2 Revocation or Withdrawal of Plan | 41 |
| 10.3 Confirmation of the Plan | 41 |
| ARTICLE XI RETENTION OF JURISDICTION | 41 |
| ARTICLE XII MISCELLANEOUS PROVISIONS | 43 |
| 12.1 Additional Documents | 43 |
| 12.2 Payment of Statutory Fees | 43 |
| 12.3 Reservation of Rights | 44 |
| 12.4 Elimination of Vacant Classes | 44 |
| 12.5 Successors and Assigns | 44 |
| 12.6 Service of Documents | 44 |
| 12.7 Term of Injunctions or Stays | 45 |
| 12.8 Entire Agreement | 45 |
| 12.9 Non-Severability | 45 |

INTRODUCTION

Capstone Green Energy Corporation (“**Capstone**”) and its Debtor subsidiaries in the above-captioned Chapter 11 Cases jointly propose this Plan. Although proposed jointly for administrative purposes, the Plan constitutes a separate Plan for each Debtor for the resolution of outstanding claims against and interests in each Debtor pursuant to the Bankruptcy Code. Each Debtor is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The classifications of claims and interests set forth in Article III shall be deemed to apply separately with respect to each Plan proposed by each Debtor, as applicable. The Plan contemplates no substantive consolidation of any of the Debtors. Reference is made to the Disclosure Statement for a discussion of the Debtors’ history, business, properties and operations, projections, risk factors, and a summary and analysis of this Plan and certain related matters.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, GOVERNING LAW, AND OTHER REFERENCES

1.1 Defined Terms

1. “*Administrative Claim*” means a Claim for costs and expenses of administration of the Chapter 11 Cases pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estate and operating the business of the Debtors; (b) Allowed Professional Claims; and (c) all fees and charges assessed against the Estate pursuant to section 1930 of chapter 123 of title 28 of the United States Code.

2. “*Affiliate*” has the meaning set forth in section 101(2) of the Bankruptcy Code.

3. “*Allowed*” means, as to a Claim or an Interest, a Claim or Interest or any portion thereof, specifically allowed under the Plan, the Bankruptcy Code, or by a Final Order.

4. “*Avoidance Actions*” means any and all avoidance, recovery, subordination, or other claims, actions, or remedies that may be brought by or on behalf of the Debtors or their Estates or other authorized parties in interest under the Bankruptcy Code or applicable non-bankruptcy law, including actions or remedies under sections 502, 510, 542, 544, 545, and 547 through and including 553 of the Bankruptcy Code.

5. “*Ballot*” means each of the ballots distributed to each holder of an Impaired Claim that is entitled to vote to accept or reject the Plan and on which such holder is to indicate, among other things, acceptance or rejection of the Plan.

6. “*Bankruptcy Code*” means Title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as may be amended from time to time.

7. “*Bankruptcy Court*” means the United States Bankruptcy Court for the District of Delaware or such other court having jurisdiction over the Chapter 11 Cases.

8. “*Bankruptcy Rules*” means, as may be amended from time to time, the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, 28 U.S.C. § 2075, as applicable to the Chapter 11 Cases and the general, local, and chambers rules of the Bankruptcy Court.

9. “*Business Day*” means any day, other than a Saturday, Sunday, or legal holiday, as defined in Bankruptcy Rule 9006(a).

10. “*Branch Office – UK*” means that certain branch office located in the United Kingdom.

11. “*Capstone*” has the meaning set forth in the Introduction hereof.

12. “*Capstone Subsidiary*” means each subsidiary of Capstone.

13. “*Capstone Trademarks*” means all trademarks, service marks, brand names, trade names, corporate names, d/b/a names, Internet domain names, social media names and accounts, logos, and all other identifiers or designations of source or origin or goodwill, in any jurisdiction and whether registered or unregistered, that consist of, incorporate or contain “Capstone”, and all variations and derivatives thereof, including all registrations and applications for registration thereof.

14. “*Capstone Turbine International Equity*” means Capstone’s Equity Interests in Capstone Turbine International.

15. “*Cash*” means the legal tender of the United States of America or the equivalent thereof, including bank deposits and checks.

16. “*Causes of Action*” means any and all claims, actions, causes of action, choses in action, suits, debts, damages, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and crossclaims (including all claims and any avoidance, recovery, subordination, or other actions against Insiders and/or any other Entities under the Bankruptcy Code, including Avoidance Actions) of any of the Debtors and/or the Estates, whether known or unknown, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, that are or may be pending on the Effective Date or commenced by the Reorganized Debtors after the Effective Date against any Entity, based in law or equity, including under the Bankruptcy Code, whether direct, indirect, derivative, or otherwise and whether asserted or unasserted as of the date of entry of the Confirmation Order.

17. “*Certificate*” means any instrument evidencing a Claim or an Interest.

18. “*Chapter 11 Cases*” means the Chapter 11 Cases pending with respect to the Debtors in the Bankruptcy Court.

19. “*Claim*” has the meaning set forth in section 101(5) of the Bankruptcy Code.

- 20.** “*Claims and Noticing Agent*” means the claims and noticing agent the Debtors may retain in the Chapter 11 Cases pursuant to an order of the Bankruptcy Court.
- 21.** “*Claims Register*” means the official register of Claims against or Interests in the Debtors maintained by the Claims and Noticing Agent.
- 22.** “*Class*” means a category of holders of Claims or Interests under section 1122(a) of the Bankruptcy Code.
- 23.** “*Confirmation*” means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.
- 24.** “*Confirmation Date*” means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.
- 25.** “*Confirmation Hearing*” means the hearing(s) before the Bankruptcy Court under section 1128 of the Bankruptcy Code at which the Debtors seek entry of the Confirmation Order.
- 26.** “*Confirmation Order*” means the order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code and approving the Disclosure Statement.
- 27.** “*Consummation*” means the occurrence of the Effective Date.
- 28.** “*Creditor*” has the meaning set forth in section 101(10) of the Bankruptcy Code.
- 29.** “*Cure*” means a Claim (unless waived or modified by the applicable counterparty) based upon a Debtor’s defaults under an Executory Contract or Unexpired Lease assumed by such Debtor under section 365 of the Bankruptcy Code, other than a default which is not required to be cured pursuant to section 365(b) (2) of the Bankruptcy Code.
- 30.** “*Debtors*” means, collectively, each of Capstone Green Energy Corporation, Capstone Turbine Financial Services, LLC, and Capstone Turbine International.
- 31.** “*DIP Agent*” means Goldman Sachs Specialty Lending Group, L.P., in such capacity.
- 32.** “*DIP Claim*” means all Claims pursuant to the DIP Note Purchase Agreement.
- 33.** “*DIP Claims Equitization Percentage*” means a fraction where the numerator is \$10 million of the DIP Pre-Petition Roll Up Notes (plus accrued and unpaid interest thereon) and the denominator is the Total Amount of Claims Equitized.
- 34.** “*DIP New Money Notes*” means up to \$12 million of new money notes issued pursuant to the DIP Note Purchase Agreement.
- 35.** “*DIP Note Purchase Agreement*” means that certain *Super-priority Senior Secured Debtor-in-Possession Note Purchase Agreement* dated [•], 2023.

36. “*DIP Pre-Funding Roll Up Notes*” means a \$3 million roll up of the principal amount of Pre-Funding Notes in the form of notes issued pursuant to the DIP Note Purchase Agreement.
37. “*DIP Pre-Petition Roll Up Notes*” means a \$15 million roll up of certain Pre-Petition Secured Debt in the form of notes issued pursuant to the DIP Note Purchase Agreement.
38. “*DIP Purchaser*” means Broad Street Credit Holdings LLC, in such capacity.
39. “*Disclosure Statement*” means the disclosure statement for the Plan as may be amended, supplemented, or modified from time to time, including all exhibits and schedules thereto.
40. “*Disputed*” means as to a Claim or Interest, or any portion thereof, that (a) is not Allowed; (b) is not disallowed under the Plan, the Bankruptcy Code, or a Final Order; (c) is the subject of an objection or request for estimation filed in the Bankruptcy Court and which objection or request for estimation has not been withdrawn or overruled by a Final Order of the Bankruptcy Court, or (d) is otherwise disputed by the Debtors or the Reorganized Debtors in accordance with applicable law, which dispute has not been withdrawn, resolved or overruled by Final Order.
41. “*Distribution Agent*” means Reorganized PublicCo, in such capacity, or any delegee thereof.
42. “*Distributor Support Services*” means the program and set of services originally funded by Capstone’s distributors that, as of the Petition Date, provides distributor training to distributors, and undertakes website development and company branding and strategic marketing activities for Capstone and to the benefit of Capstone’s distributors.
43. “*Effective Date*” means the date that is a Business Day selected by the Debtors, subject to the prior written consent of the Pre-Petition Secured Party, after the Confirmation Date on which all conditions precedent to the occurrence of the Effective Date set forth in Section 9.1 hereof have been satisfied or waived in accordance with Section 9.2 hereof; *provided that* such date shall occur on or before forty-two (42) days after the Petition Date unless a later date is consented to in writing by the Pre-Petition Secured Party.
44. “*EIP*” means the Key Individual Retention Shares and any equity incentive plan entered into by the Debtors, Reorganized PublicCo Board and/or the members of New Subsidiary, as applicable, each in form and substance acceptable to DIP Purchaser and Purchaser, in connection with or following the Effective Date.
45. “*Entity*” has the meaning set forth in section 101(15) of the Bankruptcy Code.
46. “*Equity Interest*” means any and all equity securities (as defined in section 101(16) of the Bankruptcy Code) in a Debtor, including all shares, common stock, preferred stock, or other instrument evidencing any fixed or contingent ownership interest in any Debtor, including any option, warrant, or other right, contractual or otherwise, to acquire any such interest in a Debtor, whether or not transferable and whether fully vested or vesting in the future, that existed immediately before the Effective Date.

47. “*Equity Security*” has the meaning set forth in section 101(16) of the Bankruptcy Code.

48. “*Estate*” means the bankruptcy estate of any Debtor created under sections 301 and 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases.

49. “*Exculpated Claim*” means any Claim arising out of or related to any act or omission in connection with (a) the Debtors’ in-court or out-of-court efforts to implement the Restructuring, the Chapter 11 Cases, the DIP Financing, or the Transaction Support Agreement; (b) the formulation, preparation, solicitation, dissemination, negotiation, or filing of the Disclosure Statement or Plan or any contract, instrument, release, or other agreement or document created or entered into in connection with or pursuant to the Transaction Support Agreement, the Disclosure Statement, the DIP Financing, or the Plan; (c) the filing of the Chapter 11 Cases; (d) the pursuit of Confirmation; (e) the pursuit of Consummation; (f) the administration and implementation of the Plan; or (g) the distribution of property under the Plan; *provided that* “*Exculpated Claims*” do not include any obligations of the Exculpated Parties arising on or after the Effective Date under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

50. “*Exculpated Party*” means each of the following in its capacity as such: (a) the Debtors; (b) the Reorganized Debtors; (c) the Pre-Petition Secured Party; (d) the NPA Collateral Agent; (e) the DIP Purchaser; (f) the DIP Agent; and (g) with respect to each of the foregoing Entities in clauses (a) through (f), such Entity’s successors and assigns and current and former affiliates, subsidiaries, and current as of the Petition Date officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.

51. “*Executory Contract*” means a contract or lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

52. “*Exit Facility New Money Tranche*” means a \$5 million committed revolving loan tranche.

53. “*Exit Facility Roll Up Tranche 1*” means a roll up tranche of up to \$12 million (plus any accrued interest) of the DIP New Money Notes outstanding.

54. “*Exit Facility Roll Up Tranche 2*” means a roll up tranche of \$5 million (plus any accrued interest) of the DIP Pre-Petition Roll Up Notes.

55. “*Exit Facility Roll Up Tranche 3*” means a roll up tranche of \$3 million (plus any accrued interest) of the DIP Pre-Funding Roll Up Notes.

56. “*Final Decree*” means the decree contemplated under Bankruptcy Rule 3022.

57. “*Final Order*” means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter, which has not been reversed, stayed, modified, or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal

that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment could be appealed or from which certiorari could be sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order, or has otherwise been dismissed with prejudice.

58. “*General Unsecured Claim*” means any Claim other than an Administrative Claim, Professional Claim, Priority Tax Claim, Secured Tax Claim, Other Secured Claim, Other Priority Claim, Pre-Petition Secured Claim, DIP Claim, or Section 510(b) Claim.

59. “*Governmental Unit*” has the meaning set forth in section 101(27) of the Bankruptcy Code.

60. “*Impaired*” means, with respect to any Class of Claims or Interests, a Claim or an Interest that is not Unimpaired.

61. “*Insider*” has the meaning set forth in section 101(31) of the Bankruptcy Code.

62. “*Intercompany Claim*” means any Claim by a Debtor against another Debtor that is reflected in the Debtors’ books and records.

63. “*Intercompany Contract*” means a contract between or among two or more Debtors.

64. “*Intercompany Interest*” means an Interest held by a Debtor.

65. “*Interest*” means any Equity Security in a Debtor existing immediately prior to the Effective Date.

66. “*IP Assignment Agreement*” means an agreement between Capstone and the Capstone Subsidiaries pursuant to which each Capstone Subsidiary assigns, transfers, conveys and delivers to Capstone all of its right, title and interest in and to the Capstone Trademarks, including all common law rights thereto and all goodwill of the business connected with the use of and symbolized thereby.

67. “*Key Individual Retention Shares*” means certain nonvoting common shares of Capstone Turbine International issued to certain employees and directors of Capstone prior to the Petition Date.

68. “*License Agreement*” means an agreement between Reorganized PrivateCo and Reorganized PublicCo pursuant to which Reorganized PrivateCo will grant Reorganized PublicCo a non-exclusive, limited license to use the Capstone Trademarks pursuant to the terms and conditions therein.

69. “*Lien*” has the meaning set forth in section 101(37) of the Bankruptcy Code.

70. “*New Debt Facility*” means a financing facility, entered into by New Subsidiary as borrower and Reorganized PublicCo as guarantor on the Effective Date in an aggregate amount of up to \$25 million, comprised of Exit Facility Roll Up Tranche 1, Exit Facility Roll Up Tranche 2,

Exit Facility Roll Up Tranche 3 and Exit Facility New Money Tranche, all on the same terms as or better terms for New Subsidiary than those set forth in the New Debt Facility Term Sheet.

71. “*New Debt Facility Term Sheet*” means the term sheet attached to the Transaction Support Agreement as Exhibit B, as it may be amended, supplemented, or modified from time to time.

72. “*New Subsidiary*” means a newly formed subsidiary of Capstone that shall be formed on or prior to the Effective Date. References to New Subsidiary include each of New Subsidiary’s subsidiaries and controlled affiliates, unless the context clearly requires otherwise.

73. “*New Subsidiary Common Units*” means common units of New Subsidiary issued on or about the Effective Date in an amount equal to a sixty-two and one-half percent (62.5%) ownership share of New Subsidiary.

74. “*New Subsidiary Preferred Units*” means Series A preferred units of New Subsidiary issued on or about the Effective Date in accordance with the New Subsidiary Preferred Units Term Sheet in an amount equal to a thirty-seven and one-half percent (37.5%) ownership share of New Subsidiary.

75. “*New Subsidiary Preferred Units Term Sheet*” means that certain term sheet with respect to the New Subsidiary Preferred Units attached to the Transaction Support Agreement as Exhibit C.

76. “*Note Documents*” has the meaning ascribed to such term in the NPA.

77. “*NPA*” means the Amended and Restated Note Purchase Agreement, by and among certain affiliates of Capstone, the Pre-Petition Secured Party, and the NPA Collateral Agent, dated as of October 1, 2020 (as amended, supplemented, or modified from time to time).

78. “*NPA Collateral Agent*” means Goldman Sachs Specialty Lending Group, L.P. in its capacity as collateral agent under the NPA.

79. “*Other Priority Claim*” means any Claim other than an Administrative Claim or a Priority Tax Claim entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

80. “*Other Secured Claim*” means any Secured Claim other than a Pre-Petition Secured Claim, DIP Claim or a Secured Tax Claim. For the avoidance of doubt, Other Secured Claims includes any Claim arising under, derived from, or based upon any letter of credit issued in favor of the Debtors, the reimbursement obligation for which is either secured by a Lien on collateral or subject to a valid right of setoff.

81. “*Person*” has the meaning set forth in section 101(41) of the Bankruptcy Code.

82. “*Petition Date*” means the date on which the Debtors filed their petition for relief commencing the Chapter 11 Cases.

83. “*Plan*” means this chapter 11 plan, as it may be altered, amended, modified, or supplemented from time to time, including the Plan Supplement and all exhibits, supplements, appendices, and schedules.

84. “*Plan Supplement*” means any compilation of documents and forms of documents, agreements, schedules, and exhibits to the Plan, which shall be filed by the Debtors prior to the date scheduled for the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court prior to the Effective Date as amendments to the Plan Supplement.

85. “*Pre-Funding Notes*” means the Pre-Funding Notes (as defined in the NPA).

86. “*Pre-Petition Claims Equitization Percentage*” means a fraction where the numerator is \$35 million of principal of the Pre-Petition Secured Claim, plus accrued and unpaid interest with respect to the principal of the Pre-Petition Secured Claim as of the Effective Date and the denominator is the Total Amount of Claims Equitized.

87. “*Pre-Petition Secured Claim*” means any claim arising under the NPA excluding any DIP Claim on account of the DIP Roll Up Notes.

88. “*Pre-Petition Secured Debt*” means the Obligations (as defined in the NPA) incurred prior to the Petition Date.

89. “*Pre-Petition Secured Party*” means Broad Street Credit Holdings LLC.

90. “*Pre-Petition Warrants*” means the warrants in Capstone held by Special Situations Investing Group II, LLC, or an affiliate thereof.

91. “*Priority Tax Claim*” means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

92. “*Pro Rata*” means the proportion that an Allowed Claim or an Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that Class.

93. “*Professional*” means an Entity (a) employed in the Chapter 11 Cases in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Confirmation Date pursuant to sections 327, 328, 329, 330, and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been Allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

94. “*Professional Claim*” means a Claim by a Professional seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code.

95. “*Proof of Claim*” means a proof of Claim filed against any of the Debtors in the Chapter 11 Cases.

96. “*Rejection Schedule*” means the schedule of Executory Contracts and Unexpired Leases in the Plan Supplement, as may be amended from time to time, setting forth certain Executory Contracts and Unexpired Leases for rejection as of the Effective Date under section 365 of the Bankruptcy Code.

97. “*Released Party*” means each of the following in its/their capacity as such: (a) the Debtors; (b) the Pre-Petition Secured Party; (c) the NPA Collateral Agent; (d) the DIP Purchaser; (e) the DIP Agent; and (f) with respect to each of the foregoing Entities in clauses (a) through (e), such Entity’s successors, assigns, direct and indirect subsidiaries, affiliates, and funds, and current and former members, partners, managers, managing members, and current as of the Petition Date officers, directors, employees, advisors, principals, attorneys, professionals, accountants, investment bankers, consultants, agents, and other representatives of any of the foregoing, *provided*, however, that such releases with respect to any Debtor’s officers and/or directors who are currently the subject of the ongoing investigation by an independent law firm shall be subject to the completion of such investigation.

98. “*Releasing Parties*” means each of the following in its/their capacity as such: (a) the Debtors; (b) the Pre-Petition Secured Party; (c) the NPA Collateral Agent; (d) the DIP Purchaser; and (e) the DIP Agent.

99. “*Reorganized Capstone*” means, on and after the Effective Date, the Reorganized Debtors and New Subsidiary.

100. “*Reorganized Debtor*” means a Debtor (or any successor thereto by merger, consolidation, or otherwise) on and after the Effective Date.

101. “*Reorganized PrivateCo*” means Capstone on and after the Effective Date.

102. “*Reorganized PrivateCo Equity*” means common equity of Reorganized PrivateCo.

103. “*Reorganized PublicCo*” means Capstone Turbine International on and after the Effective Date.

104. “*Reorganized PublicCo Board*” means the board of directors of Reorganized PublicCo identified in the Plan Supplement.

105. “*Reorganized PublicCo Equity*” means common equity of Reorganized PublicCo and shall include the Key Individual Retention Shares.

106. “*Restructuring*” means the reorganization and restructuring of the Debtors as contemplated by the Plan, including all related transactions occurring before and after the Petition Date.

107. “*Retained Assets*” means (i) all of Capstone’s right, title, and interest in and to the Capstone Trademarks (and including those that are assigned to Capstone pursuant to the IP Assignment Agreement); and (ii) all assets, including cash, accounts receivable, tangible assets and intangible assets, owned by Capstone as of the Petition Date, that relate solely to Distributor Support Services, as will be described in more detail in the Plan Supplement; provided, however,

that notwithstanding the foregoing, no Executory Contracts or unexpired leases other than Retained Contracts shall be Retained Assets.

108. “*Retained Contracts*” means the Executory Contracts and unexpired leases identified in the Plan Supplement as Retained Contracts.

109. “*Section 510(b) Claim*” means any Claim against the Debtors arising from rescission of a purchase or sale of a security of the Debtors or an Affiliate, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

110. “*Secured Claim*” means a Claim (a) secured by a Lien on property of an Estate to the extent of the value of such property, as determined in accordance with section 506(a) of the Bankruptcy Code, or (b) subject to a valid right of setoff.

111. “*Secured Tax Claim*” means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code.

112. “*Securities Act*” means, as may be amended from time to time, the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa, and any similar federal, state, or local law. References herein to specific provisions of the Securities Act include any similar provisions of federal, state, or local law.

113. “*Security*” has the meaning set forth in section 2(a)(1) of the Securities Act.

114. “*Services Agreement*” means one or more agreements between Reorganized PrivateCo and Reorganized PublicCo (or its subsidiaries) by which, among other things, the parties will provide services to each other, each on terms to be disclosed in the Plan Supplement.

115. “*Total Amount of Claims Equitized*” means \$10 million of the DIP Roll Up Notes (plus accrued and unpaid interest thereon) plus \$35 million of principal of the Pre-Petition Secured Claim (plus accrued and unpaid interest with respect to the principal of the Pre-Petition Secured Claim as of the Effective Date).

116. “*Transaction Support Agreement*” means that certain Transaction Support Agreement, dated as of September 28, 2023, by and among the Debtors and the Pre-Petition Secured Party, as may be amended, supplemented, or modified from time to time.

117. “*Unclaimed Distribution*” means any distribution under the Plan on account of an Allowed Claim or Interest to a holder that has not: (a) accepted a particular distribution or, in the case of distributions made by check, negotiated such check; (b) given notice to the Reorganized Debtors of an intent to accept a particular distribution; (c) responded to the Debtors’ or Reorganized Debtors’ requests for information necessary to facilitate a particular distribution; or (d) taken any other action necessary to facilitate such distribution.

118. “*Unexpired Lease*” means a lease of nonresidential real property to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

119. “*Unimpaired*” means a Class of Claims or Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

120. “*Voting Deadline*” means 4:00 P.M. prevailing Eastern Time on October 2, 2023, as such date may be extended by the Debtors with consent of the Pre-Petition Secured Party.

1.2 Rules of Interpretation

(a) For purposes of the Plan, the following rules of interpretation apply: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (d) unless otherwise specified, all references herein to “Articles” are references to Articles hereof or hereto; (e) the words “herein,” “hereof,” and “hereto” refer to the Plan in its entirety rather than to any particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (g) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

(b) The rule of “*contra proferentum*” does not apply to the interpretation of the Plan. The Plan is the product of extensive negotiations between and among the Debtors, the Pre-Petition Secured Party, and the NPA Collateral Agent. Each of the foregoing, including the Debtors, was represented by independent counsel of their choice who either (i) participated in the formulation and documentation of or (ii) was afforded the opportunity to review and provide comments on, the Plan, the Disclosure Statement, and the documents ancillary thereto. Accordingly, unless explicitly stated otherwise, the general rule of contract construction known as “*contra proferentum*” shall not apply to the construction or interpretation of any provision of this Plan, the Disclosure Statement, or any exhibit, schedule, contract, instrument, release, or other document generated in connection therewith as concerns such parties identified above.

1.3 Computation of Time

Bankruptcy Rule 9006(a) applies in computing any period of time prescribed or allowed herein.

1.4 Governing Law

Except to the extent the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, lease, instrument, release, indenture, or other agreement or document entered into expressly in connection herewith, the rights and obligations arising hereunder shall be

governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to conflict-of-laws principles.

1.5 Reference to Monetary Figures

All references in the Plan to monetary figures refer to currency of the United States of America, unless otherwise expressly provided.

1.6 Reference to the Debtors or Reorganized Debtors

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or to the Reorganized Debtors mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

ARTICLE II

ADMINISTRATIVE AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Claims, and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims set forth in Article III.

2.1 Administrative Claims

Unless otherwise agreed to by the holder of an Allowed Administrative Claim and the Debtors or Reorganized Debtors, as applicable, each holder of an Allowed Administrative Claim (other than holders of Professional Claims and Claims for fees and expenses pursuant to 28 U.S.C. § 1930) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim at one of the following times, as applicable: (a) on the Effective Date, or as soon as practicable thereafter; (b) if the Administrative Claim is not Allowed as of the Effective Date, then no later than thirty (30) days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter; or (c) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, then in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the holders of such Allowed Administrative Claims.

2.2 Professional Claims

All requests for payment of Professional Claims for services rendered and reimbursement of expenses incurred prior to the Confirmation Date must be filed no later than thirty (30) days after the Effective Date, and any holder of a Professional Claim that does not file and serve such application by such date shall be forever barred from asserting such Claim against the Debtors, Reorganized Debtors, or their respective properties, and such Claims shall be deemed discharged as of the Effective Date. The Bankruptcy Court shall determine the Allowed amounts of such Professional Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Code, *provided* that objections to any Professional Claim must be filed and served

on the Reorganized Debtors and counsel to the Reorganized Debtors no later than twenty-eight (28) days after the filing of such request for payment of Professional Claims (unless otherwise agreed by the party requesting compensation of a Professional Claim). Reorganized PublicCo or New Subsidiary shall pay Professional Claims in Cash in the amount the Court Allows. From and after the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to, or action, order, or approval of, the Bankruptcy Court.

2.3 Priority Tax Claims

Each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive on the Effective Date, or as soon as practicable thereafter, from the respective Debtor liable for such Allowed Priority Tax Claim, payment in Cash in an amount equal to the amount of such Allowed Priority Tax Claim. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim, or as may be due and payable under applicable non-bankruptcy law, or in the ordinary course of business.

2.4 DIP Claims

Notwithstanding anything to the contrary herein, in full and final satisfaction, settlement, release, and discharge of, and in exchange for release of all Allowed DIP Claims, on the Effective Date, each holder of an Allowed DIP Claim shall receive its Pro Rata share of: (i) the DIP Claims Equitization Percentage of Reorganized PrivateCo Equity issued on the Effective Date in full and final satisfaction, settlement, release, and discharge of \$10 million of the DIP Pre-Petition Roll Up Notes (plus any accrued unpaid interest thereon); (ii) principal under the New Debt Facility in an amount equal to, and in exchange for, one hundred percent (100%) of the principal amount of the DIP New Money Notes outstanding on the Effective Date (including accrued interest in respect of the DIP New Money Notes, the DIP Pre-Petition Roll Up Notes and the DIP Pre-Funding Notes) on a dollar-for-dollar basis; (iii) principal under the New Debt Facility in an amount equal to, and in exchange for, \$5 million of the principal amount of the DIP Pre-Petition Roll Up Notes (plus any accrued unpaid interest thereon) outstanding on the Effective Date on a dollar-for-dollar basis; (iv) principal under the New Debt Facility in an amount equal to, and in exchange for, \$3 million of the principal amount of the DIP Pre-Funding Roll Up Notes (plus any accrued unpaid interest thereon) outstanding on the Effective Date on a dollar-for-dollar basis; (v) indirect ownership of the New Subsidiary Preferred Units issued to Reorganized PrivateCo; and/or (vi) such other treatment as agreed by the Debtors and the applicable holder of DIP Claims.

2.5 Payment of Fees and Expenses

The fees and expenses of the Pre-Petition Secured Party and the DIP Purchaser, and their respective professionals, shall be paid in connection with this Plan or any applicable orders entered by the Bankruptcy Court, on the Effective Date, or, with the consent of the Pre-Petition Secured Party and the DIP Purchaser, as applicable, as soon as reasonably practicable thereafter. Nothing herein shall require the professionals for the Pre-Petition Secured Party or the DIP Purchaser to

file applications with, or otherwise seek approval of, the Bankruptcy Court as a condition to the payment of such fees and expenses.

ARTICLE III

CLASSIFICATION, TREATMENT, AND VOTING OF CLAIMS AND INTERESTS

3.1 Classification of Claims and Interests

Except for the Claims addressed in Article II, all Claims and Interests are classified in the Classes set forth below in accordance with section 1122 of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released or otherwise satisfied prior to the Effective Date.

Below is a chart assigning each Class a number for purposes of identifying each separate Class.

| Class | Claim or Interest | Status | Voting Rights |
|--------------|----------------------------|---------------------|-------------------------------------|
| 1 | Secured Tax Claims | Unimpaired | Presumed to Accept |
| 2 | Pre-Petition Secured Claim | Impaired | Entitled to Vote |
| 3 | Other Secured Claims | Unimpaired | Presumed to Accept |
| 4 | Other Priority Claims | Unimpaired | Presumed to Accept |
| 5 | General Unsecured Claims | Unimpaired | Presumed to Accept |
| 6 | Intercompany Claims | Unimpaired/Impaired | Presumed to Accept/Deemed to Reject |
| 7 | Intercompany Interests | Unimpaired | Deemed to Accept |
| 8 | Equity Interests | Impaired | Deemed to Reject |
| 9 | Section 510(b) Claims | Impaired | Deemed to Reject |

3.2 Treatment of Classes of Claims and Interests

This Plan is a joint plan but constitutes a separate Plan for each Debtor. Except to the extent that a holder of an Allowed Claim or Interest, as applicable, agrees to a less favorable treatment, such holder shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of and in exchange for such holder's Allowed Claim against or Interest in the Debtors, as applicable. Unless otherwise indicated, the holder of an Allowed Claim or Interest, as applicable, shall receive such treatment on the Effective Date, or as soon as practicable thereafter.

(a) Class 1 — Secured Tax Claims

- (1) *Classification:* Class 1 consists of any Secured Tax Claims against any Debtor.
- (2) *Treatment:* Each holder of an Allowed Secured Tax Claim shall receive, as applicable:
 - A. If the Allowed Secured Tax Claim is due and payable on or before the Effective Date, Cash in an amount equal to such Allowed Secured Tax Claim; or
 - B. If the Allowed Secured Tax Claim is not due and payable on or before the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business, *provided that* to the extent the Allowed Secured Tax Claim is secured by an interest in property of an Estate, the holder of such Claim shall retain such interest in such property until paid in full therefor.
- (3) *Voting:* Class 1 is Unimpaired. Holders of Allowed Secured Tax Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of Allowed Secured Tax Claims are not entitled to vote to accept or reject the Plan.

(b) Class 2 — Pre-Petition Secured Claim

- (1) *Classification:* Class 2 consists of any Pre-Petition Secured Claim.
- (2) *Allowance:* On the Effective Date, the Pre-Petition Secured Claim shall be Allowed Claims secured by the Collateral (as defined in the Note Documents), and shall not be subject to avoidance, objection, challenge, deduction, subordination, recharacterization, reclassification or offset, in the aggregate amount of (a) \$35 million of principal of the Pre-Petition Secured Claim, plus (b) accrued and unpaid interest with respect to the principal of the Pre-Petition Secured Claim as of the Effective Date.
- (3) *Treatment:* Each holder of an Allowed Pre-Petition Secured Claim shall receive, in full satisfaction and discharge of all of such holder's Allowed Pre-Petition Secured Claim: (i) its Pro Rata amount of the Pre-Petition Claims Equitization Percentage of Reorganized PrivateCo Equity issued on the Effective Date, and (ii) indirect ownership of the New Subsidiary Preferred Units issued to Reorganized PrivateCo.
- (4) *Voting:* Class 2 is Impaired. Holders of an Allowed Pre-Petition Secured Claim are entitled to vote to accept or reject the Plan.

(c) Class 3 — Other Secured Claims

- (1) *Classification:* Class 3 consists of any Other Secured Claims against any Debtor.
- (2) *Treatment:* Each holder of an Allowed Other Secured Claim shall, at the sole option of the Debtors or the Reorganized Debtors, as applicable:
 - A. Have its Allowed Other Secured Claim reinstated and rendered Unimpaired in accordance with section 1124(2) of the Bankruptcy Code; or
 - B. To the extent the Allowed Other Secured Claim is secured by an interest in property of an Estate, receive the property securing its Allowed Other Secured Claim and any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code: *provided that* the holder of such Claim shall retain such interest in such property until paid in full therefor.
- (3) *Voting:* Class 3 is Unimpaired. Holders of Allowed Other Secured Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of Allowed Other Secured Claims are not entitled to vote to accept or reject the Plan.

(d) Class 4 — Other Priority Claims

- (1) *Classification:* Class 4 consists of any Other Priority Claims against the Debtors.
- (2) *Treatment:* Each holder of an Allowed Other Priority Claim shall be paid in full in Cash.
- (3) *Voting:* Class 4 is Unimpaired. Holders of Allowed Other Priority Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of Allowed Other Priority Claims are not entitled to vote to accept or reject the Plan.

(e) Class 5 — General Unsecured Claims

- (1) *Classification:* Class 5 consists of any General Unsecured Claims against any Debtor.
- (2) *Treatment:* Each holder of an Allowed General Unsecured Claim shall receive Cash in an amount equal to such Allowed General Unsecured Claim on the later of the Effective Date or in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed General Unsecured Claim.

- (3) *Voting:* Class 5 is Unimpaired. Holders of Allowed General Unsecured Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Holders of Allowed General Unsecured Claims are not entitled to vote to accept or reject the Plan.

(f) Class 6 — Intercompany Claims

- (1) *Classification:* Class 6 consists of all Intercompany Claims.
- (2) *Treatment:* Intercompany Claims shall be, either: (i) reinstated as of the Effective Date or (ii) in the case of any Intercompany Claim against Capstone, (x) reinstated as Claims against Reorganized PublicCo or New Subsidiary, as applicable, or (y) cancelled, and no distribution shall be made on account of such Claims.
- (3) *Voting:* Holders of Intercompany Claims are either Unimpaired, and such holders of Intercompany Claims conclusively are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or Impaired, and such holders of Intercompany Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each holder of an Intercompany Claim will not be entitled to vote to accept or reject the Plan.

(g) Class 7 — Intercompany Interests

- (1) *Classification:* Class 7 consists of any Intercompany Interests.
- (2) *Treatment:* Each holder of an Allowed Intercompany Interest has agreed to have its Allowed Intercompany Interest restructured in accordance with the terms of the Restructuring. Reorganized PublicCo shall receive a contribution of the New Subsidiary Common Units from Reorganized PrivateCo and Reorganized PrivateCo shall receive the New Subsidiary Preferred Units. All liabilities and assets of Capstone (other than the Capstone Turbine International Equity, Pre-Petition Secured Debt, obligations under the DIP Note Purchase Agreement and those liabilities and assets directly related to the Retained Assets) shall be transferred to the New Subsidiary. The Capstone Turbine International Equity shall be extinguished, provided that any Key Individual Retention Shares shall remain outstanding and shall become shares in Reorganized PublicCo. New Subsidiary shall own one hundred percent (100%) of the membership units of Capstone Financial Services, LLC and Branch Office – UK.
- (3) *Voting:* Class 7 is Unimpaired as Intercompany Interests are being consensually restructured pursuant to the Restructuring. Holders of Intercompany Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such holders are not entitled to vote to accept or reject the Plan.

(h) Class 8 — Equity Interests

- (1) *Classification:* Class 8 consists of any Equity Interests in Capstone.
- (2) *Treatment:* Each shareholder in Capstone shall have its Equity Interest fully extinguished and discharged and shall receive its Pro Rata share of one hundred percent (100%) of the Reorganized PublicCo Equity, subject to dilution from any shares issued pursuant to the EIP in accordance with this Plan. All other Equity Interests, except as otherwise set forth in the Plan, including, without limitation, all warrants, including the Pre-Petition Warrants, and restricted stock units or similar contractual equity rights shall be cancelled and terminated and receive no distribution.
- (3) *Voting:* Class 8 is Impaired. Holders of Equity Interests in Capstone are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

(i) Class 9 — Section 510(b) Claims

- (1) *Classification:* Class 9 consists of any Section 510(b) Claims against any Debtor.
- (2) *Allowance:* Notwithstanding anything in the Plan to the contrary, a Section 510(b) Claim (if any) may only become Allowed by Final Order of the Bankruptcy Court.
- (3) *Treatment:* On the Effective Date, all Allowed Section 510(b) Claims shall be fully extinguished and discharged without any further action. No holder of Allowed Section 510(b) Claims shall be entitled to receive or retain any property under the Plan.
- (4) *Voting:* Class 9 is Impaired. Holders (if any) of Allowed Section 510(b) Claims are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

3.3 Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' or the Reorganized Debtors' rights regarding any Unimpaired Claim, including all rights regarding legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim.

ARTICLE IV

PROVISIONS FOR IMPLEMENTATION OF THE PLAN

4.1 General Settlement of Claims

Unless otherwise set forth in the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests.

4.2 Transactions On or After the Effective Date

On the Effective Date and in accordance with Section 6.3(a) hereof, the Debtors or the Reorganized Debtors, as the case may be, the Pre-Petition Secured Party, and any other Entity party to the Restructuring shall take all actions that are necessary or appropriate to effect the Restructuring, including, but not limited to:

- (1) Capstone and the Capstone Subsidiaries will enter into an IP Assignment Agreement;
- (2) All of Capstone's liabilities and assets (other than the Capstone Turbine International Equity, obligations under the DIP Note Purchase Agreement, Pre-Petition Secured Debt and those liabilities and assets directly related to the Retained Assets and described in the Plan Supplement) shall be transferred to New Subsidiary;
- (3) New Subsidiary shall issue the New Subsidiary Preferred Units and the New Subsidiary Common Units to Capstone;
- (4) Capstone shall contribute all New Subsidiary Common Units to Capstone Turbine International;
- (5) Capstone Turbine International shall contribute all assets held by Branch Office - UK to New Subsidiary;
- (6) Capstone Turbine International shall become a public company and shall be re-named Capstone Green Energy Corporation and be the successor to Capstone with respect to its businesses and/or assets and related liabilities (other than the Capstone Turbine International Equity, Pre-Petition Secured Debt, obligations under the DIP Note Purchase Agreement and those liabilities and assets directly related to the Retained Assets), and is intended to be the successor to Capstone for purposes of Securities and Exchange Commission registration, and shall be the successor with respect to any Claims against, or Interest in, Capstone and any Debtor subsidiary; provided that, for the avoidance of doubt Capstone Turbine International shall not be the successor to Capstone for United States federal, state or local income tax purposes and shall not be the successor to Capstone with respect to the

employment of the directors, officers, and employees of the Debtors or relating to any Employment Obligations (as defined in the Plan);

- (7) Capstone shall become a private company that shall continue to own the Retained Assets and the New Subsidiary Preferred Units and have no liabilities relating to, arising under or in connection with any Claims against, or Interest in, any Debtor;
- (8) The Pre-Petition Secured Party shall receive one hundred percent (100%) of the equity interests in Reorganized PrivateCo in exchange for an agreed-upon portion of its Pre-Petition Secured Claim and, in its capacity as DIP Purchaser, an agreed-upon portion of its DIP Claim, in accordance with the terms herein;
- (9) Existing shareholders of Capstone shall receive one hundred (100%) percent of the Reorganized PublicCo Equity, subject to any dilution from any stock issued pursuant to the EIP, including the Key Individual Retention Shares;
- (10) Reorganized PrivateCo and Reorganized PublicCo will enter into the License Agreement; and;
- (11) Reorganized PrivateCo and Reorganized PublicCo and/or New Subsidiary will enter into the Services Agreement.

4.3 New Debt Facility

Confirmation of the Plan shall constitute (i) approval by the Reorganized PublicCo and/or New Subsidiary of the New Debt Facility, the New Debt Facility Term Sheet, and all transactions contemplated thereby, including the payment of all fees, indemnities, and expenses provided for therein, and (ii) authorization of Reorganized PublicCo and New Subsidiary to enter into, execute and perform under the New Debt Facility Term Sheet and use New Debt Facility Net Proceeds in accordance with the terms of the New Debt Facility Term Sheet. On the Effective Date, all of the Liens and security interests to be granted as set forth in the New Debt Facility Term Sheet (i) shall be deemed to have been approved by New Subsidiary and its applicable subsidiaries, (ii) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the New Debt Facility Term Sheet, (iii) shall be deemed perfected upon New Subsidiary's entry into the New Debt Facility, subject only to such Liens and security interests as may be permitted as set forth in the New Debt Facility Term Sheet, and (iv) shall not be subject to recharacterization or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy law.

4.4 Offering and Issuance of Securities

The offering, issuance, distribution, and exercise (as applicable) of any Securities, including, without limitation, the Reorganized PublicCo Equity, the Reorganized PrivateCo Equity, the New Subsidiary Common Units and the New Subsidiary Preferred Units, pursuant to

the Plan will be in compliance with the registration requirements of the Securities Act or exempt from the registration requirements of section 5 therein pursuant to section 1145 of the Bankruptcy Code, section 4(2) of the Securities Act, or any other available exemption from registration under the Securities Act, as applicable. In addition, under section 1145 of the Bankruptcy Code, if applicable, any Securities issued under the Plan will be freely transferable under the Securities Act by the recipients thereof, subject to: (1) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any applicable state or foreign securities laws, if any, and the rules and regulations of the United States Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments; (2) the restrictions, if any, on the transferability of such Securities and instruments; and (3) any other applicable regulatory approval.

The issuance of the Reorganized PublicCo Equity, the Reorganized PrivateCo Equity, the New Subsidiary Common Units and the New Subsidiary Preferred Units and any other options and associated equity awards is authorized without the need for any further corporate action or without any further action by the Debtors or the Reorganized Debtors, as applicable. All such Reorganized PublicCo Equity, the Reorganized PrivateCo Equity, New Subsidiary Common Units and New Subsidiary Preferred Units issued and distributed pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable.

4.5 Subordination

The allowance, classification, and treatment of all Claims and Interests under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims and Interests, and the Plan shall recognize and implement any such rights. Pursuant to section 510 of the Bankruptcy Code, except where otherwise provided herein, the Reorganized Debtors reserve the right, after notice and a hearing, to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

4.6 Vesting of Assets in the Reorganized Debtors

Except as otherwise provided herein or in any agreement, instrument or other document incorporated in the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by the Debtors under the Plan, in each case, other than the Retained Assets or Equity Interests cancelled pursuant to the Plan, shall vest in the Reorganized PublicCo or New Subsidiary, as applicable. Except as otherwise provided herein or in any agreement, instrument or other document incorporated in the Plan, on the Effective Date, the Retained Assets shall vest in the Reorganized PrivateCo. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Notwithstanding anything to the contrary in the Plan, Reorganized PrivateCo shall have no liability with respect to, relating to, or in connection with any Claims (including, without limitation, Secured Tax Claims, Other Secured Claims, Other Priority Claims, General Unsecured Claims, Intercompany Claims and Section 510(b) Claims) against, or Interests (including, without limitation, Intercompany Interest and Equity Interests) in, any Debtor.

4.7 Cancellation of Notes, Instruments, Certificates, and Other Documents

On the Effective Date, except to the extent otherwise provided herein, all notes, instruments, Certificates, including without limitation, all equity grants, warrants, and/or restricted units and any agreement with respect to the foregoing, and other documents evidencing Claims or Interests shall be cancelled and the obligations of the Debtors or Reorganized Debtors and the non-Debtors' Affiliates thereunder or in any way related thereto shall be discharged; *provided, however*, that notwithstanding Confirmation or the occurrence of the Effective Date, (i) any agreement that governs the rights of the holder of a Claim or Interest shall continue in effect solely for purposes of (a) allowing holders of Claims or Interests to receive distributions under the Plan and (b) allowing and preserving the rights of Reorganized PublicCo or New Subsidiary, as applicable, to make distributions on account of Claims and Interests as provided in Article VI and (ii) the Note Documents shall continue in effect solely for the purposes of allowing the NPA Collateral Agent to (a) receive payment of its fees and expenses as provided under the Note Documents and (b) have the benefit of all the rights and protections for the NPA Collateral Agent under the Note Documents, including, but not limited to, the preservation of any indemnification rights.

4.8 Issuance of New Securities; Execution of Plan Documents

Except as otherwise provided herein, on the Effective Date, or as soon as practicable thereafter, the Reorganized Debtors shall issue all Securities, notes, instruments, Certificates, and other documents required to be issued under the Plan.

4.9 Corporate Action

Each of the matters provided for by the Plan involving the corporate structure of the Debtors or corporate or related actions to be taken by or required of the Reorganized Debtors, whether taken prior to or as of the Effective Date, shall be authorized without the need for any further corporate action or without any further action by the Debtors or the Reorganized Debtors, as applicable. Such actions may include the following: (a) the adoption and filing of charters and bylaws; (b) the appointment of directors and officers; (c) entry into and performance under the New Debt Facility; and (d) the authorization, issuance, and distribution of the Reorganized PublicCo Equity, the Reorganized PrivateCo Equity, the New Subsidiary Common Units and the New Subsidiary Preferred Units pursuant to the Plan. For the avoidance of doubt, Confirmation of the Plan shall satisfy any shareholder vote requirements in accordance with section 303 of the Delaware General Corporation Law, 8 Del. C. 1953, § 303.

4.10 Charter and Bylaws

The certificates of incorporation and bylaws of the Reorganized Debtors (and other formation documents relating to limited liability companies, as applicable) shall be amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. The Reorganized Debtors' certificates of incorporation shall include, among other things (and only to the extent required by section 1123(a)(6) of the Bankruptcy Code), provisions prohibiting the issuance of non-voting Equity Securities. After the Effective Date, the Reorganized Debtors may amend and restate their certificates of incorporation and other constituent documents as permitted

by the laws of their respective jurisdictions of formation and their respective charters and bylaws. The corporate governance policies of the Reorganized Debtors shall be updated to comply with the requirements of the applicable listing exchange upon the completion of the listing.

4.11 Effectuating Documents; Further Transactions

On and after the Effective Date, the Reorganized Debtors and the officers and members of the board of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorizations, or consents except for those expressly required under the Plan.

4.12 Section 1146(a) Exemption

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property under the Plan, including any transfer of property to Reorganized PublicCo and New Subsidiary, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee or governmental assessment.

4.13 Directors, Officers, and Management

From and after the Effective Date, each director or officer of the Reorganized Debtors shall serve pursuant to the terms of their charters and bylaws or other constituent documents, and applicable state corporation law. Additionally, in accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the members of the board of directors of the Reorganized Debtors and any Person proposed to serve as an officer of the Reorganized Debtors shall be disclosed in the Plan Supplement.

4.14 Incentive Plans and Employee and Retiree Benefits

Except as otherwise provided herein, on and after the Effective Date, subject to any Final Order, Reorganized PublicCo and/or New Subsidiary, as applicable, shall (a) amend, adopt, assume, and/or honor in the ordinary course of business, any contracts, agreements, policies, programs, and plans, in accordance with their respective terms, for, among other things, compensation, including any incentive plan, health care benefits, disability benefits, deferred compensation benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of the Debtors who served in such capacity from and after the Petition Date (collectively, the "Employment Obligations"), and (b) honor, in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time arising prior to the Petition Date and not otherwise paid pursuant to a Bankruptcy Court order, provided that the Reorganized PublicCo and/or New Subsidiary shall not be required to provide cash

payments in respect of the value of accrued vacation time due to the Restructuring. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law. Aside from employees that will remain at Capstone to support the Retained Assets, New Subsidiary shall be the successor to Capstone with respect to the employment of the directors, officers, and employees of the Debtors or relating to any Employment Obligations (as defined in the Plan). Reorganized PrivateCo shall have no liability with respect to, relating to, or in connection with the Employment Obligations or any Claims against any Debtor.

4.15 Preservation of Rights of Action

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by a Final Order, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue any and all Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. **No Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available Causes of Action against them. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with sections 1123(b)(3) and 1141(b) of the Bankruptcy Code, any Causes of Action that the Debtors may hold against any Entity shall vest in the Reorganized Debtors. The Reorganized Debtors, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, or to decline to do any of the foregoing, without the consent or approval of any third party or any further notice to, or action, order or approval of, the Bankruptcy Court.

4.16 Pre-Petition Secured Party's Fees

Subject to entry of the Confirmation Order, and without in any way limiting the payment obligations under any existing engagement letter or any applicable order entered in the Chapter 11 Cases, the reasonable fees and expenses (including attorneys' fees and financial advisors' fees) of the Pre-Petition Secured Party in connection with the Restructuring, including, but not limited to,

the reasonable fees and expenses of (i) Cleary Gottlieb Steen & Hamilton LLP, and (ii) Deloitte Transactions & Business Analytics LLP, will be paid in full in Cash by the Reorganized PublicCo, without further notice to, or action, order, or approval of the Bankruptcy Court, no later than thirty (30) days after the Effective Date.

4.17 Intercompany Claims.

Notwithstanding anything in this Plan to the contrary, on the Effective Date, the Intercompany Claims shall be reinstated, or discharged and satisfied by contributions, distributions or otherwise, at the option of the Reorganized Debtors; provided, all Intercompany Claims against Capstone shall be either (x) reinstated as claims against Reorganized PublicCo or New Subsidiary, as applicable, or (y) deemed discharged and satisfied on the Effective Date, in either case at the election of Reorganized PublicCo. In no event shall Reorganized PrivateCo have any liabilities relating to, arising under, or in connection with Intercompany Claims.

ARTICLE V

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

5.1 Assumption of Executory Contracts and Unexpired Leases

No Executory Contract and Unexpired Lease shall be assumed by Reorganized PrivateCo unless such Executory Contract and Unexpired Lease is listed as “assumed” by Reorganized PrivateCo in the Plan Supplement. Except as otherwise provided herein, each Executory Contract and Unexpired Lease shall be deemed assumed by Capstone and/or the applicable Debtor counterparty (excluding, for the avoidance of doubt, Reorganized PrivateCo) and assigned to Reorganized PublicCo or New Subsidiary, as applicable, without the need for any further notice to, or action, order, or approval of, the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code, unless any such Executory Contract or Unexpired Lease: (a) is a Retained Contract; (b) is listed on the Rejection Schedule; (c) has been previously assumed or rejected by the Debtors by Final Order or has been assumed or rejected by the Debtors by order of the Bankruptcy Court as of the Effective Date, which order becomes a Final Order after the Effective Date; or (d) is the subject of a motion to assume or reject pending as of the Effective Date. The assumption of Executory Contracts and Unexpired Leases hereunder may include the assignment of certain of such contracts to Affiliates. The Confirmation Order will constitute an order of the Bankruptcy Court approving the above-described assumptions, assignments and rejections.

Except as otherwise provided herein or agreed to by the Debtors with the applicable counterparty, each assumed Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements related thereto, and all rights related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated hereunder. Modifications, amendments, supplements and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not

be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease or the validity, priority, or amount of any Claims that may arise in connection therewith.

5.2 Cure of Defaults and Objections to Assumption

Reorganized PublicCo or New Subsidiary, as applicable, shall pay Cures in the ordinary course after the Effective Date. Any dispute regarding a Cure shall be resolved in the ordinary course in an appropriate nonbankruptcy forum. Any Cure shall be deemed fully satisfied, released, and discharged upon payment by Reorganized PublicCo or New Subsidiary, as applicable, of the Cure. Reorganized PublicCo or New Subsidiary, as applicable, also may settle any Cure without any further notice to, or action, order or approval of, the Bankruptcy Court.

Any objection to the assumption of an Executory Contract or Unexpired Lease pursuant to the Plan on grounds other than Cure must be filed with the Bankruptcy Court by the deadline established for filing objections to the Plan. Any such objection will be scheduled to be heard by the Bankruptcy Court. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption of any Executory Contract or Unexpired Lease will be deemed to have consented to such assumption.

If there is a dispute regarding the ability of Reorganized PublicCo or New Subsidiary, as applicable, or any assignee to provide “adequate assurance of future performance” within the meaning of section 365 of the Bankruptcy Code, or any other matter pertaining to assumption, then payment of Cure shall occur as soon as practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by Reorganized PublicCo or New Subsidiary, as applicable, and the counterparty to the Executory Contract or Unexpired Lease. Reorganized PublicCo or New Subsidiary, as applicable, reserves the right either to reject or nullify the assumption of any Executory Contract or Unexpired Lease within forty-five (45) days after entry of a Final Order resolving an objection to assumption or determining the Cure or any request for adequate assurance of future performance required to assume such Executory Contract or Unexpired Lease.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Cures, Claims, or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. Any and all Claims based upon Executory Contracts or Unexpired Leases that have been assumed in the Chapter 11 Cases, including pursuant to the Confirmation Order, shall be deemed disallowed and expunged as of the Effective Date without the need for any objection thereto or any further notice to, or action, order or approval of, the Bankruptcy Court.

5.3 Pre-existing Payment and Other Obligations

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors or Reorganized Debtors, as applicable, under such contract or lease. In particular, to the extent permissible under applicable non-bankruptcy law, the Reorganized Debtors expressly reserve and do not waive any

right to receive, or any continuing obligation of a counterparty to provide (a) payment to the contracting Debtors or Reorganized Debtors, as applicable, of outstanding and future amounts owing thereto under or in connection with rejected Executory Contracts or Unexpired Leases or (b) maintenance of, or to repair or replace, goods previously purchased by the contracting Debtors or Reorganized Debtors, as applicable.

5.4 Rejection Damages Claims and Objections to Rejection

Pursuant to section 502(g) of the Bankruptcy Code, counterparties to Executory Contracts or Unexpired Leases that are rejected shall have the right to assert Claims, if any, on account of the rejection of such contracts and leases. All Allowed Claims (excluding the Pre-Petition Secured Claim) arising from the rejection of Executory Contracts and Unexpired Leases shall be classified as Class 5 — General Unsecured Claims against the Debtor(s) counterparty thereto.

5.5 Contracts, Intercompany Contracts, and Leases Entered Into After the Petition Date

Contracts, Intercompany Contracts and leases entered into after the Petition Date by the Debtors and any Executory Contracts and Unexpired Leases assumed by the Debtors may be performed by Reorganized PublicCo and/or New Subsidiary, as applicable, in the ordinary course of business.

5.6 Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtors have any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or Reorganized Debtors, as applicable, shall have forty-five (45) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

ARTICLE VI

PROVISIONS GOVERNING DISTRIBUTIONS

6.1 Distributions on Account of Claims and Interests Allowed as of the Effective Date

(a) Delivery of Distributions in General

Except as otherwise provided in the Plan, a Final Order, or as otherwise agreed to by the Debtors or the Reorganized Debtors (as the case may be) and the holder of the applicable Claim or Interest, on the Effective Date or as soon as practicable thereafter, Reorganized PublicCo or New Subsidiary, as applicable, shall make initial distributions under the Plan on account of Claims and Interests Allowed on or before the Effective Date, subject to the Reorganized Debtors' right to object to Claims and Interests; *provided, however,* that (a) Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the Debtors prior to the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling

agreements, course of dealing, course of business, or industry practice, (b) Allowed Priority Tax Claims and Allowed Secured Tax Claims shall be paid in accordance with Sections 2.3 and 3.2(a) hereof, respectively.

To the extent any Allowed Priority Tax Claim or Allowed Secured Tax Claim is not due and owing on the Effective Date, such Claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and the holder of such Claim or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business. For the avoidance of doubt, distributions to holders of an Allowed Pre-Petition Secured Claim will be made on the Effective Date.

6.2 Special Rules for Distributions to Holders of Disputed Claims and Interests

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed by the relevant parties, (a) no partial payments and no partial distributions shall be made with respect to a Disputed Claim or Interest until all such disputes in connection with such Disputed Claim or Interest have been resolved by settlement or Final Order, and (b) any Entity that holds both an Allowed Claim or Interest and a Disputed Claim or Interest shall not receive any distribution on the Allowed Claim or Interest unless and until all objections to the Disputed Claim or Interest have been resolved by settlement or Final Order or the Claims or Interests have been Allowed or expunged. Any dividends or other distributions arising from property distributed to holders of Allowed Claims or Interests, as applicable, in a Class and paid to such holders under the Plan shall be paid also, in the applicable amounts, to any holder of a Disputed Claim or Interest, as applicable, in such Class that becomes an Allowed Claim or Interest after the date or dates that such dividends or other distributions were earlier paid to holders of Allowed Claims or Interests in such Class.

6.3 Delivery of Distributions

On the Effective Date, distributions under the Plan shall be delivered by the Distribution Agent to each holder of such Interests. The Debtors, the Reorganized Debtors, the Pre-Petition Secured Party, the NPA Collateral Agent, and the Distribution Agent, as applicable, shall not incur any liability whatsoever on account of any distributions under the Plan.

(a) Accrual of Dividends and Other Rights

For purposes of determining the accrual of dividends or other rights after the Effective Date, Reorganized PublicCo Equity, Reorganized PrivateCo Equity, New Subsidiary Common Units and New Subsidiary Preferred Units issued under the Plan shall be deemed distributed as of the Effective Date regardless of the date on which it is actually issued, dated, authenticated, or distributed.

(b) Compliance Matters

In connection with the Plan, to the extent applicable, the Reorganized Debtors and the Distribution Agent shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to

pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances. All Persons holding Claims shall be required to provide any information necessary to effect information reporting and the withholding of such taxes. Notwithstanding any other provision of this Plan to the contrary, (a) each holder of an Allowed Claim shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Unit, including income, withholding and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations.

(c) Foreign Currency Exchange Rate

Except as otherwise provided in a Bankruptcy Court order, as of the Effective Date, any Claim asserted in currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate for the applicable currency as published in *The Wall Street Journal, National Edition*, on the Effective Date.

(d) Fractional, Undeliverable, and Unclaimed Distributions

- (1) *No Fractional Distributions.* The Distribution Agent may not make distributions of fractions of shares of Reorganized PublicCo Equity, Reorganized PrivateCo Equity, New Subsidiary Common Units or New Subsidiary Preferred Units, as applicable. Whenever fractional distributions would otherwise be called for, the actual distributions may reflect a rounding down of such fractions.
- (2) *Undeliverable Distributions.* If any distribution to a holder of an Allowed Claim or Interest is returned to a Distribution Agent as undeliverable, no further distributions shall be made to such holder unless and until such Distribution Agent is notified in writing of such holder's then-current address or other necessary information for delivery, at which time all currently due missed distributions shall be made to such holder as soon as practicable. Undeliverable distributions shall remain in the possession of Reorganized PublicCo or New Subsidiary, as applicable, until such time as a distribution becomes deliverable, or such distribution reverts to Reorganized PublicCo or New Subsidiary or is cancelled pursuant to Section 6.3(e)(3) hereof, and shall not be supplemented with any interest, dividends, or other accruals of any kind.
- (3) *Reversion.* Any distribution under the Plan that is an Unclaimed Distribution for a period of six months after distribution shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and such Unclaimed Distribution shall revert in the Reorganized Debtors and, to the extent such Unclaimed Distribution is a New Subsidiary Common Unit or

a New Subsidiary Preferred Unit, shall be deemed cancelled. Upon such revesting, the Claim or Interest of any holder or its successors with respect to such property shall be cancelled, discharged, and forever barred notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws, or any provisions in any document governing the distribution that is an Unclaimed Distribution, to the contrary.

(e) Surrender of Cancelled Instruments or Securities

On the Effective Date or as soon as practicable thereafter, each holder of a Certificate shall surrender such Certificate to the Distribution Agent. Such Certificate shall be cancelled solely with respect to the Debtors, and such cancellation shall not alter the obligations or rights of any non-Debtors third parties vis-a-vis one another with respect to such Certificate. No distribution of property pursuant to the Plan shall be made to or on behalf of any such holder unless and until such Certificate is received by the Distribution Agent or the unavailability of such Certificate is reasonably established to the satisfaction of the Distribution Agent pursuant to the provisions of Section 6.3(f) hereof. Any holder who fails to surrender or cause to be surrendered such Certificate or fails to execute and deliver an affidavit of loss and indemnity acceptable to the Distribution Agent prior to the first anniversary of the Effective Date shall have its Claim or Interest discharged with no further action, be forever barred from asserting any such Claim or Interest against the relevant Entity in the Reorganized Debtors or its property, be deemed to have forfeited all rights and Claims and Interests with respect to such Certificate, and not participate in any distribution under the Plan; furthermore, all property with respect to such forfeited distributions, including any dividends or interest attributable thereto, shall revert to the Reorganized Debtors notwithstanding any federal or state escheat, abandoned or unclaimed property law to the contrary. Notwithstanding the foregoing paragraph, this Section 6.3(e) shall not apply to any Claims and Interests reinstated pursuant to the terms of the Plan.

(f) Lost, Stolen, Mutilated, or Destroyed Securities

Any holder of Allowed Claims or Interests evidenced by a Certificate that has been lost, stolen, mutilated, or destroyed shall, in lieu of surrendering such Certificate, deliver to the Distribution Agent an affidavit of loss acceptable to the Distribution Agent setting forth the unavailability of the Certificate and such additional indemnity as may be required reasonably by the Distribution Agent to hold the Distribution Agent harmless from any damages, liabilities, or costs incurred in treating such holder as a holder of an Allowed Claim or Interest. Upon compliance with this procedure by a holder of an Allowed Claim or Interest evidenced by such a lost, stolen, mutilated, or destroyed Certificate, such holder shall, for all purposes pursuant to the Plan, be deemed to have surrendered such Certificate.

6.4 Claims Paid or Payable by Third Parties

A Claim shall be reduced in full and such Claim shall be disallowed without a Claims objection having to be filed and without any further notice to, or action, order or approval of, the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not the Debtors or the Reorganized Debtors. To the extent a holder of a Claim receives a distribution on account of such Claim and receives payment from a

party that is not the Debtors or the Reorganized Debtors on account of such Claim, such holder shall repay, return, or deliver any distribution held by or transferred to the holder to the Reorganized Debtors to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan.

6.5 Setoffs

Except as otherwise expressly provided for herein (including with respect to any Pre-Petition Secured Claim with respect to letters of credit as provided in the definition of Other Secured Claims), the Reorganized Debtors, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, may set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any Claims, rights, and Causes of Action of any nature that the Debtors or Reorganized Debtors, as applicable, may hold against the holder of such Allowed Claim, to the extent such Claims, rights, or Causes of Action against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise): *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Reorganized Debtors of any such Claims, rights, and Causes of Action that such Reorganized Debtors may possess against such holder.

6.6 Allocation Between Principal and Accrued Interest

Except as otherwise provided in the Plan, the aggregate consideration paid to holders with respect to their Allowed Claims shall be treated pursuant to the Plan as allocated first to the principal amount of such Allowed Claims (to the extent thereof) and, thereafter, to the interest, if any, accrued through the Effective Date.

ARTICLE VII

PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS

7.1 Disputed Claims Process

All Allowed Claims against the Debtors shall be paid in the ordinary course by Reorganized PublicCo or New Subsidiary. All Claims shall be asserted against Reorganized PublicCo and/or New Subsidiary, and Claims asserted against Reorganized PrivateCo shall be deemed Claims against Reorganized PublicCo and/or New Subsidiary. Parties are not required to file Proofs of Claim. In the event that one or more parties files a Proof of Claim, the Debtors or Reorganized Debtors, as applicable, reserve all rights to contest any such Proof of Claim. Except as otherwise provided herein, if a party files a Proof of Claim and the Debtors or Reorganized Debtors, as applicable, do not determine in their discretion, and without the need for notice to, or action, order or approval of, the Bankruptcy Court, that the Claim subject to such Proof of Claim is Allowed, such Claim shall be Disputed unless Allowed or disallowed by a Final Order or as otherwise set forth in this Article VII. For the avoidance of doubt, on and after the Effective Date, the Reorganized Debtors may negotiate and settle any Claims, including Claims for which a Proof

of Claim has been filed, without further notice to or approval of the Bankruptcy Court, the Claims and Noticing Agent or any other party.

7.2 Prosecution of Objections to Claims and Interests

Except insofar as a Claim or Interest is Allowed under the Plan, the Debtors, the Reorganized Debtors, or any other party in interest shall be entitled to object to the Claim or Interest. Any objections to Claims and Interests shall be served and filed on or before the 120th day after the Effective Date or by such later date as ordered by the Bankruptcy Court. Notwithstanding anything to the contrary herein, the Reorganized Debtors may prosecute, adjudicate or otherwise resolve Claims and Interests in non-bankruptcy forums after the expiration of such 120-day period. For the avoidance of doubt, except as otherwise provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall have and retain any and all rights and defenses such Debtors had immediately prior to the Effective Date with respect to any Disputed Claim or Interest, including the Causes of Action retained pursuant to Section 4.15 hereof.

7.3 No Interest

Unless otherwise specifically provided for in the Plan or by order of the Bankruptcy Court, post-petition interest shall not accrue or be paid on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Effective Date to the date a final distribution is made on account of such Disputed Claim, if and when such Disputed Claim becomes an Allowed Claim.

7.4 Disallowance of Claims and Interests

All Claims and Interests of any Entity from which property is sought by the Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that the Debtors or the Reorganized Debtors allege is a transferee of a transfer that is avoidable under section 522(t), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed if (a) the Entity, on the one hand, and the Debtors or the Reorganized Debtors, on the other hand, agree, or the Bankruptcy Court has determined by Final Order, that such Entity or transferee is liable to turn over any property or monies under any of the aforementioned sections of the Bankruptcy Code and (b) such Entity or transferee has failed to turn over such property by the date set forth in such agreement or Final Order.

ARTICLE VIII

EFFECT OF CONFIRMATION OF THE PLAN

8.1 Discharge of Claims and Termination of Interests

Except as otherwise provided for herein and effective as of the Effective Date: (a) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition

Date, against the Debtors or any of their assets, property, or Estates; (b) the Plan shall bind all holders of Claims and Interests, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Interests shall be satisfied, discharged, and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (d) all Entities shall be precluded from asserting against the Debtors, the Debtors' Estates, the Reorganized Debtors, their successors and assigns, and their assets and properties any other Claims or Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

8.2 Releases by the Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided for herein, for good and valuable consideration, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, and the Estates from any and all Claims, obligations, rights, and liabilities whatsoever, whether for tort, contract, violations of federal or state securities laws, Avoidance Actions, including any derivative Claims, asserted or that could possibly have been asserted directly or indirectly on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, and any and all Causes of Action asserted or that could possibly have been asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, the Estates, or Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors or its Affiliates, the Chapter 11 Cases, the New Debt Facility, the Restructuring, the distribution, issuance, purchase, sale, or rescission of any Security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Released Party, prepetition contracts and agreements with the Debtors (including the NPA), the Transaction Support Agreement, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, solicitation, or preparation of the Plan and Disclosure Statement or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date, other than Claims or liabilities arising out of or related to any contractual or fixed monetary obligation owed to the Debtors or the Reorganized Debtors; *provided* that Claims and Causes of Action for fraud, gross negligence, or willful misconduct shall not be so released.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in this Section 8.2, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that such release is: (a) in exchange for the good and valuable consideration provided by the Released Parties; (b) a good faith settlement and compromise of the Claims released by this Section 8.2; (c) in the best interests of the Debtors and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given

and made after due notice and opportunity for hearing; and (f) a bar to the Debtors asserting any Claim or Cause of Action released by this Section 8.2.

8.3 Releases by Certain Holders of Claims

As of the Effective Date, the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Released Parties from any and all Claims, Interests, obligations, rights, liabilities, actions, causes of action, choses in action, suits, debts, damages, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims, and crossclaims (including all claims and actions against any Entities under the Bankruptcy Code) whatsoever, whether for tort, contract, violations of federal or state securities laws, Avoidance Actions, including any derivative Claims, asserted or that could be asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or in any way relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the New Debt Facility, the Restructuring, the distribution, issuance, purchase, sale, or rescission of any Security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Released Party, prepetition contracts and agreements with the Debtors (including the NPA), the Transaction Support Agreement, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, solicitation, or preparation of the Plan, the Disclosure Statement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event, or other occurrence taking place before the Effective Date of the Plan; *provided* that Claims and Causes of Action for fraud, gross negligence, or willful misconduct shall not be so released. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any obligations arising on or after the Effective Date of any party under the Plan, or any document, instrument, or agreement executed to implement the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in this Section 8.3, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that such release is: (a) in exchange for the good and valuable consideration provided by the Debtors, the Reorganized Debtors, the Estate, and the Released Parties; (b) a good faith settlement and compromise of the Claims released by this Section 8.3; (c) in the best interests of the Debtors and all holders of Claims and Interests; (d) fair, equitable, and reasonable; (e) given and made after due notice and opportunity for hearing; and (f) a bar to any Entity granting a release under this Section 8.3 from asserting any Claim or Cause of Action released by this Section 8.3.

8.4 Exculpation

No Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Exculpated Claim or any obligation, Cause of Action, or liability for any Exculpated Claim; *provided, however*, that the foregoing “exculpation” shall have no effect on the liability of any Entity that results from any act or omission that is determined in a Final Order to have constituted fraud, gross negligence, or willful misconduct. The Exculpated Parties have, and upon Confirmation shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation of acceptances and rejections of the Plan and the making of distributions pursuant to the Plan and, therefore, are not and shall not be liable at any time for the violation of any applicable, law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

8.5 Injunction

Except as otherwise provided herein or for obligations issued pursuant hereto, all Entities that have held, hold, or may hold Claims or Interests that have been released pursuant to Section 8.2 or Section 8.3 hereof, discharged pursuant to Section 8.1 hereof, or are subject to exculpation pursuant to Section 8.4 hereof, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Confirmation Date; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released, exculpated, or settled pursuant to the Plan.

8.6 Protection Against Discriminatory Treatment

In accordance with section 525 of the Bankruptcy Code, and consistent with paragraph 2 of Article VI of the United States Constitution, no Governmental Unit shall discriminate against the Reorganized Debtors or any Entity with which the Reorganized Debtors has been or is associated, solely because the Reorganized Debtors were Debtors under chapter 11, may have been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors were granted a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8.7 Indemnification

On and from the Effective Date, and except as prohibited by applicable law, Reorganized PublicCo shall assume or reinstate, as applicable, all indemnification obligations in place as of the Effective Date (whether in bylaws, certificates of incorporation, board resolutions, contracts, or otherwise) for the current and former directors, officers, managers, employees, attorneys, other professionals, and agents of the Debtors and the respective Affiliates of such current and former directors, officers, managers, and employees. In no event shall Reorganized PrivateCo have any liabilities relating to, arising under, or in connection with the foregoing indemnification obligations.

Reorganized PublicCo agrees to indemnify Reorganized PrivateCo, its affiliates and its respective officers, partners, directors, trustees, employees and agents (each, an “Indemnitee Agent Party”) for and against any and all liabilities, obligations, losses, damages, penalties, fees, fines, actions, judgments, suits, costs, reasonable and documented expenses (including attorneys’ fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Indemnitee Agent Party in any way relating to or arising out of events occurring prior to the Effective Date, including any governmental or regulatory agency fees, fines or penalties or any Claims, including any Section 510(b) Claims, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory, or sole negligence of such Indemnitee Agent Party; provided, Reorganized PublicCo shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, fees, fines, actions, judgments, suits, costs, expenses or disbursements resulting from such Indemnitee Agent Party’s gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable order. The foregoing notwithstanding, (i) any and all taxes resulting from the Restructuring due and owing by Reorganized PrivateCo shall be the sole and exclusive responsibility of Reorganized PrivateCo and shall not be the responsibility of New Subsidiary and/or Reorganized PublicCo or covered by any indemnification provision in this Section 8.7 or otherwise, and (ii) any and all taxes resulting from the Restructuring due and owing by Reorganized PublicCo and New Subsidiary shall be the sole and exclusive responsibility of Reorganized PublicCo and New Subsidiary, as applicable.

8.8 Release of Liens

Except (a) with respect to the Liens securing the Secured Tax Claims or Other Secured Claims (depending on the treatment of such Claims), or (b) as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and its successors and assigns.

ARTICLE IX

CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

9.1 Conditions Precedent to the Effective Date

It shall be a condition to the Effective Date that the following conditions shall have been satisfied or waived pursuant to Section 9.2 hereof:

(a) the Confirmation Order shall have been entered and such order shall be materially consistent with the Transaction Support Agreement and shall be in form and substance reasonably satisfactory to the Pre-Petition Secured Party, the NPA Collateral Agent, and the Debtors;

(b) the Confirmation Order shall have become a Final Order;

(c) all documents and agreements necessary to implement the Plan: (1) shall have all conditions precedent to such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements; (2) shall have been tendered for delivery to the required parties and, to the extent required, filed with and approved by any applicable Governmental Units in accordance with applicable laws; and (3) shall have been effected or executed;

(d) the Effective Date shall occur no later than forty-two (42) calendar days after the Petition Date; and

(e) all other actions necessary for the occurrence of the Effective Date shall have been taken.

9.2 Waiver of Conditions Precedent

The Debtors may, with the written consent of the Pre-Petition Secured Party and in consultation with the NPA Collateral Agent, waive any of the conditions to the Effective Date set forth in Section 9.1 hereof without any notice to any other parties in interest and without any further notice to, or action, order or approval of, the Bankruptcy Court, and without any formal action other than proceeding to confirm or consummate the Plan.

9.3 Effect of Non-Occurrence of Conditions to Consummation

If prior to Consummation, the Confirmation Order is vacated pursuant to a Final Order, then except as provided in any order of the Bankruptcy Court vacating the Confirmation Order, the Plan will be null and void in all respects, and nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims, Interests or Causes of Action; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by the Debtors or any other Entity.

ARTICLE X

MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

10.1 Modification of Plan

Effective as of the date hereof, (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan before the entry of the Confirmation Order, subject to the limitations set forth herein and the Transaction Support Agreement; and (b) after the entry of the Confirmation Order, the Debtors or the Reorganized Debtors, as applicable, may amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, remedy any defect or omission, or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan, this clause (b) being subject in all cases to the limitations set forth herein and in the Transaction Support Agreement.

10.2 Revocation or Withdrawal of Plan

Subject to the terms of the Transaction Support Agreement, the Debtors reserve the right to revoke or withdraw the Plan before the Confirmation Date and to file subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then (a) the Plan will be null and void in all respects; (b) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant hereto will be null and void in all respects; and (c) nothing contained in the Plan shall (1) constitute a waiver or release of any Claims, Interests, or Causes of Action, (2) prejudice in any manner the rights of the Debtors or any other Entity, or (3) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

10.3 Confirmation of the Plan

The Debtors request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code.

Subject to the terms of the Transaction Support Agreement, the Debtors reserve the right to amend the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

ARTICLE XI

RETENTION OF JURISDICTION

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising under the Bankruptcy Code or arising in, or related to, the Chapter 11 Cases, to the fullest extent permitted by law, including, among other things, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Claim or Interest and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;
2. decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
3. resolve any matters related to Executory Contracts or Unexpired Leases, including: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which any Debtor is party or with respect to which any Debtor may be liable and to hear, determine and, if necessary, liquidate, any Cure or Claims arising therefrom, including pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors' amendment, modification, or supplement, after the Effective Date, pursuant to Article V, of the list of Executory Contracts and Unexpired Leases to be rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;
4. ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan and adjudicate any and all disputes arising from or relating to distributions under the Plan;
5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
6. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of (a) contracts, instruments, releases, indentures, and other agreements or documents approved by Final Order in the Chapter 11 Cases and (b) the Plan or the Confirmation Order, including contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan;
7. enforce any order for the sale of property pursuant to sections 363, 1123 or 1146(a) of the Bankruptcy Code;
8. grant any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code;
9. hear, determine, and resolve any applications for allowance and payment of any Professional Claim;
10. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;
11. hear, determine, and resolve any cases, matters, controversies, suits, disputes, or Causes of Action in connection with or in any way related to the Chapter 11 Cases, including:

(a) with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim or Interest for amounts not timely repaid pursuant to Section 6.4 hereof; (b) with respect to the releases, injunctions, and other provisions contained in Article VIII, including entry of such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions; (c) that may arise in connection with the Consummation, interpretation, implementation, or enforcement of the Plan or the Confirmation Order, or any Entity's obligations incurred in connection with the Plan or the Confirmation Order, including those arising under agreements, documents, or instruments executed in connection with the Plan; or (d) related to section 1141 of the Bankruptcy Code;

12. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

13. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

14. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

15. enter an order or Final Decree concluding or closing the Chapter 11 Cases;

16. enforce all orders previously entered by the Bankruptcy Court; and

17. hear any other matter not inconsistent with the Bankruptcy Code.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all holders of Claims and Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

12.2 Payment of Statutory Fees

All fees payable pursuant to 28 U.S.C. § 1930(a) shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases is converted, dismissed, or a Final Decree is issued, whichever occurs first.

12.3 Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan or the Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of the Debtors with respect to the holders of Claims or Interests prior to the Effective Date.

12.4 Elimination of Vacant Classes

Any Class of Claims that does not have a holder of an Allowed Claim or a Claim temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a) (8) of the Bankruptcy Code.

12.5 Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

12.6 Service of Documents

After the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to the Reorganized Debtors shall be served on:

Debtors and Reorganized Debtors: **CAPSTONE GREEN ENERGY CORPORATION**, a
Delaware Corporation

16640 Stagg Street
Van Nuys, California 91406
Attention: John Juric, Chief Financial Officer
Telephone: (818) 734-5300

with a copy to:

**YOUNG CONAWAY STARGATT
& TAYLOR, LLP**

Matthew B. Lunn
Shane M. Reil
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

**KATTEN MUCHIN
ROSENMAN LLP**

Peter A. Siddiqui

Ethan D. Trotz
Kenneth N. Hebeisen
525 West Monroe Street
Chicago, Illinois 60661
Telephone: (312) 902-5200
Facsimile: (312) 902-1061

Pre-Petition Secured Party:

BROAD STREET CREDIT HOLDINGS LLC, a Delaware
Limited Liability Company

with a copy to:

**CLEARY GOTTlieb STEEN &
HAMILTON LLP**
Sean A. O'Neal
John Veraja
One Liberty Plaza
New York, NY 10006
Telephone: (212) 225-2000
soneal@cgsh.com
jveraja@cgsh.com

12.7 Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases (pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court) and existing on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

12.8 Entire Agreement

Except as otherwise indicated, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

12.9 Non-Severability

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it

may have been altered or interpreted in accordance with the foregoing, is (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (c) nonseverable and mutually dependent.

Dated: September 28, 2023

Capstone Green Energy Corporation
on behalf of itself and the other Debtors

/s/ John Juric _____

Name: John Juric

Title: Chief Financial Officer

46

Capstone Green Energy Enters into Transaction Support Agreement with Senior Secured Lender

*Initiates Prepackaged Chapter 11 Process with Support from Senior Secured Lender;
Obtains Commitment for Significant Balance Sheet Improvements and New Financing*

LOS ANGELES, CA / BUSINESS WIRE / September 28, 2023 / Capstone Green Energy Corporation (NASDAQ: CGRN) (the Company or Capstone) has entered into a transaction support agreement (TSA) with Goldman Sachs Specialty Lending Group, L.P., in its capacity as collateral agent (the "Collateral Agent") under that certain Amended and Restated Note Purchase Agreement, dated as of October 1, 2020 (as amended, the Note Purchase Agreement), and Broad Street Credit Holdings LLC, an affiliate of the Collateral Agent, in its capacity as purchaser (Consenting Lender) under the Note Purchase Agreement, and in connection therewith has initiated a prepackaged restructuring. This is a significant step towards expediting the Company's corporate restructuring efforts, with the primary objectives of significantly reducing Capstone's debt burden, injecting additional liquidity into its operations, and ultimately paving the way for the sustained and prosperous future of its business.

"The transactions contemplated by the TSA have been carefully designed to preserve and enhance value for all our stakeholders, said Robert C. Flexon, Interim President and Chief Executive Officer." The new financings provide much-needed liquidity to ensure near-term stable operations and, importantly, upon emergence, our pre-petition debt and accrued interest of more than \$56.0 million will decrease to \$25.0 million resulting in significantly improved financial health and longer-term financial stability."

To implement Capstone's prepackaged restructuring, Capstone and certain of its subsidiaries (the Debtors) filed voluntary Chapter 11 petitions for relief in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court). The TSA and the joint prepackaged Chapter 11 plan of reorganization (the Plan) contemplate the Debtors effectuating certain transactions pursuant to which the Company will become a private company (Reorganized PrivateCo) that will continue to own assets consisting of (i) right, title, and interest in and to the certain trademarks of Capstone and (ii) all assets relating to distributor support services (the Retained Assets). Capstone Turbine International, Inc., a subsidiary of the Company, will be renamed Capstone Green Energy Corporation (Reorganized PublicCo), which expects to be the successor to Capstone for purposes of Securities and Exchange Commission reporting and will be the successor to Capstone with respect to certain of its business, assets, and liabilities through its ownership interest in a new operating subsidiary.

Under the Plan, all holders of Allowed General Unsecured Claims will receive payment in full in cash in the ordinary course or such other treatment so as to render such claim unimpaired under the Bankruptcy Code. Existing stockholders of the Company will receive their pro rata share of 100% of the equity in Reorganized PublicCo, subject to dilution from any stock that may be issued

as equity incentive compensation to employees. All existing warrants and restricted stock units will be canceled and will not receive any distribution. Other than the Retained Assets described above, the existing operating assets and liabilities of the Company will be transferred to a "New Subsidiary" (with certain limited exceptions), the common shares of which will be 100% held by Reorganized PublicCo, and 100% of its non-dilutable preferred shares will be held by Reorganized PrivateCo. On a fully diluted basis, Reorganized PublicCo will own 62.5% of New Subsidiary, and Reorganized PrivateCo will own 37.5%.

The Company is filing a series of customary motions with the Bankruptcy Court to maintain business-as-usual operations and uphold its commitments to its valued stakeholders. These "first-day" motions, which Capstone expects to be approved promptly following a hearing to be set by the Bankruptcy Court, include requests to continue to pay wages and provide benefits to the Company's employees as usual, as well as honor customer programs and policies. The Company is expected to operate in the ordinary course of business through the Chapter 11 process.

Capstone has secured a commitment from its Consenting Lender for \$12.0 million in new money debtor-in-possession financing, which is in addition to the \$3.0 million of new money financing provided on September 22, 2023. Subject to Bankruptcy Court approval, this "new money" financing will provide liquidity to support continued operations during the Chapter 11 process. This \$12.0 million, plus an additional \$8.0 million of pre-petition debt, will be converted into exit financing at emergence along with a new \$5.0 million revolver facility, also from the Consenting Lender. This added liquidity will be used for operating purposes, primarily to bring the Company's outstanding vendor payable balances more in line with the associated commercial terms.

"The significant agreement and investment of our senior secured lender demonstrates its support of the Company and our long-term strategy," said Mr. Flexon. "Today's Chapter 11 filings represent an important step toward strengthening our financial position, and we intend to move through this process quickly and without disruption for our employees, customers, distribution partners and vendors. Notably, the restructuring will provide that the Company's public stockholders receive their pro rata share of equity in the new public company. We believe that implementing these transactions will enable us to continue manufacturing and producing customized microgrid solutions and on-site energy technology systems that provide the significant energy cost and carbon savings that Capstone customers are seeking."

The restructuring is expected to be expeditious, with emergence occurring within 45 days after the filing of the petitions, subject to the Bankruptcy Court's scheduling and availability.

Nasdaq Delisting Letter

As previously disclosed, the Company received written notice (Notification Letter) from the listing qualifications department of The Nasdaq Stock Market (Nasdaq) on March 28, 2023, stating that the Company's market value of listed securities (MVLS) for the last 30 consecutive business days was below the required minimum of \$35 million for continued listing on Nasdaq under Nasdaq Listing Rule 5550(b)(2). In accordance with Nasdaq Listing Rule 5810(c)(3)(C), the Company had 180 calendar days (or until September 25, 2023) to regain compliance (Compliance Period). The

Notification Letter stated that Nasdaq will close the matter and provide written confirmation that the Company has achieved compliance with rule 5550(b)(2) if at any time before September 25, 2023, the Company's MVLS closes at \$35 million or more for a minimum of ten (10) consecutive business days.

On September 26, 2023, the Company received written notice (Delisting Letter) from Nasdaq that the Company has not regained compliance with Nasdaq Listing Rule 5550(b)(2) for the MVLS within the Compliance Period in accordance with Nasdaq Listing Rule 5810(c)(3)(C). Accordingly, unless the Company requests an appeal of this determination, the Company's securities will be delisted from The Nasdaq Capital Market, trading of the Company's common stock will be suspended at the opening of business on October 5, 2023, and a Form 25-NSE will be filed with the Securities and Exchange Commission to remove the Company's securities from listing and registration on Nasdaq. Because the bankruptcy filing is expected to result in a delisting, the Company does not intend to appeal Nasdaq's determination and, therefore, it is expected that its common stock will be delisted. The Common Stock may be quoted and traded on an over-the-counter market following delisting.

Additional Information

Bankruptcy Court filings and information about the Chapter 11 cases can be found at a website maintained by the Debtors' noticing and claims agent, Kroll Restructuring Administration LLC ("Kroll"), at <https://cases.ra.kroll.com/capstone> or by contacting Kroll at 1-844-642-1256 (Toll-Free), +1-646-651-1164 (International) or by e-mail at capstoneinfo@ra.kroll.com. Additional details regarding the Chapter 11 cases are included in, and the description above is qualified in its entirety by, the Company's Current Report on Form 8-K filed with the SEC on September 28, 2023.

Katten Muchin Rosenman LLP is serving as legal counsel, and Riveron LLP is serving as financial advisor to the Company.

Cleary Gottlieb Steen & Hamilton LLP is serving as legal counsel to the Consenting Lender.

Conference Call Information

Capstone will host a conference call and webcast on Thursday, September 28, 2023, beginning at 12:00 p.m. ET/9:00 a.m. PT. Capstone management will present its Go-Forward Plan and provide an update on business activities. At the conclusion of the presentation, Capstone management will conduct a question and answer session to allow financial analysts the chance to ask questions. In addition, Capstone will be offering an opportunity for the broader audience to submit their questions online while the broadcast is live.

To access the webcast and view the accompanying slide presentation, participants can visit the Investor Relations page or [click here](#).

The replay of the conference call will be available on the Investor Relations page of the Company's website www.capstonegreenenergy.com.

About Capstone Green Energy

Capstone Green Energy (NASDAQ: CGRN) is a leading provider of customized microgrid solutions, and on-site energy technology systems focused on helping customers around the globe meet their environmental, energy savings, and resiliency goals. Capstone Green Energy focuses on four key business lines. Through its Energy as a Service (EaaS) business, it offers rental solutions utilizing its microturbine energy systems and battery storage systems, comprehensive Factory Protection Plan (FPP) service contracts that guarantee life-cycle costs, as well as aftermarket parts. Energy Generation Technologies (EGT) are driven by the Company's industry-leading, highly efficient, low-emission, resilient microturbine energy systems offering scalable solutions in addition to a broad range of customer-tailored solutions, including hybrid energy systems and larger frame industrial turbines. The Energy Storage Solutions (ESS) business line designs and installs microgrid storage systems, creating customized solutions using a combination of battery technologies and monitoring software. Through Hydrogen & Sustainable Products (H2S), Capstone Green Energy offers customers a variety of hydrogen products, including the Company's microturbine energy systems.

To date, Capstone has shipped over 10,000 units to 83 countries and estimates that in FY23, it saved customers over \$169 million in annual energy costs and approximately 362,000 tons of carbon. Total savings over the last five years are estimated to be approximately \$1.08 billion in energy savings and approximately 1.9 million tons of carbon savings.

For customers with limited capital or short-term needs, Capstone offers rental systems; for more information, contact: rentals@CGRNenergy.com.

For more information about the Company, please visit www.CapstoneGreenEnergy.com. Follow Capstone Green Energy on [Twitter](#), [LinkedIn](#), [Instagram](#), [Facebook](#), and [YouTube](#).

Cautionary Note Regarding Forward-Looking Statements

This release contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements regarding the restructuring and the other statements regarding the Company's expectations, beliefs, plans, intentions, and strategies. The Company has tried to identify these forward-looking statements by using words such as "expect," "anticipate," "believe," "could," "should," "estimate," "intend," "may," "will," "plan," "goal" and similar terms and phrases, but such words, terms and phrases are not the exclusive means of identifying such statements. Actual results, performance and achievements could differ materially from those expressed in, or implied by, these forward-looking statements due to a variety of risks, uncertainties and other factors, including, but not limited to, the following: risks attendant to the Chapter 11 bankruptcy process, including the Company's ability to obtain court approval from the Bankruptcy Court with respect to motions or other requests made to the Bankruptcy Court throughout the course of the Chapter 11 process; the effects of Chapter 11, including increased legal and other professional costs necessary to execute the Chapter 11 process and on the Company's liquidity and results of operations (including the availability of operating capital during the pendency of Chapter 11); the length of time that the Company will operate under Chapter 11

protection and the continued availability of operating capital during the pendency of Chapter 11; the Company's ability to continue funding operations through the Chapter 11 bankruptcy process, and the possibility that it may be unable to obtain any additional funding as needed; the Company's ability to meet its financial obligations during the Chapter 11 process and to maintain contracts that are critical to its operations; the Company's ability to comply with the restrictions imposed by the terms and conditions of the DIP Facility and other financing arrangements; objections to the DIP Facility, or other pleadings filed that could protract Chapter 11; the effects of Chapter 11 on the interests of various constituents and financial stakeholders; the effect of the Chapter 11 filings on the Company's relationships with vendors, regulatory authorities, employees and other third parties; possible proceedings that may be brought by third parties in connection with the Chapter 11 process and risks associated with third-party motions in Chapter 11; employee attrition and the Company's ability to retain senior management and other key personnel due to the distractions and uncertainties; the impact and timing of any cost-savings measures and related local law requirements in various jurisdictions; the impact of litigation and regulatory proceedings; risks related to the restatement previously announced by the Company (including discovery of additional information relevant to the financial statements subject to restatement; changes in the effects of the restatement on the Company's financial statements or financial results and delay in the filing of the amended 10-K and amended 10-Q's due to the Company's efforts to complete the restatement; the time, costs and expenses associated with the restatement; potential inquiries from the SEC and/or Nasdaq; the potential material adverse effect on the price of the Company's common stock and possible stockholder lawsuits); and expectations regarding financial performance, strategic and operational plans, and other related matters. For a detailed discussion of factors that could affect the Company's future operating results, please see the Company's filings with the Securities and Exchange Commission, including the disclosures under "Risk Factors" in those filings. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances or future events or for any other reason.

CONTACT:

Capstone Green Energy

Investor and investment media inquiries:

818-407-3628

ir@CGRNenergy.com



September 28, 2023

**Go-Forward Plan
Capstone Green Energy Corporation**

**Smarter Energy
for a Cleaner Future**



Safe Harbor

Disclaimer

This Presentation and any oral statements made in connection with this Presentation do not constitute an offer to sell, or a solicitation of an offer to buy, or a recommendation to purchase, any securities in any jurisdiction.

Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding the financial outlook, business strategy and plans and market trends, opportunities and positioning of Capstone Green Energy Corporation (the "Company," "Capstone," "we," "our" or "us"). These forward-looking statements are based on current expectations, estimates, forecasts and projections. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," "shall" and variations of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. Actual results, performance and achievements could differ materially from those expressed in, or implied by, these forward-looking statements due to a variety of risks, uncertainties and other factors, including, but not limited to, the following: attendant to the Chapter 11 bankruptcy process, including the Company's ability to obtain court approval from the Bankruptcy Court with respect to motions or other requests made to the Bankruptcy Court throughout the course of the Chapter 11 process; the effects of Chapter 11, including increased legal and other professional costs necessary to execute the Chapter 11 process and on the Company's liquidity and results of operations (including the availability of operating capital during the pendency of Chapter 11); the length of time that the Company will operate under Chapter 11 protection and the continued availability of operating capital during the pendency of Chapter 11; the Company's ability to continue funding operations through the Chapter 11 bankruptcy process, and the possibility that it may be unable to obtain any additional funding as needed; the Company's ability to meet its financial obligations during the Chapter 11 process and to maintain contracts that are critical to its operations; the Company's ability to comply with the restrictions imposed by the terms and conditions of the DIP Facility and other financing arrangements; objections to the DIP Facility, or other pleadings filed that could protract Chapter 11; the effects of Chapter 11 on the interests of various constituents and financial stakeholders; the effect of the Chapter 11 filings on the Company's relationships with vendors, regulatory authorities, employees and other third parties; possible proceedings that may be brought by third parties in connection with the Chapter 11 process and risks associated with third-party motions in Chapter 11; employee attrition and the Company's ability to retain senior management and other key personnel due to the distractions and uncertainties; the impact and timing of any cost-savings measures and related local law requirements in various jurisdictions; the impact of litigation and regulatory proceedings; risks related to the restatement (including discovery of additional information relevant to the financial statements subject to restatement; changes in the effects of the restatement on the Company's financial statements or financial results and delay in the filing of the amended 10-K and amended 10-Q's due to the Company's efforts to complete the restatement; the time, costs and expenses associated with the restatement; potential inquiries from the SEC and/or Nasdaq; the potential material adverse effect on the price of the Company's common stock and possible stockholder lawsuits); and expectations regarding financial performance, strategic and operational plans, and other related matters. Because of the risks and uncertainties, Capstone cautions you not to place undue reliance on these statements, which speak only as of the date of this presentation. For a detailed discussion of factors that could affect the Company's future operating results, please see the Company's filings with the Securities and Exchange Commission, including the disclosures under "Risk Factors" in those filings. There may be additional risks, including risks of which we are not presently aware or that we currently believe are immaterial, which could have an adverse impact on our business. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, changed circumstances or future events, or for any other reason.

Use of Projections

This Presentation contains financial forecasts with respect to Capstone's projected financial results. Capstone's independent auditors have not audited, reviewed, compiled or performed any procedures with respect to the projections for the purpose of their inclusion in this Presentation, and accordingly, they did not express an opinion or provide any other form of assurance with respect thereto for the purpose of this Presentation. These projections should not be relied upon as being necessarily indicative of future results. The assumptions and estimates underlying the prospective financial information are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of Capstone or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this Presentation should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved. See "Forward-Looking Statements" above.

Non-GAAP Financial Measure

To supplement the company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Adjusted EBITDA, a non-GAAP financial measure. This non-GAAP financial measure is among the indicators management uses as a basis for evaluating the company's financial performance as well as for forecasting future periods. Management establishes performance targets, annual budgets and makes operating decisions based in part upon this metric. Accordingly, disclosure of this non-GAAP financial measure provides investors with the same information that management uses to understand the company's economic performance year-over-year.

Adjusted EBITDA is defined as Net Income before interest, depreciation and amortization, non-cash compensation and restructuring related costs.

Adjusted EBITDA is not a measure of the company's liquidity or financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of its liquidity.

While management believes that the non-GAAP financial measure provides useful supplemental information to investors, there are limitations associated with the use of this measure. The measures are not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies due to potential differences in the methods of calculation. Management compensates for these limitations by relying primarily on the company's GAAP results and by using Adjusted EBITDA only supplementally.

Non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States. The company's non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP.

Agenda

- Company History
- Restructuring Overview
- 10-K & 10-Q Update
- Capitalization, Projections, & Valuations
- Market Outlook
- Going Forward
- Q&A



A grayscale photograph of an industrial facility, likely a power plant or refinery, with various pipes, structures, and buildings. The image is faded and serves as a background for the text.

Company History

Robert Flexon
Executive Chairman
Interim President & Chief Executive Officer

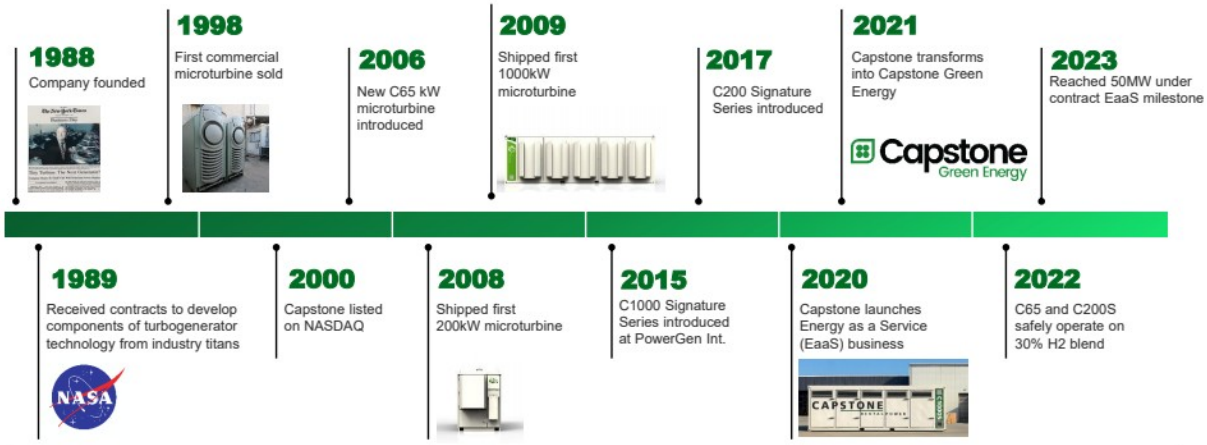
Capstone Green Energy History

Capstone Green Energy is a world leading low-emission smart energy solutions provider focused on lowering carbon footprint, increasing cost efficiency, and building resiliency for businesses.

Capstone is committed to enhancing its customer's business models and helping them achieve their environmental goals.



Capstone Signature Series
600kW - 1MW



Value Proposition

Customer

Wants

Reliability and Resiliency

Capstone microturbines are known for their reliability and durability. They are designed for continuous operation with minimal maintenance thereby limiting system downtime and business operational disruptions.

Fuel Flexibility

Capstone microturbines can run on a variety of fuels, including natural gas, biogas, landfill gas, propane and diesel.

Concerns

Environmental Impact

Capstone microturbines contribute to reducing greenhouse gas emissions, helping organizations meet sustainability and environmental goals.

Energy Cost

Capstone microturbines empower customers to significantly reduce their energy costs, enhance power resilience while reducing carbon emissions.

Goals

Cost Savings

By improving energy efficiency, reducing emissions, and offering CHP capabilities, Capstone microturbines can lead to significant cost savings over the long term, making them financially attractive for businesses and institutions.

Capstone Microturbines

Features

Scalability

Capstone offers a range of microturbine models with different power outputs and can be used individually or in combination to create microgrid solutions.

Availability

Capstone technology leverages built-in redundancies while also requiring 20% of power output for required maintenance giving customers access to a reliable source of off-grid power.

Benefits

Energy Efficiency

Capstone microturbines can achieve overall energy efficiency rates of over 80%, making them a cost-effective and environmentally friendly energy solution.

Low Emissions

Capstone microturbines produce extremely low emissions, making them an environmentally friendly choice that aligns with sustainability and emissions reduction goals.

Experience

Units Shipped

Capstone has shipped over 10,000 units to over 83 countries with an estimated savings of over \$1.08 billion in energy costs and approximately 1.9 million tons of carbon savings in the last five years.

Global Distribution Partners



53
Distributor Partners

7
National Account & OEMs

150+
Distributor Locations

9 years
Distributor Average Tenure



Restructuring Overview

Robert Flexon
Executive Chairman
Interim President & Chief Executive Officer

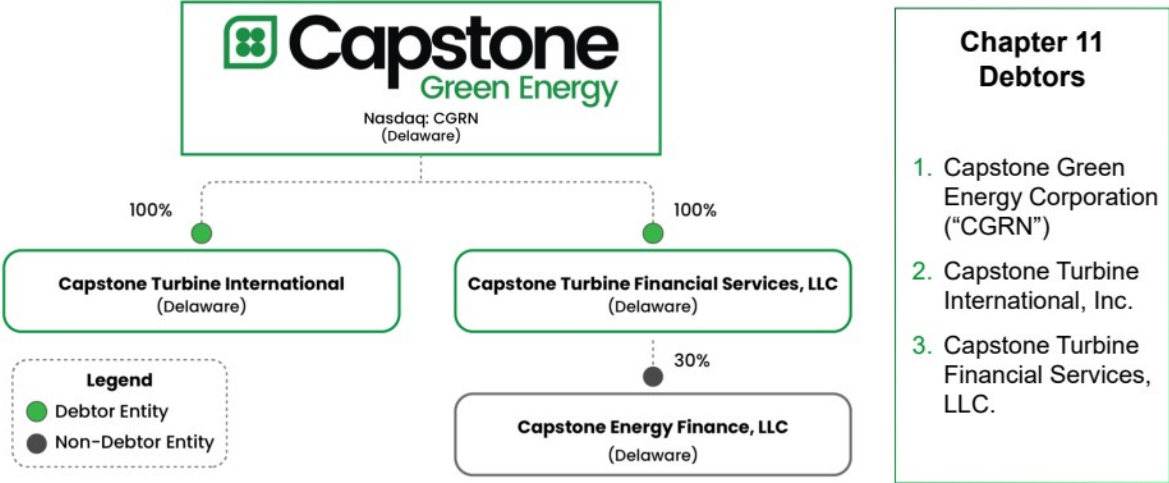
Restructuring Overview

- Pre-Packaged Chapter 11 Plan.
- The only impaired creditor is the senior secured lender of the \$53 million Amended and Restated Note.
- All vendors and unsecured creditors will receive payment in full in the ordinary course.
- Prepetition debt of \$53 million plus accrued interest drops to \$25 million plus accrued DIP interest and fees rolling from DIP financing (comprised of \$20 million of DIP term loan roll-up and \$5 million new money revolver).
- DIP financing provides \$12 million in new money (in addition to the \$3 million provided on September 22), and Exit financing adds a \$5 million revolver.
- Public shareholders will receive 100% of the reorganized public company (subject to dilution from shares issued as equity incentive compensation).
 - 62.5% fully diluted ownership interest in a new operating subsidiary which holds the majority of prepetition assets and liabilities.

Operations are uninterrupted with added liquidity for vendor payments.

Prepetition Organizational Structure

Current Legal Entity Structure of Capstone



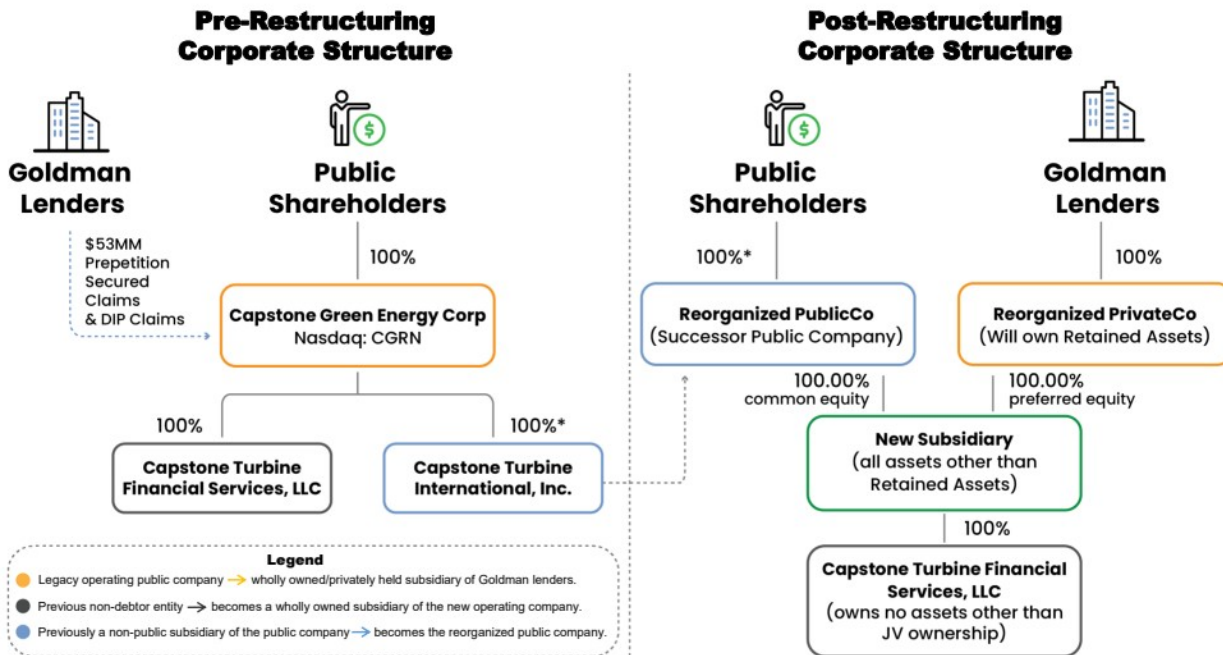
- Capstone Turbine Financial Services, LLC owns a 30% stake in a joint venture (Capstone Energy Finance, LLC), which will not be a Debtor.
- The joint venture does not conduct business operations and owns *de minimis* cash.

Restructuring Transaction Steps

- Capstone will effectuate a series of restructuring transactions (the “Restructuring Transactions”) in connection with the Chapter 11 Cases.
- Capstone will form a new entity to be the operating company, referred to as “New Subsidiary.”
- Capstone Turbine International, Inc. expects to succeed CGRN as the public company reporting with the Securities & Exchange Commission, referred to herein as “Reorganized PublicCo.”
- Public Shareholders will receive 100% of the equity in Reorganized PublicCo (subject to dilution from shares issued as equity compensation), which will in turn own 100% of the common equity of New Subsidiary, which will be equivalent to 62.5% of the total equity when fully diluted. All other existing equity interests of the Company, including warrants, options, restricted stock units and performance stock units, will be canceled.
- Goldman Lenders, through Broad Street Credit Holdings, LLC, as purchaser of \$53 million of Capstone’s senior secured notes (“Purchaser”) and provider of the Capstone’s debtor-in-possession financing facility, will equitize a portion of its secured claim and a portion of the DIP claim into 100% of the preferred units in New Subsidiary, which will be equivalent to 37.5% of the common equity when fully diluted.
- Purchaser’s holdings of New Subsidiary’s preferred units will be held by the former CGRN entity and will be converted to a private company, referred to as “Reorganized PrivateCo,” which will keep the “Retained Assets,” which include the right to use the name “Capstone” and all assets related to distributor support services.

Go-Forward Organizational Structure

Capstone Green Energy Corporation



*Subject to dilution for shares issued for equity incentive plans

Financial & Claims Management

DIP and Exit Facilities, and Treatment of Purchaser's Claims

Reorganized Public Co

- Capstone's only pre-petition funded debt consists of \$53 million principal outstanding under the Amended & Restated Note Purchase Agreement by and among Capstone and Purchaser.
- Purchaser will also be the DIP Lender and will have both prepetition secured claims and DIP claims.
- The DIP Facility will total \$30 million, consisting of:
 - \$12 million of new money (the "New Money DIP"); and
 - A \$18 million roll-up of the Prepetition Secured Debt Claim (the "Prepetition Secured Claim Roll-Up").
- The Exit Facility will total \$25 million plus accrued DIP interest:
 - \$12 million plus accrued interest roll-up from the New Money DIP;
 - \$8 million plus accrued interest roll-up on the \$18 million Prepetition Secured Claim Roll-Up; and
 - \$5 million of new money.

Reorganized Private Co

- Through the Restructuring Transactions, Purchaser will own 100% of Reorganized PrivateCo.

10-K & 10-Q Update

- The Audit Committee and Company Management reviewed past “Bill and Hold” transactions and other matters.
- Concluded that restatement of prior financials are necessary.
- Issued 8-K to notify non-reliance on previously issued financial statement.
- Restatements expected to be completed within next 60 days.
 - First three quarters for fiscal year ended March 31, 2023, and comparable periods for 2022.
 - Fiscal year ended March 31, 2022
 - Fiscal year ended March 31, 2021
- Upon completion, required fiscal 2023 10-K and fiscal 2024 10-Q filings will be made.



Capitalization, Projections, & Valuation

John Juric
Chief Financial Officer

Terms of New Debt

| Capstone Secured Credit Facility Shift Through Restructuring \$ in Thousands | Petition Date | DIP Period | Exit Credit Facility |
|------------------------------------------------------------------------------------|------------------|---------------|-------------------------|
| Notes Payable | \$ 50,000 | | |
| Notes Accrued Interest & Fees | \$ 3,791 | | |
| Term Loan | | | |
| Roll-over Debt | | \$ 15,000 | \$ 5,000 |
| DIP Advance | \$ 3,000 | \$ 3,000 | \$ 3,000 |
| DIP New Money | | \$ 12,000 | \$ 12,000 |
| Revolver, New Money | | | \$ 5,000 |
| Total Secured Debt | \$ 56,791 | \$ 30,000 | \$ 25,000 |

| | Interest Rate | Maturity |
|----------------------------------|---------------------------------------|--------------|
| DIP Terms | DIP SOFR +8.75% | At Emergence |
| Exit Facility Interest Rate | SOFR +7% | |
| Exit Facility – Interest Payment | Year 1 – PIK* | |
| | Year 2 – Cash SOFR + 1%; plus 6% PIK* | |
| | Year 3 – Cash SOFR + 7% | |
| Exit Facility Term | Term Loan | 3 years |
| | Revolver | 2 years |

*PIK – Payment in Kind

Pro Forma Capitalization & Valuation

Revolving Credit Facility

| Pro Forma Capitalization Thousands, except for Indicative Common Share Price | 15-Sep-23 | Pro Forma | Indicative Valuation |
|---------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| First Lien Secured | \$ 53,000 | \$ 20,000 | \$ 20,000 |
| First Lien Secured – PIK* & Fees | \$ 3,791 | \$ - | \$ - |
| Revolving Credit Facility | | \$ 5,000 | \$ 5,000 |
| Total Secured Debt | \$ 56,791 | \$ 25,000 | \$ 25,000 |
| Implied Equity Value | \$ 11,725 ⁽¹⁾ | \$ 43,516 ⁽²⁾ | \$ 32,801 ⁽³⁾ |
| Total Capitalization | \$ 68,516 | \$ 68,516 | \$ 57,801 |
| Preferred Units | 0 | \$ 16,318 | \$ 12,300 |
| Common Units | \$ 11,725 | \$ 27,197 | \$ 20,501 |
| Common % of Total Cap | 17.1% | 39.7% | 35.5% |
| Indicative Common Share Price | \$ 0.63 ⁽¹⁾ | \$ 1.47 ⁽²⁾ | \$ 1.11 ⁽³⁾ |
| # Shares | 18,534 | 18,534 | 18,534 |

(1) Based on September 15, 2023, 15 Day Average VWAP.

(2) Based on current capitalization, adjusted for pro forma debt balances.

(3) Based on Income Approach DCF

*PIK – Payment in Kind

Preferred Units

Terms

- Reorganized PrivateCo will be issued Preferred Units of New Subsidiary
 - Will represent 37.5% of the Equity Value
 - Non-dilutable
 - Rank senior to Common Units
 - Certain Approval Rights

- The estimated Purchase Price of Preferred Equity \$12.3 million
 - The Purchase Price will be the required minimum redemption value
 - Redemption rights in six years for a six month period
 - Greater of Purchase Price + unpaid dividends or
 - FMV of the Preferred Units on an as converted to common basis

- Other Entitlements
 - No regular dividends except in limited circumstances
 - Receive dividends as and if declared on Common Units
 - Preemptive Rights, subject to customary exceptions
 - Liquidation preference, greater of
 - Purchase Price + unpaid dividends, if any or
 - As converted to Common Liquidation Value

Financial Projections

| Select Income Statement Projections (\$ in thousands) | Stub Period March FY 24 ⁽¹⁾ | Year End March FY25 | Year End March FY26 | Year End March FY27 |
|----------------------------------------------------------|-------------------------------------------|------------------------|------------------------|------------------------|
| Revenue | \$ 43,579 | \$ 107,575 | \$ 114,632 | \$ 123,133 |
| Gross Margin | 11,628 | 29,276 | 34,236 | 37,657 |
| Gross Margin as a % of Revenue | 26.7% | 27.2% | 29.9% | 30.6% |
| Total Operating Expenses | 12,261 | 22,214 | 22,214 | 22,214 |
| OPEX as a % of Revenue | 28.1% | 20.7% | 19.4% | 18.0% |
| (Loss) Income from Operations | (633) | 7,062 | 12,022 | 15,442 |
| Net (Loss) Income | \$ (2,143) | \$ 2,776 | \$ 7,319 | \$ 10,740 |
| Adjusted EBITDA ** | \$ 4,194 | \$ 11,702 | \$ 17,353 | \$ 21,697 |

| Select Balance Sheet Projections (\$ in thousands) | Year End March FY24 | Year End March FY25 | Year End March FY26 | Year End March FY27 |
|-------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Assets | | | | |
| Current Assets - Cash | \$ 6,690 | \$ 13,018 | \$ 16,074 | \$ 24,675 |
| Liab & S/H Equity | | | | |
| Total Secured Debt | \$ 26,509 | \$ 30,795 | \$ 30,795 | \$ 30,795 |
| Total Stockholders' Equity | \$ 19,596 | \$ 23,844 | \$ 32,929 | \$ 45,787 |
| Preferred Equity – 37.5% | \$ 7,349 | \$ 8,941 | \$ 12,348 | \$ 17,170 |
| Common Equity – 62.5% | \$ 12,247 | \$ 14,903 | \$ 20,581 | \$ 28,617 |

(1) November 2023 – March 2024

** Non-GAAP financial measure. See Appendix, Slide 32

A grayscale photograph of an industrial power plant or substation. In the foreground, there are several large, white, rectangular power cabinets or transformers with various pipes and electrical connections. In the background, there are large industrial buildings and more complex piping structures. The overall scene is industrial and technical.

Market Outlook

Jen Derstine
Vice President of Marketing & Distribution

Structural Market Shifts Benefit Capstone

Regulatory tailwinds greatly enhance Capstone's value proposition as governments and corporations shift towards clean energy and net zero targets.



Shift to Net Zero

Prime power customers will focus on how solutions can **adapt to low carbon / zero emission** requirements and deliver results to their businesses for 20+ years



Regulatory Tailwinds

ITC and Energy Policy tailwinds provide **significant levels of government investment**, incentivizing customers to transition to **clean energy** and efficient **power generation**



Distributed Power as a Facilitator

Customers in **diverse end markets** (hospitality, industrial, energy, etc.) will see modular power generating units as a key component of efficiently meeting emission requirements and improving reliability

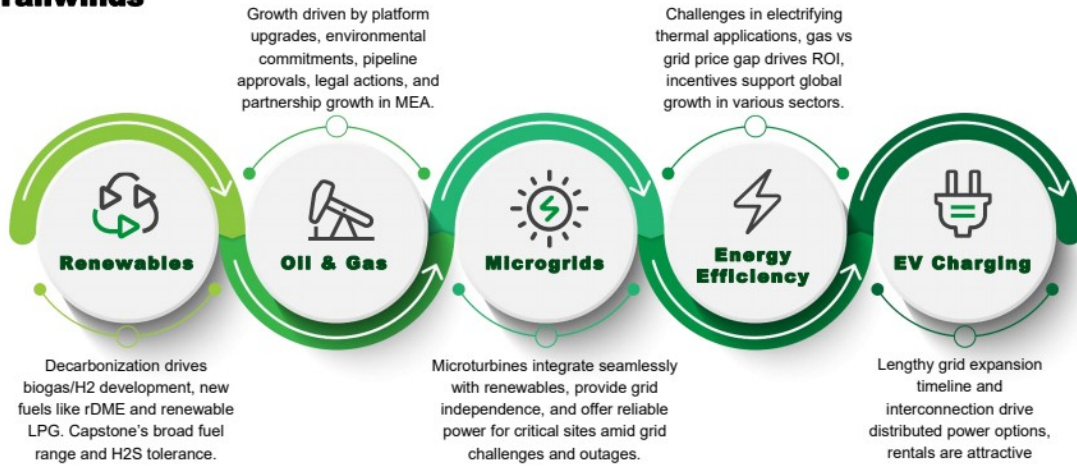


Prime Power Generators

are designed to be run continuously and can operate at variable loads. Capstone's EaaS offers lower life-cycle costs, allowing for greater penetration in various end-markets targeting shift to net-zero emissions.

Market Outlook

Tailwinds



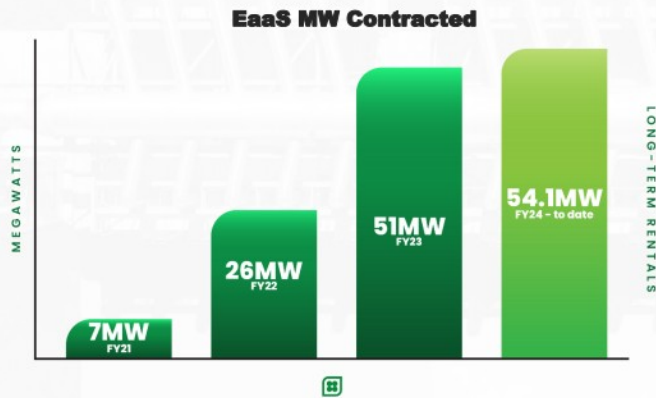
Headwinds



EaaS System Growth

Healthier Margins with Constant and Predictable Revenue Streams

Our EaaS fleet has seen tremendous growth with high levels of utilization. Future growth is limited by available capital and likely to be led by availability of used equipment Capstone can acquire through reverse rental arrangements.



EaaS Systems At-a-Glance FY24 Activity

15.3 MW

New & Renewed EaaS Contracts

12.7 MW

EaaS Shipped

23.4 MW

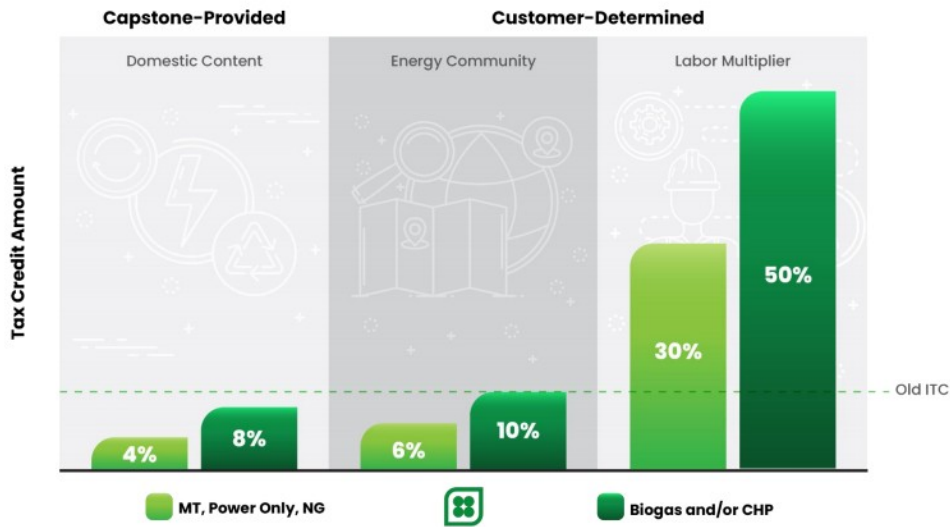
Leased Units with Our Option to Buy



Section 48 – Energy Credits

New Energy ITC maximums are driven by Biden Administration priorities of boosting domestic manufacturing, lowering emissions and training a clean energy workforce.

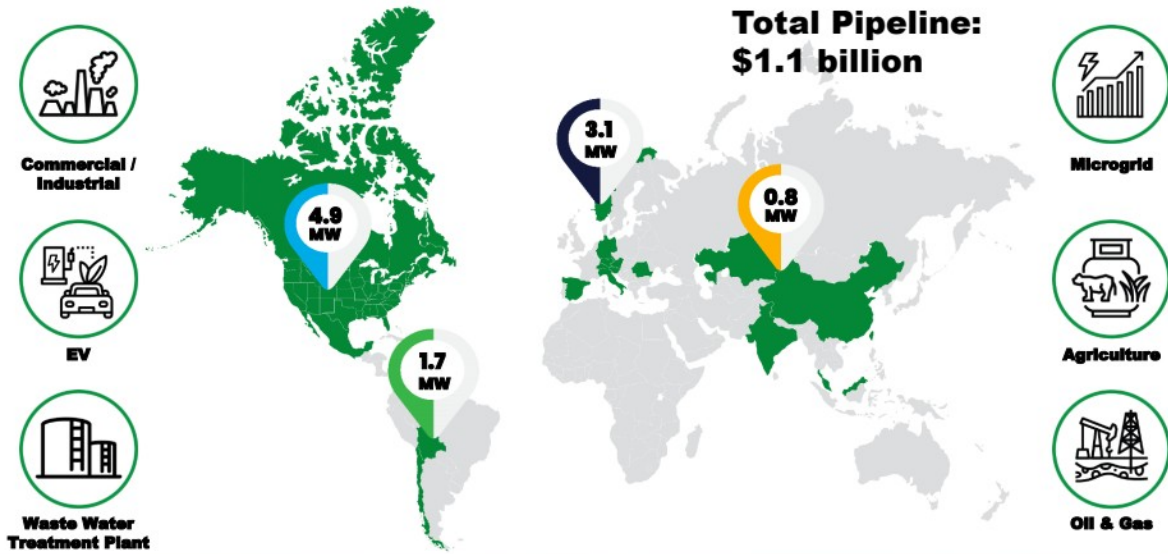
Range of ITC Available to Capstone Projects



- Capstone believes we meet US manufacturing requirements to qualify projects for domestic content bonus
- Many distributors have energy community areas within their territory (see appendix for map)
- Meeting prevailing wage/apprenticeship requirements boosts tax credits 5x and applies to all energy technologies

FY24 Sales Highlights

New System Bookings Q1FY24 to Present



| | | | |
|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|
| <p>10.5 MWs MICROTURBINE UNITS SOLD</p> | <p>11.8 MWs SALES SHIPPED THRU 9/13</p> | <p>19 COUNTRIES ACROSS FOUR CONTINENTS</p> | <p>82 UNITS EaaS/SALES DEPLOYED IN FY24</p> |
|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|

Looking Ahead

The Future is Bright

Strong Pipeline
awaiting clarity
on business
health and
restructuring



Existing Backlog
of sales, attractive
incentives and
continued high
demand for EaaS

**Dedicated
Distributor
Network**
expanding,
growing and
maturing



Diverse Growth
drivers across
geographic
markets and
industry verticals
in both sales and
EaaS



Going Forward

Robert Flexon
Executive Chairman
Interim President & Chief Executive Officer

Building a Better Future

- **Financial Restructuring**
 - Q3FY24 emergence
 - Balance sheet and liquidity management

- **Operational Restructuring**
 - Building efficiency by redesigning our business processes
 - Resiliency and reliability of our business
 - Better serving our stakeholders

- **Organizational Restructuring**
 - Improving alignment of our people resources
 - Investing in our employees' development

Q&A



**It seems to me
we have a lot of
story yet to tell**



Walt
Disney

Appendix

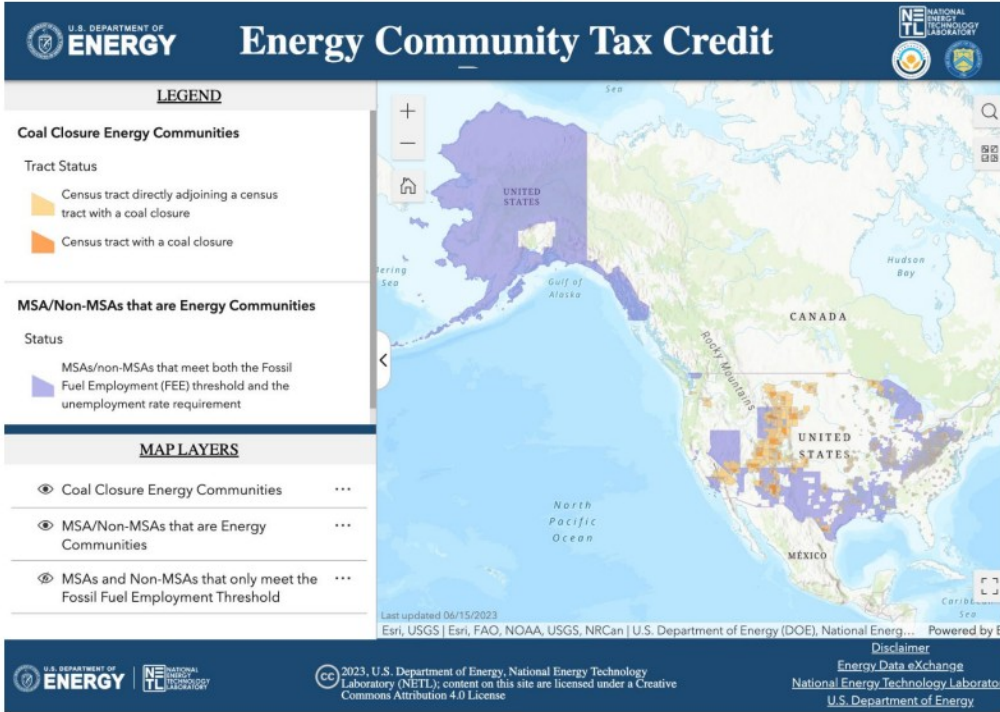
Adjusted EBITDA Schedule

| | Stub Period, Year End March 24 | FY March 25 | FY March26 | FY March 27 |
|-----------------------------|--------------------------------------|------------------|------------------|------------------|
| Net Income | \$ (2,143) | \$ 2,776 | \$ 7,319 | \$ 10,740 |
| Interest Credit Facility | 1,509 | 4,286 | 4,702 | 4,702 |
| Depreciation / Amortization | 1,311 | 3,169 | 3,566 | 4,136 |
| Non-Cash Compensation | 512 | 1,471 | 1,766 | 2,119 |
| Restructuring | 3,005 | - | - | - |
| Adjusted EBITDA | \$ 4,194 | \$ 11,702 | \$ 17,353 | \$ 21,697 |

For a discussion on Non-GAAP Financial Measures, please refer to the Safe Harbor on slide 2

Energy Community Tax Credit Map

U.S. Areas That May Qualify for Energy Community ITC Bonus





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in your hands.**

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Thank you for your time!

