

CAPSTONE GREEN ENERGY HOLDINGS, INC.
POLICY STATEMENT REGARDING RELATED PARTY TRANSACTIONS

A. Policy Statement

The Board of Directors (the “Board”) of Capstone Green Energy Holdings, Inc. (including its subsidiaries, the “Company”) recognizes that Related Party Transactions (as defined below) may raise questions as to whether those transactions are consistent with the best interests of the Company. It is the Company’s policy to enter into or ratify Related Party Transactions only when the Board, acting through the Audit Committee (the “Audit Committee”) of the Board, or as otherwise described herein, determines that the Related Party Transaction in question (1) is in the best interests of the Company, and (2) is consistent with applicable legal or regulatory requirements.

The Board has adopted the procedures set forth below for the review, approval and ratification of Related Party Transactions. The Audit Committee will review this policy from time to time and may recommend to the Board changes to the policy as it deems appropriate.

B. Related Party Transactions

For purposes of this policy, a “Related Party Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) (including any indebtedness or guarantee of indebtedness) in which the Company (including any of its subsidiaries) was, is or will be a participant, and in which any Related Person (as defined below) had, has or will have a direct or indirect interest. Related Party Transactions shall not include:

1. transactions involving compensation of executive officers of the Company if:
 - a. the related compensation is required to be reported by the Company under Item 402 of Regulation S-K and has been approved by the Board or the Compensation and Human Capital Committee thereof; or
 - b. the executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported by the Company under Item 402 of Regulation S-K if the executive officer was a named executive officer (as such term is defined in Item 402(a)(3) of Regulation S-K), and such compensation has been approved by the Board or the Company.
2. transactions involving compensation of directors for service on the Board, or committees thereof, that has been approved by the Board;

3. compensation or other transactions available on the same basis to (i) all employees of the Company generally, (ii) all salaried employees of the Company generally or (iii) all employees and other personnel of the Company generally, or;

4. transactions in which the interest of the Related Person arises solely from the ownership of a class of the Company's securities and all holders of that class receive the same benefit on a *pro rata* basis; or

5. any transaction which, notwithstanding the foregoing, has been approved by a special committee of the Board, consisting solely of directors who are not interested in such transaction, to which the Board has expressly delegated the responsibility for approving such transaction.

For purposes of this policy, a "Related Person" means:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company (including, but not limited to, the Company's president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy making function or any other person who performs similar policy making functions for the Company) (each, a "Management Member," and collectively, the "Management Members"), or a nominee to become a director of the Company;

2. any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;

3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

4. any firm, corporation or entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position, or in which such person, together with all other Related Persons, have in the aggregate a 10% or greater beneficial ownership interest.

C. Identification of Related Persons

On an annual basis, the Company shall require that each Management Member shall disclose in writing to the Company information regarding his or her Related Persons and each charitable or non-profit organization for which the Management Member (or any of his or her Related Persons) is actively involved in fundraising or otherwise serves as a director, trustee or in a similar capacity. Such request for information may be in the

form of a questionnaire prepared by the Company, to be completed by each Management Member.

Any person who is to be appointed, nominated or elected as a Management Member shall comply with such a request for information prior to such person's appointment, nomination or election as a Management Member, except in the case of an officer where due to the circumstances it is not practicable to submit the information in advance, in which case the information shall be submitted as soon as reasonably practicable following the appointment.

The Chief Compliance Officer of the Company (the "Chief Compliance Officer") shall initially be the Chief Financial Officer of the Company; provided that the Board or a duly authorized committee hereof may designate a Chief Compliance Officer from time to time and notify Management Members of such designation. Management Members are expected to notify the Chief Compliance Officer on a reasonably prompt basis of any material updates to the information they provided regarding their Related Persons and the charitable or non-profit organizations with which they and their Related Persons are involved.

D. Dissemination of Related Person Information

The Chief Compliance Officer shall (a) ensure that information regarding Related Persons is collected as described in Section C above, and (b) distribute the information (and the periodic updates thereof) to such directors and other persons as the Company's executive management may deem necessary and appropriate to implement this policy. Any personnel who receive a copy of the aforementioned information, shall be directed to use this information only in connection with their respective business units, departments and areas of responsibility, in a manner reasonably intended to accomplish the purposes of this policy.

E. Approval Procedures

Any transaction with a Related Person that is identified as such prior to the consummation thereof or amendment thereto shall be consummated or amended only if the following steps are taken:

1. Any proposed Related Party Transaction where the amount involved is \$120,000 or less may be approved by the Chair of the Audit Committee (the "Audit Committee Chair") (or, in the case of a Related Party Transaction involving the Audit Committee Chair, the Chief Compliance Officer, provided that, if the proposed Related Party Transaction in any way involves an "independent" director of the Company, the Audit Committee Chair (or the Chief Compliance Officer, as applicable) also determines (after consultation with outside legal counsel, as deemed appropriate by such individual) that the consummation of such proposed Related Party Transaction would not adversely affect the independence of such director (including, if such director is a member of the Audit Committee or the Compensation and Human Capital Committee of the

Board, for purposes of service on such committee). If so approved, the Audit Committee Chair (or the Chief Compliance Officer, as applicable) shall report the material terms of the transaction to the Audit Committee at its next quarterly meeting. Any proposed Related Party Transaction where the amount involved is in excess of \$120,000, that is otherwise not eligible for approval by the Chief Compliance Officer or Audit Committee Chair, as applicable, shall be submitted to the Audit Committee for consideration at its next quarterly Audit Committee meeting or, in those instances in which the Chief Compliance Officer determines that it is not practicable or desirable for the Company to wait until the next quarterly meeting, to the Chair of the Audit Committee (who will possess delegated authority to act between Audit Committee meetings).

2. For all potential Related Party Transactions, prior to entering into any such Related Party Transaction, (a) the Related Person, (b) the director, executive officer, nominee or beneficial owner who is an immediate family member of the Related Person, or (c) the function/department leader responsible for the potential transaction shall provide notice to the Audit Committee Chair (or, in the case of a Related Party Transaction involving the Audit Committee Chair, the Chief Compliance Officer) of the facts and circumstances of the proposed transaction, including: (i) the Related Person's relationship to the Company and interest in the transaction; (ii) the material facts of the proposed transaction, including the proposed aggregate value of such transaction or, in the case of indebtedness, the amount of principal that would be involved; (iii) the benefits to the Company of the proposed transaction; (iv) if applicable, the availability of other sources of comparable products or services; and (v) an assessment of whether the proposed transaction is on terms that are comparable to the terms available to an unrelated third party or to employees generally.
3. The Audit Committee Chair (or the Chief Compliance Officer, as applicable) or, where submitted to the Audit Committee, the Audit Committee, as the case may be (such party, the "Approving Party"), shall consider all of the relevant facts and circumstances available to the Approving Party, including (if applicable) but not limited to: the benefits to the Company; the impact on a director's independence in the event the Related Person is a non-employee director, an immediate family member of a non-employee director or an entity in which a non-employee director is a partner, stockholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. The Approving Party shall also consult with legal counsel, as the Approving Party deems necessary and/or appropriate, prior to approving any Related Party Transaction. No individual should participate in any review or consideration of a Related Party Transaction if such person or any of his or her immediate family members is the Related Person in such transaction. The Approving Party shall approve only those Related Party Transactions that it believes to be in the best interests of the Company.

4. The Approving Party shall convey all decisions with respect to Related Party Transactions to the appropriate personnel within the Company.
5. Any Related Party Transactions approved by the Chief Compliance Officer or the Audit Committee Chair shall be reported on a quarterly basis to the Audit Committee.

F. Quarterly Monitoring Procedures

The Audit Committee Chair shall ensure that quarterly reports of any amounts paid or payable to, or received or received from, any Related Person, shall be produced. Those reports shall be provided to the Chief Compliance Officer to determine if there are any transactions with a Related Person that were not previously approved under this policy. In the event the Chief Compliance Officer or an executive officer of the Company becomes aware, as a result of the reports described above, or otherwise, of a transaction with a Related Person that has not been previously approved under this policy:

1. If the transaction is pending or ongoing, it will be submitted to the appropriate Approving Party promptly for review in accordance with the procedures described herein. Based on the conclusions reached, the Approving Party shall evaluate all options, including but not limited to ratification, amendment or termination of the transaction; and
2. If the transaction is completed, the appropriate Approving Party shall evaluate the transaction, taking into account the same factors described above, to determine if rescission of the transaction and/or any disciplinary action is appropriate, and shall take steps to ensure that an evaluation of the Company's controls and procedures be taken to ascertain the reason the transaction was not submitted to the appropriate Approving Party for prior approval and whether any changes to these procedures are recommended.

G. Annual Review of Ongoing Transactions

Annually, the Audit Committee shall review any previously approved Related Party Transaction that remains ongoing with a total amount payable to, or receivable from, the Company of more than \$120,000. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Audit Committee shall determine if it is in the best interests of the Company to continue, modify or terminate each such transaction.

H. Charitable Contributions

Proposed charitable contributions or pledges of charitable contributions by the Company to a charitable or non-profit organization identified on the roster of Related Persons shall be subject to prior review and approval by the Audit Committee at the next Audit Committee meeting or, in those instances in which the Chief Compliance Officer

determines that it is not practicable or desirable for the Company to wait until the next Audit Committee meeting, by the Audit Committee Chair or by a special meeting of the Board.

I. Disclosure

All Related Party Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission (the "SEC"), as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

The material features of this policy shall be disclosed in the Company's Annual Report on Form 10-K and the proxy statement for its annual meeting of stockholders, in each case as required by applicable laws, rules and regulations.

J. Compliance with Note Purchase Agreement Provisions

The Company is also subject to certain restrictions with respect to affiliate or related party transactions pursuant to the terms of the Note Purchase Agreement. The Chief Compliance Officer shall be responsible for ensuring compliance with these provisions and assisting the Board in discharging its obligations with respect to the review and approval of any such transactions as required by the Note Purchase Agreement. The following is a summary of the related provision:

- The Company shall not permit any of its subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any holder of 10% or more of any class of capital stock of the Company or any of its subsidiaries or any affiliate or of any such holder; provided, however, that the Company and its subsidiaries may enter into or permit to exist any such transaction if either (i) Requisite Purchasers (as defined in the Note Purchase Agreement) have consented thereto in writing prior to the consummation thereof or (ii) the terms of such transaction are not less favorable to the Company or subsidiary, as the case may be, than those that might be obtained at the time from a person who is not such a holder or affiliate; further; provided, that the foregoing restrictions shall not apply to (a) any transaction among Company and any wholly-owned guarantor subsidiary or any of them; (b) reasonable and customary fees paid to members of the Board of Directors of the Company or any of its subsidiaries; (c) reasonable and customary compensation arrangements for officers and other employees of the Company or any of its subsidiaries entered into in the ordinary course of business; and (d) transactions described in Schedule 6.12 of the Note Purchase Agreement. The Company shall disclose in writing each transaction with any holder of 10% or more of any class of capital stock of the Company or any of its subsidiaries to the Purchasers (as defined in the Note Purchase Agreement).