



17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► Please see attached.

18 Can any resulting loss be recognized? ► Please see attached.

**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►  Date ► January 16, 2024

Print your name ► **Matt Carter** Title ► **Authorized Signatory**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

**Tax Basis Information Required Under Section 6045B of the Internal Revenue Code**  
**PART II: ORGANIZATIONAL ACTION**

**CONSULT YOUR TAX ADVISOR**

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the distribution (as defined below) on the tax basis of shares of Capstone Green Energy Holdings, Inc. common stock. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of stockholders. Capstone Green Energy Holdings, Inc. does not provide tax advice to its stockholders. The example provided below is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to stockholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Exchange to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. Unless otherwise described herein, capitalized terms are defined as used in the Plan or in the related disclosure statement for the Plan (the “Disclosure Statement”).

**Item 9**

Common Stock: Common Stock of Capstone Green Energy Corporation (“Old Capstone”) that was redeemed and extinguished on the Emergence Date (the “Old Capstone Common Stock”)

Common Stock: Common Stock of Capstone Turbine International, Inc. (“Capstone Turbine International”) that was distributed to Old Capstone shareholders in redemption of the Old Capstone Common Stock (the “New Capstone Common Stock”)

Debt: Pre-Petition Secured Claims<sup>1</sup> and DIP Claims<sup>2</sup>

Common Stock: Common stock of Old Capstone that was issued in connection with the Debtors’ emergence from bankruptcy (the “Reorganized Capstone Common Stock”)

**Item 10**

Old Capstone Common Stock: 14067D508

New Capstone Common Stock: 14067D607

**Item 14 - Description of organizational action**

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<sup>1</sup> “Pre-Petition Secured Claim” means any claim arising under that certain Amended and Restated Note Purchase Agreement, by and among certain affiliates of Old Capstone, Broad Street Credit Holdings LLC, and Goldman Sachs Specialty Lending Group, L.P., dated as of October 1, 2020 (as amended, supplemented, or modified from time to time), excluding any DIP Claim (defined below) on account of (i) \$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 (defined below) and (ii) \$15 million roll up of certain pre-petition secured debt in the form of notes issued pursuant to the DIP Note Purchase Agreement ((i) and (ii) together, the “DIP Roll Up Claims”).

<sup>2</sup> “DIP Claim” means all claims pursuant to that certain Super-priority Senior Secured Debtor-in-Possession Note Purchase Agreement dated October 2, 2023 (as amended, supplemented, or modified from time to time, the “DIP Note Purchase Agreement”).

On September 28, 2023 (the “Petition Date”), Old Capstone and its wholly-owned subsidiaries, Capstone Turbine International and Capstone Turbine Financial Services, LLC (“Capstone Financial Services” and, together with Capstone Turbine International and Old Capstone, the “Debtors”), filed voluntary petitions 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 for Case No. 23-11634 (LSS). On the Petition Date, the Debtors (i) entered into a Transaction Support Agreement (the “TSA”) with Goldman Sachs Specialty Lending Group, L.P. and Broad Street Credit Holdings LLC that contemplated a prepackaged joint plan of reorganization for the Debtors (the “Plan”). In connection with the Chapter 11 proceedings, Broad Street Credit Holdings LLC provided debtor-in-possession financing to the Debtors, consisting of a “roll up” of \$18 million of DIP Roll Up Claims and \$12 million of “new money”. On November 14, 2023, the Bankruptcy Court confirmed the Plan. On December 7, 2023 (the “Effective Date”), the Debtors satisfied all conditions required for Plan effectiveness and Old Capstone emerged from a Chapter 11 bankruptcy as Reorganized Capstone, a private company.

Pursuant to the TSA and the Plan, the Debtors effectuated a series of transactions including the following: (i) Capstone Turbine International issued Key Individual Retention Shares to certain employees of Old Capstone; (ii) All of Old Capstone’s operating liabilities and assets (other than the stock of Capstone Turbine International, Inc. and certain Retained Assets<sup>3</sup>) were transferred to a newly formed limited liability company, Capstone Green Energy LLC (“New Subsidiary”); (iii) New Subsidiary issued New Subsidiary Preferred Units and New Subsidiary Common Units to Old Capstone; (iv) Old Capstone contributed all New Subsidiary Common Units to Capstone Turbine International; (v) Capstone Turbine International contributed all assets held by Branch Office - UK to New Subsidiary; (vi) Old Capstone distributed all of its common stock of Capstone Turbine International to Old Capstone shareholders in redemption of all the Old Capstone Common Stock; (the “Redemption”); (vii) Old Capstone issued the Reorganized Capstone Common Stock to Broad Street Credit Holdings LLC in satisfaction of the Pre-Petition Secured Claims and a portion of the DIP Roll Up Claims (the “Goldman Exchange”); and (viii) New Subsidiary issued the New Debt Facility<sup>4</sup> to Broad Street Credit Holdings LLC (in its capacity as holder of DIP Claims, the “DIP Lender”) in satisfaction of a portion of its DIP Claims (the “DIP Exchange”).

**Item 15 - Description of the quantitative effect of the organizational action on the basis of the security in the hands of the U.S. taxpayer as an adjustment per share or as a percentage of old stock basis**

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<sup>3</sup> “Retained Assets” means (i) all of Old Capstone’s right, title, and interest in and to certain trademarks; and (ii) all assets, including cash, accounts receivable, tangible assets and intangible assets, owned by Old Capstone as of the Petition Date, that relate solely to that certain program and set of services originally funded by Old Capstone’s distributors that, as of the Petition Date, provided distributor training to distributors, and undertook website development and company branding and strategic marketing activities for Old Capstone and to the benefit of Old Capstone’s (such services collectively, “Distributor Support Services”), which include certain computer equipment, software, trade show displays and contracts for the provision of Distributor Support Services to be entered into with certain distributors on or following the Effective Date; provided, however, that notwithstanding the foregoing, no executory contracts or unexpired leases existing prior to the Effective Date are Retained Assets.

<sup>4</sup> “New Debt Facility” means that certain \$28,090,857.69 Senior Secured Notes Note Purchase Agreement, by and among Capstone Green Energy LLC as issuer, Capstone Green Energy Holdings, Inc and Capstone Financial Services, LLC as guarantors, the purchasers party thereto and Goldman Sachs Specialty Lending Group, L.P., as collateral agent dated as of December 7, 2023 (as amended, supplemented, or modified from time to time)

#### *Effect on Basis in the New Capstone Common Stock Received by the Holders of the Old Capstone Common Stock*

Because, among other matters, Capstone Turbine International had outstanding Key Individual Retention Shares, which were a class of non-voting common stock that was not owned by Old Capstone, the Redemption is not expected to qualify as a tax-free distribution under Section 355. Therefore, the Redemption is expected to be a taxable redemption under IRC Section 302. Shareholders of the Old Capstone Common Stock are expected to have basis in the New Capstone Common Stock received in the Redemption equal to fair market value thereof. The holding period for the New Capstone Common Stock is expected to begin on the day following the Redemption.

#### *Effect on Basis to Broad Street Credit Holdings LLC*

The Goldman Exchange is expected to be a taxable exchange under IRC Section 1001. Broad Street Credit Holdings LLC's basis in the Reorganized Capstone Common Stock would be expected to equal fair market value and its holding period for the Reorganized Capstone Common Stock would be expected to begin on the day following the Goldman Exchange.

Broad Street Credit Holdings LLC should consult its tax advisors to determine the tax consequences of the Goldman Exchange and the Plan.

#### *Effect on Basis of the DIP Lender*

The DIP Lender is expected to have basis in the New Debt Facility equal to the issue price of such New Debt Facility.

The DIP Lender should consult its tax advisors to determine the tax consequences of the DIP Exchange and the Plan.

### **Item 16 – Description of the calculation of the change in basis and the data that supports the calculation**

#### *Shareholders of the New Capstone Common Stock*

Based on the midpoint valuation provided by the Disclosure Statement, net fair market value of assets and liabilities contributed to New Subsidiary was thought to be approximately \$33.889 million, of which 62.5% is owned by New Capstone. This valuation is as of October 2, 2023, and such value is believed to represent fair market value of the equity of the New Subsidiary on the Effective Date. Because New Capstone has no funded debt liabilities, we believe the New Capstone Common Stock to have a fair market value of approximately \$21.181 million. A total of 18,540,877 shares of New Capstone Common Stock were issued to the shareholders of the Old Capstone Common Stock in the Redemption, which results in \$1.14 value per share.

#### *Broad Street Credit Holdings LLC*

Broad Street Credit Holdings LLC would be expected to obtain a tax basis in the Reorganized Capstone Common Stock equal to fair market value. Total fair market value of the Reorganized Capstone Common

Stock is expected to generally equal the value of the New Subsidiary Preferred Units, which represents 37.5% of total equity value of New Subsidiary (less any applicable non-controlling interest discounts), and the value of the Retained Assets, of which fair market value is not currently available.

#### *DIP Lender*

The DIP Lender is generally expected to have basis in the New Debt Facility equal to the issue price of such New Debt Facility.

The DIP Lender should consult its tax advisors to determine the issue price of the New Debt Facility for tax purposes.

#### **Item 17 – List the applicable Internal Revenue Code section(s)**

Holders of the Old Capstone Common Stock: IRC Section 302(b) and 301(d)  
Broad Street Credit Holdings LLC and DIP Lender: IRC Sections 1001, and 1012

#### **Item 18 – ability of any resulting loss to be recognized**

##### *Holders of the Old Capstone Common Stock*

To the extent Section 302(b) applies to shareholders receiving the New Capstone Common Stock in the Redemption, such shareholders are expected to recognize loss equal to the excess (if any) of the basis the shareholders had in the Old Capstone Common Stock surrendered over the fair market value of the New Capstone Common stock received.

##### *Broad Street Credit Holdings LLC*

The Goldman Exchange may result in a recognizable loss to Broad Street Credit Holdings LLC to the extent its tax basis in its Pre-Petition Claims and the portion of DIP Roll Up Claims that were equitized in accordance with the Plan exceeds fair market value of the Reorganized Capstone Common Stock received.

##### *DIP Lender*

The DIP Exchange may result in a recognizable loss to the DIP Lender to the extent the DIP Lender's tax basis in the relevant portion of its DIP Claims exceeds the issue price of the New Debt Facility received.