

## **PLUG POWER INC.**

### **DIRECTOR AND OFFICER STOCK OWNERSHIP GUIDELINES**

Effective August 15, 2005, the directors and officers of Plug Power Inc. as listed below, are expected to comply with the following stock ownership guidelines by five (5) years from the latter of the effective date of the guidelines or the date the individual is first selected to be a director or officer.

#### **PARTICIPATION**

- Directors
- Chief Executive Officer
- Other Named Executive Officers
- Other Vice Presidents/Officers

#### **TARGET STOCK HOLDINGS**

<b>Position</b>	<b>Multiple of Base Salary</b>
Chief Executive Officer	5
Other Named Executives	3
Other Vice Presidents/Officers	1

#### **FORMS OF STOCK OWNERSHIP THAT WILL MEET THE GUIDELINES**

- Direct stock holdings\*
- Shares acquired through the Employee Stock Purchase Plan (ESPP)
- Shares held in the Plug Power Inc. Savings and Retirement Plan (401K Plan)
- Long-term stock awards, including, without limitation, restricted stock awards
- Stock options divided a factor of three times

\* For purposes of these guidelines shares held in a living trust or by a family partnership or corporation controlled by the director or officer will be deemed to be directly held unless the director or officer expressly disclaims beneficial ownership of such shares.

## **DIRECTOR AND OFFICER STOCK OWNERSHIP GUIDELINES, continued**

### **I. Purpose**

Plug Power's Director and Officer Stock Ownership Guidelines align the interests of the directors and officers with the interests of shareholders and further promote Plug commitment to sound corporate governance.

### **II. Participation**

Plug Power's Director and Officer Stock Ownership Guidelines apply to the following directors and officers:

- Chairman of the Board of Directors;
- Other Directors;
- Chief Executive Officer;
- Other Named Executives;
- Other Vice Presidents/Officers;

### **III. Determination of Guidelines**

Plug Power's Director and Officer Stock Ownership Guidelines are determined as a multiple of the director or officer's base director's fee or base salary, as applicable, and then converted to a fixed number of shares. Individual guidelines are established for each participant as follows:

- The director or officer's base director's fee or base salary is multiplied by the appropriate multiple:
  - 5x for All Directors and Chief Executive Officer;
  - 3x for Other Named Executive Officers; and
  - 1x for Other Vice Presidents/Officers.
- That product is divided by Plug Power's 200-day average common stock price as reported by the NASDAQ.
- That amount is then rounded to the nearest 100 shares.

Once established, a director's or officer's guideline does not change as a result of changes in his or her base director's fee or base salary or fluctuations in Plug Power's common stock price. However, in connection with the administration of these guidelines, the Chief Executive Officer and the Chairman of the Compensation Committee shall from time to time review the appropriateness of the guidelines with respect to base director's fee or base salary or fluctuations in Plug Power's common stock price.

### **IV. Counting Shares Owned**

Stock that counts towards satisfaction of Plug Power's Director and Officer Stock Ownership Guidelines includes:

- Shares owned outright by the director or officer or his or her immediate family members residing in the same household;
- Stock held in the Plug Power Inc. Savings and Retirement Plan (401K Plan);
- Stock held in the Plug Power Inc. Employee Stock Purchase Plan (ESPP);

- Restricted stock issued as part of a director's or officer's annual or other bonus whether or not vested;
- Shares acquired upon the exercise of employee stock options
- Shares underlying unexercised employee stock options as part of the Plug Power Inc. Employee Stock Option Plan (ESOP) times a factor of 33 percent; and
- Shares held in trust. Due to the complexities of trust accounts, requests to include shares held in trust must be submitted in writing to (a) in the case of a Named Executive Officer, Vice President or Other Officer, the Chief Executive Officer or (b) in the case of the Chief Executive officer or a Director, the Chairman of the Compensation Committee.
- In the case of a Director, shares held by a corporation for whom that director is principally employed.

## **V. Compliance with the Guidelines**

Directors and officers are required to achieve their targeted level of stock ownership as set forth in these Stock Ownership Guidelines within five (5) years, e.g. by August 15, 2010 in the case of a director or officer that becomes subject to the guidelines at August 15, 2005. If a director's or officer's targeted level of stock ownership as set forth in these Stock Ownership Guidelines increases because of a change in title, a five-year period to achieve the incremental guideline begins in January following the year of the title change.

Until the targeted level of stock ownership is achieved, the director or officer is required to retain at least 75% of net shares delivered through Plug Power's Compensation plans. Net shares refer to those that remain after shares are sold or netted to pay withholding taxes and/or the exercise price of stock in the case of stock options.

Until the targeted level of stock ownership is achieved, shares that were acquired by a director or officer before he or she became subject to the Director and Officer Stock Ownership Guidelines may only be disposed of for one or more of the "exclusion" purposes set forth below in this Section V and only upon compliance with the procedures set forth therein.

Once achieved, ownership of the targeted amount of stock must be maintained for as long as the individual is subject to the Director and Officer Stock Ownership Guidelines.

Certain exclusions apply to the retention requirement. The existence of exclusions does not, however, affect the requirement that the director or officer must meet his or her targeted level of stock ownership within the five-year period. The exclusions are:

- Estate planning;
- Gifts to charity or educational institutions;
- Education; and
- Primary residence.

To be excluded from the retention requirement for any of these purposes, the director or officer must submit a request in writing to (a) in the case of a Named Executive Officer, Vice President or Other Officer, the Chief Executive Officer or (b) in the case of the Chief Executive Officer or a Director, the Chairman of the Compensation Committee. This request must include the reason for the exclusion, current status with respect to the targeted level of stock ownership under the Stock Ownership Guidelines and a description of

the stock transactions for which the exclusion is being requested. Once the targeted level of stock ownership under the Stock Ownership Guidelines is achieved, the retention ratio no longer applies unless the director's or officer's ownership falls below the targeted level of stock ownership, at which point the retention requirement will be reinstated.

## **VI. Reporting**

Directors' and officers' compliance with their targeted level of stock ownership as set forth in the Stock Ownership Guidelines shall be determined by the amount reported in Plug Power's annual proxy. In addition, any director or officer who has satisfied his or her targeted level of stock ownership as set forth in these Stock Ownership Guidelines must immediately notify (a) in the case of a Named Executive Officer, Vice President or Other Officer, the Chief Executive Officer or (b) in the case of the Chief Executive Officer or a Director, the Chairman of the Compensation Committee if at any subsequent time his or her ownership of Plug Power stock falls below the targeted level of stock ownership.

## **VII. Hardship**

There may be instances in which the targeted level of stock ownership set forth in these Stock Ownership Guidelines would place a severe hardship on the director or officer or prevent the director or officer from complying with a court order, such as in the case of a divorce settlement. It is expected that these instances will be rare. In these instances, the director or officer must submit a request in writing as set forth in Section V above. If the request is granted in whole or in part, the Chief Executive Officer (in the case of an officer) or the Chairman of the Compensation Committee (in the case of a director) will, in consultation with the officer or director, develop an alternative stock ownership plan that reflects both the intention of these Director and Officer Stock Ownership Guidelines and the director's or officer's individual circumstances.

## **VIII. Administration**

The Director and Officer Stock Ownership Guidelines are administered and interpreted by the Chief Executive Officer and the Chairman of the Compensation Committee of Plug Power Inc.