

PLUG POWER INC  
Form DEF 14A  
April 01, 2010

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Plug Power Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

## **IMPORTANT VOTING INFORMATION**

### **A New Rule for Stockholder Voting**

Stockholders who hold Plug Power Inc. shares through a broker, bank or other financial institution receive proxy materials and a proxy card either electronically or by mail from such broker, bank or other financial institution before each stockholder meeting.

In the past, if you did not provide your voting instructions before the stockholder meeting, your broker was allowed to vote on your behalf on the election of directors and other matters considered to be routine. The U.S. Securities and Exchange Commission (SEC) has approved a rule that changes the manner in which your vote in the election of directors or other non-routine matters will be handled at our upcoming 2010 Annual Meeting of Stockholders.

Effective January 1, 2010, your broker will no longer be permitted to vote on your behalf on the election of directors unless you provide specific instructions by completing and returning the proxy card or following the instructions provided to you to vote your shares. Therefore, you now will need to provide such voting instructions to your broker, bank or other financial institution before the date of the stockholder meeting for your vote to be counted.

### **Your Participation in Voting the Shares You Own Is Important**

Voting your shares is important to ensure that you have a say in the governance of your company and to fulfill the objectives of the majority voting standard that we apply in the election of directors. Please review the proxy materials and follow the instructions on the proxy card to vote your shares. We hope you will exercise your rights and fully participate as a shareowner in our company's future.

### **More Information Is Available**

If you have any questions about this new rule or the proxy voting process in general, please contact the broker, bank or other financial institution where you hold your shares. The SEC also has a website ([www.sec.gov/spotlight/proxymatters.shtml](http://www.sec.gov/spotlight/proxymatters.shtml)) with more information about your rights as a stockholder. Additionally, you may contact our Investor Relations Department at 518-782-7700 or [investorrelations@plugpower.com](mailto:investorrelations@plugpower.com).

### **Stockholders may request electronic delivery of proxy documents.**

Stockholders may elect to receive future distributions of proxy statements and annual reports by e-mail. To take advantage of this service, please see *Delivery of Proxy Materials and Annual Report* of this proxy statement for further information.

**INFORMATION REGARDING ADMISSION TO THE 2010 ANNUAL MEETING**

In accordance with our security procedures, all stockholders attending the 2010 Annual Meeting of Stockholders must present valid picture identification upon entry.

**PLUG POWER INC.**

**968 Albany Shaker Road**

**Latham, NY 12110**

April 12, 2010

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders (the Annual Meeting) of Plug Power Inc., a Delaware corporation (the Company), to be held on Wednesday, May 19, 2010, at 10:00 a.m., Eastern Time, at the Offices of Goodwin Procter LLP, The New York Times Building, 620 Eighth Avenue, New York, NY 10018.

The Annual Meeting has been called for the purpose of (i) electing one Class II Director for a three-year term; (ii) ratifying KPMG LLP as the Company's independent auditors for 2010; and (iii) considering and voting upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on March 31, 2010, as the record date for determining stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

The Board of Directors of the Company recommends that you vote **FOR** the election of the one nominee as a Class II Director of the Company as described in the accompanying proxy statement.

The Board of Directors of the Company recommends that you vote **FOR** the ratification of KPMG LLP as the Company's independent auditor for 2010 as described in the accompanying proxy statement.

**IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.**

Sincerely,  
Andrew Marsh  
President and Chief Executive Officer

**PLUG POWER INC.**

**968 Albany Shaker Road**

**Latham, NY 12110**

**(518) 782-7700**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Wednesday, May 19, 2010**

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Stockholders of Plug Power Inc., a Delaware corporation (the Company), will be held on Wednesday, May 19, 2010, at 10:00 a.m., Eastern Time, at the Offices of Goodwin Procter LLP, The New York Times Building, 620 Eighth Avenue, New York, NY 10018 (the Annual Meeting) for the purpose of considering and voting upon:

1. The election of one Class II Director nominated by the Board of Directors to hold office until the Company's 2013 Annual Meeting of Stockholders and until such director's successor is duly elected and qualified or until such director's earlier resignation or removal; and
2. The ratification of KPMG LLP as the Company's independent auditors for 2010; and
3. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Proposal number one relates solely to the election of one Class II Director nominated by the Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any stockholder of the Company. The Board of Directors has fixed the close of business on March 31, 2010 as the record date for determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Only holders of the Company's common stock of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

Any action may be taken on the foregoing matters at the Annual Meeting on the date specified above, or on any date or dates to which, by original or later postponement or adjournment, the Annual Meeting may be postponed or adjourned.

By Order of the Board of Directors  
Gerard L. Conway, Jr.  
Corporate Secretary

Latham, NY

April 12, 2010

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, YOU ARE REQUESTED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. IF YOU ATTEND THE ANNUAL MEETING, YOU MAY VOTE IN PERSON IF YOU WISH, EVEN IF YOU HAVE PREVIOUSLY RETURNED YOUR PROXY CARD.



**PROXY STATEMENT**

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**PLUG POWER INC.**

**968 Albany Shaker Road**

**Latham, NY 12110**

**(518) 782-7700**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Wednesday, May 19, 2010**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Plug Power Inc. (the Company) for use at the 2010 Annual Meeting of Stockholders of the Company to be held on Wednesday, May 19, 2010, at 10:00 a.m., Eastern Time, at the Offices of Goodwin Procter LLP, The New York Times Building, 620 Eighth Avenue, New York, NY 10018 and any adjournments or postponements thereof (the Annual Meeting).

At the Annual Meeting, the stockholders of the Company will be asked to consider and vote upon the following matters:

1. The election of one Class II Director to hold office until the Company's 2013 Annual Meeting of Stockholders and until such director's successor is duly elected and qualified or until such director's earlier resignation or removal; and
2. The ratification of KPMG LLP as the Company's independent auditors for 2010; and
3. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

The Notice of Annual Meeting, Proxy Statement and Proxy Card are first being mailed to stockholders of the Company on or about April 12, 2010 in connection with the solicitation of proxies for the Annual Meeting. The Board of Directors has fixed the close of business on March 31, 2010 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting (the Record Date). Only holders of record of the Company's Common Stock at the close of business on the Record Date will be entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, there were 130,890,693 shares of Common Stock outstanding and entitled to vote at the Annual Meeting and approximately 2,811 stockholders of record. However, management believes that a significant number of shares are held by brokers under a nominee name and that the number of beneficial stockholders of the Common Stock exceeds 49,000. Each holder of Common Stock outstanding as of the close of business on the Record Date will be entitled to one vote for each share held of record with respect to each matter submitted at the

Annual Meeting.

The presence, in person or by proxy, of a majority of the total number of outstanding shares of Common Stock entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. A quorum being present, the affirmative vote of a plurality of the votes present in person or represented by proxy at the Annual Meeting and entitled to vote on the matter is necessary to elect a nominee as a director of the Company. Withhold authority votes, abstentions and broker non-votes will be counted as present and entitled to vote for purposes of determining a quorum. A withhold authority vote is a stockholder's vote to withhold authority to cast a vote for the election of one or more director nominees. An abstention represents an affirmative choice to decline to vote on a proposal other than the election of directors. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power under applicable law with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner.

With respect to non-routine matters, such as the election of directors, votes may be cast in favor of or withheld from each nominee; votes that are withheld will be excluded entirely from the vote and will have no effect on the vote. Broker non-votes will also have no effect on the outcome of the election of directors. If you hold shares through a broker, bank or other custodian (also referred to as holding shares in street-name), only such broker, bank, custodian or other nominee can vote your shares. In order to ensure that your shares are voted at the Annual Meeting, you must give specific instructions regarding how to vote your shares. If you do not give specific instructions regarding how to vote your shares, the broker, bank, custodian or other nominee may not exercise their discretion to vote your shares.

Stockholders of the Company are requested to complete, date, sign and return the accompanying Proxy Card in the enclosed envelope. Stockholders who hold shares indirectly as the beneficial owner of shares held for them by a broker or other nominee (i.e., in street name) may direct their vote without attending the Annual Meeting by submitting voting instructions to their broker or nominee.

Common Stock represented by properly executed proxies received by the Company and not revoked will be voted at the Annual Meeting in accordance with the instructions contained therein. **If instructions are not given therein, properly executed proxies will be voted FOR the election of the one nominee of the Board of Directors as a Class II Director of the Company (Proposal 1) and FOR the ratification of KPMG LLP as the Company's independent auditors (Proposal 2), as described in this Proxy Statement.** It is not anticipated that any matters other than those set forth in this Proxy Statement will be presented at the Annual Meeting. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.

Any properly completed proxy may be revoked at any time before it is voted on any matter (without, however, affecting any vote taken prior to such revocation) by (1) giving written notice of such revocation to the Corporate Secretary of the Company, (2) submitting a new proxy by telephone, internet or proxy card after the date of the previously submitted proxy (or submitting new voting instructions with respect to shares held in street name), or (3) attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

The Annual Report of the Company is being mailed to stockholders of the Company concurrently with this Proxy Statement.

## **PROPOSAL 1: ELECTION OF DIRECTORS**

### **Introduction**

At the Annual Meeting, one Class II Director will be elected to serve until the Annual Meeting of Stockholders in 2013 and until such director's successors are duly elected and qualified or until their earlier resignation or removal. The Board of Directors has nominated George C. McNamee for re-election as a Class II Director. Shares represented by each properly executed proxy will be voted for the re-election of George C. McNamee as a director, unless contrary instructions are set forth on such proxy. The nominee has agreed to stand for re-election and to serve, if elected, as a director. However, if the nominee fails to stand for re-election or is unable to accept election, the proxies will be voted for the election of such other person as the Board of Directors may recommend.

### **Vote Required**

A quorum being present, the affirmative vote of a plurality of the votes cast is necessary to elect a nominee as a director of the Company.

### **Recommendation of the Board**

**THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE NOMINEE OF THE BOARD OF DIRECTORS AS A DIRECTOR OF THE COMPANY.**

## **INFORMATION ABOUT OUR DIRECTORS**

The number of directors of the Company is fixed at six, and the Board of Directors currently consists of six members. The Board of Directors is divided into three classes, with three directors in Class I, one director in Class II, and two directors in Class III. Directors in Classes I, II and III serve for three-year terms with one class of directors being elected by the Company's stockholders at each Annual Meeting of Stockholders. The Board of Directors has determined that Ms. Helmer and Messrs. Drazan, Garberding, McNamee, and Willis are independent directors as defined in Rule 5605(a)(2) under the Marketplace Rules of the National Association of Securities Dealers, Inc. (the NASDAQ Rules).

The positions of Chief Executive Officer and Chairman of the Board are currently each filled by a different individual, Andrew Marsh and George McNamee, respectively; however, if the position of Chairman of the Board is vacant, or if he or she is absent, the Chief Executive Officer shall preside, when present, at meetings of stockholders and of the Board of Directors.

Set forth below is certain information regarding the directors of the Company, including the Class II Director who has been nominated for re-election at the Annual Meeting. The ages of and biographical information regarding the nominees for election as Class I Directors at the Annual Meeting and each director who is not standing for election is based on information furnished to the Company by each nominee and director and is as of January 29, 2010.

Name	Age	Director Since
<b>Class I Term Expires 2012</b>		
Andrew Marsh	53	2008
Gary K. Willis (1)(2)	64	2003
Maureen O. Helmer(1)(3)	53	2004
<b>Class II Term Expires 2010</b>		
George C. McNamee(2)(3)*	63	1997
<b>Class III Term Expires 2011</b>		
Larry G. Garberding (1)(3)	71	1997
Jeffrey Drazan (2)	51	2008

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\* Nominee for re-election.

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance and Nominating Committee.

The principal occupation and business experience for at least the last five years for each nominee and director of the Company is set forth below. The biographies of each of the nominees and continuing directors below contains information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding the experiences, qualifications, attributes or skills that caused the Corporate Governance Committee and the Board to determine that the person should serve as a director.

*Andrew J. Marsh* has served as Chief Executive Officer, President and member of the Board of Directors of the Company since April 8, 2008. Previously, Mr. Marsh was a co-founder of Valere Power where he served as President, CEO and director from the company's inception in 2001 through its sale to Eltek ASA in 2007. Under his leadership, Valere grew into a profitable global operation with over 200 employees and \$90 million in revenues derived from the sale of DC power products to the telecommunications sector. During Mr. Marsh's tenure, Valere Power received many

awards such as the Tech Titan award as the fastest growing technology company in the Dallas Fort Worth area and the Red Herring Top 100 Innovator Award. Prior to founding Valere, he spent approximately eighteen years with Lucent Bell Laboratories where he held a variety of sales and technical management positions. Mr. Marsh is a member of the Board of Directors of Power Distribution Inc., a company focused on quality power management. Mr. Marsh holds a Bachelor of Science in Electrical Engineering Technology from Temple University, a Master of Science in Electrical Engineering from Duke University and a Masters of Business Administration from Southern Methodist University. The skills and experience described above make Andrew J. Marsh eminently qualified to serve on the Company's Board of Directors.

*Gary K. Willis* joined Zygo Corporation's Board of Directors in June 2009 after retiring as Chairman of the Board of Directors in November 2000, having served in that capacity since November 1998. Zygo Corporation is a provider of metrology, optics, optical assembly, and systems solutions to the semiconductor, optical manufacturing, and industrial/automotive markets. Mr. Willis had been a director of Zygo Corporation since February 1992 and also served as President from 1992 to 1999 and as Chief Executive Officer from 1993 to 1999. Prior to joining Zygo Corporation, Mr. Willis served as the President and Chief Executive Officer of The Foxboro Company, a manufacturer of process control instruments and systems. Mr. Willis is also a director of Rofin-Sinar Technologies, Inc., Vion Pharmaceuticals, Inc. and Middlesex Health Services, Inc. Mr. Willis holds a Bachelor of Science degree in Mechanical Engineering from Worcester Polytechnic Institute. The skills and experience described above make Gary K. Willis eminently qualified to serve on the Company's Board of Directors.



*Maureen O. Helmer* is currently a member of the law firm Hiscock & Barclay LLP and is the Co-Chair of the firm's Regulatory Practice Group. Prior to her joining Hiscock & Barclay LLP, Ms. Helmer was a member of Green & Seifter Attorneys, PLLC. From 2003 through 2006 she practiced as a partner in the law firm of Couch White, LLP and then as a solo practitioner. In addition to serving as Chair of the New York State Public Service Commission (PSC) from 1998 to 2003, Ms. Helmer also served as Chair of the New York State Board on Electric Generation Siting and the Environment. Ms. Helmer has advised international energy, telecommunications and industrial companies on policy and government affairs issues. Prior to her appointment as Chair, Ms. Helmer served as Commissioner of the Public Service Commission from 1997 until 1998 and was General Counsel to the Department of the Public Service Commission from 1995 through 1997. From 1984 through 1995, Ms. Helmer held several positions in the New York Legislature. She also served as a board member of the New York State Energy Research and Development Authority, the New York State Environmental Board and the New York State Disaster Preparedness Commission during her tenure as Chair of the PSC. In addition, she was Vice Chair of the Electricity Committee of the National Association of Regulatory Utility Commissioners and a member of the NARUC Board of Directors. She was also appointed to serve as a member of the New York State Cyber-Security Task Force. Ms. Helmer earned her Bachelor of Science from the State University at Albany and her Juris Doctorate from the University of Buffalo law school. She is admitted to practice law in New York. The skills and experience described above make Maureen O. Helmer eminently qualified to serve on the Company's Board of Directors.

*George C. McNamee* serves as Chairman of the Company's Board of Directors. Mr. McNamee is also Managing Partner of FA Tech Ventures, an information and energy technology venture capital firm, a director of iRobot Corporation (IRBT) and Broadpoint Securities (BPSG), and previously Chairman of BPSG's predecessor First Albany Companies. Mr. McNamee's background in investment banking has given him broad exposure to many financing and merger and acquisition issues. As an executive, he has dealt with rapid-growth companies, technological change, crisis management, team building and strategy. As a public company director, Mr. McNamee led board special committees, chaired audit committees, chaired three boards and has been an active lead director. His past public company boards include Mechanical Technology Inc. (MTI) and Home Shopping Network (HSN). He has been an early stage investor, director and mentor for private companies that subsequently went public including MapInfo (now Pitney Bowes), META Group and IRBT. Mr. McNamee served on industry boards like the Securities Industry Association, the National Association of Securities Dealers (NASD) district committee, the National Stock Clearing Corporation and chaired the Regional Firms Advisory Committee of the New York Stock Exchange (NYSE). He served as an NYSE director from 1999 to 2004 and chaired its foundation. In the aftermath of the 1987 stock market crash, he chaired the Group of Thirty Committee to reform the Clearance and Settlement System. Mr. McNamee has been active as a director or trustee of civic organizations including The Albany Academies and Albany Medical Center, whose finance Committee he chaired for a dozen years. Mr. McNamee chaired New York State Comptroller Ned Regan's Temporary State Commission on State and Local Fiscal Policies and served as a member of the New York State Science and Tech Council for Governors Carey, Cuomo and Pataki. He is also a director of several private companies, a member of the Yale Development Board and a Trustee of The American Friends of Eton College. He received his Bachelor of Arts degree from Yale University. The skills and experience described above make George C. McNamee eminently qualified to serve on the Company's Board of Directors.

*Larry G. Garberding* was a Director and Executive Vice President and Chief Financial Officer of DTE Energy Company and the Detroit Edison Company from 1990 until retiring in 2001. Mr. Garberding was a Certified Public Accountant, a partner with a major public accounting firm, and has been on the board of several corporations, having had responsibility for financial, operational, regulatory and sales activities. Mr. Garberding is currently a director of Altarum Institute, a non-profit research and innovations institute; H2Gen Innovations, Inc., a developer of hydrogen generation equipment; and Intermap Technologies Corporation, a digital mapping company. Mr. Garberding received a Bachelor of Science degree in Industrial Administration from Iowa State University. The skills and experience

described above make Larry G. Garberding eminently qualified to serve on the Company's Board of Directors.

*Jeffrey Drazan* is a founder and Managing Director of Bertram Capital, a private equity firm. He also is a co-founder and Managing Director of Sierra Ventures, a venture capital firm. Prior to his current positions, Mr. Drazan served in a variety of operations and Research and Development management positions at both AT&T and Bell Laboratories. Mr. Drazan currently serves as a director of Theravance Inc. (THRX), a public company, and numerous private companies, including American Fiber Systems, Power Distribution Inc., Author Solutions, Element Labs, Eltek-Valere, Physicians Management Group and NP Photonics. Mr. Drazan has previously served as a director of Centex Telemanagement (CNTX acquired by MFS), Stratacom (STRM acquired by Cisco), On Assignment (ASGN), Micromuse (MUSE acquired by IBM), ConvergeNet (acquired by Dell), Combinet (acquired by Cisco), Quinta (acquired by Seagate), Vertel (VRTL), ParAcer (acquired by Stratos Lightwave), FrontBridge (acquired by MicroSoft), Sychip (acquired by Murata), Micro Power (acquired by Westin Presidio), Valere Power (acquired by Eltek) and Digital Generation Systems (DGIT). Mr. Drazan received a Bachelor of Science degree in Engineering from Princeton University and a Masters of Business Administration from New York University's Stern School of Business Administration. The skills and experience described above make Jeff Drazan eminently qualified to serve on the Company's Board of Directors.

## COMMITTEES AND MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company held nine (9) meetings during the fiscal year ended December 31, 2009 ( Fiscal 2009 ). The Board of Directors has established three standing committees, an Audit Committee (the Audit Committee ), a Compensation Committee (the Compensation Committee ), and a Corporate Governance and Nominating Committee (the Governance Committee ). During Fiscal 2009, each director attended at least 75% of the aggregate of (1) the total number of meetings of the Board of Directors of the Company (held during the period for which he or she has been a director) and (2) the total number of meetings of all committees of the Board of Directors of the Company on which the director served (during the periods that he or she served).

Discussed below in greater detail, the Board of Directors administers its risk oversight function directly and through its Audit Committee and Corporate Governance and Nominating Committee. The Board and each of these Committees regularly discuss with management our major risk exposures, their potential financial impact on Plug Power and the steps we take to manage them. The Audit Committee is responsible for oversight of Company risks relating to accounting matters, financial reporting and legal and regulatory compliance, while the Corporate Governance and Nominating Committee is responsible for oversight of risks relating to management and Board succession planning, stakeholder responses to the Company s ethics and business practices.

The Chief Financial Officer and the General Counsel report to the Board of Directors regarding ongoing risk management activities at the regularly scheduled, quarterly Board of Directors meetings and may report on risk management activities more frequently, as appropriate. Additionally, risk management is a standing agenda item for the regularly scheduled, quarterly Audit Committee meetings.

### **Audit Committee**

The Audit Committee consists of Messrs. Garberding (Chair) and Willis, and Ms. Helmer. The Audit Committee held five (5) meetings during Fiscal 2009 and each member attended all of the meetings during the period in which such person served on the committee.

### **Audit Committee Report**

The Audit Committee of the Board of Directors is currently composed of three directors, each of whom is an independent director as defined in the NASDAQ Rules and the applicable rules of the Securities and Exchange Commission ( SEC ). In addition, the Board of Directors has made a determination that Mr. Garberding qualifies as an audit committee financial expert as defined in the applicable rules of the SEC. Mr. Garberding s designation by the Board as an audit committee financial expert is not intended to be a representation that he is an expert for any purpose as a result of such designation, nor is it intended to impose on him any duties, obligations, or liability greater than the duties, obligations or liability imposed on him as a member of the Audit Committee and the Board in the absence of such designation.

The Audit Committee s primary responsibility is for oversight of the Company s accounting and financial reporting processes and audits of the Company s financial statements. A more complete description of the Audit Committee s

functions is set forth in the Audit Committee's charter which is published on the Investors' section of the Company's website at [www.plugpower.com](http://www.plugpower.com).

In accordance with the Audit Committee's charter, management has the primary responsibility for the financial statements and the financial reporting process, including maintaining an adequate system of internal controls over financial reporting. The Company's independent auditors, KPMG LLP (KPMG), report directly to the Audit Committee and are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and of the effectiveness of the Company's internal controls over financial reporting. The Audit Committee, among other matters, is responsible for (i) appointing the Company's independent auditors, (ii) evaluating such independent auditors' qualifications, independence and performance, (iii) determining the compensation for such independent auditors, and (iv) approving all audit and non-audit services. Additionally, the Audit Committee is responsible for oversight of the Company's accounting and financial reporting processes and audits of the Company's financial statements including the work of the independent auditors. The Audit Committee reports to the Board of Directors with regard to:

- the scope of the annual audit;
- fees to be paid to the auditors;
- the performance of the Company's independent auditors;
- compliance with accounting and financial policies; and
- the Company's procedures and policies relative to the adequacy of internal accounting controls.

The Audit Committee reviewed and discussed with management of the Company and KPMG, the Company's 2009 quarterly unaudited interim consolidated financial statements and 2009 annual consolidated financial statements, including management's assessment of the effectiveness of the Company's internal controls over financial reporting and KPMG's evaluation of the effectiveness of the Company's internal controls over financial reporting as of December 31, 2009. Management has represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles.

Additionally, the Audit Committee has discussed with KPMG any matters required to be discussed under Statement on Auditing Standards No. 61 (Communication with Audit Committees), which include, among other items, matters related to the conduct of the audit of the Company's annual consolidated financial statements. The Audit Committee has also discussed the critical accounting policies used in the preparation of the Company's annual consolidated financial statements, alternative treatments of financial information within generally accepted accounting principles that KPMG discussed with management, if any, the ramifications of using such alternative treatments and other written communications between KPMG and management.

KPMG has provided to the Audit Committee the written disclosures and the letter required by the applicable Public Company Accounting Oversight Board requirements for independent accountant communications with audit committees concerning auditor independence, and the Audit Committee discussed with KPMG that firm's independence. The Audit Committee has also concluded that KPMG's performance of non-audit services is compatible with KPMG's independence.

The Audit Committee also discussed with KPMG their overall scope and plans for their audit and met with KPMG, with and without management present, to discuss the results of their audit, the evaluations of the Company's internal control over financial reporting, and the overall quality of the Company's financial reporting. The Audit Committee also discussed with KPMG whether there were any audit problems or difficulties, and management's response.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, the inclusion of audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. The Audit Committee has also appointed KPMG as the Company's independent auditors for the fiscal year ending December 31, 2010. This report is provided by the following independent directors, who constitute the Audit Committee:

Larry G. Garberding (Chairman)

Maureen O. Helmer

Gary K. Willis

#### **Independent Auditors Fees**

The following table presents fees for professional services rendered by KPMG for the audit of the Company's annual financial statements and fees billed for other services rendered by KPMG:

<b>KPMG</b>	
<b>2009</b>	<b>2008</b>

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Audit Fees	\$473,000	\$579,500
Audit-Related Fees	-	17,500
Tax Fees	50,000	-
Other	49,900	7,000
Total	\$572,900	\$604,000

In the above table, and in accordance with SEC definitions and rules: (1) audit fees are fees for professional services for the audit of the Company's consolidated financial statements included in Form 10-K, review of unaudited interim consolidated financial statements included in Form 10-Qs, testing of the effectiveness of internal control on financial reporting, or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; (2) audit-related fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements; (3) tax fees are fees for tax compliance, tax advice, and tax planning; and (4) all other fees are fees for any services not included in the first three categories.

Under the Audit Committee's charter, the Audit Committee is authorized to delegate to one or more of its members the authority to pre-approve audit and non-audit services. All fees listed in the above table were approved using pre-approval procedures. The Audit Committee has not delegated its pre-approval authority. The Audit Committee approved all audit and non-audit services provided to the Company by KPMG during Fiscal 2009.

### **Compensation Committee**

The Compensation Committee consists of Messrs. Willis (Chair), McNamee and Drazan, each of whom is an independent director under the NASDAQ Rules. The Compensation Committee held four (4) meetings during Fiscal 2009. See Report of the Compensation Committee and the Board of Directors on Executive Compensation and Compensation Committee Interlocks and Insider Participation for a further description of the activities of the Compensation Committee in Fiscal 2009. The Compensation Committee's primary responsibilities include (i) discharging the responsibilities of the Board of Directors of the Company relating to compensation of the Company's executive officers, (ii) providing oversight of the Company's benefit, perquisite and employee equity programs, and (iii) reviewing the adequacy of the Company's management succession plans. A more complete description of the Compensation Committee's functions is set forth in the Compensation Committee's charter which is published on the Investors' section of the Company's website at [www.plugpower.com](http://www.plugpower.com).

### **Corporate Governance and Nominating Committee**

The Corporate Governance and Nominating Committee (the Governance Committee) consists of Ms. Helmer (Chair) and Messrs. Garberding and McNamee, each of whom is an independent director under the NASDAQ Rules. The Governance Committee held five (5) meetings during Fiscal 2009. The Governance Committee's responsibilities include (i) establishing criteria for Board and committee membership, (ii) considering director nominations consistent with the requirement that a majority of the Board be comprised of independent directors as defined in the NASDAQ Rules, (iii) identifying individuals qualified to become board members, and (iv) selecting the director nominees for election at each Annual Meeting of Stockholders. The Governance Committee is also responsible for developing and recommending to the Board a set of corporate governance guidelines applicable to the Company and periodically reviewing such guidelines and recommending any changes thereto. A more complete description of the Governance Committee's functions is set forth in the Governance Committee's charter which is published on the Investors' section of the Company's website at [www.plugpower.com](http://www.plugpower.com).

### **Director Compensation**

The Compensation Committee periodically reviews the Company's Non-Employee Director Compensation Plan (the Plan) to ensure that the compensation aligns the directors' interests with the long-term interests of the stockholders and that the structure of the compensation is simple, transparent and easy for stockholders to understand. The Compensation Committee also considers whether the Plan fairly compensates the Company's directors when considering the work required in a company of the size and scope of the Company. Employee directors do not receive additional compensation for their services as directors. The following is a summary of the Plan:

Pursuant to the current form of the Plan, upon initial election or appointment to the Board of Directors, new non-employee directors receive non-qualified stock options to purchase 125,000 shares (50,000 shares for any new non-employee Chairman) of Common Stock with an exercise price equal to fair market value on the date of grant and that are fully vested on the first anniversary of the date of the grant. Each year of a non-employee director's tenure, the

director will receive non-qualified options to purchase 10,000 shares (15,000 shares for any non-employee Chairman), plus non-qualified options to purchase an additional 5,000 shares for serving as chairman of the Audit Committee and non-qualified options to purchase an additional 2,000 shares for serving as chairman of any other committee, including the Compensation Committee and the Corporate Governance and Nominating Committee. These annual options, with an exercise price equal to fair market value on the grant date, fully vest on the first anniversary of the date of the grant.

In addition, under the current form of the Plan each non-employee director is paid an annual retainer of \$30,000 (\$85,000 for any non-employee Chairman) for their services. Committee members receive additional annual retainers in accordance with the following table:

<b>Committee</b>	<b>Non-Employee Non-Employee</b>	
	<b>Chairman</b>	<b>Director</b>
Audit Committee	\$ 20,000	\$ 15,000
Compensation Committee	15,000	5,000
Corporate Governance and Nominating Committee	10,000	5,000



These additional payments for service on a committee are due to the workload and broad-based responsibilities of the committees. The total amount of the annual retainers are paid in a combination of fifty percent (50%) cash and fifty percent (50%) Common Stock, with an option to receive up to one hundred percent (100%) Common Stock, at the election of the non-employee director. At the Board's discretion, directors may receive a greater portion of the foregoing amounts, up to eighty percent (80%), in cash. All such stock shall be fully vested at the time of issuance and is valued at its fair market value on the date of issuance. Non-employee directors are also reimbursed for their direct expenses associated with their attendance at board meetings.

Additionally, on February 11, 2009 the Board of Directors approved a one-time equity grant for the Chairman of the Board of Directors, George McNamee, of non-qualified stock options to purchase 125,000 shares of Common Stock with an exercise price equal to \$0.91, which was the fair market value on the date of grant, and that were fully vested on the date of grant. One hundred thousand of Mr. McNamee's stock options, which had been priced at \$1.00 while the Company's stock price ranged from \$3-\$4 in 2007, expired in July 2007 according to the terms of the 1999 Stock Option and Incentive Plan. The one-time equity grant of stock options was awarded to Mr. McNamee in part to offset Mr. McNamee's loss of stock options and in part in connection with the Compensation Committee's regular review of directors' and officers' equity compensation.

Furthermore, given the extraordinary changes that the Company has experienced over the prior year, the Company felt that issuing one-time grants of non-qualified stock options companywide would be in the best interest of the Company and its shareholders. On May 20, 2009 the Board of Directors approved this program issuing these grants to all employees, executive and directors with an exercise price equal to \$0.95, which was the fair market value on the date of grant, and that vest over three years such that one-third of the grant vests on each of the first, second and third anniversaries of the grant date. With the exception of Andrew Marsh and Jeffrey Drazan, each of the members of the Board of Directors received a grant of non-qualified stock options to purchase 125,000 shares of Common Stock. As with all Company employees, Andrew Marsh received a grant of non-qualified stock options to purchase 2,500 shares of Common Stock. Due to his recent arrival on the Board of Directors, Jeffrey Drazan did not take part in this grant program. Total stock options granted under this program total 997,500.



**Non-Employee Director Compensation Table**

The following table provides information for non-employee directors who served during Fiscal 2009.

<u>Name</u>	<u>Fees Earned or Paid in Cash</u> (\$)	<u>Stock Awards (1)</u> (\$)	<u>Option Awards (2)</u> (\$)	<u>Total</u> (\$)
Andrew Dimitri	1,188	1,188	-	2,376
Dennis Pivnyuk	554	1,293	-	1,847
Gary Willis	29,313	29,313	28,043	86,669
George McNamee	79,940	19,985	30,158	130,083
Jeffrey Drazen	17,223	17,223	7,050	41,496
Joel Gross	924	924	-	1,848
Larry Garberding	27,500	27,500	30,158	85,158
Maureen Helmer	27,500	27,500	28,043	83,043
Michael McGuire	1,000	1,000	-	2,000

(1) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2009 fiscal year for the fair value of restricted stock earned in 2009. Fair value is calculated using the closing price of Plug Power stock on the date of grant. Stock awards granted to directors vest immediately. For additional information, refer to note 14 of the Company's consolidated financial statements in the Form 10-K for the year ended December 31, 2009, as filed with the SEC.

- Andrew Dimitri has no unexercised stock awards. Stock awards earned by Mr. Dimitri in 2009 include 1,381 shares granted on April 1, 2009 with a grant date fair value of \$0.86.
- Dennis Pivnyuk has no unexercised stock awards. Stock awards earned by Mr. Pivnyuk in 2009 include 1,503 shares granted on April 1, 2009 with a grant date fair value of \$0.86.
- Gary Willis has no unexercised stock awards. Stock awards earned by Mr. Willis in 2009 include 7,922 shares granted on April 1, 2009 with a grant date fair value of \$0.86, 9,259 shares granted on July 1, 2009 with a grant date fair value of \$0.81, 8,721 shares granted on October 1, 2009 with a grant date fair value of \$0.86, and 10,714 shares granted on January 4, 2010 with a grant date fair value of \$0.70.
- George McNamee has no unexercised stock awards. Stock awards earned by Mr. McNamee in 2009 include 6,822 shares granted on April 1, 2009 with a grant date fair value of \$0.86, 5,701 shares granted on July 1, 2009 with a grant date fair value of \$0.81, 5,523

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shares granted on October 1, 2009 with a grant date fair value of \$0.86, and 6,786 shares granted on January 4, 2010 with a grant date fair value of \$0.70.

- e. Jeffrey Drazan has no unexercised stock awards. Stock awards earned by Mr. Drazan in 2009 include 4,765 shares granted on April 1, 2009 with a grant date fair value of \$0.86, 5,401 shares granted on July 1, 2009 with a grant date fair value of \$0.81, 5,087 shares granted on October 1, 2009 with a grant date fair value of \$0.86, and 6,250 shares granted on January 4, 2010 with a grant date fair value of \$0.70.
- f. Joel Gross has no unexercised stock awards. Stock awards earned by Mr. Gross in 2009 include 1,074 shares granted on April 1, 2009 with a grant date fair value of \$0.86.
- g. Larry Garberding has no unexercised stock awards. Stock awards earned by Mr. Garberding in 2009 include 7,994 shares granted on April 1, 2009 with a grant date fair value of \$0.86, 8,488 shares granted on July 1, 2009 with a grant date fair value of \$0.81, 7,994 shares granted on October 1, 2009 with a grant date fair value of \$0.86, and 9,821 shares granted on January 4, 2010 with a grant date fair value of \$0.70.

- h. Maureen Helmer has no unexercised stock awards. Stock awards earned by Ms. Helmer in 2009 include 7,994 shares granted on April 1, 2009 with a grant date fair value of \$0.86, 8,488 shares granted on July 1, 2009 with a grant date fair value of \$0.81, 7,994 shares granted on October 1, 2009 with a grant date fair value of \$0.86, and 9,821 shares granted on January 4, 2010 with a grant date fair value of \$0.70.
- i. Michael McGuire has no unexercised stock awards. Stock awards earned by Mr. McGuire in 2009 include 1,163 shares granted on April 1, 2009 with a grant date fair value of \$0.86.

(2) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2009 fiscal year for the fair value of stock options granted to each of the named Non-Employee Directors in 2009 as well as prior fiscal years, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the 2009 grants, refer to note 14 of the Company's consolidated financial statements in the Form 10-K for the year ended December 31, 2009, as filed with the SEC. Also see note 14 for information on the valuation assumptions with respect to grants made prior to 2009. See the Grants of Plan-Based Awards Table for information on options granted in 2009. **These amounts reflect the Company's accounting expense for these awards, and do not correspond to the actual value that will be recognized by the directors.** As of December 31, 2009:

- a. Andrew Dimitri has 15,000 unexercised option awards, and no unvested option awards. Mr. Dimitri received no new option awards in 2009.
- b. Dennis Pivnyuk has 40,000 unexercised option awards and no unvested option awards. Mr. Pivnyuk received no new option awards in 2009.
- c. Gary Willis has 289,685 unexercised option awards including 137,000 unvested awards. Option awards for 2009 include 137,000 shares granted on May 20, 2009 with a grant date fair value of \$0.71.
- d. George McNamee has 415,000 unexercised option awards including 140,000 unvested awards. Option awards for 2009 include 140,000 shares granted on May 20, 2009 with a grant date fair value of \$0.71.
- e. Jeffrey Drazan has 135,000 unexercised option awards including 10,000 unvested awards. Option awards for 2009 include 10,000 shares granted on May 20, 2009 with a grant date fair value of \$0.71.
- f. Joel Gross has 35,000 unexercised option awards, and no unvested option awards. Mr. Gross received no new option awards in 2009.
- g. Larry Garberding has 260,000 unexercised option awards including 140,000 unvested awards. Option awards for 2009 include 140,000 shares granted on May 20, 2009 with a grant date fair value of \$0.71.
- h. Maureen Helmer has 208,000 unexercised option awards including 137,000 unvested awards. Option awards for 2009 include 137,000 shares granted on May 20, 2009 with a grant date fair value of \$0.71.
- i. Michael McGuire has 25,000 unexercised option awards, and no unvested option awards. Mr. McGuire received no new option grants in 2009.

(3) Andrew Dimitri, Joel Gross, Michael McGuire, and Dennis Pivnyuk, who had been appointed as directors by Smart Hydrogen Inc., resigned from the Company's Board of Directors as of January 2009. Their resignations came as a result of the completion of the sale by Smart Hydrogen Inc. to OJSC (Third Generation Company of the Wholesale Electricity Market) of all 395,000 shares of the Company's Class B Capital Stock, as well as 5,126,939 shares of the Company's common stock (representing an approximately 35% ownership stake in aggregate), the resulting automatic conversion of the Company's Class B Capital Stock into 39,500,000 shares of common stock, and the termination of all the rights and obligations attached to the Class B Capital Stock, including, but are not limited to, the right to appoint directors.

## Policy Governing Director Attendance at Annual Meetings

The Board of Directors has adopted a formal policy that all directors are expected to attend the Company's Annual Meetings of Stockholders in person, unless doing so is impracticable due to unavoidable conflicts. Five of the Company's directors attended the 2009 annual meeting and one director, Jeffrey Drazan, was absent due to such an unavoidable conflict.

### **Policies Governing Director Nominations**

#### *Securityholder Recommendations*

The Governance Committee's current policy with regard to the consideration of director candidates recommended by securityholders is that it will review and consider any director candidates who have been recommended by one or more of the stockholders of the Company entitled to vote in the election of directors in compliance with the procedures established from time to time by the Governance Committee. All securityholder recommendations for director candidates must be submitted to the Company's Corporate Secretary at Plug Power Inc., 968 Albany Shaker Road, Latham, New York 12110, who will forward all recommendations to the Governance Committee. We did not receive any securityholder recommendations for director candidates for election at the 2010 annual meeting. All securityholder recommendations for director candidates for election at the Company's 2011 annual meeting must be submitted to the Company's Corporate Secretary on or before December 13, 2010 and must include the following information:

- the name and address of record of the stockholder;
- a representation that the securityholder is a record holder of the Company's stock entitled to vote in the election of directors, or if the securityholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934, as amended;

- the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five (5) full fiscal years of the proposed director candidate;
- a description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for membership on the Board of Directors approved by the Governance Committee from time to time;
- a description of all arrangements or understandings between the securityholder and the proposed director candidate;
- the consent of the proposed director candidate (i) to be named in the proxy statement relating to the Annual Meeting of Stockholders and (ii) to serve as a director if elected at such annual meeting; and
- any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to the rules of the SEC.

#### *Board Membership Criteria*

The Governance Committee has established criteria for membership on the Board of Directors. These criteria include the following specific, minimum qualifications that the Governance Committee believes must be met by a Governance Committee-recommended nominee for a position on the Board of Directors:

- The nominee must have high personal and professional integrity, must have demonstrated exceptional ability and judgment, and must be expected, in the judgment of the Governance Committee, to be highly effective, in conjunction with the other nominees to the Board of Directors, in collectively serving the interests of the Company and its stockholders.

In addition to the minimum qualifications for each nominee set forth above, the Governance Committee will recommend that the Board of Directors select persons for nomination to help ensure that:

- the Board of Directors will be comprised of a majority of independent directors in accordance with NASDAQ rules;
- each of the Audit, Compensation and Governance Committees shall be comprised entirely of independent directors;
- each member of the Audit Committee is able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement; and
- at least one member of the Audit Committee has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Finally, in addition to any other standards the Governance Committee may deem appropriate from time to time for the overall structure and composition of the Board of Directors, the Governance Committee, when recommending that the Board of Directors select persons for nomination, may consider whether the nominee has direct experience in the industry or in the markets in which the Company operates.

The Governance Committee will recommend to the Board of Directors the nomination of the director candidates who it believes will, together with the existing members of the Board of Directors and other nominees, best serve the interests of the Company and its stockholders.

*Identifying and Evaluating Nominees*

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by shareholders, the Company's Corporate Governance and Nominating Committee will apply the criteria set forth in Plug Power's Corporate Governance Guidelines. These criteria include the candidate's integrity, business acumen, age, experience, commitment, diligence, conflicts of interest and the ability to act in the interests of all shareholders. Our Corporate Governance Guidelines specify that the value of diversity on the Board should be considered by the Corporate Governance and Nominating Committee in the director identification and nomination process. The Committee seeks nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Company believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law. For a more comprehensive discussion of our Corporate Governance and Nominating Committee's current policy with regard to the consideration of director candidates, please refer to the section of this document titled "Policies Governing Director Nominations."



To review the effectiveness of assessing the diverse skills, qualifications and backgrounds of Director Nominations, the Board of Directors and each of the three standing Board Committees conduct annual self-evaluations. In addition, the Corporate Governance and Nominating Committee monitors the effectiveness of these procedures on an ongoing basis.

### **Contacting the Board of Directors**

You may contact any director of the Company by writing to them c/o Plug Power Inc., 968 Albany Shaker Road, Latham, New York 12110, Attention: Corporate Secretary. Your letter should clearly specify the name of the individual director or group of directors to whom your letter is addressed. Any communications received in this manner will be forwarded as addressed.

**INFORMATION ABOUT OUR EXECUTIVE OFFICERS**

The names and ages of all executive officers of the Company and the principal occupation and business experience for at least the last five years for each are set forth below. The ages of and biographical information regarding each executive officer is based on information furnished to the Company by each executive officer and is as of January 29, 2010.

<b>Executive Officers</b>	<b>Age</b>	<b>Position</b>
Andrew Marsh	53	President, Chief Executive Officer and Director
Gerald A. Anderson	52	Senior Vice President and Chief Financial Officer
Mark A. Sperry	49	Senior Vice President and General Manager of Continuous Power Division
Gerard L. Conway, Jr.	45	Senior Vice President, General Counsel and Corporate Secretary
Erik Hansen	38	Senior Vice President and General Manager of Motive Power Division
Adrian Corless	43	Vice President of Technology and Chief Technology Officer

The principal occupation and business experience for at least the last five years for each executive officer of the Company is set forth below. The biographies of each of the executive officers below contains information regarding the person's service as an executive, business experience, director positions held currently or at any time during the last five years, information regarding the experiences, qualifications, attributes or skills that caused the Corporate Governance Committee and the Board to determine that the person should serve as an executive officer.

*Andrew Marsh's* biographical information can be found in the section entitled *Information about our Directors* in this Proxy Statement.

*Gerald A. Anderson* joined Plug Power as Chief Financial Officer in July 2007 and, since March 2009, has also served as Senior Vice President. He is responsible for managing all aspects of the Company's financial, investor relations and information services operations. Prior to joining Plug Power, Mr. Anderson was the Treasurer and Director of Finance for Intermagnetics General Corporation. Utilizing an acquisition growth strategy, he managed finance, treasury, risk management and business valuation functions for the medical device manufacturing company. Prior to that, he was Chief Financial Officer for J Management Company. In addition to managing finance, controllership, merger and acquisition and treasury functions, he also helped set the strategic direction of the company. Earlier in his career, Mr. Anderson spent 15 years with KeyCorp, eventually as Senior Vice President, Director of Business Analysis and Management Reporting. He has 30 years of financial experience. He holds a Bachelor of Science degree in Business Administration, with a concentration in Accounting, from the University of Arizona.

*Mark A. Sperry* currently serves as the General Manager of the Continuous Power Division and, since March 2009, has also served as Senior Vice President. In his current position he directs the Company's efforts to develop and market products targeted at applications and industries that require clean, reliable primary power solutions. Additionally, he manages the Company's strategic technology programs, including activities with Honda and high temperature Proton Exchange Membrane efforts partially funded by the European Union and US Department of Energy. Prior to his current position he served as Vice President and Chief Marketing Officer beginning in May 2000. In that capacity, Mr. Sperry was responsible for all strategy, marketing and advanced technical program activities,

including corporate, business and market development, strategic planning, product marketing and marketing communications. During his tenure with the Company, Mr. Sperry has overseen the acquisition and integration of the Company's operations in Vancouver, BC, and focused on the development of fuel cell solutions for industrial vehicles. Additionally, he designed, built and managed the Company's program management, sales and customer operations organizations and was instrumental in raising capital for the Company's ongoing research and development activities. Prior to joining the Company, Mr. Sperry spent 15 years at Xerox Corporation, where he served as Vice President and General Manager for the Production Color Business within the North American Solutions Group. While at Xerox, he held a wide variety of positions spanning finance, operations, marketing and strategy, including worldwide marketing responsibility for the highly successful, multi-billion dollar DocuTech product family. Mr. Sperry is currently a board member of the Saratoga County Chamber of Commerce, Proctor's Theatre, and Tire Conversion Technologies. Mr. Sperry received Bachelor of Science degrees in Economics and Political Science from Dickinson College and a Masters in Business Administration from Syracuse University.

*Gerard L. Conway, Jr.* has served as General Counsel and Corporate Secretary since September 2004 and, since March 2009, has also served as Senior Vice President. In that capacity, Mr. Conway is responsible for advising the Company on legal issues such as corporate law, securities, contracts, strategic alliances and intellectual property. He also serves as the Compliance Officer for securities matters affecting the Company. During his tenure, Mr. Conway served as Vice President of Government Relations from 2005 to June 2008 and in that capacity he advocated on energy issues, policies, legislation and regulations on the state, federal, national and international levels on behalf of the Company and the alternative energy sector. Prior to his appointment to his current position, Mr. Conway served as Associate General Counsel and Director of Government Relations for the Company beginning in July 2000. Prior to joining Plug Power, Mr. Conway spent four years as an Associate with Featherstonhaugh, Conway, Wiley & Clyne, LLP, where he concentrated in government relations, business and corporate law. Mr. Conway has more than nineteen years of experience in general business, corporate real estate and government relations. Mr. Conway holds a Bachelor of Arts degree in English and Philosophy from Colgate University and a Juris Doctorate from Boston University School of Law.

*Erik Hansen* joined Plug Power Inc. as Vice President of Business Development in 2008 and was appointed Senior Vice President and General Manager of the Motive Power Division in October of 2009. Mr. Hansen is responsible for directing the Motive Power Division as it commercializes its fuel cell power products for material handling customers. Mr. Hansen has more than 15 years of experience with cutting edge technologies related to energy storage systems. Prior to joining Plug Power, he was General Manager of Sales and Systems Engineering for Cobasys LLC in Orion, Michigan, where he worked for eight years. In that role, Mr. Hansen led the decision-making and strategic planning for the manufacture and sales of advanced energy storage solutions for both the transportation and uninterruptible power systems. Mr. Hansen holds a Bachelor of Science degree in Electrical Engineering and a Bachelor of Science degree in Computer Engineering, both from West Virginia University.

*Adrian Corless* joined Plug Power in April 2007 as Vice President of Technology and was appointed Chief Technology officer in June 2008. As of February 2010, Mr. Corless was appointed Senior Vice President and Chief Technology Officer and is currently responsible for the development of Plug Power's Motive Power products as well as guiding Plug Power's overall technology and Intellectual Property strategies. Prior to joining Plug Power, Mr. Corless was the Chief Technical Officer of Cellex Power Products and was responsible for the technical aspects of the product development process. Prior to joining Cellex, Mr. Corless worked for Ballard Power Systems Inc. and Excellsis Inc. latterly as Program Manger for the Phase 4 fuel cell bus program. Mr. Corless is an active participant in the Industrial Truck Association, an executive board member of the Canadian Hydrogen and Fuel Cell Association, a Technical Advisory Board member for the NRC Institute for Fuel Cell Innovation, and a member of both UL and CSA standards development committees. Mr. Corless holds a Masters of Applied Science degree in Mechanical Engineering from the University of Victoria and is a Registered Professional Engineer in British Columbia, Canada.

Subject to any terms of any employment agreement with the Company (as further described in this Proxy Statement), each of the executive officers holds his or her respective office until the regular annual meeting of the Board of Directors following the Annual Meeting of Stockholders and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

## **EXECUTIVE COMPENSATION**

### Compensation Discussion and Analysis

We provide what we believe is a competitive total compensation package to our executive management team through a combination of base salary, annual incentive bonuses, long-term equity incentive compensation, and broad-based

benefits programs. We place emphasis on pay-for-performance based incentive compensation, which is designed to reward our executives based on the achievement of predetermined performance goals. This Compensation Discussion and Analysis explains our compensation objectives, policies and practices with respect to our Chief Executive Officer, Chief Financial Officer and the other three most highly-compensated executive officers as determined in accordance with applicable SEC rules, who are collectively referred to as the named executive officers.

Mr. Chris Reid served as Vice President and General Manager of the Motive Power Division from April 2007 until April 2009 and thereafter he served as an executive officer of the Company as Vice President, Special Projects. His employment terminated as of December 31, 2009 with the expiration of his Executive Employment Agreement.

Mr. Erik Hansen served as Vice President of Business Development from October 2008 through October 2009 at which point he was appointed as Vice President and General Manager of the Motive Power Division by the Board of Directors of the Company.

## Objectives of Our Executive Compensation Programs

Our compensation programs for our named executive officers are designed to achieve the following objectives:

- Attract and retain talented and experienced executives;
- Motivate and reward executives whose knowledge, skills and performance are critical to our success;
- Provide a competitive compensation package which is weighted towards pay-for-performance and in which total compensation is primarily determined by Company and individual results and the creation of shareholder value;
- Ensure fairness among the executive management team by recognizing the contributions each executive makes to our success; and
- Motivate our executives to manage our business to meet our short- and long-term objectives and reward them for meeting these objectives.

## Our Executive Compensation Programs

Our executive compensation primarily consists of base salary, annual incentive bonuses, long-term equity incentive compensation and broad-based benefits programs. Consistent with the emphasis we place on pay-for-performance based incentive compensation, long-term equity incentive compensation in the form of stock options and restricted stock constitute a significant portion of our total executive compensation.

Within the context of the overall objectives of our compensation programs, our Compensation Committee determined the specific amounts of compensation to be paid to each of our executives in 2009 based on a number of factors, including:

- Its understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities;
- Our executives' performance during 2009 in general and as measured against predetermined performance goals;
- The nature, scope and level of our executives' responsibilities;
- Our executives' effectiveness in leading the Company's initiatives to increase customer value, productivity and revenue growth;
- The individual experience and skills of, and expected contributions from, our executives;
- The executive's contribution to the Company's commitment to corporate responsibility, including the executive's success in creating a culture of unyielding integrity and compliance with applicable law and the Company's ethics policies;
- The amounts of compensation being paid to our other executives;
- The executive's contribution to our financial results;
- Our executives' historical compensation at our Company; and
- Any contractual commitments we have made to our executives regarding compensation.

Each of the primary elements of our executive compensation is discussed in detail below, including a description of the particular element and how it fits into our overall executive compensation. Compensation paid to our named executive officers in 2009 is discussed under each element. In the descriptions below, we have identified particular compensation objectives which we have designed our executive compensation programs to serve; however, we have designed our compensation programs to complement each other and to collectively serve all of our executive compensation objectives described above. Accordingly, whether or not specifically mentioned below, we believe that, as a part of our overall executive compensation, each element to a greater or lesser extent serves each of our objectives.



## Base Salary

We pay our executives a base salary which we review and determine annually. We believe that a competitive base salary is a necessary element of any compensation program designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance. Base salaries are, in part, established based on the individual experience, skills, expected contributions of our executives, and our executives' performance during the prior year.

In 2009, we did not increase the base salaries of our named executive officers. The base salaries remained at the 2008 levels as follows: Mr. Marsh's base salary was \$375,000 per year, Mr. Sperry's base salary was \$258,000, Mr. Conway's base salary was \$200,000, and Mr. Anderson's base salary was \$250,000. Mr. Hansen became a named executive officer during 2009 and his base salary was set at \$200,000. Our executives' base salaries reflect the initial base salaries that we negotiated with each of our executives at the time of his or her initial employment or promotion and our subsequent adjustments to these amounts to reflect market increases, the growth and stage of development of our Company, our executives' performance and increased experience, any changes in our executives' roles and responsibilities, and other factors. The initial base salaries that we negotiated with our executives were based on our understanding of the market at the time, the individual experience and skills of, and expected contribution from, each executive, the roles and responsibilities of the executive, the base salaries of our existing executives, and other factors.

## Annual Incentive Bonuses

Our named executive officers are eligible to receive annual incentive bonuses based on our pay-for-performance incentive compensation program. They are eligible to receive annual incentive bonuses primarily based upon their performance as measured against predetermined individual performance goals, including financial measures, achievement of strategic objectives, and other factors. The primary objective of this program is to motivate and reward our named executive officers for meeting individual performance goals. We do not believe that every important aspect of executive performance is capable of being specifically quantified in a predetermined performance goal. For example, events outside of our control may occur after we have established the named executive officers' individual performance goals for the year that require our named executive officers to focus their attention on different or other strategic initiatives; thus, the individual performance goals may be modified during the fiscal year by the President and Chief Executive Officer, or the Board of Directors in the case of the President and Chief Executive Officer himself, to account for such events beyond our control.

Within our pay-for-performance incentive compensation program, specific performance attainment levels are indicated for each performance goal. These performance attainment levels correlate to potential award amounts that are calculated as a percent of each executive's base salary.

In 2009, we established attainment levels for each of our executives, other than Mr. Marsh, as 10%, 20% or 30% of his base salary to be awarded in the form of a stock grant. Since the annual incentive bonus is payable based on the achievement of each of the different levels of performance, the executive officer may earn between 0% and 30% of his base salary given his actual performance. The 20% attainment level is considered the target level for each performance goal because it is challenging for the executive to attain, and the executive would meet expectations if he achieved this level. The 10% attainment level is considered the threshold level for each performance goal because although still challenging, it is the minimum acceptable performance level. The 30% attainment level is considered the maximum, or stretch, level for each performance goal because it is most challenging for the executive to attain, and the executive would have to exceed expectations to achieve this level. Our maximum and threshold performance attainment levels are determined in relation to our target attainment levels and are intended to provide for correspondingly greater or lesser incentives in the event that performance is within an appropriate range above or below the target performance attainment level.





In 2009, we also established attainment levels for our Chief Executive Officer as 17%, 34% or 50% of his base salary to be awarded in the form of a stock grant. Since the annual incentive bonus is payable based on the achievement of each of the different levels of performance, the Chief Executive Officer may earn between 0% and 50% of his base salary given his actual performance. The 34% attainment level is considered the target level for each performance goal because it is challenging for the Chief Executive Officer to attain, and the executive would meet expectations if he achieved this level. The 17% attainment level is considered the threshold level for each performance goal because although still challenging, it is the minimum acceptable performance level. The 50% attainment level is considered the maximum, or stretch, level for each performance goal because it is most challenging for the Chief Executive Officer to attain, and the Chief Executive Officer would have to exceed expectations to achieve this level. Our maximum and threshold performance attainment levels are determined in relation to our target attainment levels and are intended to provide for correspondingly greater or lesser incentives in the event that performance is within an appropriate range above or below the target performance attainment level.

As a way of linking each executive's performance to corporate-wide strategy, the executives' individual performance goals directly correlate to our corporate milestones, which management recommends to the Board of Directors and the Board of Directors approves after appropriate discussion and review. The executives' individual performance goals are determined in the same way as the corporate milestones such that management reviews how each executive may contribute to the corporate milestones and recommends individual performance goals to the Board of Directors. The Board of Directors, after appropriate discussion and review, ultimately approves the individual performance goals. Because disclosure of the specific individual performance goals would give competitors information that could be leveraged for competitive advantage, we do not disclose these specific individual performance goals or our executives' actual performance against such goals. Generally the individual performance goals, as well as the corporate milestones, fell into one or more of the following categories: (i) increase sales, (ii) meet product launch schedules, (iii) meet goals for number of units shipped, (iv) decrease product and fuel costs, and (v) decrease costs of business operations.

In 2009, all of the executive officers attained some level of success in relation to their individual performance goals. Initially, the CEO, and other members of management as appropriate, make a recommendation to the Compensation Committee of the Board of Directors for each executive's potential award amount based on his level of attainment of each of his individual performance goals (with the exception of the CEO himself whose level of attainment is evaluated by the Compensation Committee directly). Ultimately, the Board of Directors, after review and discussion and recommendation from the Compensation Committee, determines the final achieved level of attainment for each executive's individual performance goals.

#### Long-Term Equity Incentive Compensation

We grant long-term equity incentive awards in the form of stock options and restricted stock to executives as part of our total compensation package. Consistent with our emphasis on pay-for-performance based incentive compensation, these awards represent a significant portion of total executive compensation. Based on the stage of our Company's development and the incentives we aim to provide to our executives, we have chosen to use either stock options or a combination of stock options and restricted stock as our long-term equity incentive awards. Our decisions regarding the amount and type of long-term equity incentive compensation and relative weighting of these awards among total executive compensation have also been based on our understanding of market practices of similarly

situated companies and our negotiations with our executives in connection with their initial employment or promotion by our Company.

Additionally, the Board adopted stock ownership guidelines for named executives, effective as of August 15, 2005, which are also considered when granting long-term equity incentive awards to executives. These guidelines provide a target level of Company equity holdings with which named executives are expected to comply within five (5) years from the latter of the effective date of the guidelines or the date the individual is first appointed as an executive. The target stock holdings are determined as a multiple of the named executive's base salary and then converted to a fixed number of shares. The named executive's base salary is multiplied by five (5) for Chief Executive Officer and by three (3) for all other named executives; that product is divided by Plug Power's 200-day average common stock price as reported by the NASDAQ Global Market; and finally that amount is then rounded to the nearest 100 shares. The following count towards satisfaction of these stock ownership guidelines: (i) shares owned outright by the executive or his or her immediate family members residing in the same household; (ii) stock held in the Plug Power Inc. Savings and Retirement Plan (401K Plan); (iii) stock held in the Plug Power Inc. Employee Stock Purchase Plan (ESPP); (iv) restricted stock issued as part of an executive's annual or other bonus whether or not vested; (v) shares acquired upon the exercise of employee stock options; (vi) shares underlying unexercised employee stock options as part of the Plug Power Inc. Employee Stock Option Plan (ESOP) times a factor of thirty-three percent; and (vii) shares held in trust.

Stock option awards provide our executive officers with the right to purchase shares of our common stock at a fixed exercise price typically for a period of up to ten years, subject to continued employment with our Company. Stock options are earned on the basis of continued service and generally vest over three years, beginning with one-third vesting on the first anniversary of the grant date, one-third vesting on the second anniversary of the grant date and the final one-third vesting on the third anniversary of the grant date, subject to acceleration in certain circumstances. Stock option awards are made pursuant to our 1999 Stock Option and Incentive Plan. Except as may otherwise be provided in the applicable stock option award agreement, stock option awards become fully exercisable upon a change of control under the 1999 Stock Option and Incentive Plan. The exercise price of each stock option granted under our 1999 Stock Option and Incentive Plan is the closing price of our common stock on the NASDAQ Global Market as of the effective date of each grant.

We make grants to our existing executive officers on an annual basis; however, grants to new hires and grants relating to an existing executive officer's promotion may be made on a periodic basis. All grants to executive officers are approved by the Compensation Committee. In 2009, we considered a number of factors in determining the number of stock options, if any, to grant to our executives, including:

- the number of shares subject to, and exercise price of, outstanding options, both vested and unvested, held by our named executive officers;
- the vesting schedule of the unvested stock options held by our named executive officers; and
- the amount and percentage of our total equity on a diluted basis held by our named executive officers.

Restricted stock awards provide our executive officers with shares of our stock that they may retain or trade; however, all executive officers must trade within their rights according to our Insider Trading Policy. The restricted stock is intended to be a long-term incentive alternative to the stock option awards that may be appropriate for executive officers based on their performance and their critical skills. Restricted stock awards may vest over three years, beginning with one-third vesting one year after the date of grant, then pro-rata vesting monthly thereafter. Restricted stock awards are made pursuant to our 1999 Stock Option and Incentive Plan.

On October 28, 2009, the Compensation Committee recommended and the Board of Directors approved a Long Term Incentive (LTI) Plan pursuant to the terms of the Company's 1999 Stock Option and Incentive Plan. Designed as an incentive vehicle to support employee efforts, the LTI Plan seeks to increase shareholder value by encouraging Plug Power employees to continue to work diligently to further the Company's long term goals, particularly the recently announced three year plan to achieve profitability in 2012.

Under the LTI Plan, a select group of critical employees received a Restricted Stock Unit Award Agreement (Agreement) awarding a one time grant of restricted stock units (RSUs) calculated using a multiple of the selected employee's base salary. According to the Agreement, the restrictions on each participant's RSU allocation will lapse over a three year period upon successful completion of weighted performance-based metrics. Specifically, restrictions on 25% of RSUs are tied to the Company's achievement of revenue targets, while the restrictions on 75% of RSUs are tied to the Company's achievement of earnings before interest expense, taxes, depreciation, amortization and non-cash charges for equity compensation (measurement referred to in the Agreement as EBITDAS) targets. Intended to supplement the annual employee incentive plan payout, the total number of RSUs on which restrictions shall lapse each year will vary depending on the Company's progress achieving the corresponding threshold, target or stretch goals.

Restrictions shall lapse with respect to the corresponding revenue RSUs based on the following sample schedule, depending on the Company's achievement of the Revenue targets for 2010, 2011 and 2012:



**FOR ACHIEVEMENT OF REVENUE PERFORMANCE TARGETS**

	<b>RSU Allocation</b>	<b>Percent Vesting</b>	<b>RSU's Earned</b>	<b>RSU's Forfeited</b>	
<b>2010 PERFORMANCE</b>					
< Threshold	0	0%	0		3,831
>= Threshold and < Target		13,93120%		2,786	1,045
>= Target and < Stretch		17,41320%		3,483	348
>= Stretch		19,15520%		3,8310	
<b>2011 PERFORMANCE</b>					
< Threshold	0	0%	0		4,789
>= Threshold and < Target		13,93125%		3,483	1,306
>= Target and < Stretch		17,41325%		4,353	436
>= Stretch		19,15525%		4,7890	
<b>2012 PERFORMANCE</b>					
< Threshold	0	0%	0		10,535
>= Threshold and < Target		13,93155%		7,662	2,873
>= Target and < Stretch		17,41355%		9,577	958
>= Stretch		19,15555%		10,5350	

Restrictions shall lapse with respect to the corresponding EBITDAS RSUs based on the following sample schedule, depending on the Company's achievement of the EBITDAS targets for 2010, 2011 and 2012:

**FOR ACHIEVEMENT OF EBITDAS PERFORMANCE TARGETS**

	<b>RSU Allocation</b>	<b>Percent Vesting</b>	<b>RSU's Earned</b>	<b>RSU's Forfeited</b>	
<b>2010 PERFORMANCE</b>					
< Threshold	0	0%	0		11,493
>= Threshold and < Target		41,79120%		8,358	3,135
>= Target and < Stretch		52,24020%		10,448	1,045
>= Stretch		57,46320%		11,4930	
<b>2011 PERFORMANCE</b>					
< Threshold	0	0%	0		14,366
>= Threshold and < Target		41,79125%		10,448	3,918
>= Target and < Stretch		52,24025%		13,060	1,306
>= Stretch		57,46325%		14,3660	
<b>2012 PERFORMANCE</b>					
< Threshold	0	0%	0		31,604
>= Threshold and < Target		41,79155%		22,985	8,619
>= Target and < Stretch		52,24055%		28,732	2,872
>= Stretch		57,46355%		31,6040	



For example, assuming the Company achieves stretch revenue and EBITDAS metrics, restrictions on a maximum of 20% of total awarded RSUs will lapse in 2011 for performance in 2010; restrictions on a maximum of 25% of total awarded RSUs will lapse in 2012 for performance in 2011; and restrictions on a maximum of 55% of total awarded RSUs will lapse in 2013 for performance in 2012. Alternatively, if at the end of the fiscal year it is determined that the Company failed to achieve these articulated performance-based metrics, a percentage of RSUs will be forfeited for that fiscal year.

Pursuant to the terms of the Agreement, in the event stretch revenue and EBITDAS metrics are reached during each of the three years of the grant period commencing on January 1, 2010, the Company could issue a maximum of 8,667,666 shares to LTI Plan participants, currently representing approximately 6.6% of total outstanding shares. Restrictions on these shares only lapse in the event the Company performs at the articulated performance metrics.

#### *Broad-Based Benefits*

All full-time employees, including our named executive officers, may participate in our health and welfare benefit programs, including medical, dental, and vision care coverage, disability insurance and life insurance, and our 401(k) plan.

#### *Our Executive Compensation Process*

The Compensation Committee of our Board of Directors is responsible for determining the compensation for our named executive officers. The Compensation Committee is composed entirely of non-employee directors who are independent as that term is defined in the applicable NASDAQ rules. In determining executive compensation, our Compensation Committee annually reviews the performance of our executives with our Chief Executive Officer, and our Chief Executive Officer makes recommendations to our Compensation Committee with respect to the appropriate base salary, annual incentive bonuses and performance measures, and grants of long-term equity incentive awards for each of our executives. The Chairman of the Compensation Committee makes recommendations to the Compensation Committee with regards to the Chief Executive Officer's compensation. The Compensation Committee makes its determination regarding executive compensation and then recommends such determination to the Board of Directors. The Board of Directors ultimately approves executive compensation.