

CAPSTONE GREEN ENERGY HOLDINGS, INC.

Code of Business Conduct and Ethics

Introduction

Purpose and Scope

The Board of Directors (the “**Board**”) of Capstone Green Energy Holdings, Inc. (together with its subsidiaries, “**Capstone**”) established this Code of Business Conduct and Ethics (this or the “**Code**”) to aid Capstone’s directors, officers and employees in making ethical and legal decisions when conducting Capstone’s business and performing their duties.

The Board has oversight responsibility as to administration of the Code. The Chief Compliance Officer of Capstone (the “**Chief Compliance Officer**”) shall initially be the Chief Financial Officer of Capstone; provided that the Board or a duly authorized committee hereof may designate a Chief Compliance Officer from time to time and notify Capstone’s directors, officers and employees of such designation.

Capstone expects its directors, officers and employees to exercise reasonable judgment when conducting Capstone’s business. Capstone encourages its directors, officers and employees to refer to this Code frequently to ensure that they are acting within both the letter and the spirit of this Code. Capstone also understands that this Code will not contain the answer to every situation you may encounter or every concern you may have about conducting Capstone’s business ethically and legally. In these situations, or if you otherwise have questions or concerns about this Code, Capstone encourages each officer and employee to speak with his or her supervisor (if applicable) or, if you are uncomfortable doing that, with the Chief Compliance Officer or Capstone’s primary outside counsel (“**Outside Counsel**”).

Contents of this Code

This Code has two sections which follow this Introduction. The first section, “Standards of Conduct,” contains the actual guidelines that Capstone’s directors, officers and employees are expected to adhere to in the conduct of Capstone’s business. The second section, “Compliance Procedures,” contains specific information about how this Code functions including who administers the Code, who can provide guidance under the Code and how violations may be reported, investigated and punished. This section also contains a discussion about waivers of and amendments to this Code.

A Note About Other Obligations

Capstone’s directors, officers and employees generally have other legal and contractual obligations to Capstone. This Code is not intended to reduce or limit the other obligations (including, as applicable, fiduciary duties) that you may have to Capstone under applicable law, other handbooks, guidelines, and policies of Capstone, or otherwise.

Instead, the standards in this Code should be viewed as the *minimum standards* that Capstone expects from its directors, officers and employees in the conduct of Capstone's business.

Standards of Conduct

Conflicts of Interest

Capstone recognizes and respects the right of its directors, officers and employees to engage in outside activities which they may deem proper and desirable, provided that these activities do not impair or interfere with the performance of their duties to the Company or their ability to act in Capstone's best interests. In most, if not all cases, this will mean that Capstone's directors, officers and employees must avoid situations that present a potential or actual conflict between their personal interests and Capstone's interests.

A "conflict of interest" occurs when a director's, officer's or employee's personal interest interferes with Capstone's interests. Conflicts of interest may arise in many situations. For example, conflicts of interest can arise when a director, officer or employee takes an action or has an outside interest, responsibility or obligation that may make it difficult for him or her to perform the responsibilities of his or her position objectively and/or effectively in Capstone's best interests. Conflicts of interest may also occur when a director, officer or employee or his or her immediate family member receives some personal benefit (whether improper or not) as a result of the director's, officer's or employee's position with Capstone. Each individual's situation is different and in evaluating his or her own situation, a director, officer or employee will have to consider many factors.

Compliance with Laws, Rules and Regulations

Capstone seeks to conduct its business in compliance with both the letter and the spirit of applicable laws, rules and regulations. No director, officer or employee shall engage in any unlawful activity in conducting Capstone's business or in performing his or her day-to-day company duties, nor shall any director, officer or employee instruct others to do so.

Protection and Proper Use of Capstone's Assets

Loss, theft and misuse of Capstone's assets has a direct impact on Capstone's business and its profitability. Employees, officers and directors are expected to protect Capstone's assets that are entrusted to them and to protect Capstone's assets in general. Employees, officers and directors are also expected to take steps to ensure that Capstone's assets are used only for legitimate business purposes.

Corporate Opportunities

Employees, officers and directors owe a duty to Capstone to advance its legitimate business interests when the opportunity to do so arises. Each employee, officer and director is prohibited from:

- diverting to himself or herself or to others any opportunities that are discovered through the use of Capstone's property or information or as a result of his or her position with Capstone;
- using Capstone's property or information or his or her position for improper personal gain; or
- competing with the Company.

Confidentiality

Confidential information generated and gathered in Capstone's business plays a vital role in Capstone's business, prospects and ability to compete. "Confidential information" includes all non-public information that might be of use to competitors or harmful to the Company or its customers if disclosed. Directors, officers and employees may not disclose or distribute Capstone's confidential information, except when disclosure is authorized by Capstone or required by applicable law, rule or regulation or pursuant to an applicable legal proceeding. Directors, officers and employees shall use confidential information solely for legitimate company purposes. Directors, officers and employees must return all of Capstone's confidential and/or proprietary information in their possession to Capstone when they cease to be employed by or to otherwise serve Capstone.

Fair Dealing

Competing vigorously, yet lawfully, with competitors and establishing advantageous, but fair, business relationships with customers and suppliers is a part of the foundation for long-term success. However, unlawful and unethical conduct, which may lead to short-term gains, may damage a company's reputation and long-term business prospects. Accordingly, it is Capstone's policy that directors, officers and employees must endeavor to deal ethically and lawfully with Capstone's customers, suppliers, competitors and employees in all business dealings on Capstone's behalf. No director, officer or employee should take unfair advantage of another person in business dealings on Capstone's behalf through the abuse of privileged or confidential information or through improper manipulation, concealment or misrepresentation of material facts. Moreover, all directors, officers and employees must comply with the antitrust, unfair competition and trade regulation laws of the United States and all of the other countries in which Capstone does business.

Accuracy of Records

The integrity, reliability and accuracy in all material respects of Capstone's books, records and financial statements is fundamental to Capstone's continued and future business success. No director, officer or employee may cause Capstone to enter into a transaction with the intent to document or record it in a deceptive or unlawful manner. In addition, no director, officer or employee may create any false or artificial documentation or book entry for any transaction entered into by Capstone. Similarly, officers and employees who have responsibility for accounting and financial reporting matters have a responsibility to accurately record all funds, assets and transactions on Capstone's books and records.

Quality of Public Disclosures

Capstone is committed to providing its stockholders with complete and accurate information about its financial condition and results of operations as required by the securities laws of the United States and, if applicable, other foreign jurisdictions. It is Capstone's policy that the reports and documents it files with or submits to the Securities and Exchange Commission, and its press releases and similar public communications made by Capstone, include fair, timely and understandable disclosure. Officers and employees who are responsible for these filings and disclosures, including Capstone's principal executive, financial and accounting officers, must use reasonable judgment and perform their responsibilities honestly, ethically and objectively in order to ensure that this disclosure policy is fulfilled. Capstone's Disclosure Committee is primarily responsible for monitoring Capstone's public disclosure.

International Trade Controls

Many countries regulate international trade transactions, such as imports, exports and international financial transactions. In addition, the United States prohibits any cooperation with boycotts against countries friendly to the United States or against firms that may be "blacklisted" by certain groups or countries. It is Capstone's policy to comply with these laws and regulations even if it may result in the loss of some business opportunities. Employees should learn and understand the extent to which U.S. and international trade controls apply to transactions conducted by Capstone.

Bribes, Kickbacks and Other Improper Payments

Capstone does not permit or condone bribes, kickbacks or other improper payments, transfers or receipts. No director, officer or employee should offer, give, solicit or receive any money or other item of value for the purpose of obtaining, retaining or directing business or bestowing or receiving any kind of favored treatment. In particular, the U.S. Foreign Corrupt Practices Act (FCPA) prohibits any U.S. individual or business from authorizing, offering or paying money or anything of value, directly or indirectly, to any foreign official or employee, political party, or candidate for public office for the purpose of obtaining or maintaining business or for any other business advantage. Violation of the FCPA could subject Capstone and its individual directors, officers and employees to serious fines and criminal penalties.

Compliance Procedures

Communication of Code

All directors, officers and employees will be supplied with a copy of the Code upon beginning service at Capstone and will be asked to review and sign an acknowledgment regarding the Code on a periodic basis. Updates of the Code will be provided from time to time. A copy of the Code is also available to all directors, officers and employees by requesting one from the human resources department or by accessing the company's website at [<https://ir.capstonegreenenergy.com/corporate-governance>.]

Monitoring Compliance and Disciplinary Action

Capstone's management, under the supervision of the Board or a committee thereof or, in the case of accounting, internal accounting controls, auditing or securities law matters, the Audit Committee, shall take reasonable steps from time to time to (i) monitor and audit compliance with the Code, including the establishment of monitoring and auditing systems that are reasonably designed to investigate and detect conduct in violation of the Code, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the Code.

Disciplinary measures for violations of the Code will be determined in Capstone's sole discretion and may include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension with or without pay, demotions, reductions in salary, termination of employment or service, and restitution.

Capstone's management shall periodically report to the Board or a committee thereof on these compliance efforts including, without limitation, periodic reporting of alleged violations of the Code and the actions taken with respect to any such violation.

Reporting Concerns/Receiving Advice

Communication Channels

Be Proactive. Every employee is expected to act proactively by asking questions, seeking guidance and reporting suspected violations of the Code and other policies and procedures of Capstone, as well as any violation or suspected violation of applicable law, rule or regulation arising in the conduct of Capstone's business or occurring on Capstone's property.

Seeking Guidance. The best starting point for an officer or employee seeking advice on ethics-related issues or reporting potential violations of the Code will usually be his or her supervisor. However, if the conduct in question involves his or her supervisor, if the employee has reported the conduct in question to his or her supervisor and does not believe that he or she has dealt with it properly, or if the officer or employee does not feel that he or she can discuss the matter with his or her supervisor, the employee may raise the matter with the Chief Compliance Officer or Outside Counsel.

Communication Alternatives. Any officer or employee may communicate with the Chief Compliance Officer or Outside Counsel by any of the following methods:

- In writing (which may be done anonymously as set forth below under "Reporting; Anonymity; Retaliation"), addressed to the Chief Compliance Officer by U.S. mail to 16640 Stagg Street, Van Nuys, CA 91406;
- By e-mail to the Chief Compliance Officer at ethicsmanager@CGRNenergy.com (anonymity cannot be maintained); or by e-mail to Outside Counsel at mark.wood@katten.com; or

- By Intranet Form (**For Employees Only**): Complete the Capstone Ethics Complaint Form on the home page of Capstone's intranet via [<http://cpstshr02:82/complaint/contact.html>.] When the form is completed, click "send" and it will forward an anonymous email directly to the Chief Compliance Officer and Outside Counsel;
- By phoning the reporting line (the "Reporting Line") which Capstone has established for receipt of questions and reports of potential violations of the Code that will be forwarded to the Chief Compliance Officer and Outside Counsel. The Reporting Line may be reached at [(818) 734-5199] and calls may be made anonymously as set forth below under "Reporting; Anonymity; Retaliation".

Reporting Accounting, Securities Law and Similar Concerns. Any concerns or questions regarding potential violations of the Code, any other company policy or procedure or applicable law, rules or regulations involving accounting, internal accounting controls, auditing or securities law (including FCPA) matters should be directed to the Audit Committee or a designee of the Audit Committee. Officers and employees may communicate with the Audit Committee or its designee:

- in writing to: the Chief Compliance Officer or Outside Counsel; or
- by phoning the Reporting Line.

Officers and employees may use the above methods to communicate anonymously with the Audit Committee.

Cooperation. Employees are expected to cooperate with Capstone in any investigation of a potential violation of the Code, any other company policy or procedure, or any applicable law, rule or regulation.

Misuse of Reporting Channels. Employees must not use these reporting channels in bad faith or in a false or unreasonable manner. Further, employees should not use the Reporting Line to report grievances that do not involve the Code or other ethics-related issues.

Reporting; Anonymity; Retaliation

When reporting suspected violations of the Code, Capstone prefers that officers and employees identify themselves in order to facilitate Capstone's ability to take appropriate steps to address the report, including conducting any appropriate investigation. However, Capstone also recognizes that some people may feel more comfortable reporting a suspected violation anonymously.

If an officer or employee wishes to remain anonymous, he or she may do so, and Capstone will use reasonable efforts to protect the confidentiality of the reporting person subject to applicable law, rule or regulation or to any applicable legal proceedings. In the event the report is made anonymously, however, Capstone may not have sufficient information to look into or otherwise investigate or evaluate the allegations. Accordingly, persons who make reports anonymously

should provide as much detail as possible to permit Capstone to evaluate the matter(s) set forth in the anonymous report and, if appropriate, commence and conduct an appropriate investigation.

No Retaliation

Capstone expressly forbids any retaliation against any officer or employee who, acting in good faith on the basis of a reasonable belief, reports suspected misconduct. Specifically, Capstone will not discharge, demote, suspend, threaten, harass or in any other manner discriminate against, such an officer or employee in the terms and conditions of his or her employment. Any person who participates in any such retaliation is subject to disciplinary action, including termination.

Waivers and Amendments

No waiver of any provisions of the Code for the benefit of a director or an executive officer (which includes, without limitation, for purposes of this Code, Capstone's principal executive, financial and accounting officers) shall be effective unless (i) approved by the Board or a duly authorized committee thereof, and (ii) if required, such waiver is promptly disclosed to Capstone's stockholders in accordance with applicable U.S. securities laws and/or the rules and regulations of the exchange or market on which the Company's shares are listed or quoted, as the case may be.

Any waivers of the Code for other employees may be made by the Chief Compliance Officer, the Board or a duly authorized committee thereof.

All amendments to the Code must be approved by the Board and, if required, must be promptly disclosed to Capstone's stockholders in accordance with applicable United States securities laws and/or the rules and regulations of the exchange or market on which Capstone's shares are listed or quoted, as the case may be.

ACKNOWLEDGMENT

I acknowledge that I have reviewed and understand Capstone Green Energy Holdings, Inc.'s Code of Business Conduct and Ethics (the "*Code*") and agree to abide by the provisions of the Code.

Signature

Name (Printed or typed)

Position

Date