

CAPITAL PROPERTIES, INC.

Business Conduct Policy

Introduction

Capital Properties, Inc. and its subsidiary (the “Company”) hereby adopt the following policies on business conduct applicable to its directors, officers and employees (collectively, the “Employees”) in order to ensure that the Company conducts business fairly, impartially, and in an ethical and proper manner. This Business Conduct Policy provides a uniform position and point of reference for Employees. The actions of the Company’s Employees directly affect the manner in which the Company is perceived within the community in which it conducts business.

Each Employee is responsible for performing his or her particular duties in a way that is not illegal and for knowing when to seek advice when the Employee is unsure of the potential liabilities associated with any particular action. If an Employee is unsure or questions whether any action being performed is illegal or inappropriate in nature, the Employee should seek the advice of the Treasurer of the Company.* Any violation of this Business Conduct Policy may be cause for termination of employment after the matter has been reviewed by the President, or in the case of the President, the Board of Directors of the Company.

This Business Conduct Policy is not intended to serve as the only reference for Employees. It is not an all-inclusive treatise on prohibited or inappropriate behavior, but rather a guideline intended to raise the Employee’s awareness to potential infractions and illegal conduct. This policy is applicable to anyone who could possibly act on the Employee’s behalf, such as relatives, friends or any other person. The Employee is responsible to ensure that his or her conduct or the conduct of anyone with whom he or she is associated does not violate either the letter or spirit of the Policy.

Conflicts of Interest

All Employees are required to conduct business free from actual or potential conflicts of interest. Employees, who face potential conflict of interest situations where their loyalty may be compromised, may adversely affect the Company, both economically and ethically. Employees are expected to act and perform their duties in a manner that is beneficial solely to the Company. An Employee’s conduct should not produce any ancillary benefit to the Employee.

No Employee may directly or indirectly benefit improperly from his or her position as an Employee of the Company, and no Employee may derive a personal benefit, directly or indirectly, from any sale, purchase, transaction or other activity of the Company other than under a Company compensation arrangement. Employees should avoid situations that may give rise to a conflict or that may give rise to the appearance of a conflict between their duties to the Company and themselves, or any other person or organizations in which they have a monetary, social or family interest.

*Where the Treasurer requires advice, he or she should consult the President. The President, in turn, should consult with the Board of Directors.

Employees may not seek or accept any payment or loan (other than on prevailing terms from a financial institution), or seek or accept any gratuity, gift, travel or other favor of more than nominal value from any individual or corporation doing business or seeking to do business with the Company. Under no circumstances should any Employee of the Company accept cash gifts and if such gift is offered it shall be returned to the donor, and if appropriate a letter will be sent by the Company explaining its reasons for rejecting the gift. Any non-cash or series of related gifts received by an Employee should only be accepted if they are of nominal value (less than \$100 US Dollars). If a non-cash gift of greater than \$100 US Dollars in value is offered to the Employee, or if the value of a gift given is uncertain, then the Treasurer should be notified.

Before an Employee or an immediate family member of an Employee undertakes any of the following activities, he or she should first seek approval of the Treasurer. Any Employee or immediate family member of an Employee who already has undertaken any of the following activities should also immediately bring such involvement to the attention of the Treasurer.

- (1) Serve as a director, employee, officer, consultant, partner, representative, agent or advisor of any supplier, customer, partner, subcontractor or competitor of the Company.
- (2) Hold a substantial financial interest (either directly or indirectly) in any supplier, customer, or competitor of the Company.
- (3) Acquire any interest, whether in real estate, patent rights, securities or in any other type of property, in which the Company has or might have an interest.

On ethical as well as legal grounds, Employees must refrain from any dealings with competitors for the purpose of setting or controlling prices, rates, trade practices, costs or any other activities prohibited by law. No Employee shall engage in any business unrelated to the Company on Company premises or during his or her normal working hours, except with permission of the President.

Corporate Opportunities

Employees are prohibited from taking for themselves personally opportunities in which they could reasonably anticipate that the Company might have an interest or that are discovered through the use of Company property, information or in any way connected to the Employee's affiliation with the Company without the prior written approval of the President.

Confidential Information

All Employees who have access to the Company's confidential and proprietary information are obligated to protect this information. Confidential and proprietary information includes any non-public information that may be of use to our competitors or cause harm to the Company if made public. Each Employee must ensure that any use, acquisition or disposition of confidential and proprietary information is undertaken in accordance with the authorization given to him or her by a supervisor. The unauthorized disclosure or use of confidential and proprietary information, whether the information is owned by the Company or by a third party, is a violation of Company policy as well as a violation of law. Employees should take appropriate steps to ensure the confidentiality of the Company's proprietary and confidential information. These include, but are not limited to, properly filing documents, marking documents "confidential" and otherwise limiting access to confidential and proprietary information. If you have any questions as to whether or not information is confidential or need a confidentiality agreement drafted please see the Treasurer.

The term "confidential and proprietary information" includes, among other things, trade secrets, customer names and lists, vendor names and lists, Employee names, compensation, titles and positions, business plans, capital expenditure plans, marketing plans, non-public financial data, product specifications and designs, the nature and results of research and development projects, concepts, inventions, discoveries, formulas, processes, drawings, documents, records, software, pricing, or customer preferences. The term also encompasses any information that is communicated to an Employee, learned of by an Employee, or developed or otherwise acquired by an Employee in the course of his or her employment with the Company and that is not generally known to the public.

Employees are also subject to the Company's Insider Trading and Public Communication Policy, which governs transactions in the Company's securities and requires pre-clearance of such transactions by directors, executive officers and certain designated employees.

Company Property

The Company's property consists of tangible property (such as desks, chairs, computers, tools, equipment, financial records); and intangible property (such as trademarks, copyrights and information). Confidential and proprietary information is, of course, also Company property. No Employee may remove property of the Company from the Company's premises without the written permission of an officer of the Company. Written permission will not only protect the Company and its property, but will also protect the Employee should any questions arise in the future as to why or when the property was removed. Permission to remove Company property from the Company's premises does not affect in any way an Employee's obligation to protect the property from damage, disclosure or improper use, and to return it to the Company on request or when the reason for its removal no longer exists. Notwithstanding the foregoing, incidental and immaterial personal use of assets such as computers and other equipment, telephones and supplies and other personal usage in accordance with approved policies/procedures of the Company are permitted exceptions to this policy.

Compliance with Governmental Laws, Rules and Regulations

All Employees must comply with all applicable laws, rules and regulations, and the Company expects its Employees to carry out their responsibilities on behalf of the Company in accordance with such laws, rules and regulations and to refrain from illegal conduct. If an Employee has any questions about the legality of a particular situation or whether conduct may be illegal such Employee shall seek advice from the President.

Financial and Accounting Entries

In order to comply with applicable laws and Company policy all transactions must be accurately and fairly recorded in reasonable detail in the Company's books of account and records. All Employees must comply with prescribed accounting procedures and controls at all times. All reports and documents that the Company files with or submits to the Securities and Exchange Commission, and other public communications, should contain full, fair, accurate, timely and understandable disclosure. No secret or unrecorded fund or assets may be created or maintained for any purpose. In addition, the making of false or fictitious entries relating to Company transactions or the disposition of Company assets is prohibited. Employees may not engage in any transaction that requires or contemplates the making of false or fictitious entries. If an Employee has any questions regarding this policy, then he or she should direct them to the President.

Bribes and Other Improper Payments

The Company prohibits Employees from giving or receiving any commercial bribes, kickbacks or other unlawful or improper methods of remuneration to any person. In addition, no Employee may make any payment to any employee or agent of the United States Government or any foreign government or agency, regardless of whether such employee or agent resides within or outside the United States.

Payments in excess of \$10,000 made by any person or corporation to an entity outside of the United States may have to be reported under federal law. As a result of this regulation the Company requires any Employee who is going to make a payment in excess of \$10,000 to any entity or person outside the United States contact the Treasurer or President of the Company.

Personal Behavior

While standards of behavior in an Employee's personal life are a matter for each Employee to determine for himself or herself, behavior of an egregious, public nature that has the effect of bringing the Company into disrepute is not permitted. In addition, to the extent permitted by applicable law, the Company reserves the right to suspend without pay or to terminate any Employee who has been accused of a crime, or arrested. If the accusation is later withdrawn or a formal proceeding results in determination in favor of the Employee, the Company will determine whether reinstatement is in the best interest of the Company.

Violation of this Policy

Employees of the Company are expected to comply with this Business Conduct Policy in all respects. Failure to do so can result in disciplinary action up to and including dismissal. In addition, where violation of this Policy also constitutes a criminal offense, the Company may file a criminal complaint with the appropriate authorities.

Employees will be requested from time to time to certify that they have read this policy and the other Company policies, that they understand them and that they have not violated them. Any Employee who fails to return a certificate; who submits a certificate containing a false statement or a certificate that omits to state material information requested by the certificate; or who knowingly permits a subordinate to violate this policy, will also be subject to disciplinary action, up to and including dismissal.

Employees will be expected to disclose promptly any acts or transactions known to him or her that may be in violation of this Business Conduct Policy. All disclosures will be received and treated in confidence to the extent legally permissible and should be directed to:

Capital Properties, Inc.
5 Steeple Street, Unit 303
Providence, RI 02903
Attention: President or Treasurer

Waivers

Any waiver of, or questions relating to, this Business Conduct Policy for directors and officers of the Company may only be made by the Company's Board of Directors or the Audit Committee of the Company's Board of Directors after all material facts have been disclosed by the party seeking the waiver and such waiver shall be promptly disclosed as required by law or stock exchange regulation. Any waiver for other Employees not covered above may only be granted by the President of the Company after disclosure of all material facts by the individual seeking the waiver.

Implementation

All managerial level personnel have an obligation to implement this policy and to ensure compliance with it by all Employees within their area of responsibility. The provisions of this policy will be reviewed on a periodic basis, and all new Employees should be given a copy and instructed to read it when they report to work.

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Certification of Compliance

I certify that I have read, understand and am in compliance with the Business Conduct Policy.

Date: _____

(Signature)

(Please print name)