



ADA-ES, Inc.

Code of Conduct

*Current edition supersedes all previously issued editions.
August 2008*



A Message To Employees

Congratulations on being a member of one of the best work forces in the country!

This is not just my opinion. It is one shared by our customers and colleagues. I have heard it expressed frequently over the years.

But what does “best” mean?

Internally, we have several criteria. These include superior service to clients, a passion for innovation and discovery, and a commitment to teamwork.

Being best also means adhering to the highest standards of professional behavior. At ADA such behavior is a routine and essential part of our everyday activities.

The Board of Directors has emphasized the Company’s commitment to high moral and ethical standards by expressing them in the Employee Handbook and Code of Conduct. I urge you to read them carefully, and re-read them periodically.

Our integrity is a key ingredient in our formula for success.

We are fortunate. In addition to our personal and corporate accomplishments, we have the privilege of seeing our work serve our fellow citizens in an important manner.

Your pledge to honor the Company’s tradition of observing the highest standards of professional behavior will help ensure our continued success.

A handwritten signature in blue ink, appearing to read "J.C. Smith", is written over a light blue rectangular background.

Jeffrey C. Smith
Chairman of the Board



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This Code of Conduct (the “Code”) contains the standards for moral and ethical behavior for ADA-ES, Inc. (in this manual referred to as ADA or the “Company”). The Code will be provided to and followed by the Company’s employees, officers and directors. As used herein, the word “employees” will refer to all directors, officers and employees of the Company. As used herein, the “Executive Team” will refer to the Chief Executive Officer, the Chief Operating Officer, the Senior Vice President and Chief Financial Officer, the Vice President of Sales and Marketing, the Vice President of Business Development of Utility Systems, the Vice President of Administration, the Vice President of Technology, and the Vice President of Emissions Control Systems. All employees will also be subject to the Employee Handbook. All directors will also be subject to the Governance Manual. Certain employees may also be subject to additional codes of ethics and codes of conduct.

The essence of this Code is that each employee will conduct the Company’s business with integrity, in compliance with applicable laws, and in a manner that excludes consideration of personal advantage.

Strict adherence to this Code will protect the Company and its employees from criticism, litigation or embarrassment that might result from alleged or real conflicts of interest or unethical practices. Employees should report apparent violations of this Code as described in more detail below.

A. Employee Relations and Conduct

The Company places a high priority on meeting Company goals in an atmosphere that promotes teamwork and respect of individuals. The Company offers employees the opportunity to work and gain experience in a highly competitive and evolving marketplace. Successful individuals are those who have the respect of fellow associates, management, and customers, and who strive to improve the products and services that the Company offers.

Compliance with the Law

1. General. Obeying the law, both in letter and in spirit is the foundation on which the Company’s ethical standards are built. As a condition of employment with the Company, employees are expected to comply with the law, and with the Code. All employees should understand the laws that apply to them in the performance of their jobs and ensure that Company operations with which they are involved are conducted in conformity with those laws. The Code provides guidance to employees on their basic ethical and legal responsibilities, but does not cover every issue that may arise. Employees must conduct themselves accordingly, and seek to avoid even the appearance of improper behavior. Responsibilities of employees include, but are not limited to, the following (some of which are described in greater detail below):

- Adhering to prudent standards for protecting the environment and the safety and health of the Company’s employees, customers, communities and contractors.
- Treating all customers and suppliers in an honest and fair manner.



- Avoiding situations where personal interests are, or may appear to be, in conflict with Company interests.
- Safeguarding and properly using Company proprietary information, assets and resources, as well as those of other organizations entrusted to the Company.
- Maintaining confidentiality of nonpublic information and not acting on such information for personal gain.
- Exercising prudent judgment in making legal political contributions or in using political influence.
- Understanding and complying with applicable legal requirements for safeguarding and using individually identifiable personal information in an appropriate manner.

If a law conflicts with this Code, employees must comply with the law; however if a local custom or policy conflicts with this Code, employees must comply with the Code.

When in doubt, employees have the responsibility to seek clarification from their supervisor, the Human Resources Manager or a member of the Executive Team. Violations of the law or the Code are grounds for disciplinary action up to and including discharge and possible legal prosecution.

2. Audit Committee. To consolidate and focus efforts to comply with the law and the Code, an “Audit Committee” composed of certain members of the Board of Directors of the Company was established. The Audit Committee oversees compliance matters and works to ensure that the Company has necessary policies and systems in place to train its employees, audit compliance and correct any deficiencies in compliance programs.

3. Antitrust. The Company is subject to antitrust and competition laws. Violations include agreements among competitors to fix or control prices; to boycott specified suppliers or customers; to allocate products, territories or markets; or to limit the production or sale of products. Special care must be exercised to ensure that any activities undertaken with representatives of other companies are not viewed and would not be construed as violations of any antitrust or competition law.

Amendments or Waivers of this Code

1. Amendment/Waiver for Directors and Officers.

(a) Any amendment to, or waiver of, any provision of this Code with regard to any director or officer must be approved by the Board, and must also be disclosed to the shareholders along with the reasons for the waiver. In the event that members of the Board will be personally affected by a waiver of this Code, such waiver shall be approved by a committee consisting entirely of members of the Board who will not be personally affected by such waiver.



(b) No amendment to, or waiver of, this Code with regard to any director or officer will be effective until the waiver has been reported to the person responsible for the preparation and filing of the Company's current reports on Form 8-K, in sufficient detail to enable such person to disclose accurately such amendment or waiver in the current report on Form 8-K, if necessary. The Company shall promptly disclose on Form 8-K within the required time frame, by filing such form with the SEC, any amendment to, or waiver of, this Code that applies to the Company's directors or executive officers.

2. Amendment/Waiver for Employees. Any amendment to, or waiver of, any provision of this Code with regard to any employee who is not an officer or director must be approved by the Chief Executive Officer, and must also be discussed with the Board along with the reasons for the waiver.

Whistleblower Protection Policy

The Company is committed to providing a workplace conducive to open discussion of its business practices and is committed to complying with the law and the Code. Accordingly, the Company will not tolerate conduct which is in violation of the law or the Code. Each employee has the responsibility to promptly report any suspected, illegal activities or fraud, including any questionable accounting, internal accounting controls and auditing matters ("Accounting Matters"), any securities fraud violations, or other violations of federal and state laws or of the Code (collectively "Misconduct") in accordance with the provisions of this policy. Employees may submit good faith complaints regarding Misconduct to the Company without fear of dismissal or retaliation of any kind. The Company's Audit Committee will oversee treatment of employee concerns in this area.

The Company has established the following procedures for the receipt, retention and treatment of complaints regarding Misconduct, and the submission by employees of concerns on a confidential, anonymous basis regarding Misconduct.

1. What these Procedures Cover

These procedures cover complaints relating to any Misconduct, including without limitation any questionable Accounting Matters such as:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any of the Company's financial statements;
- Fraud or deliberate error in the recording or maintaining of the Company's financial records;
- Deficiencies in or noncompliance with the Company's internal accounting controls;
- Misrepresentation or false statement to or by a senior financial officer or accounting personnel regarding a matter contained in the Company's financial statements, records or reports or audit reports; or
- Deviation from full and fair reporting of the Company's financial condition.

2. How You Can Submit a Complaint About Misconduct

If you have a concern regarding alleged Misconduct, you should report it promptly to one of the following persons (the "Complaint Recipient"): (a) the Chairman of the ADA-ES, Inc.



Board of Director's Audit Committee, Richard Swanson, by confidential email at acchair@adaes.com (he is the only recipient of these emails) or by mail to him at P.O. Box 27090, Denver, Colorado 80227 or (b) the Company's outside legal counsel, Julie Herzog at Schuchat, Herzog & Brenman, LLC, by email to jherzog@shblegal.com (she is the only recipient of her emails), by fax to 303.295.9701 or by mail to 1900 Wazee Street, Suite 300, Denver, Colorado 80202. Employees may submit concerns anonymously or on a confidential basis.

3. How The Company Will Handle Complaints

- If you submit a complaint, the Complaint Recipient will acknowledge its receipt to you and obtain additional information if necessary or appropriate, unless the complaint was filed on an anonymous basis.
- If the Complaint Recipient is the Audit Committee Chairman, he will submit a copy of your complaint to the Company's legal counsel.
- The Company's legal counsel will determine if the information alleged in the complaint alleges or contains allegations that might constitute Misconduct and then if the complaint was initially received by such counsel, she will submit a copy of your complaint to the Chairman of the Company's Audit Committee. The Company's legal counsel will also discuss the complaint with the Audit Committee Chairman.
- If an employee submits concerns on a confidential basis, the Company will ensure that confidentiality is maintained to the fullest extent possible, consistent with the need to conduct an adequate review and with any disclosures that may be required to governmental authorities.
- The Company's Audit Committee or one of its members will review and oversee the handling of all complaints regarding Accounting Matters, including determining who will investigate the complaint, the scope and procedures for the investigation and a time frame for completion and follow-up report to the Committee. The Chief Operating Officer will review and oversee the handling of all other complaints regarding Misconduct, including determining who will investigate the complaint, the scope and procedures for the investigation and a time frame for completion and follow-up report to the Committee.
- The Company's Audit Committee has the authority to engage independent legal counsel, accountants or other advisors to assist in connection with any complaint.
- The Company's Audit Committee will promptly take appropriate corrective action when and as warranted in its judgment and will contact you to let you know about such action, if the complaint was not filed anonymously. If an employee making a complaint under these procedures is not satisfied with the handling of or response to a complaint, he or she should contact the Company's Audit Committee Chairman or outside legal counsel at the contact information listed above.

4. The Company Will Not Retaliate Against Employees

The Company will not discharge, demote, suspend, threaten, harass or discriminate in any manner against an employee in the terms and conditions of employment based upon the employee's lawful actions in submitting a complaint regarding Misconduct or otherwise as required by law. Please note, however, that anyone who knowingly files misleading or false complaints or complaints that are not made in good faith will not be protected by these procedures and may be subject to discipline, including termination of employment. "Good faith"



means that the employee has a reasonably held belief that the complaint being made is true and is not being made for personal gain or for other ulterior motive.

5. How The Company Will Record and Retain Reports of Complaints

One of the Company's Audit Committee members or the Company's outside legal counsel will maintain a log of all complaints under this policy, tracking their receipt, investigation and resolution, and will prepare and provide the Company's Audit Committee with a summary of any complaints on at least a quarterly basis. The Company will maintain such log, summary and copies of any written complaints in accordance with applicable regulations.

6. How You Can Submit a Complaint About Retaliation

Complaints regarding retaliation for reporting suspected Misconduct shall also be reported in the manner described above under "How You Can Submit a Complaint About Misconduct."

Resolution of Job-Related Problems and Any Other Work Place Complaints

Employees who have a problem concerning a work-related matter other than a matter of Misconduct (as described above) should discuss the resolution of problems first with their supervisor. Employees who are not satisfied with their supervisor's solution to the problem, and after the supervisor has been given reasonable time to take action, may present the problem to the supervisor's supervisor, the Human Resources Manager, or a member of the Executive Team for final resolution. If it would be inappropriate for an employee to discuss the problem with the supervisor or Human Resources, the problem may be presented to the President/Chief Executive Officer or any member of the Executive Team.

Equal Employment Opportunity

It is the ongoing practice of ADA to provide equal opportunity in employment to all employees and applicants. No person shall be discriminated against in any condition of employment because of race, color, national origin, gender, religion, age, sexual orientation, disability or veteran status.

Equal employment opportunity (EEO) shall apply to all terms, conditions, and privileges of employment, including recruitment, advertising, hiring, testing, training and development, promotion, demotion, transfer, compensation, benefits, educational assistance, termination, layoffs, social and recreational programs, facility usage and retirement. These policies extend to all divisions of the Company, and all aspects of the Company's operations. ADA is committed to making employment decisions based on valid requirements, without regard to race, color, national origin, gender, religion, age, sexual orientation, disability, or veteran status. ADA analyzes its personnel actions to ensure compliance with EEO.

1. Unlawful Equal Employment Opportunity Harassment. The Company is committed to maintaining a positive work environment free of unlawful harassment and which is sensitive to the diversity of its employees. In doing so, the Company prohibits sexual harassment and



harassment because of age, race, sex, color, religion, national origin, disability, or any other legally protected status.

Unlawful harassment includes verbal or physical conduct that has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment. Prohibited behavior includes what a reasonable person would consider offensive, but is not limited to the following:

- Written forms such as cartoons, e-mail, posters, drawings or photographs.
- Verbal conduct such as epithets, derogatory comments, slurs, or jokes.
- Physical conduct such as assault or blocking an individual's movements.

2. Sexual Harassment. The Company strongly opposes sexual harassment and inappropriate sexual conduct. Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- It is a part of a supervisor's decision to hire or fire;
- It is used to make other employment decisions like pay, promotion or job assignment;
- It unreasonably interferes with the employee's work performance; or
- It creates an intimidating, hostile, or offensive work environment.

Inappropriate sexual conduct that could lead to a claim of sexual harassment is expressly prohibited by this policy. Such conduct includes, but is not limited to, sexually implicit or explicit communications whether in:

- Written form such as cartoons, posters, calendars, notes, letters or e-mail;
- Verbal form such as unwanted sexual comments, suggestions, jokes, or pressure for sexual favors, or
- Physical gestures and other nonverbal behavior, such as suggestive looks or leering, pats or squeezes, unwanted touching, grabbing, fondling, kissing, massaging or repeatedly brushing against someone's body.

3. Equal Employment Opportunity/Harassment Complaint Procedure. Should an instance of inappropriate behavior occur, the employee should report the incident in a timely fashion to enable the Company to promptly investigate and correct any behavior that may be in violation of this policy.

If you believe the behavior constitutes "Misconduct" as described above in the Whistleblower Protection Policy, report the incident as described in the Whistleblower Protection Policy. Otherwise, report the incident to your supervisor, the Human Resources Manager, the Chief Operating Officer, or the President/Chief Executive Officer. These procedures include those employees who feel they are the recipients of harassment as well as those who believe they have witnessed another employee being harassed. Confidentiality will be maintained as practicable. All complaints will receive prompt attention, and if the facts warrant it, appropriate discipline will be taken against the offender.

Drug-Free Workplace

The Company maintains a drug-free workplace. This is a zero tolerance policy. Employees are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession, and/or use of illegal drugs, non-prescribed drugs, alcoholic beverages, or other controlled



substances on Company time and on Company premises or other worksites. Employees are also prohibited from reporting to work while appearing to be impaired (in the opinion of the Management) by any substance as described above. The Company reserves the right to do random testing.

Employees or candidates for employment may be asked to submit to a drug-screening test before being granted permission to work for the Company, to work at a client's site, or randomly at the discretion of the Company. Employees and candidates for employment will be obligated to comply with these requirements.

Any employee who is convicted, or pleads guilty or no contest under any criminal drug statute for a violation must notify the Company within five (5) days of such conviction or plea. Should a conviction occur, the employee may be terminated, or may be given the option of successfully completing a Company-approved rehabilitation program as a condition of continued employment. The burden of cost for the program will be the employee's. Failure to successfully complete the program will result in termination. Employees successfully completing a drug rehabilitation program may be subject to random drug testing. Positive tests will result in immediate termination.

Background Screening

Employees or candidates for employment may be asked to submit to a background screening before being granted permission to work for the Company, to work at a client's site, or randomly at the discretion of the Company. Background screenings may include, but are not limited to, a criminal, credit, and/or educational component, and employment and reference verification. Employees and candidates for employment will be obligated to comply with these requirements. Applicants with felony convictions will not be considered.

Health and Safety Compliance

As a company, ADA believes that its people are its most important asset and that the preservation of employee health and safety must remain a constant consideration in every phase of the Company's business. In order for the Company to minimize and/or eliminate hazards in the work environment, it is imperative that ADA has total employee involvement to maintain a safe and healthful workplace.

In all efforts related to the Company, employees are expected to use proper health and safety standards and techniques. Employees working at the corporate office or any other Company offices are expected to comply with the most current Health and Safety Program developed for that location. For the corporate office or any other Company offices, the most current document can be found in the corporate office on the Company server Corporate drive under N:\Safety\H&S Program. While working at a client's site, employees are expected to comply with all safety polices at that site and with the Company's standard operating procedures for health and safety at non-Company facilities. Concealed weapons are not permitted on Company premises.



Political Contributions

Employees may not make any contribution of Company funds, property or services to any political party or committee or to any candidate for or holder of any office of any government, national, state or local. This policy does not preclude, where lawful, (a) the operation of a political action committee, (b) Company contributions to support or oppose public referenda or similar ballot issues, or (c) political contributions which have been reviewed in advance by members of Corporate management charged with responsibility in this area. No direct or indirect pressure in any form is to be directed toward employees to make any political contribution or participate in the support of a political party or the political candidacy of any individual. This policy shall not affect the right of employees, and agents of the Company to make personal political contributions to the party, committee, or candidate of their choice as long as the donation is derived exclusively from that individual's personal funds or time and in no way was compensated directly or indirectly by the Company.

B. Working with Customers and Suppliers

Giving Gifts

It is the policy of the Company for its employees to be customer and service oriented. Behavior that interferes with Company operations, discredits the Company, or is offensive to customers, suppliers or fellow employees will not be tolerated and may be grounds for termination.

Employees who have contact with customers are expected to know the Company's services and products and to learn the wants and needs of the customers. Employees should be particularly careful to exercise courtesy and thoughtfulness in using the telephone or e-mail. A positive contact with a customer, supplier or coworker can enhance goodwill while a negative experience can destroy a valuable relationship.

The purpose of business gifts and entertainment is to create good will and sound working relationships. The Company does not seek to gain any advantage through the improper use of business courtesies or other inducements. Good judgment and moderation must be exercised to avoid misinterpretation and adverse effect on the reputation of the Company or its employees. Offering, giving, soliciting or receiving any form of bribe is prohibited. Employees must refrain from giving gifts or making payments that are intended to influence or could appear to influence business decisions.

1. Business Gifts and Entertainment. Business gifts and entertainment may be given to others by or on behalf of the Company only if they meet all of the following criteria.
 - a. They are reasonable and consistent with customary business practices;
 - b. They are of nominal value and cannot be construed as bribes or pay-offs;
 - c. They are not gifts of cash or cash equivalents;
 - d. They are not in contravention of applicable law or ethical standards; and



- e. Public disclosure of the facts will embarrass neither the Company nor the employee.

Accounting records and supporting documentation reflecting business gifts and entertainment to others must be accurately stated, including clear, descriptive text.

In case of doubt as to the legality of any business gift or entertainment proposed to be given by or on behalf of the Company, the Chief Executive Officer or the Chief Operating Officer should be consulted in advance of commitment.

2. Commissions, Rebates, Discounts, Credits and Allowances. In connection with sales by the Company, commissions, rebates, discounts, credits, and allowances should be paid or granted only by the Chief Executive Officer or the Chief Operating Officer, and such payments should:

- a. Bear a reasonable relationship to the value of goods delivered or services rendered;
- b. Be by check or bank transfer to the specific business entity with whom the agreement is made or to whom the original related sales invoice was issued -- not to individual officers, employees or agents of such entity or to a related business entity;
- c. Be made only in the country of the entity's place of business and be delivered to the entity's place of business; and
- d. Be supported by documentation that is submitted to the Accounting department, is complete and that clearly defines the nature and purpose of the transaction, and is accurately stated, including clear, descriptive text.

Agreements for the Company to pay commissions, rebates, credits, discounts or allowances should be in writing.

The intent of this policy is to avoid illegal or unethical payments. In rare circumstances, where the law or ethics permit, an exception may be warranted. It is the responsibility of the Chief Financial Officer to review in advance all such situations, which arise. Any such exceptions to the requirements described above must be approved by the Chief Executive Officer. In all cases, however, there must be no falsification, misrepresentation or deliberate over-billing reflected in any document (including invoices, consular documents, letters of credit, etc.). This includes suppression or omission of documents or of information in documents, or deliberate misdirection of documents.

Gifts Received

1. Employees shall neither seek nor accept for themselves or others any gifts, favors or entertainment that might be intended to influence, or appears to influence a business decision, nor seek or accept loans (other than conventional loans at market rates from lending institutions) from any person or business organization that does or seeks to do business with, or is a competitor of, the Company. In the application of this policy:



- a. Employees may accept for themselves and members of their families common courtesies usually associated with customary business practices;
- b. An especially strict standard is expected with respect to gifts, services, discounts, entertainment or considerations of any kind from suppliers;
- c. It is never permissible to accept a gift in cash or cash equivalents (e.g., stocks or other forms of marketable securities) of any amount; and
- d. Employees should maintain accounting records and supporting documentation that is submitted to the Accounting department reflecting business gifts and entertainment received which must be accurately stated, including clear, descriptive text.

In certain situations, refusal of gifts with a value substantially in excess of customary business practices can result in awkward business situations. The propriety of employees keeping such valuable gifts for personal use versus turning them over to the Company, donating them to a charity or other disposition should be discussed in each case with the employee's management. In the event employees are permitted to retain such gifts, management shall record its approval, which shall be kept on file for potential audit review. The Chief Financial Officer is available for consultation where desired. Disposition of gifts received by higher-level officers should be discussed in each case with the Chief Executive Officer.

Working with Governments

The Company is committed to conducting its business with all governmental representatives with the highest ethical standards and in compliance with applicable laws and regulations, including the special requirements associated with government transactions. Payments to government personnel to expedite the rendition of routine governmental actions are discouraged. However, the Company does not prohibit expediting payments, properly recorded in the Company's books, which are not excessive in amount, when:

- The making of such payments is an established and well-recognized practice in the area;
- The action to be expedited by the payment is a routine administrative action to which the Company is clearly entitled (for example, processing governmental papers such as visas and work permits, loading and unloading cargo, and providing services such as police protection, mail delivery and inspections); and
- The payment does not violate applicable laws of any country.

Procedures for authorization of, and record keeping for, any such payments, regardless of form or manner, will be established by the Chief Financial Officer in the event such circumstances arise.



Payments may not be made (i) to expedite any decision by government personnel whether, or on what terms, to award new business to or to continue business with any particular party, or (ii) to encourage a decision to award new business to or to continue business with a particular party. Employees should avoid even the appearance of improper conduct in dealing with government representatives.

C. Protecting Company Assets

Internal Controls

Proper protection and use of Company assets, including proprietary information, is a fundamental responsibility of each employee. Employees must comply with site security programs to safeguard assets against loss by criminal act or breach of trust. The Company has established internal control standards and procedures to ensure that assets are protected and properly used and that records and reports are accurate and reliable. Employees share the responsibility for maintaining and complying with required internal controls.

Conflicts of Interest

1. Employees should avoid any situation that involves or may involve a conflict between their personal interests and the interests of the Company. Employees have a primary business responsibility to the Company and must act in the best interests of the Company to the exclusion of considerations of personal preference or advantage. A “conflict of interest” occurs when an individual’s private interest is detrimental or adverse to the interest of the Company as a whole. Examples of situations involving a conflict of interest include, but are not limited to:

- a. Ownership by an employee or, to the employee's knowledge, by a member of the employee's family of a significant financial interest* in any outside enterprise which does or seeks to do business with, or is a competitor of, the Company;

*Ownership of less than 1% of the stock of a publicly traded company is not considered a significant financial interest.

- b. Performing work, with or without compensation, for an outside enterprise, which does or is seeking to do business with or is a competitor of the Company, or doing any work for an outside enterprise that may adversely affect employee's performance on the job or diminish employee's ability to devote the necessary time and attention to Company-related duties;
- c. Using Company property, materials, supplies, funds or other resources for personal purposes;
- d. Employee or to the employee's knowledge, a member of the employee's family receiving a loan or other extension of credit or credit support (such as a guaranty) from the Company. The Company is prohibited by law from extending or arranging for the extension of personal loans to executive officers or directors;



- e. Acting as a broker, finder, go-between or otherwise for the benefit of a third party in transactions involving or potentially involving the Company or its interests; and
- f. Any other arrangement or circumstance, including family or other personal relationships, which might dissuade the employee from acting in the best interest of the Company.

In questions of conflict of interest, the term "family" should be interpreted broadly, as described in the Insider Trading Policy below.

These situations and others like them, where loyalties to the Company could be compromised, must be avoided. If you believe that you are involved in a potential conflict of interest, you must discuss it with your supervisor. In some circumstances, it may be appropriate for your supervisor to review the potential conflict of interest in conjunction with the Company's outside legal counsel. The supervisor and/or the Company's outside legal counsel shall file a written report with the Audit Committee of any reported conflicts or potential conflicts, including a statement as to the resolution, if any, of such conflicts.

The Audit Committee shall review all such written reports, and determine if the resolution is acceptable. If the resolution is considered to be unacceptable, the Audit Committee should promptly resolve the matter. If the resolution is considered acceptable, the Audit Committee should notify the employee of the decision in writing. The employee need not annually report the situation of outside interests and conflicts of interest as long as there is no change in the circumstances involved. The potential conflict of interest should be considered when assigning the employee new duties.

If the potential conflict involves a member of the Audit Committee, such member shall abstain from participating in the resolution of such conflict by the Audit Committee or by any special committee to which the Audit Committee may refer such matter. Disclosed conflicts of interest or potential conflicts of interest will not be considered to violate the Company's conflicts policy if and only if (a) the Audit Committee less any member who may have a conflict of interest with regard to the matter under consideration or the special committee given responsibility to review such conflict has determined that the activity underlying the disclosed or potential conflict of interest is in the best interest of the Company and is fair to the Company and its shareholders, or (b) the conflict is approved in any other way permitted under the Company's Articles of Incorporation and Bylaws and is permitted by applicable law.

All information disclosed to the Company as required by this policy shall be treated confidentially, except to the extent necessary or appropriate to protect the Company's interests.

Company Confidentiality

From time to time, employees of the Company may obtain or create confidential information of the Company (the "Confidential Information"). "Confidential information" means information of a secret or confidential nature pertaining to any aspects of the Company's business, including but not limited to, proprietary or trade secret information of the Company or its shareholders, customers or suppliers, whether relating to the Company's technologies, its business relationships, customers, customers' business strategies, dealings and/or holdings, its business plans, finances, products and services, and its employees.



Specific examples of Confidential Information include but are not limited to the following:

- Inventions and/or invention disclosures
- Trade secrets
- Contents of laboratory notebooks, and other writings and/or documents containing Confidential Information
- Product compositions and formulations
- Cost and margins of products
- Customer lists
- Customer confidential business information (such as outage schedules)
- Teaming agreements and/or strategic alliances with third parties
- Knowledge of discussions and/or the actual discussions with potential customers, strategic partners, potential team members, vendors, and any other party that the Company considers strategic to its business
- Insider financial information
- Company business plans
- Personnel, human resources, accounting and payroll information
- Proposals being planned or in preparation
- Any other information that is identified as confidential through agreements that the Company has with its employees, shareholders, customers, and/or third parties

During the term of the employment and thereafter, employees will: (a) use the Confidential Information only for the benefit of the Company and its affiliates (and not for the benefit of the employee or any third party or in any way detrimental to the Company or its affiliates); and (b) not disclose, reproduce, lecture upon or otherwise make available to any third party, directly or indirectly, any Confidential Information, except to other Company employees and agents on a need-to-know basis in connection with employee's duties.

Questions related to Confidential Information should be directed to a member of the Executive Team. Employees will be required to sign an Employment Agreement when they begin work at the Company. This Agreement describes the employee's responsibilities to the Company with respect to Confidential Information. In addition to obligations that are in effect during the term of the employee's employment, there are continuing obligations regarding Confidential Information after the employee leaves the Company. All obligations described in this Code (including obligations regarding Confidential Information) are in addition to and not in lieu of the obligations described in the Employment Agreement.

Trade Secret Laws and Competitive Intelligence

Increasingly, the Company's assets are found in its intellectual property, including trade secrets. Company policy is to protect such assets so as to maintain legal competitive advantage.

To protect its own assets under trade secret law, the Company must maintain the economic value of its trade secrets by taking reasonable steps to maintain secrecy. While collecting data on the Company's competitors, employees are to use legal, ethical resources to prevent the tainting of Company operations with the improper introduction of the proprietary information of third parties. Substantial civil and criminal penalties against the Company and employees for misappropriation of the trade secrets are avoidable through compliance with Company guidelines.



D. Insider Trading Policy

Why We Have a Policy

The federal securities laws prohibit the purchase or sale of securities by anyone who is aware of material nonpublic information regarding the issuer of such securities. They also prohibit the disclosure of such information to others who then trade in the issuer's securities ("tippees"). The Securities and Exchange Commission and U.S. attorneys pursue insider trading violations vigorously, and violators are punished severely. A company and its "controlling persons" are subject to liability under the federal securities laws if they fail to take reasonable steps to prevent insider trading by company personnel.

The Board of Directors has adopted this Policy both to satisfy the Company's obligation to prevent insider trading and to help employees avoid the severe consequences associated with violations of the insider trading laws. The Board also wishes to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company. We have all worked hard over the years to establish a reputation for integrity and ethical conduct, and we cannot afford to have that reputation damaged.

Consequences of Insider Trading Violations

The consequences of an insider trading violation can be severe:

Traders and Tippees. Employees who trade on inside information and tippees are subject to the following penalties:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine of up to \$1,000,000 (no matter how small the profit); and
- A jail term of up to ten years.

An employee who tips information to a person who then trades is subject to the same penalties as the tippee, even if the employee did not trade and did not profit from the tippee's trading.

Control Persons. If the Company or its supervisory personnel fail to take appropriate steps to prevent illegal insider trading, then they are subject to the following penalties:

- A civil penalty of up to \$1,000,000 or, if greater, three times the profit gained or loss avoided as a result of the employee's violation; and
- A criminal penalty of up to \$2,500,000.

Company-Imposed Sanctions. If you fail to comply with this Policy, you are subject to Company-imposed sanctions, including dismissal for cause, whether or not your failure to comply results in a violation of law. If you violate the federal securities laws or become subject to an SEC investigation, even if the investigation does not result in prosecution, your reputation could be tarnished and your career could be irreparably damaged.



The Policy

No employee who is aware of material nonpublic information relating to the Company may, directly or through family members or other persons or entities, (a) buy or sell securities of the Company (other than pursuant to a pre-approved trading plan that complies with SEC Rule 10b5-1(c) as described below), or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside the Company, including family and friends. In addition, no employee of the Company who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier, may trade in that company's securities until the information becomes public or is no longer material.

Please note that this Policy prohibits even those transactions that you may feel are necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure). The securities laws do not recognize such mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Disclosure of Information to Others. The Company is required under Regulation FD of the federal securities laws to avoid the selective disclosure of material nonpublic information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not, therefore, disclose information to anyone outside the Company, including family members and friends, other than in accordance with those procedures. You also may not discuss the Company or its business in an internet "chat room" or similar internet-based forum.

If a shareholder or potential shareholder calls to inquire about the status of projects, financials, or other Company-sensitive information, these calls must be directed to the President/Chief Executive Officer or Chief Financial Officer of the Company or to the Company's investor relation's consultant, which is currently The Equity Group.

Material Information. Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. You should consider any information that could be expected to affect the Company's stock price, whether it is positive or negative, as material. Some examples of information that ordinarily would be regarded as material are:

- Projections of future earnings or losses or other earnings guidance;
- Earnings that are inconsistent with the consensus expectations of the investment community;
- A pending or proposed merger, acquisition or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- A pending or proposed financing;
- A change in dividend policy, the declaration of a stock split, or an offering of additional securities;
- A change in management;
- Development of a significant new product, service or process;



- Impending bankruptcy or the existence of severe liquidity problems;
- News about a major contract award or cancellation of an existing contract;
- The gain or loss of a significant business partner;
- Significant legal exposure due to actual, pending or threatened litigation; and
- Changes in the Company's auditors or a notification from the Company's auditors that the Company may no longer rely on the auditors' audit report.

Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities and others might view the transaction in hindsight.

When Information is "Public". If you are aware of material nonpublic information, you may not trade until the information has been disclosed broadly to the marketplace (such as by press release or an SEC filing) and the investing public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, information should not be considered fully absorbed by the marketplace until after the second business day after the information is released. If, for example, the Company makes an announcement on a Monday, you should not trade in the Company's securities until Thursday.

Transactions by Family Members. This Policy also applies to your family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in company securities). You are responsible for the transactions of these other persons and therefore should make them aware of this Policy.

When and How You Can Trade Company Securities

Trading Windows

Because the Company disseminates material nonpublic information to employees on a regular basis, the Board has determined to prohibit purchases and sales of Company securities at any time other than during the "window" period following release of the Company's year-end or quarterly earnings announcements (i.e. during the three-week period beginning on the third business day following the date of the earnings release). You may not engage in trading of the Company's securities in a window period, however, if you are aware of material nonpublic information involving the Company. If you are subject to the Company's preclearance policy set forth below, you must preclear your transactions even if they are initiated during a window period. To reduce the burden of these restrictions when you expect a need to sell the Company's securities at a specific time in the future, you may wish to consider entering into a prearranged trading plan for that sale, as discussed below.

From time to time the Company, through the Chief Financial Officer, may close a trading window due to material developments that are not public. In such events, known as event-specific blackouts, the Chief Financial Officer may notify particular individuals that they should not engage in any transactions involving the purchase or sale of the Company's securities and should not disclose to others the fact that a trading window has been closed. The failure of the



Chief Financial Officer to designate you as being subject to an event-specific blackout will not relieve you of the obligation not to trade while aware of material nonpublic information.

If you have an unexpected and urgent need to sell Company securities in order to generate cash at a time other than during a trading window, you may, in appropriate circumstances, be granted a hardship exception. Hardship exceptions may be granted only by the Chief Financial Officer and must be requested at least two days in advance of the proposed trade. A hardship exception may be granted only if the Chief Financial Officer concludes that you do not possess any material nonpublic information and that the Company does not know of any such information that could be attributed to you. Under no circumstance will a hardship exception be granted during an event-specific blackout period.

Prearranged Trading Plans

An SEC rule, Rule 10b5-1(c), provides a defense from insider trading liability if trades occur pursuant to a pre-arranged "trading plan" that meets specified conditions. Under this rule, if you enter into a binding contract, an instruction or a written plan that specifies the amount, price and date on which securities are to be purchased or sold, and these arrangements are established at a time when you do not possess material nonpublic information, then you may claim a defense to insider trading liability if the transactions under the trading plan occur at a time when you have subsequently learned material nonpublic information. Arrangements under the rule may specify amount, price and date through a formula or may specify trading parameters that another person has discretion to administer, but you must not exercise any subsequent discretion affecting the transactions. In addition, if your broker or any other person exercises discretion in implementing the trades, you must not influence his or her actions, and he or she must not possess any material nonpublic information at the time of the trades. Trading plans can be established for a single trade or a series of trades.

It is important that you properly document the details of a trading plan. Please note that, in addition to the requirements of a trading plan described above, there are a number of additional procedural conditions to Rule 10b5-1(c) that must be satisfied. Please check with your broker or legal advisor on these conditions.

Pre-clearance Procedures for Directors, Executive Officers and Other Designated Employees

To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on inside information, directors and executive officers of the Company and any other persons designated by the Chief Financial Officer as being subject to the Company's pre-clearance procedures, together with their family members, may not engage in any transaction involving the Company's securities without first obtaining pre-clearance of the transaction from the Chief Financial Officer. A request for pre-clearance should be submitted to the Chief Financial Officer at least two days in advance of the proposed transaction. The Chief Financial Officer is under no obligation to approve a trade submitted for pre-clearance and may determine not to permit the trade.

Any person subject to the pre-clearance requirements who wishes to implement a prearranged trading plan under SEC Rule 10b5-1, as described above, must first pre-clear the plan with the



Chief Financial Officer. Transactions effected pursuant to a pre-cleared trading plan will not require further pre-clearance at the time of the transaction if the plan specifies the dates, prices and amounts of the contemplated trades or establishes a formula for determining the dates, prices and amounts.

Transactions under Company Plans

Please note that this Policy generally applies to transactions under stock incentive, 401(k), and self-directed pension accounts, including the following:

- any sale of stock as part of a broker-assisted cashless exercise of an option and or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option;
- certain elections you may make under the Company's 401(k) plan, including:
 - an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund,
 - an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund,
 - an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance, and
 - your election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.
- all sales of Company stock purchased pursuant to a 401(k) or self-directed pension plan.

This Policy does not apply, however, to the following transactions under Company plans:

- the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares subject to an option to satisfy tax withholding requirements,
- purchases of Company stock in a 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election,

Additional Prohibited Transactions

The Company considers it improper and inappropriate for any employee to engage in short-term or speculative transactions in the Company's securities. Accordingly, this Policy prohibits employees from engaging in any of the following transactions:

Short-Term Trading. An employee's short-term trading of the Company's securities may be distracting to the employee and may unduly focus the employee on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any employee who purchases Company securities in the open market may not sell any securities of the same class during the six months following the purchase.

Short Sales. Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, this



Policy prohibits short sales. Section 16(c) of the Securities Exchange Act of 1934 also prohibits officers and directors from engaging in short sales.

Publicly Traded Options. [Not currently applicable] A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the employee is trading based on inside information. Transactions in options also may focus the employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, this Policy prohibits transactions in puts, calls or other derivative securities on an exchange or in any other organized market. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")

Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the employee may no longer have the same objectives as the Company's other shareholders. Therefore, employees are prohibited from engaging in any such transactions.

Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities, employees are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company securities as collateral for a loan must submit a request for approval to the Chief Financial Officer at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.

Post-Termination Transactions

This Policy continues to apply to your transactions in Company securities even after your employment terminates. If you are in possession of material nonpublic information when your employment terminates, you may not trade in Company securities until that information has become public or is no longer material.

Company Assistance

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from Mark McKinnies, the Company's Chief Financial Officer, whose telephone number is 303.339.8850. Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with the individual employee.



E. Accounting Standards and Documentation

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions.

1. All accounts and records shall be documented in a manner that:
 - a. Provide reasonable detail and clearly describe and identify the true nature of business transactions, assets, liability or equity, and
 - b. Properly and timely classifies and records entries on the books of account in conformity with Generally Accepted Accounting Principles (GAAP), all applicable legal requirements and the Company's system of internal controls.
2. No record, entry or document shall be false, distorted, misleading, misdirected, deliberately incomplete or suppressed.

The Company has established internal control standards and procedures to ensure that assets are protected and properly used and that financial records and reports are accurate and reliable. Employees share the responsibility for maintaining and complying with required internal controls. Improper accounting and documentation and fraudulent financial reporting are not only contrary to Company policy but also may be in violation of the accounting provisions of the U.S. Foreign Corrupt Practices Act or other laws or regulations. Such violations potentially involve personal liability, both civil and criminal, as well as sanctions against the Company. Examples include intentionally misclassifying amounts between cost or capital, intentionally accelerating or deferring costs or revenue more properly reflected in a current period, intentionally misclassifying unsaleable inventory as acceptable finished product and intentionally falsifying travel and expense reports.

In addition to the foregoing obligations, the CEO, Executive Team and senior financial officers are also subject to the following specific policies:

- The Company's CEO, Executive Team and all senior financial officers are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the Securities and Exchange Commission. Accordingly, it is the responsibility of the CEO, Executive Team and each senior financial officer to promptly bring to the attention of the Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise assist the Audit Committee in fulfilling its responsibilities as specified in the Company's Governance Manual.

- The CEO, Executive Team and each senior financial officer shall promptly bring to the attention of the Audit Committee any information he or she may have concerning significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data.



SAMPLE

CODE OF CONDUCT ACKNOWLEDGMENT RECEIPT

Employment with ADA-ES, Inc. is at will. I have the right to end my work relationship with the organization, with or without advance notice for any reason. The organization has the same right.

I acknowledge receipt of the current ADA-ES, Inc. Code of Conduct dated _____. I understand that I am to become familiar with its contents. The document outlines employee responsibilities related to business ethics policies and procedures.

I am aware that the Code of Conduct is not all-inclusive and is subject to change without prior notice, except for the at-will provision. Consequently, I know that the contents of the Code of Conduct do not constitute an express or implied contract of employment.

If I have questions regarding the contents of the Code of Conduct, I understand that I am encouraged to talk to the Human Resources Manager, the Chief Operating Officer, or the President/Chief Executive Officer.

Finally, I understand that this edition is the most current and supersedes all previously issued editions.

Employee Signature _____

Employee Name (print) _____

Date _____

Original to Personnel File