

Revised 05/09/13



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## **Financial Code of Ethics**

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**Updated  
2013**

## **I. Background**

Section 406 of the Sarbanes-Oxley Act requires a company to disclose annually whether the company has adopted a code of ethics for the company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. If it has not adopted such a code, it must explain why not.

The Securities and Exchange Commission ("SEC") rule elaborates on this requirement by defining a code of ethics as "written standards" that are reasonably necessary to deter wrongdoing and to promote:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. Full, fair, accurate, timely, and understandable disclosure in reports and documents that a company files with, or submits to, the Commission and in other public communications made by the company;
3. Compliance with applicable governmental laws, rules and regulations.
4. The prompt internal reporting of code violations to an appropriate person or persons identified in the code; and
5. Accountability for adherence to the code.

The final SEC rule provides a company with three alternative methods to publicly disclose its financial code of ethics: filed as an exhibit to its Form 10-K; posted on the company's website with the internet address contained in the 10-K, or referenced in the 10-K and made available without charge upon request. Likewise, a company must publicly disclose any amendment to the financial code of ethics, as well as any waiver or implicit waiver of the financial code of ethics, including the name of the person to whom the waiver was granted and the date. This disclosure must be made by filing a Form 8-K or a posting on the company's website within five business days.

### *Company Analysis*

The Company implemented a Code of Ethics for Senior Financial Officers in 2002. This Code has been executed by the Chief Financial Officer and all other senior financial officers of the Company. The executed documents are maintained in the law department.

To comply with the SEC rule, the Company's Code of Ethics for Senior Financial Officers must be executed by the Chief Executive Officer. Although not required, as a best practice, the Company recommends that it be executed by the Company's corporate officers on an annual basis.

The Board approved the attached Financial Code of Ethics and accepted the Company's recommendation that, as a best practice, it be executed by all Company officers annually. Further, the Code of Ethics for Senior Financial Officers is posted on the Company's website, with a reference to the website in the Company's Form 10-K filing.

**A. O. SMITH CORPORATION**  
**Financial Code of Ethics**

Recognizing my responsibilities as a senior financial officer / officer of A. O. Smith to the Company, its stakeholders and the public, I will:

- ◆ Provide constituents with information that is accurate, complete, objective, relevant, timely and understandable.
- ◆ Act with honesty and integrity, avoiding actual or apparent conflicts of interest with the Company in personal and professional relationships.
- ◆ Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- ◆ Act in good faith, responsibly, with due care, competence and diligence, without taking undue risks and without misrepresenting material facts or allowing my independent judgment to be subordinated.
- ◆ Respect the confidentiality of information acquired in the course of my work and not disclose confidential information except when authorized or otherwise legally obligated to do so. Confidential information acquired in the course of my work will not be used for personal advantage.
- ◆ Proactively promote ethical behavior and not engage in risk taking activities that could jeopardize the financial position of the Company.
- ◆ As appropriate, ensure that employees are aware of the Company's Integrity HelpLine and understand how to use it.

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05/09/2013