



Insider Trading Compliance Policy

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Scope: All Locations Globally	Effective Date of this Version of Policy: January 2017
Name of Policy: Insider Trading Compliance	Document Control #: Global Policy 07

Purpose

The purpose of this policy is to promote A. O. Smith Corporation's ongoing commitment to compliance with all applicable insider trading laws, and to assist you in meeting your responsibility to comply with these laws.

Scope

This policy applies globally to all employees of A. O. Smith Corporation ("A. O. Smith" or "Company") and its subsidiaries, divisions, joint ventures, and other affiliates. It also applies to other individuals and entities that A. O. Smith Corporation may require to adhere to this policy.

Definitions

For the purposes of this policy, material, non-public information is defined as follows:

- **Material Information.** Material information is any information about the Company that a reasonable investor would consider important in the decision to buy, hold or sell securities of the Company. Generally, it includes any information which could reasonably affect the price of the Company's securities. Some examples of material information include:

Information regarding future earnings or losses; changes in dividend policies; declaration of a dividend; any pending or proposed merger, acquisition or tender offer; a significant sale of assets or sale of a subsidiary; significant management changes; labor negotiations; the offering of additional securities; information about the Company's capital structure, including liquidity or other financial metrics; unusual gains or losses in major operations; major marketing changes; the gain or loss of a substantial customer or supplier; significant new products or discoveries.

These are only some examples of what may be considered material information. Either positive or negative information may be material.

- **Non-public information.** Non-public information is any information about the Company that has not been publicly disclosed. Information ceases to be non-public when it has been broadly disclosed and investors in the Company's securities have had a sufficient time to assimilate and react to it.

The Company generally considers that information about the Company has ceased to be non-public after the *second business day* following the date on which the Company has disclosed such information to the public. Generally, the Company will disclose non-public information by filing annual, quarterly, current or other reports and communications with the Securities and Exchange Commission. The Company customarily releases its annual results during the latter part of January and its quarterly results the third week of April, July and October.

Policy Requirements

As an employee of A. O. Smith Corporation you may gain access to material, non-public information about the Company. You may also gain access to material, non-public information about other companies (including customers or suppliers of the Company).

POLICY ON CONFIDENTIALITY AND TIPPING

If you possess or become aware of material, non-public information about the Company, you must keep such information confidential. You must not disclose such information to anyone, including any person who may trade on such information. You must also refrain from suggesting or recommending that any person trade on the basis of such information. This kind of disclosure is known as "tipping."

POLICY ON TRADING WHILE IN POSSESSION OF MATERIAL, NON-PUBLIC INFORMATION

If you possess any material, non-public information about the Company, you may not trade, (*i.e.*, buy or sell) any securities of the Company or engage in any action to take advantage of such information until such information ceases to be nonpublic.

This policy applies to any of your family members, relatives or friends. See "Policy on Confidentiality and Tipping," above. You are responsible for the compliance with this policy of your family members, relatives or friends.

Preclearance Requirement for Trading

All directors, officers and key employees of the Company must notify the General Counsel and the Chief Financial Officer in writing (by electronic mail or otherwise) prior to any proposed purchase or sale of Company stock. The approval of both the General Counsel and the Chief Financial Officer is required for any proposed trade. For this purpose, an electronic stock approval process is available on AOSNet. Once the director, officer or key employee completes the electronic form, it is automatically routed to the General Counsel and the Chief Financial Officer, and the individual is electronically notified when the process is complete. Trading clearance will normally be given for a period of fifteen (15)

calendar days unless a shorter period is specified and unless the person given clearance is aware of undisclosed material information.

In addition, directors, officers and persons who beneficially own 10% or more of Company securities must timely report any changes in their ownership under Section 16 of the Exchange Act by filing a Form 4 with the SEC before the end of the second business day following execution of the transaction. **Contact the General Counsel or Wendy Grant, Supervisor Law Department Administration at wgrant@aosmith.com or 414-359-4147, before trading to ensure that the transaction is reported timely to the SEC.**

No Trade Window Periods

Trading of the Company's securities by any director, officer or key employee shall be prohibited during certain designated no-trade window periods. The no trade window periods begin on the 10th day of the month prior to the month of the release of annual or quarterly financial results and continue through the 2nd business day after the release of the financial results, inclusive of the day of the press release. For reference, a copy of the current no trade window calendar may be found on AOSNet.

Certain Trading Prohibited

Under this Policy, directors, officers, and key employees should not engage in any short-term or speculative transactions involving Company securities, such as short sales, sales against the box, buying or selling puts or calls, trading in options, or trading in securities on a short-term basis. **Contact the General Counsel with any questions regarding this prohibition.**

Policy and Insider Trading Prohibition Applicable to 401(k) and Dividend Reinvestment Plans

"Trading" also includes making changes to investment elections of Company stock in an A. O. Smith Profit Sharing Retirement Plan (401(k) Plan) or making changes to plan participation decisions in the Company's Dividend Reinvestment Plan (DRP) based on material, non-public information relating to the Company.

If you wish to change your investment election in Company stock in the 401(k) Plan or your participation and plan decisions in the DRP, **such changes must be made during an open trade window and must be precleared by the General Counsel and Chief Financial Officer as described above.**

Prohibition on Insider Trading of other Companies

This policy also applies to material, non-public information about any other company (including customers or suppliers of the Company), which you may gain as an employee of the Company, and trading in the securities of such other companies. This conduct is known as "misappropriation."

CONSEQUENCES OF TRADING WHILE IN POSSESSION OF MATERIAL, NONPUBLIC INFORMATION, TIPPING AND MISAPPROPRIATION

Under federal and state securities laws, it is generally unlawful:

- for any employee of the Company to trade in securities of the Company while in possession of material, non-public information about the Company;
- for any employee of the Company to misappropriate information about other companies by trading in securities of other companies while in possession of material, non-public information about such companies gained as an employee of the Company; and
- to disclose or “tip” such information about the Company or other companies to others who may trade on it.

BOARD OF DIRECTORS APPROVAL AND INSIDER TRADING COMPLIANCE POLICY COORDINATOR

The Board of Directors of the Company has approved the Company’s Insider Trading Compliance Program and directed that its provisions be implemented and maintained by the Company as part of its commitment to compliance with applicable federal and state insider trading laws and regulations.

In order to ensure compliance with its Insider Trading Compliance Policy, the Company has designated James F. Stern, Executive Vice President, General Counsel & Secretary, as the Program Coordinator. The Program Coordinator is responsible for developing and implementing appropriate methods for monitoring compliance with the Company’s Insider Trading Compliance Policy. If you have any questions regarding your responsibilities and obligations under this policy or become aware of any violations, even inadvertent violations of this policy, you should contact the Program Coordinator at (414) 359-4031.

Violations

Violation of this policy could result in both civil and criminal penalties, including fines and jail sentences for you, for the Company and for the person who trades based upon a tip. You can incur penalties for such violations by tipping information to others, even if you do not personally profit from the other person’s actions. In addition, violators of this policy will be appropriately disciplined, up to and including termination of employment.

Policy Owner/Contact

The Corporate General Counsel of A. O. Smith Corporation is responsible for implementation of this policy. Please contact him/her if you have any questions regarding this policy, or to report a concern or violation of this policy.

NOTE: THIS POLICY MAY ONLY BE REVISED IF APPROVED BY THE CORPORATE GENERAL COUNSEL OF A. O. SMITH CORPORATION.