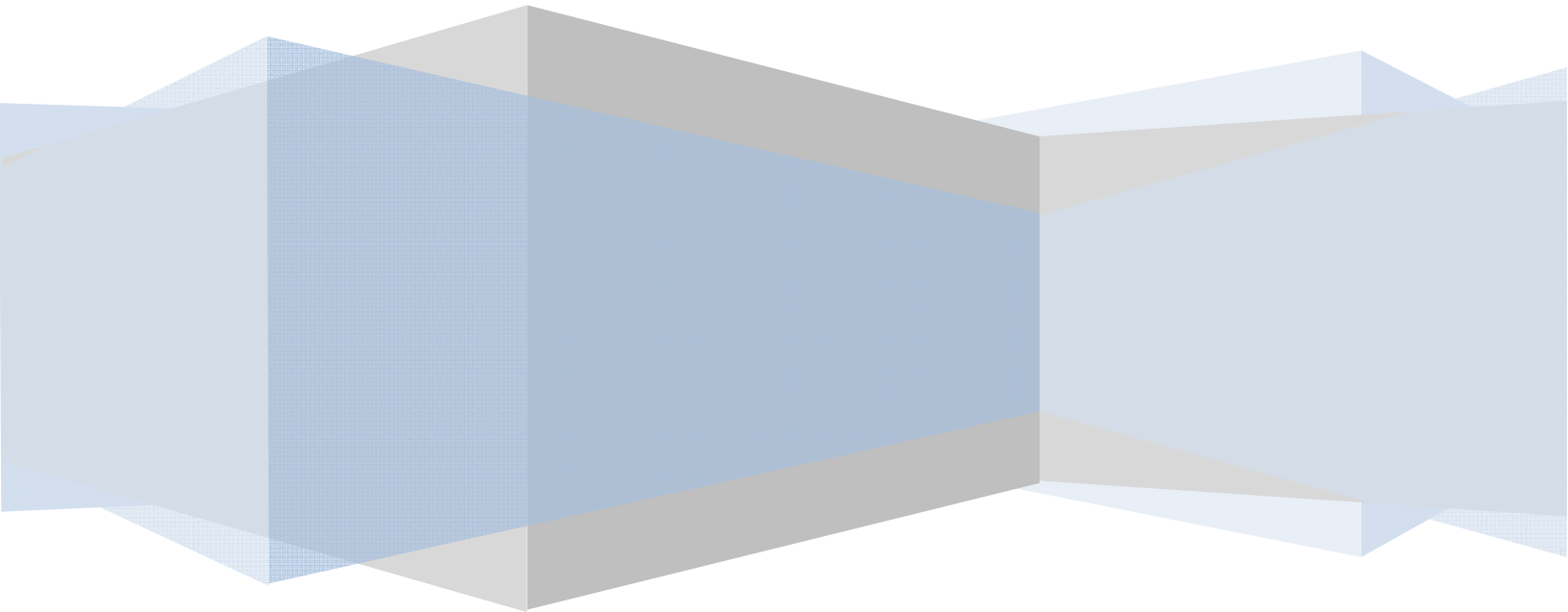




American States
Water Company

CODE OF CONDUCT



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AMERICAN STATES WATER COMPANY

CODE OF CONDUCT

1. INTRODUCTION

We are firmly committed to conducting business in compliance with the letter and spirit of the law and other accepted standards of business conduct reflected in our corporate and personnel policies.

This Code of Conduct (“**Code**”) sets forth the policies and business practices that apply throughout American States Water Company, including all divisions, subsidiaries and plants (the “**Company**”). Failure to comply with this Code and applicable laws, rules, and regulations could severely harm the Company. Every director, officer (including senior financial officer, principal financial officer and comptroller, principal accounting officer, and persons performing similar functions), and employee of the Company (“**Covered Persons**” or “**you**”) must abide by this Code and applicable laws and regulations.

This Code does not cover every issue that may arise, but sets out basic principles. If a law conflicts with a policy in this Code, you must comply with the law. If another policy of the Company conflicts with this Code, you must comply with this Code. If you have any questions about the application of this Code to any particular situation, or if you are in a situation that you believe may violate or lead to a violation of this Code, you should ask your supervisor how to handle the situation or contact senior management.

Persons who violate this Code will be subject to disciplinary action and other consequences.

2. PROCEDURAL MATTERS

- 2.1 Responsibility and administration.** The Company’s senior management is responsible for communicating and implementing this Code throughout the Company.
- 2.2 Conduct violating this Code.** Conduct violating this Code is considered outside the scope of your employment. Any such conduct by anyone acting on the Company’s behalf is not acceptable.
- 2.3 Sarbanes-Oxley Act, Section 406.** This Code is intended to comply with the requirements of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules adopted by the Securities and Exchange Commission (“**SEC**”) to implement that section of the Act.

3. REPORTING

- 3.1 Reporting violations.** We encourage and expect you to promptly bring possible violations of the Code to the attention of your supervisor/manager through normal reporting channels or by reporting them through the procedures set forth in this Code, including the reporting of any illegal or unethical behavior.

Reporting violations of this Code may also be accomplished by calling the Fraud, Waste, and Ethics Hotline. The Company has retained an independent third party to administer the Hotline. This is an anonymous reporting Hotline that is available twenty-four hours a day, seven days a week. Call the toll free number at 888-373-8817. To file a report on-line, from any computer having Internet access, please go to www.ethicspoint.com.

- 3.2 Confidentiality; No retaliation.** Any good faith communication of possible violations will be kept confidential to the extent practicable. There will be no punishment or retaliation if you, in good faith, report the improper conduct of others. **We take claims of retaliation seriously. Allegations of retaliation will be investigated and appropriate action taken.**

4. LEGAL COMPLIANCE MATTERS

Our ethical standards require us to obey the law, both in letter and in spirit. We seek to outperform our competition fairly and honestly through superior performance, never through unethical or illegal business practices. The Company's funds, services or assets must not be used for any unlawful or improper purpose.

- 4.1 Insider trading.** Because people who buy or sell securities on the basis of "inside information" have an unfair advantage over other investors, such actions are unlawful and could subject you and the Company to great harm, risk or embarrassment. All non-public information about the Company should be considered confidential information. If you have any questions, please consult the Chief Financial Officer.

The Company has adopted a detailed Insider Trading Policy setting forth more detail about issues relating to buying and selling Company securities. It is posted on our internal website. The following is a brief summary of that document. You should consult the Insider Trading Policy for more detailed information about purchases or sales of the Company's securities.

Company securities. Buying or selling Company securities owned by you when you know material non-public information, or giving such information to other people, is against Company policy. You must not communicate material, non-public information about the Company to other persons (except for an authorized Company purpose) and must not recommend to anyone the purchase or sale of Company securities. Information is considered "material" if it could affect the market price of the securities of the Company or if a reasonable investor would think that the information is important in deciding whether to buy, sell or hold the securities in question. The Company has instituted a blackout period policy under which you may buy or sell the Company's securities only during specified periods.

Securities of other companies. The same restrictions and policies apply to trading in the securities of other companies, or giving information to other people, if you have

obtained confidential or non-public information about that company in the course of your duties for us.

Securities laws; Penalties. Improperly buying or selling stock is also covered by a number of federal and state law securities. Penalties for violating these laws can range from having to give up your profits, fines, and a wide range of criminal penalties.

- 4.2 Political Activities; Political Contributions; Bribes of Governmental Officials.** Political contributions or payments to governmental officials are highly regulated and restricted by law. There are several basic aspects of our policy with respect to such matters.

Company Political Activities. You must not make any direct or indirect payment or contribution on behalf of the Company for the support of political parties or political candidates for any office (federal, state or local) in the United States or any foreign country, unless authorized in advance in writing by the senior management.

Your own activities. In any personal activity, you should make it clear that you are not acting on behalf of the Company.

Other Employees. You must not exert any pressure, direct or implied, that restricts any employee from deciding whether, to whom, and in what amount, he or she will make a political contribution or render services to individual candidates or political committees where permitted by applicable laws.

- 4.3 Bribery; Gifts; Entertainment.** The Company seeks to deter givers of gifts from seeking or receiving special favors from the Company's employees, officers or directors. Accepting gifts can appear to be an attempt to influence the recipient into favoring a particular customer, vendor, consultant, or the like. Therefore, you must not engage in soliciting, directly or indirectly, any bribe, kickback or other payment or benefit from any employee or agent of any current or prospective vendor, supplier, landlord, lessee, competitor, or other person or entity in any matter related to the Company (each hereafter referred to as a "**Customer**" or "**Supplier**"). You may not accept any unsolicited gift of more than nominal value or entertainment that is more than a routine social amenity from a customer or supplier in the course of your employment. Gifts should be shared with employees whenever practical. In addition, you must not provide gifts on behalf of the company to non-charitable organizations. Gifts on behalf of the company to charitable organizations must be approved by your respective Vice President.

- 4.4 Environment, health and safety.** We are committed to environmental, health and safety protection for our employees, customers, neighbors and others who may be affected by our products or activities. You are responsible for fully supporting our policy of compliance with applicable laws and regulations regarding health, safety, and environmental protection. If anyone asks you to ignore these rules, you should immediately contact your supervisor or senior management.

Environmental laws. Federal, state and local environmental laws regulate the emission of pollutants into the atmosphere, the discharge of pollutants into surface and underground waters, and the handling and disposal of wastes. Other laws also safeguard health, safety and the environment. You must comply with the Company's policies and operating procedures to assure compliance with these laws and regulations and with permits issued pursuant to these laws.

Health and safety rules. All employees and contractors on the Company's premises must abide by all safety rules and practices, assume responsibility for taking the necessary precautions to protect themselves and co-workers and immediately report accidents and unsafe practices or conditions to the Risk Manager.

Work place violence. A safe and secure work environment also means a work place free from violence. Threats (whether implicit or explicit) intimidation and violence have no place in the Company and will not be tolerated. Weapons, even if used for sporting purposes, are not allowed in the work place.

- 4.5 Government Inquiries or Investigations.** Many of our business activities are regulated. This means that from time to time our personnel may come into contact with Government officials responsible for enforcing the law. You must deal honestly with Government officials. Always contact the appropriate Vice President immediately upon receiving a request for information for a Government agency, including any actual or suspected illegal conduct of any kind.

5. PERSONAL AND PROFESSIONAL CONDUCT

- 5.1 Fraud, dishonesty or criminal conduct involving company operations is prohibited.** Fraud, dishonesty or criminal conduct on the part of any employee, officer or director or anyone doing business with the company will not be tolerated. Conduct prohibited by this Code includes theft of employee or company property; misuse of computer, telephone or mail resources; falsification of records or reports, including signing another person's name or any unauthorized alteration of a company document; violation of the drug and alcohol policy or weapons prohibition policy; and violence or threats of violence. If you detect or suspect conduct on the part of anyone inside or outside the Company that violates this Code, it is your responsibility to report it immediately to the Human Capital Management Manager, the Internal Audit Manager or, the Fraud, Waste, and Ethics Hotline. Please refer to the Company's Employee Complaint Procedure for Accounting and Auditing Matters and The Employee Complaint Procedure for Alleged Waste, Ethics Violations, and Illegal Acts for additional information. A copy of each is available on the Company's internal website.
- 5.2 Selection of suppliers.** All purchases from Suppliers must be in accordance with the Company's purchasing policies, a copy of which is available on the Company's internal website.

6. CONFLICTS OF INTEREST

A “conflict of interest” occurs when your private interests interfere with, or are contrary to, the interests of the Company. A conflict situation can arise if you take action or have interests that may make it difficult to perform your work for the Company objectively and effectively. Conflicts of interest may also arise if you or members of your family receive improper personal benefits as a result of your position in the Company.

Prohibited Conflicts. You should not engage in transactions or other actions having a conflict of interest are prohibited except under guidelines approved by the Board of Directors or its Audit Committee.

Family defined. “Family” includes your spouse, grandparents, parents, stepparents, children, stepchildren, siblings, stepsiblings, grandchildren, uncles, aunts, nephews and nieces, and any spouses or persons in a committed relationship with you or any of the foregoing persons. On conflicts questions you are not responsible for learning about the activities of family members who do not reside with you, but if you in fact know about their activities, you must take them into account in these matters.

Examples of Possible Conflicts of Interest. Set forth below are areas where conflicts may arise. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management. These examples are not a comprehensive list of all possible conflicts of interest.

- **Work for third parties.** Employees are not allowed to work for a competitor, customer or supplier as a consultant, board member, officer, agent, employee, or in any other capacity. If you are considering outside employment, you should discuss with your supervisor whether outside employment may interfere with your duties or create a conflict of interest.

A management position with the Company represents a full-time commitment to the Company. An employee who is a Manager or above should not have any other employment or business interests without notice to Human Resources and the prior written approval of his or her Vice President.

- **Causing the Company to do business where you or a family member stands to gain.** You must not cause the Company to do business with any business in which you or a member of your family directly or indirectly stands to gain personally.
- **Investments; Family businesses.** You and your family need to be careful that your investments do not create conflicts of interest, or the appearance of conflicts of interest, that would impair your ability to make proper decisions on behalf of the Company. Family businesses or other businesses in which you participate as an owner, a partner, director, officer, employee, consultant or shareholder that may create a conflict of interest or *may* interfere with your duties to the Company must be disclosed in writing to Human Capital Management and reviewed and

approved by the appropriate Vice President. The Vice President will decide an appropriate course of action, which might require you to dispose of such investments.

- ***Hiring or retaining family members.*** Employees with hiring authority must not cause the Company to retain or employ a family member as an employee or consultant or other capacity. The Summer Intern program, which is managed by the Corporate Human Capital Management department, is exempt from this restriction.
- ***Corporate Opportunities.*** You must not (a) take for your personal benefit business opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) use corporate property, information or position for personal gain; or (c) compete with the Company.

7. FINANCIAL MATTERS; RECORDKEEPING

We are a publicly traded company. Public investors rely upon the quality and integrity of our financial reports and press releases. Accordingly, it is imperative that the Company maintain accurate books and records and report its financial results and condition accurately.

- 7.1 Books and records.** False, misleading, incomplete or inaccurate record keeping is unacceptable. All assets, liabilities, expenses and transactions must be recorded in the Company's regular books of account in a manner consistent with the Company's internal controls and accounting policies. Documentation of all material business transactions must accurately describe the essential information.
- 7.2 Record retention and destruction.** You must retain or destroy Company records only according to (a) the Company's record retention policies, as they may be amended from time to time and (b) applicable law and regulations. You may not destroy, alter or falsify any document that may be relevant to a threatened or pending lawsuit or governmental investigation. If you are aware of pending or threatened litigation or governmental investigation, consult the Chief Financial Officer before destroying or altering any documents or records directly or indirectly related to that matter.

Financial statements. Knowingly misrepresenting facts related to preparing financial statements, financial data or other Company records is strictly prohibited by Company policy and the law.

Periodic reports and other disclosure documents. We are committed to providing full, fair, accurate, timely and understandable disclosure in periodic reports we filed with the SEC ("**Periodic Reports**") and in all other disclosure

documents file with or submit to the SEC or provide to the Company's investors or prospective investors ("**Disclosure Documents**").

7.3 Dealings with external auditors and internal audit staff. Our personnel who communicate with our external auditors and internal audit staff must adhere to the guidelines set forth below.

- You should be candid and forthright in all dealings with the Company's external auditors or internal audit staff, and you must not knowingly misrepresent facts or knowingly fail to disclose material facts.
- You must not take, or direct any other person to take, any action to fraudulently influence, coerce, manipulate, or mislead any auditor engaged in the performance of an audit of the Company's financial statements for the purpose of rendering such financial statements materially misleading.
- You must not make false or misleading statements to an accountant or auditor in connection with any audit or examination of the Company's financial statements.

8. EMPLOYMENT

In all matters relating to employment or any other way the company and its employees interact, we are committed to compliance with all applicable laws.

8.1 Discrimination. Every decision made concerning hiring, promotion, compensation, training, assignment of job responsibilities, termination, or any other aspect of the employment relationship is to be made without regard to race, color, national origin, religion, sex, age, sexual orientation, marital status, disability or veteran's status, or any other legally impermissible factor. The Company has adopted many policies governing your employment, all of which are available on the Company's internal website, and you should abide by all such policies.

8.2 Workplace harassment. We prohibit any unwelcome or unwanted conduct based upon an individual's race, color, religion, ethnicity, gender, national origin, disability, age, sexual orientation, veteran status or any other legally protected status that is made an explicit or implicit term or condition of an individual's employment, or unreasonably interferes with job performance, or creates an intimidating, hostile or offensive working environment.

8.3 Workplace violence. We will not tolerate violence of any kind in the workplace. We expect employees to resolve their differences through discussion and, if necessary, through the assistance of their supervisors/managers or the Company's Human Capital Management Department.

8.4 Illegal drugs and alcohol. Reporting to work under the influence of any illegal drug or alcohol, or using, possessing or selling illegal drugs or alcohol while on the job is

prohibited and may result in immediate discharge and/or other sanctions or consequences.

9. CONFIDENTIALITY OF INFORMATION

Except as required by your job, you must not improperly use or disclose to others any “Confidential Information” relating to the Company or any of the Company’s Customers or Suppliers. You should consult the Chief Financial Officer if you believe you have a legal obligation to disclose Confidential Information in a manner not permitted by Company policies.

- 9.1 Confidential Information defined.** You should treat as confidential all information that you obtain during the course of your relationship with the Company that has not been officially or publicly disclosed or is common knowledge. “**Confidential Information**” includes, but is not limited to, information regarding business plans and strategies, revenue, expenses, capital investments, financial data and projections, marketing information, personnel information, rate cases or applications, sales data, vendor or customer lists, systems, formulas, models, spreadsheets, techniques, and other types of confidential data that you come in contact with in the course of your employment. It includes such information not only about the Company but about Regulators, Customers, Suppliers, and other parties we do business with. It also includes confidential information that might be deemed Inside Information under our Insider Trading Policy.
- 9.2 Confidential Information about individuals.** Information pertaining to the health, performance evaluations, promotability, and compensation data of our employees must be maintained in a confidential manner for the protection of individual privacy, as required by law.
- 9.3 News reporters or the press.** You must not talk to the press or be a source of information for the press unless you have been expressly authorized as a spokesperson by the Company. The Company has adopted a disclosure policy that is available on the Company’s internal website and you must abide by those policies in connection with any public disclosures. Any press inquiries should be directed to your Regional Vice President.
- 9.4 Confidential Information of third parties.** You must not improperly take proprietary information from other parties, use trade secret information of other parties that was obtained with the owner’s consent, or induce such disclosures by past or present employees of other companies.
- 9.5 Information you develop or create; Termination of Employment.** Confidential Information you develop during the course of employment with Company resources is the property of the Company. If you terminate your employment or relationship with the Company or are terminated, you are still bound to maintain the confidentiality of Confidential Information.

10. UNAUTHORIZED USE OF COMPANY PROPERTY OR PROPERTY OF THIRD PARTIES

- 10.1 No Personal Use.** Unless otherwise expressly prohibited by an employee's supervisor, reasonable, appropriate and legal incidental use of Company's telephones, cell phones, computers, or other equipment is permitted. Company cars used by Vice Presidents, other executive officers, and by other employees authorized for personal use of a vehicle by the Vehicle Management Policy, may be used for personal reasons when not required for business purposes. In addition, company owned computers, facsimile machines, cell phones and other equipment and property authorized to be used or kept in their residence, or while traveling on company business, may be used for personal reasons when not required for business purposes (subject to the requirements of the rest of this Section 10, which shall apply during personal use).
- 10.2 Offensive Content or Use.** Company computer, facsimile and other equipment and property must not be used for the transmission of sexual, offensive, pornographic, racist and other socially offensive messages.
- 10.3 Ownership of Information; No Expectation of Privacy.** No one can expect personal privacy with respect to documents and messages stored in or on Company files (either computer or paper), disks, storage areas or electronic voicemail and e-mail systems. All information, documents or other material processed or stored on the Company's equipment are Company property, regardless of physical location, even if they are in a "personal" or similar file or protected by a password. Company information shall be deemed Company property regardless of where it is stored (examples include but are not limited to: personally-owned computer, lap tops, emails, cell phones, Personal Data Assistants (PDAs), CDs, DVDs, etc).
- 10.4 Employee-owned Computers.** Employee-owned computers on Company property must be made available for review and inspection, including information included thereon, at the request of the Company.
- 10.5 Software.** The Company does not allow the use of unauthorized, pirated or unlicensed software on Company equipment. If you use a computer for Company purposes, you must have an approved, original copy of every software program that is used on it.
- 10.6 Copyrighted materials and Intellectual Property belonging to others.** We respect the owners' rights to these materials. Therefore, we may not make unauthorized copies of or modifications to copyrighted materials or disseminate intellectual property of others. We may not distribute or alter copyrighted materials owned by others without a valid license or other prior permission of the copyright owner or its authorized agent.

11. OTHER PROVISIONS

- 11.1 Amendments; Waivers; Public Disclosure.** Amendments to this Code must be in writing and approved by the Audit Committee of the Board. In addition, any exception from or waiver of this Code for executive officers, directors, the chief financial officer, the controller or persons performing similar functions may be made only by the Audit Committee and must be promptly disclosed to shareholders.
- 11.2 Enforcement.** All executive and management personnel are responsible for enforcing this Code. Such responsibilities include, but are not limited to, periodically distributing to and discussing this Code with employees to ensure employee knowledge and compliance, and will be disclosed to the public as required by applicable law and exchange listing requirements.
- 11.3 Audit Procedures.** The Chief Executive Officer, the Board of Directors or the Audit Committee may, at their discretion, from time to time, establish and disseminate (a) additional personnel policies and procedures, (b) accounting and financial policies and (c) procedures to monitor and to test compliance with this Code.
- 11.4 At Will Employment.** This Code does not create any contract of employment or express or imply a promise that employment may be terminated only for the reasons stated herein. Unless otherwise agreed to in writing by an officer authorized by the Board of Directors to do otherwise, Company employees are employed at will.
- 11.5 Interpretation.** All questions regarding the interpretation, scope, and application of the policies set forth in this Code must be referred to the Chief Financial Officer or, in the case of executive officers and directors, to the Audit Committee.
- 11.6 Clarification.** All employees are specifically directed to read and understand their obligations as set forth in this code. All employees are expected to perform their work with honesty and integrity in any area that is not specifically addressed by the Code of Conduct. A violation of this Code of conduct may result in appropriate corrective action, up to and including possible termination of employment with the Company. This Code of Conduct articulates general principles designed to guide employees in making ethical decisions. It cannot and is not, intended to address every possible situation that may arise in the course of business. Therefore, nothing in this Code of Conduct prohibits or restricts Company from taking disciplinary action on any matters relating to employee conduct whether or not they are expressly discussed in this document. This Code of Conduct is not intended to create any expressed or implied contract with any employee. In particular, nothing in this document creates any employment contract between the Company and any of its employees.