



EMPLOYEE CODE
OF BUSINESS ETHICS AND CONDUCT

JANUARY, 2009

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CODE OF CONDUCT

Introduction

This document is the Code of Business Ethics and Conduct (“Code”) for all Watsco, Inc.’s (Watsco and all of its business units) employees. It is designed to reaffirm and further implement Watsco’s standing policy of strict observance of all laws and ethical standards. This Code is intended to influence how each employee operates in the work place and to identify areas where, if additional guidance is needed, such guidance can be received.

Integrity

Watsco strives to achieve and maintain the highest ethical standards in all of its actions. As a company, Watsco has during its life, strived to deal fairly with its contractor customers, vendors, employees, lenders, investors and the general public. This manner of operation has earned Watsco a reputation as an honest and ethical organization. It is Watsco’s objective to assure that all employees continue to uphold its standards. To assure that happens, all employees need to be aware of the Company’s policy regarding business ethics and conduct.

Employees are always expected to comply with all applicable laws. In this Code we cite several areas where our policies are clear and employees are expected to comply fully with such policies. It is not possible, however, to list all of the various situations in which questions of business ethics and conduct might arise. Business ethics can be subjective. Some issues will require the exercise of your own best judgment given a particular set of circumstances.

If you have a doubt as to whether your actions comply with all applicable laws, ask yourself:

1. Are my actions legal?
2. Am I being honest?
3. Will my actions stand the test of time?
4. How will I feel about myself afterward?
5. How will it look in the newspaper?
6. Will I sleep soundly tonight?
7. What would I tell my child to do?

If you are still not sure what to do, ask... and keep asking until you are certain you are doing the right thing. If you are still in doubt as to what constitutes proper conduct, you should contact a member of the Corporate Assurance Committee or, if appropriate, the Chairman of the Audit Committee.

Business Practices

Administration of Code

This Code is administered by the Corporate Assurance Committee, which has been charged with the responsibility for monitoring performance under this Code of Business Ethics and Conduct, and for resolving concerns. The Director of this team reports to the Chairman of Watsco’s Board of Directors Audit Committee and oversees a vigorous corporate wide effort to promote a positive, ethical work environment for all employees. Company employees are encouraged to seek guidance regarding the application or interpretation of this Code from any member of the Corporate Assurance Committee and are expected to cooperate fully in any investigation of any potential violation of this Code. Any employee who desires to report a possible violation of this Code should contact his or her supervisor, or if circumstances warrant, a member of the Corporate Assurance Committee. **In special circumstances**, you may want to report a claim, to the Chairman of the Watsco Board of Directors Audit

Committee for disposition. Any claim of a possible violation may be made anonymously if a claimant so desires, and all claimants shall be guaranteed confidentiality in the handling of the potential violation.

Your Responsibility to Report Violations

We are dedicated to providing a work environment in which employees are free to express concerns or report apparent violations without fear of retaliation. Watsco calls upon every employee to report any violation or apparent violation of the Code. You are encouraged to work with your supervisor in making a report.

If you make a report:

- Reports will be handled as confidentially as possible. No employee will suffer indignity or retaliation because of a report he or she makes.
- Your concerns will be seriously addressed and, if not resolved at the time you call, you will be informed of the outcome.
- You need not identify yourself.
- Remember there is never a penalty for making a proper report of an ethics violation. People in a position of authority cannot stop you; if they try, they are subject to disciplinary action up to and including dismissal.

Corporate Assurance Committee

The current members of the Corporate Assurance Committee are as follows:

Barry S. Logan, Director	Watsco Senior Vice President
Ana M. Menendez	Watsco Chief Financial Officer

Making a Confidential Direct Report

Call	1-866-492-6800
Fax	1-305-714-4136
Write	Director, Corporate Assurance Team Watsco, Inc. 2665 South Bayshore Dr. Suite 901 Coconut Grove, FL 33133
E-mail	confidentialemail@watsco.com

Making a Confidential Direct Report to the Chairman of the Watsco Audit Committee

Call	1-727-421-6912
Write	Paul F. Manley Audit Committee Chairman Watsco, Inc. 2665 South Bayshore Dr. Suite 901 Coconut Grove, FL 33133
E-mail	watscoauditchrnm@aol.com

Abuse of the System

You must make a good faith report. Unfortunately, a program like this can be abused. From time to time, an employee may attempt to harm or slander another employee by false accusation, malicious rumors, or other irresponsible actions. Such attempts or any misuse of this system for reporting employee concerns will be subject to discipline.

Gifts/Bribes/Political Contributions

You may accept gifts, meals, or attend entertainment events if minor in value and a common courtesy associated with normal business relationships. You should not accept any gift or favor that commits you or Watsco to a business obligation, or which appears lavish or improper. You should not seek to gain special advantage for Watsco or yourself through the use of business gifts, favors, or entertainment if it could create even the appearance of impropriety.

A bribe is the offering or giving of something of value in exchange for a decision or action that, except for the bribe, would not have been made or not made in the same amount or manner. You should not give or take bribes, kickbacks, gratuities, or any other illegal payments in exchange for favorable treatment.

All employees who come in contact with government officials – domestic or foreign – must maintain the highest professional standards. Never offer anything of value to such officials to obtain a particular result for the Company. Federal law – The Foreign Corrupt Practices Act – deals specifically with U.S. companies operating in foreign countries.

Funds or assets of the Company, with the approval of the Watsco, Inc. CEO, may be used for federal, state or local political campaign contributions only if in compliance with statutory guidelines. These guidelines cover not only direct contributions but also indirect assistance or support of candidates or political parties through purchase of tickets to special lunches or dinners or other fund raising events or the furnishing of any other goods or services to candidates, political parties or committees.

Confidentiality of Information

Company employees must, at all times, both while employed and thereafter, keep in confidence all non-public information of or about the Company. Confidential information refers to information of a confidential or proprietary nature related to the Company, its business, its customers or vendors and their businesses which was gained as a result of your position as an employee of Watsco. Such information includes, for example, trade secrets, processes, data, know-how, improvements, techniques, business forecasts, plans and strategies. Confidential information must not be disclosed to anyone outside the Company, except to a person authorized by the Company to receive that information. Even within the Company, you should only disclose or discuss confidential information, especially financial information, with those employees who have a valid need to know. Keep documents and computers protected and secure.

Equal Employment Opportunity and Harassment Policies

It is our policy to employ, retain, promote, terminate and otherwise treat any and all employees and job applicants on the basis of merit, qualifications and competence. No persons shall be illegally discriminated against with respect to the terms of employment due to age, color, race, religion, disability, sex or national origin. No person shall be sexually harassed in the workplace.

Insider Trading

The Company, the New York Stock Exchange and the Securities and Exchange Commission (“SEC”) all have policies forbidding “insider trading.” Insider trading is a serious crime. The offense occurs when a person buys or sells securities of a publicly held company, such as Watsco, while in the possession of material non-public information about that company or when an employee “tips” or discloses to someone else material, non-public information about that company. Insider trading or the disclosure of confidential information which results in an individual trading on insider information can lead to an investigation by the SEC and tarnish the Company’s reputation. It may also subject the individuals involved to significant penalties.

Integrity of Records and Accounting Practices

All Company business transactions must be properly authorized and be accurately recorded and described in the Company’s books and records in accordance with generally accepted accounting principles and established Company financial policy. Compliance with accounting procedures and internal control procedures is required at all times. Company employees should never participate in the misstatement of the Company’s financial statements and no circumstances ever exist to justify the maintenance of “off the books” accounts to facilitate questionable or illegal payments or transactions.

No employee should make a false or misleading statement to the Company’s external or internal auditors, nor should any employee conceal or fail to reveal any information necessary to make the statements made to such auditors not misleading.

Occupational Safety

The Company expects employees to comply with all safety and health requirements, federal, state and local, as well as any Company policies with respect to health and safety in the workplace. All employees should immediately report unsafe working conditions or any accidents, no matter how minor the accidents appear, to their supervisor.

Fair Dealing

Every employee should endeavor to deal fairly with the Company’s customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

External Communications

All external communications, including media inquiries, but excluding normal course of business activities, that make reference to Watsco, Inc. or that might be considered “inside information” (e.g., significant information regarding the operations or financial results of the Company or its subsidiaries) must be reviewed and approved by Watsco’s Senior Vice President prior to publication. Such communications include press releases, videos and any external communications produced by one Watsco business unit that refers to any other Watsco business units.

Personal Practices

Company Property, Security, Privacy and Searches

Watsco reserves the right, at all times, and without prior notice, to inspect and search any and all Watsco property for the purpose of determining whether this policy or any other Watsco policy has been violated or for the

purpose of promoting safety in the workplace or compliance with state and federal laws. Such inspections and searches may be conducted during or after business hours and in or outside of your presence. Employees should not have an expectation of privacy as to any information or files maintained in or on Watsco's property or transmitted or stored in or through Watsco's voice mail, e-mail, and computers or other technical resources.

Conflicts of Interest

It is the Company's policy that every employee must avoid any interest, activity or relationship that conflicts or appears to conflict with the Company's interest. Employees owe a duty of loyalty to the Company and should take care to avoid situations in which there is even the appearance of actions for reasons other than the benefit of the Company. Personal interests must not conflict with Company interests.

Here are some ways a conflict of interest could arise:

- Employment by a competitor, supplier or related business, or other relationship that might be opposed to the interest of Watsco, while employed by Watsco.
- Placement of business with a firm owned or controlled by an employee or his or her family.
- Ownership of, or substantial interest in, a company that is a competitor or supplier.
- Acting as a paid consultant to a Watsco customer or supplier.
- Transactions with the Company that are outside the customary employment relationship.

Relationships (which may include family members or other personal relationships within any supervisory chain) that might impair an employee's independence or judgment, or result in disruptions in the workplace or other performance problems may result in a conflict of interest. Reporting levels between a supervisor and a family member should exist to preclude conflict of interest concerns.

Compliance with Anti-Trust Laws

Watsco and all employees must strictly comply with state and federal Anti-Trust laws. These laws prohibit agreements or understandings 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 or product lines.

Such agreements are against public policy, and against Watsco policy. No employee should engage in discussions of such matters with representatives of other companies. You should report to any member of the Corporate Assurance Committee any instance in which other companies initiate such discussions.

Drug, Alcohol and Other Prohibited Items Policy

The Company prohibits the use, possession, distribution, manufacture or transportation on Company property, or on Company business or during working hours by employees or others the following:

- Illegal drugs
- Equipment and paraphernalia relating to illegal drugs
- Prescription drugs in the possession of anyone other than the person for whom they were prescribed by a licensed physician
- Alcoholic beverages, except as specifically authorized for Company functions

In addition, the Company prohibits employees from being under the influence of illegal drugs or alcohol on Company property or during working hours, as well as the use, possession, distribution, manufacture and

transportation of illegal drugs off Company property that adversely affects the individual's work performance, the individual's or others safety at work or the Company's reputation in the community.

Internet and E-mail Personal Usage Policy

All Company employees have the responsibility to use computer resources in an efficient, moral, ethical and lawful manner. All Internet/Intranet data that is composed, transmitted or received via Company communication systems is considered to be part of the official records of the Company and is subject to disclosure to law enforcement officials and other third parties. The Company has the right to monitor any and all aspects of its computer systems (includes portable computers owned or purchased by the Company), including employee electronic messaging, to ensure compliance with this policy. Employees should not have an expectation of privacy in anything they create, send or receive via the Company's electronic communications systems.

Sale of Non-Watsco Products on Company Property

Employees may not sell non-Watsco products on Company property at any time unless they have permission from an authorized officer of their business unit.

Use of Company and Personal Vehicles

Watsco expects all of its employees to operate motor vehicles safely and to adhere to all applicable driving laws and regulations when on Company business.

Weapons

The Company prohibits, to the extent consistent with law, all persons who enter Company property from carrying a handgun, firearm, or lethal weapon of any kind onto the property regardless of whether the person is licensed to carry the weapon. This policy applies to all Company employees, contract and temporary employees, vendors, visitors and customers on Company property. The only exceptions to this policy are police officers or security guards and other persons who have been given prior written consent by the Company to carry a weapon on the property. In addition, all employees are prohibited from carrying a weapon while performing any task on behalf of the Company or while attending any Company-sponsored functions.

Disposition of Claims

Appropriate personnel will investigate all claims of violations of this Code. A determination that an employee has violated this Code will subject the employee to appropriate discipline, including dismissal. However, the Code does not set forth all of the reasons or situations in which employees may be disciplined.

Code Modifications and Prevalence

This Code of Conduct supersedes all prior employee codes of conduct and is not an employment contract. The Company may modify this Code of Conduct at any time it deems appropriate. Individual business units may have policies and procedures handbooks and individual codes of conduct, which supplement this Code of Conduct from time to time, but to the extent of any conflict between this Code and such supplements, the terms of this Code will prevail.

EXHIBIT A

Acknowledgement

After you have read and understand the Employee Code of Business Ethics and Conduct please sign below and return this Acknowledgement to your Human Resources Department.

1. I have read and fully understood the Employee Code of Business Ethics and Conduct.
2. I certify that I will abide by Watsco's standing policy of strict observance of all laws and ethical standards to the best of my ability.

Employee Name _____
Please Print

Watsco Unit _____

Employee Signature _____

Date _____