

ELECTROMED, INC.

CODE OF ETHICS AND BUSINESS CONDUCT

Adopted June 16, 2010
Revised August 12, 2011

To Our Employees, Officers, and Directors:

Ethical business practices provide a critical foundation for our success and protect our reputation in the industry and community. Integrity in the manner in which we manage and operate Electromed, Inc. (“Electromed” or the “Company”) is a key element in our corporate culture. We place a high value on honesty, fair dealing and ethical business practice.

The following Code of Ethics and Business Conduct (the “Code”) is designed to help you understand what Electromed expects of its employees, officers, directors (“Representatives”). It does not cover every ethical issue, but the basics are here to provide a general understanding. For employees and officers, compliance with the Code is a condition of employment. For directors, compliance with the Code is a condition of Electromed’s continued retention of such directors. This Code supplements and does not replace or modify the Company’s other policies or procedures, including provisions of Electromed’s current employee handbook(s) and other statements of policy or procedure issued from time to time. This Code is also supplemented by other subsidiary policies, such as the “Work Instruction RA-11: Ethics-Healthcare Professionals,” that have been adopted and will be amended by the Company from time to time to reflect the laws, regulations and mores influencing current Company business practices.

Ethical behavior is everyone’s responsibility. We must:

- Know and comply with the requirements and expectations that apply to our jobs, including compliance with this Code.
- Promptly report suspected violations of the law or this Code.
- Cooperate with any investigation of potential ethical or business conduct violations.
- Seek assistance when we have questions about the Code or when faced with a challenging ethical situation.
- Never act unethically or dishonestly, even if directed to do so by another person.
- Never retaliate against an individual because that individual has reported a suspected violation of the Code.

If a potential course of action seems questionable, please seek guidance from your supervisor or one of the individuals identified under the heading “Compliance Contact Information.”

We encourage open communications regarding the Electromed Code.

Robert D. Hansen
Chief Executive Officer

From: Robert D. Hansen, Chairman and CEO, Electromed, Inc.

Subject: Company Conduct Standards

Attention: Electromed, Inc. Employees, Trainers, Contractors, and Service Providers

Electromed, Inc. has achieved impressive growth. It is committed to continuing this pattern. I am dedicated to continuing to grow this company in a manner that follows our values and vision. Please take some time to review Electromed, Inc.'s Mission Statement below and consider how you may further incorporate it into your everyday activities and in your representation of Electromed, Inc. Each of you represents Electromed, Inc. in the field. I need and require that you stand out as representatives of a Company with effective and innovative products and highly ethical employees.

Electromed, Inc.'s Mission: *Electromed, Inc. is dedicated to serving the needs of people with impaired lung conditions on a global basis. We deliver innovative airway clearance products of world-class quality supported by exceptional customer service, while providing superior shareholder return and operating in a fair and ethical manner.*

In early January, we communicated our Brand Usage Strategy to you. This included many updates to Company forms, letterhead, materials, and collateral to ensure the relationship between Electromed, Inc. and the SmartVest® and SmartVest Wrap®. Thank you for your diligence and compliance in completing this project in a timely manner.

In addition, as you build relationships and interact with clinicians, patients, prospective customers, prospective employees, and contractors/vendors, it is imperative that you represent Electromed, Inc. appropriately as good corporate colleagues. Therefore:

1. Please make it clear when serving this company that you are a representative of Electromed, Inc., the maker of the SmartVest® Airway Clearance System. We want to ensure that the relationship is clear in the marketplace at all times.
2. It is also extremely important to avoid any untruthful statements that could be disparaging of a competitors' reputation, quality or efficacy of its goods or services, or the character, competence, or reputation of any of officers, directors, executives, shareholders, partners, agents, or employees. Focus on the positive features and benefits of Electromed, Inc. products. They can and do compete on their merits.
3. Additionally, if you become aware of any confusion concerning the source of or affiliation between Electromed, Inc.'s products and the products of any Electromed, Inc. competitor, please report this to your manager. The Company is committed to resolve any market confusion that may arise.

A short presentation regarding these requirements will be provided to you at the All-Employee meeting in February and will be posted on the Patient Trainer website. However, in the meantime, please do not hesitate to reach out to your manager or Company contact if you have any questions about this communication. Thank you for taking some time to reflect on your personal conduct in the field and how it represents Electromed, Inc.

With continuing appreciation for all of your efforts,

Robert D. Hansen
Chairman and CEO
Electromed, Inc.

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Compliance with Laws and the Electromed Code of Ethics and Business Conduct

All Electromed Representatives are expected and directed to comply with all laws and with Electromed's Code of Ethics and Business Conduct.

Each Representative has an obligation to behave according to ethical standards that comply with Electromed's policy and the letter and spirit of applicable laws, rules and regulations. It is everyone's responsibility to know and understand legal and policy requirements as they apply to his or her Company responsibilities.

Representatives should promptly report all known or suspected violations of applicable law or Electromed's Code to his or her supervisor or one of the individuals identified under the heading "Compliance Contact Information."

Administration of the Code

The Board of Directors, with appropriate help from certain committees, shall set the standards of conduct in this Code and oversee the procedures designed to implement the Code.

Electromed's Board of Directors is responsible for setting the standards of business conduct contained in this Code and updating these standards as it deems appropriate to reflect changes in the legal and regulatory framework applicable to Electromed, the business practices within Electromed's industry, Electromed's own business practices and the prevailing ethical standards of the communities in which Electromed operates. While Electromed's Audit and Governance Committees will oversee the implementation of this Code, it is the individual responsibility of each Representative of Electromed to comply with this Code.

Accuracy of Company Records

Each officer and employee must help maintain the integrity of Electromed's financial and other records.

Management, directors, audit committee members, shareholders, creditors, governmental entities and others depend on Electromed's business records for reliable and accurate information. Electromed's books, records, accounts and financial statements must appropriately and accurately reflect Electromed's transactions and conform to applicable legal requirements and Electromed's system of internal controls. Electromed is committed to full, fair, accurate, timely and understandable disclosure in all reports filed with the Securities and Exchange Commission ("SEC") and in other public communications. Each person subject to this Code is required to provide truthful, complete and timely information in support of this commitment.

There is no excuse for participating in the creation of or failing to report a deliberately false or misleading Electromed record. In addition, persons subject to this code must not destroy, alter, falsify or cover up documents with the intent to impede or obstruct any investigation of suspected wrongdoing.

Representatives must not participate in any misstatement of Electromed's accounts, and they must avoid improper influence on the conduct of an audit. No circumstances justify the maintenance of "off-the-books" accounts. All arrangements or contracts under which funds are disbursed shall accurately state the purposes for which these funds are paid and shall not be misleading.

Company records, including computer and other electronic records and any written materials containing confidential information (as defined below), are expected to be retained or destroyed according to Electromed's record retention policies. In the event of litigation or governmental investigation you are expected to consult Electromed's legal counsel concerning the records you hold. Destruction or falsification of any document that is potentially relevant to a violation of law or a government investigation could lead to prosecution for obstruction of justice.

Business records and communications often become public. Therefore, you are expected to avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of individuals or companies that could be misunderstood. This obligation applies in any communication, including, but not limited to e-mail, internal memoranda and formal reports.

Intellectual Property and Confidential Information

Electromed invests substantial resources in developing proprietary intellectual property and confidential information which need to be protected.

Confidential information is information that is not generally known or readily available to others. It includes non-public information that might be of value to competitors if it were disclosed. It must not be shared with others outside Electromed, except pursuant to approved business relationships or when required by law. Confidential information includes, but is not limited to, intellectual property and trade secrets, technical know-how, business plans and information, marketing and sales programs and information, customer and prospective customer information and lists, pricing information and policies, financial information, personnel information such as salaries, benefits and performance information and any other information which the Company deems confidential.

Each Electromed Representative is obligated to protect the Company's confidential information as well as that of its customers, suppliers and third parties who disclose information to Electromed in confidence. Electromed Representatives must not accept confidential information from a third party, including competitors, unless specifically authorized to do so by an authorized supervisor or officer of the Company and following an appropriate grant of rights from such third party.

Every Electromed Representative must also protect the confidentiality of any patient information or records they may learn of or have access to in the course of Company business ("Patient Information"). Patient Information is protected not only by the policies of the Company, but also by federal and state laws. Any patient information must be secured and protected as required by such federal and state law.

Every Electromed Representative must actively protect confidential information and Patient Information, including by refraining from discussing sensitive matters in non-private places, limiting access to work areas, disposing of documentation in accordance with Company policies and directions, and not removing such information from the Company's premises except as expressly authorized by the Company. Any request for confidential information or Patient Information, including a subpoena or any legal process, should be immediately referred to one of the individuals identified under the heading "Compliance Contact Information."

Securities Trading Policies

Never trade Electromed stock or other securities on the basis of confidential information acquired in the course of your Electromed duties or while you are at the workplace.

Representatives who have material information about the Company that has not been released to the public may not disclose the information to others or use that information for securities trading purposes or any other purpose except to conduct Company business. Such insider information may relate to, among other things, strategies, plans, new products or processes, mergers, acquisitions or dispositions of businesses or securities, problems facing the Company, sales, profitability, negotiations relating to significant contracts or business relationships, significant litigation or financial information.

If any information is of the type that a reasonable investor would consider important in reaching an investment decision, no Representative who possesses such information may buy or sell Company securities, or provide the information to others, until such information becomes public. These restrictions also apply to the family members of Representatives. Representatives are responsible for ensuring that immediate family members and household members do not take part in transactions that the Representative would not be able to engage in because of his or her knowledge of non-public information.

Use of material, non-public information in the above manner is not only illegal, but also unethical. Representatives who directly or indirectly involve themselves in illegal insider trading may be subject to immediate termination by the Company. In order to assist the Company in its efforts to ensure compliance with laws against insider trading, the Company has adopted QSP015 “Policy Statement on Confidential Information and Securities Trading” that contains more detailed directions regarding this matter. The Policy Statement includes a requirement that all Designated Persons (as defined in the Policy Statement) certify that they have read and understand this separate securities trading policy and, in the case of Officers and managers of Electromed, that they have informed their employees of the contents of the Policy Statement.

Any Representative that has questions regarding this policy should contact our Chief Financial Officer:

Terry Belford
952.758.9299
tbelford@electromed.com

Conflicts of Interest

Each Representative must avoid any situation in which his or her personal interests conflict with or interfere with Electromed’s interests.

Each Representative owes Electromed a duty of loyalty. Representatives must make business decisions solely in the best interests of Electromed. Conflicts may arise when a Representative receives improper personal benefits as a result of the person’s position with the Company or gains personal enrichment through access to confidential information. A conflict situation can also arise when a Representative takes actions or has interests that may make it difficult to perform his or her Electromed work objectively and effectively. For that reason, all Representatives must exercise great care not to allow their personal interests to conflict with Electromed’s interests. Each Representative

shall act with honesty and integrity, avoiding conflicts of interest between personal and professional relationships.

Electromed Representatives are generally free to engage in outside activities of their choice. It is important, however, that such activities do not adversely affect Electromed's business, involve misuse of Electromed position or resources, divert for personal gain any business opportunity from which Electromed may profit, or constitute a potential source of discredit to the Electromed name. The following is a non-exhaustive list of examples of prohibited conflicts of interest for Representatives of Electromed:

- Being a director, officer, or employee, or otherwise operating any other business, if the demands or interests of such other business would materially interfere with the Representative's loyalty or responsibilities to Electromed.
- Having a substantial equity, debt, or other financial interest in any competitor, supplier or customer.
- Having a financial interest in any transaction involving the purchase or sale by Electromed of any product, material, equipment, service or property.
- Taking for oneself personally an Electromed business opportunity discovered through the use of Company information or the Representative's position with the Company.
- Misusing Electromed's confidential or proprietary information, including the unauthorized disclosure of such information.
- Accepting gifts or other benefits from a supplier to Electromed.
- Using Electromed materials, equipment or other assets for any unauthorized or undisclosed purpose.
- Receiving loans or guarantees of obligations from the Company without the authorization of the Board of Directors.

Implementation of this policy requires full and complete disclosure by Electromed Representatives. Whenever a Representative believes a situation involves, or may reasonably be expected to involve, a conflict of interest with the Company, he or she should promptly notify one of the individuals identified under the heading "Compliance Contact Information." The person who receives this information shall report the matter to the Audit Committee for review subject to the guidelines specified in the committee's charter.

Directors and executive officers of Electromed, along with their immediate family members, may have additional obligations pursuant to Electromed's related party transaction policies.

Political Contributions and Related Policies

Generally Electromed's funds and resources may not be used to make a political contribution to any political candidate or political party.

Exceptions to this basic policy are allowed only where such contributions are permitted by law and permission is granted in advance by the Company's Board of Directors. Company policy does not

permit the use of any Company facilities or resources by Representatives for political campaigning, political fundraising or partisan political purposes. The decision by a Representative to contribute any personal time, money or other resources to a political campaign or political activity must be totally voluntary.

Contact with Government Officials

Electromed complies with all applicable laws, rules and regulations relating to lobbying or attempting to influence government officials.

Bribery, kickbacks and other improper or illegal payments have no place in Electromed's business. In addition, information provided to governments must be accurate and interactions with government officials must be honest and ethical. All activities that might constitute lobbying or attempts to influence government officials must first be reviewed with and approved by legal counsel.

Before doing business with any foreign, national, state or local government, a Representative must know the applicable rules. The Company strictly prohibits making illegal payments to government officials of any country. The U.S. Foreign Corrupt Practices Act ("FCPA") prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Moreover, a number of U.S. laws and regulations address when U.S. government personnel may or may not accept business gratuities. In addition to violating Company policies, the promise, offer, or delivery of a gift, favor or other gratuity to a government official or employee in violation of these rules could constitute a criminal offense. A Representative who is in doubt should not make the mistake of interpreting the rules by him or herself. Such a Representative must discuss the matter with his or her supervisor or one of the individuals identified under the heading "Compliance Contact Information."

In the event that you are contacted by a government official or investigator who requests a telephone or personal interview, or is seeking any information or documents, you should be aware of the following:

- The government is not forbidden from contacting you and requesting to speak with you.
- You have the right to choose whether or not to speak with the government representative. You have every right to refuse to speak with the representative. If you decide to speak, you may have an attorney present. In most cases, if the inquiry is related to your service as a Representative of the Company and the representation is arranged in advance, Electromed will pay for your attorney.
- Under all circumstances, remember that you must tell the truth to government representatives. Failure to do so may, in and of itself, be a violation of the law.
- Do not destroy any documents related to such matter or attempt to hide evidence. Destroying evidence is a crime. In addition, while you may believe that you are helping Electromed or protecting yourself, it will cause considerable damage to all of our reputations and may have significant legal ramifications.

Business Relationships

Ethical Relationships with Customers

The following general standards and principles should at all times guide any interactions with customers and health care professionals:

- Engage in ethical business practices and socially responsible industry conduct and do not use any unlawful inducement in order to arrange or reward the sale, recommendation or prescription of Electromed's products.
- Focus on informing customers and prospective customers about products, providing scientific and educational information and supporting medical research and education and do not, at any time, entice representatives of customers to place their own personal interests above those of the organizations they represent or the patients who will use or need Electromed's products.
- Do not, directly or indirectly, offer or solicit any kind of payments or contributions for the purpose of obtaining, giving, keeping or rewarding business.

In order to assist the Company in its efforts to ensure compliance with the U.S. Federal Anti-Kickback Statute, the Stark Law, and other applicable laws, rules, and regulations, the Company has adopted a separate policy, entitled "Work Instruction RA-11 Ethics-Healthcare Professionals." Representatives conducting business on behalf of Electromed must comply with the "Work Instruction RA-11 Ethics-Healthcare Professionals" in addition to this Code. These policies apply to any expenditure by Electromed Representatives, regardless of whether the expenditure is reimbursed by the Company. In other words, any "personal" money given to or spent for the benefit of an Electromed customer is considered money given or spent by the Company.

As used in this Code and "Work Instruction RA-11 Ethics-Healthcare Professionals", the term "customer" means any individual or organization that purchases, recommends, uses, or prescribes products manufactured or distributed by Electromed or an individual who is in a position to determine whether an Electromed product is purchased, recommended, used, or prescribed. This can include physicians, nurses, office administrators, purchasing agents and others within hospitals, clinical practices, HMOs, GPOs, etc.

Consult Electromed's "Work Instruction RA-11 Ethics-Healthcare Professionals" for guidance on interactions with health care professionals or customers because there is a general prohibition on most gifts to health care professionals and customers.

Neither Electromed nor its Representatives may accept or provide any kickbacks, bribes, or gifts from customers, health care professionals, or other business partners.

If you have any question about whether any business courtesies, gratuities or gifts are appropriate, please contact your supervisor or one of the individuals identified under the heading "Compliance Contact Information."

Fair Dealing with Competitors, Customers and Suppliers

Respect the rights of competitors, customers and suppliers.

The strength of Electromed's innovation allows us to outperform our competition while acting fairly, honestly, and ethically. Each Company Representative should endeavor to deal fairly with the Company's customers, suppliers and competitors. No one should take unfair advantage through

manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair dealing.

Protection and Proper Use of Company Assets

Our shareholders trust us to manage Company assets appropriately.

Collectively, Representatives have a responsibility for safeguarding and making proper and efficient use of the Company's assets. Each of us has an obligation to prevent the Company's property from loss, damage, misuse, theft, embezzlement or destruction. We seek to ensure that Company equipment, supplies and other assets are used for legitimate business purposes unless otherwise specifically authorized and to protect all tangible and intangible Company property.

Behavior in the Workplace

Electromed is committed to providing equal opportunity in employment and will not tolerate illegal discrimination or harassment.

It is the duty of each Representative to assist the Company's efforts to maintain a safe, healthful and productive work environment. Each Representative has a personal responsibility to other Representatives to help eliminate actions or circumstances that undermine the desired environment.

Electromed strives to enhance and support the diversity of its employee group. Company policy requires that individuals are considered for employment opportunities on the basis of merit. Moreover, all Representatives are expected to deal with each other in an atmosphere of respect. Electromed does not and will not tolerate discrimination based on race, religion, sex, national origin, sexual orientation, disability or any other class that is protected by state or federal law.

In addition, please refer to applicable portions of our Employee Handbook(s) for guidance related to personal behavior in the workplace. All Representatives are expected to adhere to the guidelines of the Employee Handbook(s).

Accountability for Adherence to the Code

Each Representative must accept responsibility for adherence to this Code.

Violations of this Code may lead to serious sanctions including, for an employee, discipline up to and including immediate termination, in the sole discretion of the Company. In addition, the Company may seek civil recourse against Representatives and/or refer alleged criminal misconduct to law enforcement agencies.

Reporting Any Suspected Illegal or Unethical Behavior

Electromed maintains an open door policy for Representatives to raise concerns and to encourage the reporting of suspected violations of law or this Code without fear of retribution or retaliation.

If you have questions about an ethical situation, you are encouraged to talk with your supervisor about any behavior you believe may be illegal or unethical. You will be assured confidentiality to the limit of the law. If you do not feel it is appropriate to discuss the issue with your supervisor, you may

confidentially contact the individuals identified under the heading “Compliance Contact Information.”

It is against the Company’s policy to retaliate against any Representative for good faith reporting of violation of this Code. If you feel you have been retaliated against for raising your good faith reporting, you should immediately contact your supervisor or the individuals identified below.

Compliance Contact Information

If you believe someone may be unintentionally or intentionally violating the law or the principles or standards included in this Code of Conduct document, report the known or suspected violations by contacting:

Robert Hansen

Chief Executive Officer
952.758.9299
rhansen@electromed.com

Chet Sievert

Director of Regulatory and Clinical Affairs
952.758.9299
csievert@electromed.com

Bill George

Legal Counsel
952-470-4550

If you would like to anonymously notify the board of directors of a suspected violation, please contact the Chairman of the Audit Committee, Darrel Kloeckner at 651-210-9826.

Each report of a known or suspected violation will be promptly and thoroughly investigated. If a violation has occurred, Electromed will take appropriate actions to prevent similar violations. The Company strictly prohibits retaliation against Representatives for reports made in good faith. Anyone who retaliates against a Representative for reporting actual or suspected violations will be subject to appropriate disciplinary action up to, and including, termination.

Public Disclosure of Code and Waivers

The existence and content of this Code is disclosed to our shareholders and made available as part of the Company’s filings with the SEC. Any waiver of a provision of the Code for an executive officer or director may be granted only by the Board of Directors, with only the independent members voting, or an appropriate Board Committee consisting of independent directors, and such waiver must be promptly disclosed to shareholders. Waivers of this Code are and will be rarely, if ever, granted.

Coordination with Other Electromed Policies

The provisions of this Code are in addition to, and do not modify, replace or supersede Electromed’s other policies or procedures including, but not limited to, those policies and procedures set forth in any employee handbook(s), Electromed’s Work Instructions, and any other statements of policy or procedure, whether written or oral.

Additionally, this Code does not constitute a contract of employment between Electromed and its Representatives. If you are an employee and do not have a written Employment Agreement with Electromed, you are an employee at-will. This means that you have the option of resigning from your employment at any time, for any reason or no reason, with or without prior notice. Conversely, Electromed has the same option to terminate your employment at any time, for any reason or no reason, with or without prior notice.

Monitoring

Electromed will periodically reaffirm its commitment to compliance with the Code of Ethics and Business Conduct. Electromed will conduct periodic training sessions regarding the Code.