



A.O. Smith Corporation Lowers Third Quarter Estimate to Approximately \$.30 Per Share

MILWAUKEE, Sept. 13-- A.O. Smith Corporation (NYSE: AOS) today issued a statement regarding the continued softening in the residential air conditioning and housing markets served by its motors and water products businesses. In July, the Company indicated that it was concerned with increasing levels of inventory in the air conditioning industry and slowing construction markets. Since issuing that statement, an unusually cool summer in some important geographic markets has exacerbated the air conditioning inventory problem. The construction industry has also reported a reduction in new housing starts. Accordingly, the company now expects sales in the third quarter to fall approximately 10% from second quarter levels. The impact of this sales shortfall, coupled with underabsorbed manufacturing expenses due to reduced production levels, is expected to result in third quarter earnings of \$.29 to \$.31 per share, compared with last year's third quarter earnings of \$.52 per share. The company expects market softness to continue for the remainder of the year, due to the near record inventory levels in the distribution channels.

"We are disappointed with the deterioration in our operating results and are making every effort to minimize the adverse financial impact resulting from the lower levels of volume in 2000," commented Robert J. O'Toole, Chairman, President and Chief Executive Officer.

A. O. Smith Corporation, with headquarters in Milwaukee, Wis., is a leading marketer and manufacturer of electric motors and water heaters, serving customers worldwide. It is one of North America's largest manufacturers of electric motors, with a comprehensive line of fractional horsepower, integral horsepower, and hermetic motors. The company also is North America's largest manufacturer of commercial water heating equipment and a leading supplier of residential water heaters and hydronic boilers. The company has facilities in the United States, Mexico, Canada, England, Ireland, Hungary, the Netherlands, and China and employs more than 15,000 people.

Forward-Looking Statements

Certain statements in this report are "forward-looking statements." These forward-looking statements can generally be identified as such because the context of the statement will include words such as the company "believes," "anticipates," "expects," "projects," or words of similar import.

Although the company believes that its expectations are based upon reasonable assumptions within the bounds of its knowledge of its business, there can be no assurance that its financial goals will be realized. Although a significant portion of the company's sales are derived from the replacement of previously installed product, and such sales are therefore less volatile, numerous factors may affect actual results and cause results to differ materially from those expressed in forward-looking statements made by, or on behalf of, the company. The company considers most important among such factors, the stability in its electric motor and water products markets, the timely and proper integration of the MagneTek motors acquisition, and the implementation of associated cost reduction programs.

All subsequent written and oral forward-looking statements attributable to the company, or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements. SOURCE A.O. Smith Corporation

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