



A.O. Smith First Quarter Earnings Increase 20 Percent to \$.60 Per Share

MILWAUKEE, April 14-- Benefiting from strong demand in its major electric motor markets and the continued international expansion of its water heater business, A.O. Smith Corporation (NYSE: AOS)(AMEX: SMC) today announced first quarter earnings from continuing operations of \$14.2 million or \$.60 per share.

Earnings were 20 percent higher than the \$12.0 million or \$.50 per share earned in the first quarter of 1999. First quarter sales from continuing operations increased more than 45 percent to \$335.0 million compared with \$229.9 million for the same period last year. First quarter 2000 results include sales and profits from the former MagneTek electric motor operations acquired in August of last year.

For the quarter ended March 31, the Electric Motor Technologies platform reported sales of \$247.9 million, more than 67 percent higher than first-quarter 1999 sales of \$147.9 million. The former MagneTek motor operations contributed approximately \$90 million in first-quarter sales. The base motor business grew seven percent, positively influenced by strong customer demand in its heating, ventilating, and air conditioning (HVAC), pump, and garage door opener markets.

Operating profits increased substantially due to higher volumes as well as favorable factory performance throughout the operation. Electric Motor Technologies continues on schedule integrating the former MagneTek motors operations into the business.

Sales of Water Systems Technologies, a leading manufacturer of commercial and residential water heaters, increased more than six percent in the first quarter to \$87.2 million, with strength in the international and water systems tank segments of the business. The combination of sales growth and good plant performance enabled operating profits to increase more than 11 percent compared with the first quarter of 1999.

"Concerning our discontinued Storage & Fluid Handling Technologies platform, the sale process is going well, and we remain confident we will conclude the sale of these two businesses by the end of the third quarter of this year," Robert J. O'Toole, chairman and chief executive officer, said.

"The outlook for the remainder of 2000 looks very positive," O'Toole continued. "The continued expansion of the domestic economy is creating strong demand for motors and water heaters. Consequently, we are comfortable with analysts' earnings estimates of around \$2.50 per share this year."

A.O. Smith Corporation has scheduled a conference call to discuss first quarter results for 9:30 a.m. (C.D.T.) on April 14. A live webcast of the conference call will be available on its corporate site: <http://www.aosmith.com>. An audio archive will be available approximately one hour after the call.

A.O. Smith Corporation, with headquarters in Milwaukee, Wis., is a leading marketer and manufacturer of electric motors and water heaters, serving customers world wide. 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.

A. O. SMITH CORPORATION AND SUBSIDIARIES
(condensed consolidated financial statements --
\$000 omitted except per share data)
Statement of Earnings

	Three Months ended	
	March 31	
	2000	1999
Continuing		
Sales		
Electric Motor Technologies	\$247,876	\$147,875
Water Systems Technologies	87,167	81,988
Net Sales	335,043	229,863
Costs and Expenses		
Cost of products sold	267,648	183,936
Selling, general and administrative	35,652	23,752
Interest expense	5,431	1,978
Interest income	(97)	(324)
Other expense	4,030	1,780
Tax provision	8,224	6,789
Total costs and expenses	320,888	217,911
Earnings from Continuing Operations	14,155	11,952
Discontinued		
Earnings (loss) from operations less related		
income tax (benefit) of \$297 and \$(313)	456	(550)
Net Earnings	\$14,611	\$11,402
Net Earnings (Loss) Per Share of Common Stock		
(Diluted)		
Continuing Operations	\$0.60	\$0.50
Discontinued Operations	\$0.02	\$(0.02)
Net Earnings	\$0.62	\$0.48
Average Common Shares Outstanding (000's omitted)	23,698	23,742

A. O. SMITH CORPORATION
Balance Sheet

	March 31 2000	December 31 1999
ASSETS:		
Cash and cash equivalents	\$5,132	\$14,761
Receivables	224,351	183,442
Inventories	170,002	163,443
Deferred income taxes	11,047	11,323
Other current assets	6,550	5,253
Net current assets-discontinued operations	16,116	10,405
Total Current Assets	433,198	388,627
Net property, plant and equipment	284,216	283,493
Goodwill and other intangibles	249,771	251,085
Other assets	96,200	88,990
Net long-term assets - discontinued operations	50,509	51,791
Total Assets	\$1,113,894	\$1,063,986
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Notes payable	\$644	\$ --
Trade payables	101,346	81,221
Accrued payroll and benefits	28,427	32,272
Product warranty	11,020	10,847
Income taxes	8,992	7,170
Long-term debt due within one year	9,629	9,629
Other current liabilities	28,849	27,301
Total Current Liabilities	188,907	168,440
Long-term debt	364,785	351,251
Other liabilities	66,044	64,536
Deferred income taxes	51,966	48,675
Stockholders' equity	442,192	431,084
Total Liabilities and Stockholders' Equity	\$1,113,894	\$1,063,986

A.O. SMITH CORPORATION
STATEMENT OF CASH FLOWS

	Three Months ended	
	March 31	
	2000	1999
Operating Activities		
Continuing		
Net earnings	\$14,155	\$11,952
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation & amortization	11,320	7,846
Net change in current assets and liabilities	(25,677)	(13,860)
Net change in noncurrent assets and liabilities	(3,933)	(5,661)
Other	414	124
Cash Provided by (Used in) Operating Activities	(3,721)	401
Investing Activities		
Capital expenditures	(11,660)	(8,657)
Capitalized purchased software costs	(360)	(369)
Cash Used in Investing Activities	(12,020)	(9,026)
Cash Used in Operating and Investment Activities	(15,741)	(8,625)
Discontinued		
Cash Used in Discontinued Operations	(5,340)	(6,381)
Financing Activities		
Debt incurred	14,178	332
Purchase of treasury stock	--	(2,691)
Other stock transactions	81	46
Dividends paid	(2,807)	(2,795)
Cash Provided by (Used in) Financing Activities	11,452	(5,108)
Net decrease in cash and cash equivalents	(9,629)	(20,114)
Cash and cash equivalents - beginning of period	14,761	37,666
Cash and Cash Equivalents - End of Period	\$5,132	\$17,552