AO Smith

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Supplemental Financial Data

(As of December 31, 2012)

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A. O. Smith Corporation
Adjusted Earnings and Adjusted EPS
(dollars in millions, except per share data)
(unaudited)

The following is a reconciliation of earnings from continuing operations and diluted EPS from continuing operations to Adjusted Earnings from continuing operations (non-GAAP) and Adjusted EPS from continuing operations (non-GAAP):

	2013 Guidance	Year Ended December 31 2012	2011	2010
Earnings from continuing operations (GAAP)		$ 162.6	$ 111.2	$ 57.1
Non-operating pension costs (income)		6.8	(3.8)	4.8
Tax effect of non-operating pension costs		(2.6)	1.5	(1.8)
Adjusted Earnings from continuing operations		$ 166.8	$ 108.9	$ 60.1
Diluted EPS from continuing operations (GAAP)	$3.00-3.20	$ 3.49	$ 2.39	$ 1.24
Non-operating pension costs (income) per diluted share, before tax	0.41	0.15	(0.08)	0.10
Tax effect of non-operating pension costs per diluted share	(0.16)	(0.06)	0.03	(0.04)
Adjusted EPS from continuing operations	$3.25-3.45	$ 3.58	$ 2.34	$ 1.30

A. O. Smith Corporation
Components of Pension Expense
(in millions)
(unaudited)

	Year ended December 31,			
	2013*	2012	2011	2010
Service cost	$ 9.4	$ 7.8	$ 7.8	$ 6.7
Amortization of prior service cost	(0.9)	(0.8)	(0.7)	(1.1)
Operating pension cost	$ 8.5	$ 7.0	$ 7.1	$ 5.6
Interest cost	$ 39.1	$ 43.6	$ 32.2	$ 26.7
Expected return on plan assets	(61.7)	(68.9)	(54.5)	(34.8)
Net actuarial loss	41.7	32.1	18.5	12.9
Curtailment and other one-time charges	-	-	-	-
Non-operating pension expense (income)	$ 19.1	$ 6.8	$ (3.8)	$ 4.8
Total pension expense	$ 27.6	$ 13.8	$ 3.3	$ 10.4

* Forecasted 2013 expense

A. O. Smith Corporation
Adjusted Segment Operating Earnings
(in millions)
(unaudited)

The following is a reconciliation of reported segment earnings to Adjusted Segment Operating Earnings (non-GAAP):

	Year Ended December 31		
	2012	2011	2010
Segment Operating Earnings (GAAP)			
North America	$ 199.8	$ 154.0	$ 91.2
Rest of World	59.6	42.7	42.4
Inter-segment	-	(0.2)	(0.7)
Total Segment Operating Earnings	$ 259.4	$ 196.5	$ 132.9
Adjustments: non-operating pension costs (income)			
North America	$ 4.4	$ (1.8)	$ 4.4
Rest of World	-	-	-
Inter-segment	-	-	-
Total Adjustments	$ 4.4	$ (1.8)	$ 4.4
Adjusted Segment Operating Earnings			
North America	$ 204.2	$ 152.2	$ 95.6
Rest of World	59.6	42.7	42.4
Inter-segment	-	(0.2)	(0.7)
Total Adjusted Segment Operating Earnings	$ 263.8	$ 194.7	$ 137.3

Additional Information:

	Year Ended December 31		
	2012	2011	2010
Adjustment: non-operating pension costs (income)			
North America	$ 4.4	$ (1.8)	$ 4.4
Rest of World	-	-	-
Corporate	2.4	(2.0)	0.4
Total Company Adjustments	$ 6.8	$ (3.8)	$ 4.8

A. O. Smith Corporation
Quarterly Adjusted Earnings and Adjusted EPS
(dollars in millions, except per share data)
(unaudited)

The following is a reconciliation of earnings from continuing operations and diluted EPS from continuing operations to Adjusted Earnings from continuing operations (non-GAAP) and Adjusted EPS from continuing operations (non-GAAP):

	2012				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Earnings from continuing operations (GAAP)	$ 47.5	$ 35.0	$ 37.0	$ 43.1	$ 162.6
Non-operating pension costs	1.6	1.7	1.8	1.7	6.8
Tax effect of non-operating pension costs	(0.6)	(0.7)	(0.7)	(0.6)	(2.6)
Adjusted Earnings from continuing operations	$ 48.5	$ 36.0	$ 38.1	$ 44.2	$ 166.8
Diluted EPS from continuing operations (GAAP)	$ 1.02	$ 0.75	$ 0.79	$ 0.93	$ 3.49
Non-operating pension costs per diluted share, before tax	0.03	0.04	0.04	0.04	0.15
Tax effect of non-operating pension costs per diluted share	(0.01)	(0.02)	(0.02)	(0.01)	(0.06)
Adjusted EPS from continuing operations	$ 1.04	$ 0.77	$ 0.81	$ 0.96	$ 3.58

A. O. Smith Corporation
Quarterly Adjusted Earnings and Adjusted EPS
(dollars in millions, except per share data)
(unaudited)

The following is a reconciliation of earnings from continuing operations and diluted EPS from continuing operations to Adjusted Earnings from continuing operations (non-GAAP) and Adjusted EPS from continuing operations (non-GAAP):

	2011				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Earnings from continuing operations (GAAP)	$ 24.2	$ 28.6	$ 26.9	$ 31.5	$ 111.2
Non-operating pension costs	(0.7)	(0.8)	(1.3)	(1.0)	(3.8)
Tax effect of non-operating pension costs	0.3	0.3	0.5	0.4	1.5
Adjusted Earnings from continuing operations	$ 23.8	$ 28.1	$ 26.1	$ 30.9	$ 108.9
Diluted EPS from continuing operations (GAAP)	$ 0.52	$ 0.62	$ 0.58	$ 0.67	$ 2.39
Non-operating pension costs per diluted share, before tax	(0.01)	(0.02)	(0.03)	(0.02)	(0.08)
Tax effect of non-operating pension costs per diluted share	-	0.01	0.01	0.01	0.03
Adjusted EPS from continuing operations	$ 0.51	$ 0.61	$ 0.56	$ 0.66	$ 2.34

A. O. Smith Corporation
Quarterly Adjusted Earnings and Adjusted EPS
(dollars in millions, except per share data)
(unaudited)

The following is a reconciliation of earnings from continuing operations and diluted EPS from continuing operations to Adjusted Earnings from continuing operations (non-GAAP) and Adjusted EPS from continuing operations (non-GAAP):

	2010				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Earnings from continuing operations (GAAP)	$ 21.3	$ (0.8)	$ 16.1	$ 20.5	$ 57.1
Non-operating pension costs	1.6	1.0	1.2	1.0	4.8
Tax effect of non-operating pension costs	(0.6)	(0.4)	(0.4)	(0.4)	(1.8)
Adjusted Earnings from continuing operations	$ 22.3	$ (0.2)	$ 16.9	$ 21.1	$ 60.1
Diluted EPS from continuing operations (GAAP)	$ 0.46	$ (0.02)	$ 0.35	$ 0.45	$ 1.24
Non-operating pension costs per diluted share, before tax	0.03	0.02	0.03	0.02	0.10
Tax effect of non-operating pension costs per diluted share	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)
Adjusted EPS from continuing operations	$ 0.48	$ (0.01)	$ 0.37	$ 0.46	$ 1.30

A. O. Smith Corporation
Adjusted Segment Operating Earnings
(in millions)
(unaudited)

The following is a reconciliation of reported segment earnings to Adjusted Segment Operating Earnings (non-GAAP):

	2012				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Segment Operating Earnings (GAAP)					
North America	$ 42.2	$ 51.2	$ 50.7	$ 55.7	$ 199.8
Rest of World	14.2	12.3	12.7	20.4	59.6
Inter-segment	-	-	-	-	-
Total Segment Operating Earnings	$ 56.4	$ 63.5	$ 63.4	$ 76.1	$ 259.4
Adjustments: non-operating pension costs (income)					
North America	$ 1.0	$ 1.1	$ 1.2	$ 1.1	$ 4.4
Rest of World	-	-	-	-	-
Inter-segment	-	-	-	-	-
Total Adjustments	$ 1.0	$ 1.1	$ 1.2	$ 1.1	$ 4.4
Adjusted Segment Operating Earnings					
North America	$ 43.2	$ 52.3	$ 51.9	$ 56.8	$ 204.2
Rest of World	14.2	12.3	12.7	20.4	59.6
Inter-segment	-	-	-	-	-
Total Adjusted Segment Operating Earnings	$ 57.4	$ 64.6	$ 64.6	$ 77.2	$ 263.8

Additional Information:

	2012				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Adjustment: non-operating pension costs (income)					
North America	$ 1.0	$ 1.1	$ 1.2	$ 1.1	$ 4.4
Rest of World	-	-	-	-	-
Corporate	0.6	0.6	0.6	0.6	2.4
Total Company Adjustments	$ 1.6	$ 1.7	$ 1.8	$ 1.7	$ 6.8

A. O. Smith Corporation
Adjusted Segment Operating Earnings
(in millions)
(unaudited)

The following is a reconciliation of reported segment earnings to Adjusted Segment Operating Earnings (non-GAAP):

	2011				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Segment Operating Earnings (GAAP)					
North America	$ 38.1	$ 38.3	$ 30.9	$ 46.7	$ 154.0
Rest of World	10.8	11.0	9.0	11.9	42.7
Inter-segment	-	-	-	(0.2)	(0.2)
Total Segment Operating Earnings	$ 48.9	$ 49.3	$ 39.9	$ 58.4	$ 196.5
Adjustments: non-operating pension costs (income)					
North America	$ (0.3)	$ (0.4)	$ (0.6)	$ (0.5)	$ (1.8)
Rest of World	-	-	-	-	-
Inter-segment	-	-	-	-	-
Total Adjustments	$ (0.3)	$ (0.4)	$ (0.6)	$ (0.5)	$ (1.8)
Adjusted Segment Operating Earnings					
North America	$ 37.8	$ 37.9	$ 30.3	$ 46.2	$ 152.2
Rest of World	10.8	11.0	9.0	11.9	42.7
Inter-segment	-	-	-	(0.2)	(0.2)
Total Adjusted Segment Operating Earnings	$ 48.6	$ 48.9	$ 39.3	$ 57.9	$ 194.7

Additional Information:

	2011				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Adjustment: non-operating pension costs (income)					
North America	$ (0.3)	$ (0.4)	$ (0.6)	$ (0.5)	$ (1.8)
Rest of World	-	-	-	-	-
Corporate	(0.4)	(0.4)	(0.7)	(0.5)	(2.0)
Total Company Adjustments	$ (0.7)	$ (0.8)	$ (1.3)	$ (1.0)	$ (3.8)

A. O. Smith Corporation
Adjusted Segment Operating Earnings
(in millions)
(unaudited)

The following is a reconciliation of reported segment earnings to Adjusted Segment Operating Earnings (non-GAAP):

	2010				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Segment Operating Earnings (GAAP)					
North America	$ 35.8	$ (5.2)	$ 25.9	$ 34.7	$ 91.2
Rest of World	8.2	13.0	11.8	9.4	42.4
Inter-segment	-	-	-	(0.7)	(0.7)
Total Segment Operating Earnings	$ 44.0	$ 7.8	$ 37.7	$ 43.4	$ 132.9
Adjustments: non-operating pension costs (income)					
North America	$ 1.4	$ 0.9	$ 1.1	$ 1.0	$ 4.4
Rest of World	-	-	-	-	-
Inter-segment	-	-	-	-	-
Total Adjustments	$ 1.4	$ 0.9	$ 1.1	$ 1.0	$ 4.4
Adjusted Segment Operating Earnings					
North America	$ 37.2	$ (4.3)	$ 27.0	$ 35.7	$ 95.6
Rest of World	8.2	13.0	11.8	9.4	42.4
Inter-segment	-	-	-	(0.7)	(0.7)
Total Adjusted Segment Operating Earnings	$ 45.4	$ 8.7	$ 38.8	$ 44.4	$ 137.3

Additional Information:

	2010				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Adjustment: non-operating pension costs (income)					
North America	$ 1.4	$ 0.9	$ 1.1	$ 1.0	$ 4.4
Rest of World	-	-	-	-	-
Corporate	0.1	0.1	0.1	0.1	0.4
Total Company Adjustments	$ 1.5	$ 1.0	$ 1.2	$ 1.1	$ 4.8