



A.O. Smith Completes MagneTek Motor Acquisition

MILWAUKEE, Wis., Aug. 2 -- A.O. Smith Corporation (NYSE: AOS, Amex: SMCA) today completed the acquisition of MagneTek Inc.'s (NYSE: MAG) world-wide electric motor operations.

The acquisition significantly strengthens A.O. Smith's position in a number of fractional horsepower motor market segments and will triple the size of the company's replacement motor business. The addition of MagneTek's integral horsepower and DC motor lines will open new market segments to A.O. Smith.

"The combination of MagneTek with our existing electric motor business will enable A.O. Smith to offer a comprehensive line of motors to our customers," John Bertrand, president of A.O. Smith Electrical Products Company, said. "It enhances our already-strong motor design and testing capabilities and will allow us to continue to provide the best service levels in the industry to our customers."

MagneTek's motor operations employ more than 5,500 people in 14 facilities in the United States, Mexico, the United Kingdom, and Hungary. The business reported fiscal 1998 sales of approximately \$367 million.

A.O. Smith expects the MagneTek acquisition will be earnings neutral in 1999. The company estimates the acquisition will contribute approximately \$.30 to \$.35 per share in 2000, the first full year of operation.

The company believes this business can contribute continuously improved earnings over the next four years through realizing the benefits of \$40 million of enhanced purchasing leverage, improved efficiency, and other synergies, culminating in accretion of \$1.00 per share in 2003.

The MagneTek purchase is A.O. Smith Corporation's third strategic acquisition in the last three years. In July 1998, the company acquired General Electric's domestic compressor motor business. In March 1997, A.O. Smith acquired UPPCO Inc., the world's largest manufacturer of subfractional horsepower motors.

Together, the three acquisition are expected to contribute \$600 million in annualized sales to A.O. Smith and will enable total company revenue to approach \$1.5 billion in the year 2000.

A.O. Smith Electrical Products Company, with headquarters in Tipp City, Ohio, is the corporation's largest operating unit. It manufactures a comprehensive line of subfractional horsepower, hermetic, and fractional horsepower electric motors used in a wide array of consumer, commercial, and industrial products. The unit's 1998 sales were \$480 million. Forward-looking statements

This press release contains forward-looking statements. 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 install 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.

Among such numerous factors the company includes: the continued growth of the world-wide air conditioning, heating, and refrigeration market; the weather and its impact on the heating and air conditioning market; and the timely and proper implementation of future cost reduction programs.

A.O. Smith Corporation is a diversified manufacturer with headquarters in Milwaukee, Wis. In addition to electric motors, its principal product lines include commercial and residential water heaters; municipal, industrial, and agricultural storage tanks; and fiberglass reinforced composite pipe.