News Release
A. O. Smith Corporation PO Box 245008 Milwaukee, WI 53224-9508 414-359-4000 NYSE: AOS

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Media Contact:
Mark A. Petrarca
414-359-4100

Analyst/Investor Contact:
Patricia K. Ackerman
414-359-4130

A. O. Smith Plant In Juarez Earns Environmental Certification

Ciudad Juarez, Mexico (June 21, 2010) —The A. O. Smith Water Products Company plant in Juarez, Mexico, recently was one of the first manufacturing operations to be certified as part of the State of Chihuahua's Volunteer Program for Environmental Regulation.

The 263,000 square foot facility, which manufactures residential water heaters, was one of just 55 facilities in the Juarez region to earn certification. The voluntary program is offered through Chihuahua's Secretary of Urban Development and Ecology.

"We had worked hard for the past 12 months to ensure we were complying with the government's laws, however, we recognized the new voluntary program would be more aggressive and far-reaching," Plant Manager Eduardo Gonzalez observed. "Achieving the certification would further strengthen our program and enhance our reputation in the community."

"We also wanted to demonstrate our commitment to promote and implement the environmental culture among our employees," he added.

The process involved an initial audit from government authorities. The audit and subsequent improvement efforts focused on four areas:

- Emissions—The plant was audited on all operating permits, emission reports, operating conditions, maintenance equipment logs, and controls;
- Non-hazardous waste management—Auditors looked at the plant's waste management and classification process, storage area conditions, 2009 waste material generation reports, non-hazardous disposal reports, and the disposal provider's registration;
- Environmental impact—This audit included environmental impacts, locations where the company disposed of non-hazardous material, and the disposal company;
- Additional environmental processes—Auditors reviewed internal and external noise studies, control measures to protect employees from noise, water discharge permits, and environmental control improvement projects and processes.

Armed with this information, a special environmental control team that included all staff managers at the facility began to tackle a series of improvement projects throughout the operation.

The team improved the exhaust system in the plant's milling room where ceramic materials are processed for water heater coatings. They had a large dust collector refurbished to reduce the amount of particles in the air inside the plant. Next, they moved the dust collector to a different area inside the plant to reduce noise and emissions.

The team also enclosed the area where water heater tanks are glassed to reduce particle dispersion and improved the controls as well as the protective equipment worn by employees in the area.

As part of the effort to reduce waste, the plant began to segregate scrap and other waste generated as part of day-to-day operations. This exercise not only helped the team understand the amount and the source of the waste, but also identify improved methods of recycling materials. In some cases, employees found that some wastes that were labeled hazardous in the past could be safely reclassified as non-hazardous. As an added benefit, the plant was able to substantially reduce the cost of waste disposal by using this comprehensive approach to waste management.

In the area of water quality, the plant evaluated its discharged water and improved its cleaning process. It also upgraded its sewer maintenance process and installed new external drainage covers to keep solid materials out of the sewer system.

"We integrated many of these projects as part of the plant's ongoing continuous improvement initiatives," Elisa Arreola, human resources manager for the Juarez plant, explained. "With our focus now on quality, safety, and environmental impact, employees contributed numerous suggestions, many of which were put into practice."

The State of Chihuahua has officially recognized the plant as an Environmentally Responsible Company. The plant is now focusing on obtaining its 2010 Certification and Environmental Practices Recognition.

Last month, the plant was audited by la Secretaría de Desarrollo Urbano y Ecología (SEDUE), and the results verified it was in compliance with state environmental regulations. The audit focused on permits and documentation and covered emissions, non-hazardous material handling, environmental impact, and other obligations. The audit also included a visual inspection of the facility. The A. O. Smith plant was reported at 100 percent in compliance with no discrepancies.

About A. O. Smith:

Headquartered in Ashland City, Tenn., A. O. Smith Water Products Company is North America's leading manufacturer and marketer of residential and commercial water heaters and hydronic boilers. A. O. Smith offers contractors an additional competitive advantage in that the company designs, builds, distributes and field supports the world's broadest and deepest line of

residential and commercial water heaters, as well as commercial boilers. This single-source concept simplifies ordering, installation and service and is backed by more than 70 years of research and innovation.

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