



A.O. Smith to Acquire GE Compressor Motor Business

MILWAUKEE, May 13 -- A.O. Smith Corporation (NYSE: AOS; Amex: SMCA) today announced it has reached a definitive agreement with the Industrial Controls Systems Business of General Electric Company (NYSE: GE) to acquire GE's domestic compressor motor business.

Terms of the acquisition were not announced. The sale remains subject to regulatory approval and is expected to close early in the third quarter.

The GE unit manufactures compressor motors, which are critical components used in residential and commercial air conditioners and commercial refrigeration equipment. The unit's domestic operation is in Scottsville, Ky. and employs 875 people, with annual sales of approximately \$130 million.

"This purchase strengthens our existing domestic motor business and puts us in a position to better serve the expanding global market for compressors," Robert J. O'Toole, chairman and chief executive officer, A.O. Smith Corporation, said in making the announcement.

A.O. Smith's Electric Motor Technologies platform manufactures fractional horsepower and subfractional horsepower electric motors as well as compressor motors and reported 1997 sales of \$391 million. The company operates 15 plants in four countries and serves both original equipment manufacturers (OEMs) and replacement motor customers.

GE Industrial Control Systems said the sale will help the company accelerate its reinvestment into its core businesses. The sale of the compressor motor business does not affect GE's commitment to serving the Heating, Ventilation and Air Conditioning industry with a broad range of motors and related controls.

For A.O. Smith, this is the second acquisition within the last 13 months as part of an ongoing growth initiative. The company acquired UPPCO, a leading manufacturer of subfractional horsepower electric motors in March of 1997. Together, the two acquisitions add approximately \$200 million in annualized sales to the company's Electric Motor Technologies platform.

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