

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 2, 2004

A. O. Smith Corporation

(Exact name of registrant as specified in its charter)

Delaware 1-475 39-0619790 (State or Other Jurisdiction of Incorporation) (Commission File Number) (I.R.S. Employer Identification No.)

P.O. Box 245008, Milwaukee, Wisconsin 53224-9508

(Address of principal executive offices, including zip code)

(414) 359-4000

(Registrant's telephone number, including area code)

Item 5. Other Events and Regulation FD Disclosure

On April 2, 2004, A. O. Smith Corporation ("the Company") issued a news release reducing the Company's first quarter earnings estimate. A copy of the Company's news release is attached as Exhibit 99.1 to this Current Report on Form 8-K (this "Current Report") and is incorporated by reference herein.

On April 2, 2004, the Company held a Conference Call at 10:00 a.m. Eastern Time in connection with the Company's announcement reducing the first quarter earnings estimate. A copy of the Company's script for such conference call is attached as Exhibit 99.2, to this Current Report and is incorporated by reference herein.

Item 7. Financial Statements and Exhibits

- (a) Not applicable. (b) Not applicable. (c) Exhibits. The following exhibit is being filed herewith: (99.1) News Release of A. O. Smith Corporation, dated April 2, 2004. (99.2) Script from the Conference Call held on April 2, 2004 at 10:00 a.m. Eastern Time.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

A. O. SMITH CORPORATION

Date: April 2, 2004

By: /s/ Kenneth W. Krueger

Kenneth W. Krueger  
Senior Vice President and  
Chief Financial Officer

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**A. O. SMITH CORPORATION**

Exhibit Index to Current Report on Form 8-K Dated April 2, 2004.

Exhibit  
Number    Description

99.1    News Release of A. O. Smith Corporation, dated April 2, 2004.  
99.2    Script from the Conference Call held on April 2, 2004 at 10:00 a.m. Eastern Time.

MEDIA INQUIRIES:  
Edward J. O'Connor  
414-359-4100

ANALYST/INVESTOR INQUIRIES:  
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414-359-4009

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414-359-4000  
NYSE: AOS

**FOR IMMEDIATE RELEASE****April 2, 2004****A. O. Smith reduces first quarter earnings estimate to \$.36 per share; lowers guidance for 2004 to between \$1.90 to \$2.00 per share;**

**Milwaukee, Wis.** — A. O. Smith Corporation (AOS-NYSE) today lowered its estimate for first quarter earnings to approximately \$.36 per share from its previous estimate of \$.46 per share and issued guidance for the second quarter for earnings to range between \$.50 and \$.54 per share. The company also lowered its estimate for the full year to a range of \$1.90 to \$2.00 per share from its previous estimate of \$2.20 to \$2.40.

In the first quarter, the company experienced steel and other cost increases that were higher than expected in both its Electrical Products and Water Systems businesses. The company has announced price increases to offset the higher steel costs but these price increases will not have an impact until the latter half of the second quarter. The company will continue to monitor steel, copper, freight and other costs and initiate appropriate price increases when necessary.

Also during the first quarter, the company's Water Systems business experienced manufacturing inefficiencies, increased logistics costs and an adjustment to inventory due to multiple conversion programs. These programs included conversion of residential water heaters to meet new efficiency standards, standardization of the A. O. Smith and State residential product lines, relocation of production between the Ashland City, Tenn., and McBee, S. C., plants and an information systems conversion. Operating issues related to the conversion programs at Water Systems will moderate as the second quarter progresses but are not expected to be eliminated until quarter-end.

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The combined effect of higher steel costs and the conversion programs are also the primary reasons for the change in second quarter earnings expectations. Earnings are expected to range between \$.50 and \$.54 per share compared with the \$.67 per share earned in the second quarter last year.

As a result of the reduction to the first and second quarters, the company has lowered its full-year estimate to between \$1.90 and \$2.00 per share.

The company will broadcast a live conference call today at 10:00 a.m. (Eastern Time), and it can be heard on the company's web site, [www.aosmith.com](http://www.aosmith.com).

**Forward-looking statements**

This release contains statements that we believe are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "continue," or words of similar meaning. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this release. Factors that could cause such a variance include the following: instability in the company's electric motor and water products markets; inability to generate the synergistic cost savings from the acquisition of State Industries; the inability to implement cost-reduction programs; adverse changes in general economic conditions; significant increases in raw material prices; competitive pressures on the company's businesses; and the potential that assumptions on which the company based its expectations are inaccurate or will prove to be incorrect.

Forward-looking statements included in this press release are made only as of the date of this release, and the company is under no obligation to upgrade these statements to reflect subsequent events or circumstances. All subsequent written and oral forward-looking statements attributed to the company, or persons acting on its behalf, are qualified entirely by these cautionary statements.

A. O. Smith Corporation, with headquarters in Milwaukee, Wis., is one of North America's largest manufacturers of electric motors, with a comprehensive line of hermetic motors, fractional horsepower alternating current (AC) and direct current (DC) motors, and integral horsepower motors, as well as one of North America's largest manufacturers of residential and commercial water heating equipment. The company employs approximately 17,000 people worldwide.

Conference Call

April 2, 2004 at 10:00 a.m. Eastern Time

(Craig makes introduction)

Good morning ladies and gentlemen and thank you for joining us on this conference call. With me this morning participating in the call are Bob O'Toole, Chairman and Chief Executive Officer; Paul Jones, President and Chief Operating Officer, Ken Krueger, Chief Financial Officer; and John Kita; Treasurer and Controller.

Before we begin with Ken's remarks I would like to remind you that some of the comments that will be made during this conference call, including answers to your questions, could constitute forward-looking statements. These forward-looking statements are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters that we have described in this morning's press release.

Ken will now make a few opening comments and then we'll take your questions.

Ken ...

Thank you Craig.

Good morning everyone. This morning we lowered our estimate for first quarter earnings to approximately \$.36 per share, which compares with our previous projection of about \$.46 per share. In addition, we are now projecting full year earnings to range between \$1.90 and \$2.00 per share. At our last conference call in mid January we had forecast full-year earnings to range between \$2.20 and \$2.40 per share.

In January, we had indicated concern over emerging raw material cost increases – particularly for steel. We also mentioned that a major OEM customer experienced a sales set back that would result in a reduction in air conditioning motor sales in 2004. Sales to the OEM customer are tracking more or less as expected. Unfortunately, raw material cost pressures have significantly increased since that time. In January steel vendors were quoting surcharges of approximately \$30 per ton. More recently steel costs have been very volatile with market indications of surcharges of \$100 per ton or more.

In addition to these issues, the company's Water Systems business suffered manufacturing inefficiencies, increased logistics costs and an inventory adjustment in the first quarter due to multiple conversion programs. These programs included conversion of the residential water heater products to meet new efficiency standards, a standardization of the A.O. Smith and State residential product lines, relocation of production between the Ashland City and McBee plants and an information systems conversion. These programs have particularly affected the Ashland City plant in Tennessee. Production levels declined significantly in January due to these conversions, despite an increase in manpower and overtime. Production levels have now nearly been restored to pre-conversion levels and during the next six to eight weeks we intend to maintain this production level while reducing manpower requirements and overtime expense.

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The ten cent decline in our first quarter earnings, compared to our prior estimate, is equivalent to approximately \$5 million before taxes. This drop was due to the steel costs and conversion issues.

We have announced price increases to offset the higher steel costs in both the Motor and Water Heater businesses, but these price increases will not have an impact until the latter half of the second quarter. We will continue to monitor steel, copper, freight and other costs and initiate price increases when necessary.

Operating issues related to the conversion programs at Water Systems will moderate as the second quarter progresses but aren't expected to be eliminated until quarter-end.

The combined effect of the higher steel costs and conversion programs are the primary reasons for the change in second quarter earnings expectations. Earnings are expected to range between \$.50 and \$.54 per share compared with the \$.67 per share earned in the second quarter last year.

We believe these operating difficulties will be behind us as we enter the second half of the year, and that raw material cost pressures will be neutralized by price increases. However, as a result of the reduction to the first and second quarters, we have lowered our full year estimate to a range of between \$1.90 and \$2.00 per share.

**Craig Speaks**

A.O. Smith will report first quarter results on Thursday April 15<sup>th</sup> and will host a conference call at 10:00 eastern time that morning. That completes our opening remarks and we are now ready to take your questions. Operator.....

**Q&A**

(Bob or Ken speaks)

Thank you for joining us this morning and we will talk to you again in three weeks.