



A.O. Smith Corporation



AOS NYSE

Electrical Components / Equipment

Market Capitalization USD:

\$1,480.09 mm

CONCERN LEVEL: LOW

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year. 
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

CEO: Paul W. Jones

Age: 63

CEO Since: 2005

	2009	2010	2011
Base Salary	\$950,000	\$1,000,000	\$1,000,000
Discretionary Bonus	\$0	\$0	\$1,000,000
Annual Cash Incentive	\$2,355,000	\$2,782,500	\$2,518,000
Benefits and Perquisites	\$179,569	\$163,260	\$166,955
TOTAL ANNUAL COMPENSATION	\$3,484,569	\$3,945,760	\$4,684,955
Increase in Post-Retirement Benefits	\$940,353	\$962,663	\$836,611
Stock Option Awards	\$923,888	\$831,533	\$990,149
Stock Awards	\$923,562	\$829,521	\$991,645
TOTAL COMPENSATION	\$6,272,372	\$6,569,477	\$7,503,360
Median of Other Named Executive Officers Total Compensation	\$1,726,080	\$1,814,973	\$2,809,587
Value Realized on Exercise of Stock Option	\$1,055,910	\$0	\$1,161,392
Value Realized on Vesting of Stock	\$0	\$907,089	\$1,351,500
TOTAL REALIZED EQUITY COMPENSATION	\$1,055,910	\$907,089	\$2,512,892

Proxy Date: 5 Mar 2012

Annual Meeting Date: 16 Apr 2012

Equity Reserves: 7.84%

Stock Option Run Rate: 0.66%

A.O. Smith Corporation

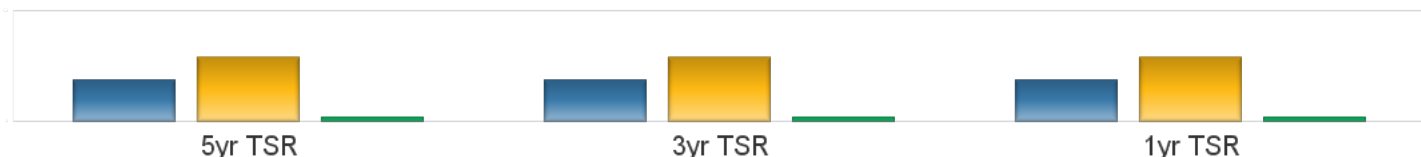
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Performance Comparison

■ vs S&P500 ■ vs Industry ■ AOS



Peer Comparisons (TRBC) =Electrical Components / Equipment

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
AOS	A.O. Smith Corporation	\$6,272,372	\$6,569,477	\$7,503,360	\$1,480,089,163
ARW	Arrow Electronics, Inc.	\$5,063,453	\$6,354,647		\$3,192,432,651
HUBB	Hubbell Incorporated	\$7,461,689	\$5,722,486		\$2,614,480,633
TNB	Thomas & Betts Corporation	\$9,106,706	\$5,508,214		\$2,096,817,002
IPGP	IPG Photonics Corporation	\$451,604	\$922,296		\$2,062,269,126
AVX	AVX Corporation	\$1,374,658	\$1,097,570		\$2,018,807,900
GTI	GrafTech International Ltd.	\$3,446,396	\$3,333,873		\$1,845,018,750

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

At the PCC's October 2011 meeting, the PCC asked Towers Watson to conduct a specific peer group analysis of our Chief Executive Officer, Chief Financial Officer and the three additional highest paid executive roles to provide another point of reference in evaluating our executive compensation programs. The peer group contained ten companies utilized for financial performance comparisons, including: Actuant Corporation; Badger Meter, Inc.; Briggs & Stratton Corporation; Flowserve Corporation; IDEX Corporation; Pentair, Inc.; Roper Industries, Inc.; Watts Water Technologies, Inc.; and Whirlpool Corporation.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Ronald D. Brown	Chairman	58	Male	11	Outside Related
Aiita G. Raiendra	Member	60	Male	1	Inside
Mathias F. Sandoval	Member	51	Male	2	Outside
William P. Greubel	Member	60	Male	6	Outside