

A. O. SMITH CORPORATION

Adjusted Segment Earnings

(dollars in millions)

(unaudited)

The following is a reconciliation of reported segment earnings to adjusted segment earnings (non-GAAP):

	Three Months Ended	
	March 31,	
	2018	2017
Segment Earnings (GAAP)		
North America	\$ 106.0	\$ 104.2
Rest of World	36.1	32.5
Inter-segment earnings elimination	(0.1)	(0.1)
Total Segment Earnings (GAAP)	<u>\$ 142.0</u>	<u>\$ 136.6</u>
Adjustments:		
North America restructuring and impairment expenses	\$ 6.7	\$ -
Rest of World	-	-
Inter-segment earnings elimination	-	-
Total Adjustments	<u>\$ 6.7</u>	<u>\$ -</u>
Adjusted Segment Earnings		
North America	\$ 112.7	\$ 104.2
Rest of World	36.1	32.5
Inter-segment earnings elimination	(0.1)	(0.1)
Total Adjusted Segment Earnings	<u>\$ 148.7</u>	<u>\$ 136.6</u>