



June 1, 2016

**To Our Valued Customers:**

Despite our diligent efforts to hold the line on pricing, product costs have increased, in particular steel and non-fuel related transportation costs. Unfortunately, there is no indication that these costs will subside in the near future. Therefore, we are announcing an **August 1, 2016** price increase.

**Prices will be increased effective August 1, 2016 for the following products:**

- Residential Tank Type Water Heaters 5%
- Commercial Gas and Electric Water Heaters 5%-8%
- Specialty Products and Storage Tanks 5%

**ORDER POLICY AND GUIDELINES**

- In order to guarantee shipments by **August 1, 2016** we need to receive your orders for **immediate shipment** no later than **Friday, July 8, 2016**.
- All Shipments made after July 31, 2016 will be invoiced at the new price levels, regardless of order date
- To insure all customer product requirements are met, A. O. Smith reserves the right to limit orders to your normal monthly purchases.

National Price Books and Market Zone Price Sheets will be mailed to you at a later date.

Please contact your local Sales Representative, Regional Sales Manager or me if any questions.

As always, thank you for your business and continued support.

Sincerely,

A handwritten signature in black ink that reads "James Margoni".

James Margoni  
Sr. Vice President Wholesale Sales