SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 1-475

A.O. SMITH CORPORATION

Delaware	39-0619790
(State of Incorporation)	(IRS Employer ID Number)

P. O. Box 23972, Milwaukee, Wisconsin 53223-0972
Telephone: (414) 359-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Common Stock Outstanding as of October 31, 1996: 15,059,923

Class A Common Stock Outstanding as of October 31, 1996: 5,861,098

Index

A. O. Smith Corporation

PART I--FINANCIAL INFORMATION
ITEM 1--FINANCIAL STATEMENTS

A.O. SMITH CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
AND RETAINED EARNINGS
Three and Nine months ended September 30, 1996 and 1995
(000 omitted except for per share data)
(unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
EARNINGS	1996	1995	1996	1995
Electrical Products Company	$ 76,676	$ 71,641	$ 264,044	$ 241,457
Automotive Products Company	194,943	189,736	647,729	631,677
Water Products Company	70,101	66,287	211,338	197,237
Smith Fiberglass Products Inc.	16,309	14,680	44,569	43,997
Other Products	25,398	12,019	70,614	32,826
NET REVENUES	383,427	354,363	1,238,294	1,147,194
Cost of products sold	329,060	313,922	1,053,169	978,302
Gross profit	54,367	40,441	185,125	168,892
Selling, general and administrative expenses	31,393	26,106	96,663	84,383
Interest expense	3,689	3,234	11,086	9,799
Other expense - net	775	20	4,169	3,151
	18,510	11,081	73,207	71,559
Provision for income taxes	6,977	4,370	28,340	27,520
Earnings before equity in earnings of affiliated companies	11,533	6,711	44,867	44,039
Equity in earnings of affiliated companies	1,001	744	3,741	1,802
NET EARNINGS	12,534	7,455	48,608	45,841
RETAINED EARNINGS				
Balance at beginning of period	303,131	256,998	273,751	224,467
Cash dividends on common shares	(3,557)	(3,137)	(10,251)	(8,992)
BALANCE AT END OF PERIOD	$ 312,108	$ 261,316	$ 312,108	$ 261,316
NET EARNINGS PER COMMON SHARE	$.60	$.36	$2.32	$2.19
DIVIDENDS PER COMMON SHARE	$.17	$.15	$.49	$.43

See accompanying notes to unaudited condensed consolidated financial statements.

PART 1-FINANCIAL INFORMATION
ITEM 1-FINANCIAL STATEMENTS

A.O. SMITH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
September 30, 1996 and December 31, 1995
(000 omitted)

	(unaudited) Sept. 30, 1996	Dec. 31, 1995
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,252	$ 4,807
Trade receivables	153,668	165,924
Finance subsidiary receivables and leases	11,139	13,449
Customer tooling	57,118	30,799
Inventories (note 2)	117,093	103,413
Deferred income taxes	19,028	17,542
Other current assets	12,815	14,327
TOTAL CURRENT ASSETS	378,113	350,261
Investment in and advances to affiliated companies	45,904	28,731
Deferred model change	31,870	25,246
Finance subsidiary receivables and leases	20,302	26,950
Other assets	86,846	79,220
Property, plant and equipment	1,092,947	965,021
Less accumulated depreciation	570,565	528,487
Net property, plant and equipment	522,382	436,534
TOTAL ASSETS	$1,085,417	$946,942
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	$ 162,200	$ 112,645
Accrued payroll and benefits	55,436	47,763
Postretirement benefit obligation	7,742	7,837
Other current liabilities	32,397	40,469
Long-term debt due within one year	7,804	3,925
Finance subsidiary long-term debt due within one year	1,010	1,008
TOTAL CURRENT LIABILITIES	266,589	213,647
Long-term debt (note 3)	213,267	167,139
Finance subsidiary long-term debt	17,097	23,799
Postretirement benefit obligation	76,066	74,799
Other liabilities	34,464	31,955
Deferred income taxes	67,391	63,239
STOCKHOLDERS' EQUITY:		
Class A common stock, $5 par value: authorized 14,000,000 shares; issued 5,885,458 and 5,888,601	29,427	29,443
Common stock, $1 par value: authorized 60,000,000 shares; issued 15,814,192 and 15,811,049	15,814	15,811
Capital in excess of par value	68,898	68,871
Retained earnings (note 3)	312,108	273,751
Cumulative foreign currency translation adjustments	(7,712)	(7,499)
Treasury stock at cost	(7,992)	(8,013)

TOTAL STOCKHOLDERS' EQUITY	410,543	372,364
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,085,417	$ 946,942

See accompanying notes to unaudited condensed consolidated financial statements

PART 1-FINANCIAL INFORMATION
ITEM 1-FINANCIAL STATEMENTS

A. O. SMITH CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Nine Months ended September 30, 1996 and 1995
(000 omitted) - (unaudited)

CASH FLOWS	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 48,608	$ 45,841
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	47,219	41,038
Deferred income taxes	2,666	5,351
Equity in earnings of affiliates, net of dividends	(1,341)	(1,802)
Deferred model change and software amortization	9,157	7,625
Other - net	267	(759)
Change in current assets and liabilities:		
Trade receivables and customer tooling	(15,099)	(21,315)
Current income tax accounts-net	2,073	(275)
Inventories	(13,680)	541
Prepaid expenses and other	(2,611)	(6,830)
Trade payables	49,555	11,774
Accrued liabilities, payroll and benefits	1,556	2,040
Net change in noncurrent assets and liabilities	7,740	956
CASH PROVIDED BY OPERATING ACTIVITIES	136,110	84,185
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(127,277)	(61,146)
Capitalized purchased software costs	(10,332)	(4,413)
Deferred model change expenditures	(13,259)	(10,950)
Investment in joint ventures	(15,889)	-
CASH USED BY INVESTING ACTIVITIES	(166,757)	(76,509)
CASH FLOW BEFORE FINANCING ACTIVITIES	(30,647)	7,676
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term debt incurred	53,807	15,000
Long-term debt retired	(3,800)	(11,059)
Finance subsidiary net long-term debt retired	(6,700)	(5,814)
Stock transactions	36	77
Dividends paid	(10,251)	(8,992)
CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	33,092	(10,788)
Net increase/(decrease) in cash and cash equivalents	2,445	(3,112)
Cash and cash equivalents-beginning of period	4,807	8,485
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 7,252	$ 5,373

See accompanying notes to unaudited condensed consolidated financial statements.

PART I--FINANCIAL INFORMATION
ITEM 1--FINANCIAL STATEMENTS

A. O. SMITH CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 1996
(unaudited)

1. Basis of Presentation

The financial statements presented herein are based on interim figures and are subject to audit. In the opinion of management, all adjustments consisting of normal accruals considered necessary for fair presentation of the results of operations and of financial position have been made. The results of operations for the nine-month period ended September 30, 1996 are not necessarily indicative of the results expected for the full year The consolidated balance sheet as of December 31, 1995 is derived from the audited financial statements but does not include all disclosures required by generally accepted accounting principles. Certain prior year amounts have been reclassified to conform to the 1996 presentation.

2. Inventories

(000 omitted)	September 30, 1996	December 31, 1995
Finished products	$ 60,975	$ 53,788
Work in process	47,708	44,806
Raw materials	45,517	41,841
Supplies	9,590	9,067
	163,790	149,502
Allowance to state inventories at LIFO cost	46,697	46,089
	$ 117,093	$ 103,413

3. Long-Term Debt

The corporation's long-term credit agreements contain certain conditions and provisions which restrict the corporation's payment of dividends. Under the most restrictive of these provisions, retained earnings of $115.7 million were unrestricted as of September 30, 1996 for cash dividends and treasury stock purchases.

PART I - FINANCIAL INFORMATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS
FIRST NINE MONTHS OF 1996 COMPARED TO 1995

Revenues for the first nine months of 1996 were $1.24 billion reflecting an increase of over $90 million or almost an eight percent improvement from the $1.15 billion of revenues reported in the first nine months of 1995. Third quarter revenues increased 8.2 percent from $354.4 million in 1995 to a record $383.4 million in 1996.

The corporation earned $48.6 million or $2.32 per share for the first nine months of 1996 compared with $45.8 million or $2.19 per share in the first nine months of 1995. Third quarter earnings of $12.5 million or $.60 per share were 67% higher than third quarter 1995 earnings of $7.5 million or $.36 per share. Third quarter 1995 earnings were impacted by a number of non-recurring factors including unusually hot weather, heavy demand for truck products, and operational difficulties which in combination disrupted production at the company's automotive operation.

The third quarter gross margin of 14.2 percent was significantly higher than the 11.4 percent gross margin achieved in last year's third quarter. The reason for the dramatic improvement in the third quarter gross margin was twofold. First, the Electrical Products Company generated improved operating efficiencies on higher manufacturing volumes. Secondly, Automotive Products did not have to contend with the aforementioned weather-related and other production difficulties which caused a decline in last year's third quarter gross margin. The gross profit margin through the first nine months of the year increased to 15 percent in 1996 from 14 .7 percent in 1995 due mostly to the improvement in third quarter results.

The Automotive Products Company sales for the first nine months and third quarter of 1996 exceeded the corresponding periods of 1995 by approximately 2.5 percent. Strong customer demand for structural components for pickup trucks and sport utility vehicles, was responsible for the increased sales.

Automotive's earnings for the first nine months of 1996 were lower than the same period last year. Most of the earnings decline was caused by start-up costs for several new facilities and the Dodge Dakota model changeover in the second quarter. Third quarter earnings in 1996 reflected an increase from the same period in 1995 as the aforementioned production complications were not experienced in the third quarter of 1996.

During the fourth quarter Automotive will begin production at its new heavy truck operation in Roanoke, Virginia. This facility incorporates sophisticated automation and innovative techniques in its manufacturing processes which should afford customers shorter lead times and reduced transportation costs. This plant should strengthen Automotive's position in both the medium and heavy truck segments of the market.

Third quarter sales for the Electrical Products Company were 7 percent higher than the third quarter of 1995 as demand for fractional horsepower and hermetic electric motors continued at the increased levels experienced in the first half of the year. The HVAC market segment exhibited particular strength as hermetic and fan motor sales were substantially higher than last year's third quarter. Demand for pump motors was also strong in the third quarter.

Electrical Products' manufacturing operations have demonstrated the ability to operate efficiently at higher volumes which resulted in improved earnings for both the third quarter and the first nine months of 1996 when compared with the same periods in 1995.

Increased unit volume for both commercial and residential water heaters resulted in nearly a six percent third quarter sales increase for Water Products Company when comparing 1996 with 1995. Year-to-date sales were more than 7 percent higher than the first nine months of 1995 as a result of the unit volume increase.

Third quarter earnings for Water Products were higher than the 1995 third quarter due to increased volume. Profits for the first nine months of the year were also better than those of the first nine months of 1995 as the impact of increased volume more than offset the adverse effect of the industry-wide residential price concessions which were prevalent for most of the first half of 1996.

Third quarter sales for Smith Fiberglass Products Inc. increased 11.1 percent over 1995's third quarter while year-to-date sales were 1.3 percent higher than the first nine months of 1995. Despite higher sales, earnings were lower in both the third quarter and first nine months of 1996 compared with the corresponding periods in 1995. Throughout the year, earnings have been adversely impacted by a shift in sales mix from higher to lower margin products.

Revenues for the Other Products segment of the corporation consisting of A. O. Smith Harvestore Products Inc. (AOSHPI), the recently acquired Peabody TecTank, Inc. (PTT) and AgriStor Credit Corporation increased from $12 million in the third quarter of 1995 to $25.4 million in the third quarter of 1996. Year-to-date sales increased $37.8 million over the first nine months of 1995. This significant year over year increase in revenues was attributed to the acquisition of PTT which experienced strong demand for its line of bolted tanks. AOSHPI's third quarter year-to-date sales were adversely impacted by softness in the municipal and agricultural markets while AgriStor's revenues continue to decline consistent with the intent to liquidate this entity. The incremental profits generated by PTT in the third quarter of 1996 were more than offset by lower earnings for AOSHPI and AgriStor. Year-to-date earnings were substantially higher than the first nine months of 1995 as a result of the PTT acquisition.

Selling, general and administrative (SG&A) expenses in the third quarter were $5.3 million more than the same period in 1995. Through the first nine months of the year SG&A expenses were $12.3 million higher than the first nine months of 1995. Most of this increase was associated with the consolidation of the SG&A of Peabody TecTank (PTT), general increases to support higher sales volumes and costs incurred relative to the start-up of the corporation's Chinese joint ventures. The $1.3 million year-over-year increase in interest expense for the first nine months was a direct result of increased debt levels to support higher capital spending programs and the PTT acquisition.

The recognition of research and development and foreign tax credits in the third quarter of 1996 resulted in a lower effective tax rate compared with the same quarter in 1995.

Equity in earnings of affiliated companies for the third quarter of 1996 increased over the same period in 1995. Metalsa, the corporation's 40 percent owned Mexican affiliate, continues to benefit from higher sales and improved margins. Offsetting Metalsa's earnings were losses resulting from the start-ups of the company's Chinese joint ventures.

During the first nine months of 1996, the corporation was a party to futures contracts for purposes of hedging a portion of certain raw material purchases. The corporation was also a party to forward exchange contracts to hedge foreign currency transactions consistent with its committed exposures. Had these contracts not been in place, the net earnings of the corporation would not have been materially affected in the third quarter or the first nine months of 1996.

Liquidity and Capital Resources

The corporation's working capital was $111.5 million at September 30, 1996 compared with $136.6 million at December 31, 1995. The majority of the reduction is attributed to business-related increases in trade payables partially offset by related increases in customer tooling and inventories. Cash flow provided by operations was $51.9 million greater than the same period last year primarily as the result of a reduction in working capital requirements compared with the prior year.

During the first nine months of 1996, capital expenditures were $127.3 million, $66.1 million higher than during the same period in 1995. The corporation anticipates that capital spending will be higher than the original projection of $140 million discussed in the corporation's 1995 annual report on Form 10-K primarily due to earlier than anticipated spending on 1998 model year automotive programs. Lower capital expenditures are anticipated in 1997.

The corporation's long-term debt, excluding the debt of the company's finance subsidiary, increased $46.1 million in the first nine months to $213.3 million to finance capital expenditures and investments in joint ventures. Additionally, its leverage ratio as measured by total debt excluding the finance subsidiary divided by total capitalization was 35% compared with 31% at December 31, 1995. The long-term debt of the finance subsidiary declined $6.7 million to $17.1 million, reflecting the continuing liquidation of that business. Although cash flow from operations will cover the majority of the planned capital requirements, the corporation projects that the total debt to total capital ratio will remain higher for the remainder of the year.

At its October 8, 1996 meeting, A. O. Smith's Board of Directors declared a regular quarterly dividend at $.17 per share on its common stock (Classes A and Common). The dividend is payable on November 15, 1996 to shareholders of record October 31, 1996.

PART II -- OTHER INFORMATION
ITEM 1 -- LEGAL PROCEEDINGS

At September 30, 1996, the corporation and A. O. Smith Harvestore Products, Inc. ("AOSHPI"), a wholly-owned subsidiary of the corporation, were defendants in three (3) cases alleging damages for economic losses claimed to have arisen out of alleged defects in AOSHPI's animal feed storage equipment. Subsequent to the end of the quarter, a new case was filed against the corporation and AOSHPI, which is the first such case filed since July 1994.

It was previously reported that a federal court jury in Lansing, Michigan returned a verdict against the corporation and AOSHPI holding that they violated the RICO Act, and the former operators of a Michigan dairy farm were awarded $156,008. The Judgment Order was vacated and the lawsuit settled.

One of the remaining cases is a New York State court action which names the corporation, AOSHPI, and two of its dealers as defendants. The court denied the plaintiffs' motion to certify the case as a class action and has granted the defendants' motions dismissing some of the plaintiffs' allegations. The plaintiffs are appealing the court's rulings.

Another of the cases was filed in August 1992 in the Federal District Court for the Southern District of Ohio, and in March 1994, the court conditionally certified it as a class action on behalf of purchasers and lessees of Harvestore structures manufactured by the corporation and AOSHPI. In August 1996, the court granted the corporation's motion to decertify the class and ordered it decertified. A notification to the former class members advising them of the decertification is to be mailed and the lawsuit will proceed as individual actions by named plaintiffs.

The corporation believes that any damages, including any punitive damages, arising out of the pending cases do not reach the threshold of materiality requiring disclosure in this filing, and absent changes in circumstances, this litigation will not be discussed in future filings.

There have been no material changes in the environmental matters previously reported in Part 1, Item 3 in the corporation's annual report on Form 10-K for the year ended December 31, 1995 and Part 2, Item 1 in the quarterly report on Form 10-Q for the quarter ended June 30, 1996, which are incorporated herein by reference.

ITEM 2--CHANGES IN SECURITIES

None.

ITEM 4--SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 6 -- EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

(27) Financial Data Schedule.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the corporation in the third quarter of 1996.

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 thereunto duly authorized.

A. O. SMITH CORPORATION

November 12, 1996	/s/ John J. Kita John J. Kita Vice President, Treasurer and Controller
November 12, 1996	/s/ G. R. Bomberger G. R. Bomberger Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description
27	Financial Data Schedule

5
1,000

9-MOS
DEC-31-1996
SEP-30-1996
JAN-01-1996
7,252
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