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, 2001

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 245008, Milwaukee, Wisconsin 53224-9508
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___

Class A Common Stock Outstanding as of September 30, 2001 8,664,389 shares

Common Stock Outstanding as of September 30, 2001 15,111,428 shares

Exhibit Index Page 18

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, 2001 and 2000
(000 omitted except for per share data)
(unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Continuing Operations				
Electric Motor Technologies	$ 186,535	$ 211,447	$ 634,418	$ 717,369
Water Systems Technologies	82,597	79,377	261,197	259,306
Net Sales	269,132	290,824	895,615	976,675
Cost of products sold	226,496	236,488	735,599	775,502
Gross profit	42,636	54,336	160,016	201,173
Selling, general and administrative expenses	35,376	35,287	109,837	117,582
Interest expense	4,165	5,595	12,867	16,759
Amortization of intangibles	1,733	1,739	5,200	5,198
Other (income) expense - net	763	241	1,711	554
	599	11,474	30,401	61,080
Provision for income taxes	213	4,131	10,793	21,989
Earnings from Continuing Operations	386	7,343	19,608	39,091
Discontinued Operations (note 4)				
Gain on disposition less related income tax provision - $977 & $1,253	-	1,493	-	1,917
Net Earnings	$ 386	$ 8,836	$ 19,608	$ 41,008
Retained Earnings				
Balance at beginning of period	$ 562,320	$ 557,759	$ 549,237	$ 531,204
Net Earnings	386	8,836	19,608	41,008
Cash dividends on common shares	(3,089)	(3,044)	(9,228)	(8,661)
Balance at End of Period	$ 559,617	$ 563,551	$ 559,617	$ 563,551
Basic Earnings per Common Share (note 8)				
Continuing Operations	$0.02	$0.31	$0.83	$1.68
Discontinued Operations	-	0.07	-	0.08
Net Earnings	$0.02	$0.38	$0.83	$1.76
Diluted Earnings per Common Share (note 8)				
Continuing Operations	$0.02	$0.31	$0.82	$1.65
Discontinued Operations	-	0.06	-	0.08
Net Earnings	$0.02	$0.37	$0.82	$1.73
Dividends per Common Share	$0.13	$0.13	$0.39	$0.37

See accompanying notes to unaudited condensed consolidated financial statements.

PART I--FINANCIAL INFORMATION

ITEM 1--FINANCIAL STATEMENTS

A.O. SMITH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
September 30, 2001 and December 31, 2000
(000 omitted)

	(unaudited) September 30, 2001	December 31, 2000
Assets		
Current Assets		
Cash and cash equivalents (note 2)	$ 12,841	$ 15,287
Receivables	175,258	169,117
Inventories (note 5)	158,012	169,630
Deferred income taxes	3,955	7,215
Other current assets	42,941	22,199
Net current assets - discontinued operations (note 4)	-	22,651
Total Current Assets	393,007	406,099
Property, plant and equipment	563,053	542,018
Less accumulated depreciation	286,031	259,183
Net property, plant and equipment	277,022	282,835
Net goodwill and other intangibles	239,854	244,821
Other assets	116,447	107,928
Net long-term assets - discontinued operations (note 4)	-	17,493
Total Assets	$ 1,026,330	$ 1,059,176
Liabilities		
Current Liabilities		
Trade payables	$ 96,333	$ 91,780
Accrued payroll and benefits	24,265	27,388
Accrued liabilities	34,800	26,865
Product warranty	11,648	11,574
Income taxes	307	1,695
Long-term debt due within one year	13,272	11,129
Total Current Liabilities	180,625	170,431
Long-term debt (note 6)	260,508	316,372
Deferred income taxes	73,097	62,122
Other liabilities	54,675	61,856
Total Liabilities	568,905	610,781
Stockholders' Equity		
Class A common stock, $5 par value: authorized 14,000,000 shares; issued 8,696,984	43,485	43,614
Common stock, $1 par value: authorized 60,000,000 shares; issued 23,852,378	23,852	23,827
Capital in excess of par value	54,613	53,521
Retained earnings (note 6)	559,617	549,237
Accumulated other comprehensive loss (note 7)	(9,328)	(5,438)
Treasury stock at cost	(214,814)	(216,366)
Total Stockholders' Equity	457,425	448,395
Total Liabilities and Stockholders' Equity	$ 1,026,330	$ 1,059,176

See accompanying notes to unaudited condensed consolidated financial statements

PART I--FINANCIAL INFORMATION

ITEM 1--FINANCIAL STATEMENTS

A.O. SMITH CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Nine Months Ended September 30, 2001 and 2000
(000 omitted)
(unaudited)

	Nine Months Ended September 30 2001	Nine Months Ended September 30 2000
Operating Activities		
Continuing		
Earnings from continuing operations	$ 19,608	$ 39,091
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	28,427	27,796
Amortization	6,407	6,352
Net change in current assets and liabilities	(8,650)	(82)
Net change in other noncurrent assets and liabilities	(6,955)	(2,263)
Other	1,196	1,147
Cash Provided by Operating Activities	40,033	72,041
Investing Activities		
Capital expenditures	(23,395)	(30,114)
Other	(700)	(762)
Cash Used in Investing Activities	(24,095)	(30,876)
Financing Activities		
Debt retired	(53,721)	(29,589)
Net proceeds from common stock and option activity	1,238	608
Dividends paid	(9,228)	(8,661)
Cash Used in Financing Activities	(61,711)	(37,642)
Cash Provided by (Used in) Discontinued Operations	43,327	(9,788)
Net decrease in cash and cash equivalents	(2,446)	(6,265)
Cash and cash equivalents-beginning of period	15,287	14,761
Cash and Cash Equivalents - End of Period (note 2)	$ 12,841	$ 8,496

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, 2001
(unaudited)

1. Basis of Presentation
The condensed consolidated 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 a fair presentation of the results of operations and of financial position have been made. The results of operations for the three and nine-month periods ended September 30, 2001 are not necessarily indicative of the results expected for the full year. The condensed consolidated balance sheet as of December 31, 2000 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 2001 presentation.

2. Statement of Cash Flows
For purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include short-term investments held primarily for cash management purposes. These investments generally mature within three months from the date of acquisition.

3. Acquisition
On August 2, 1999, A. O. Smith Corporation (the company) acquired the assets of MagneTek, Inc.'s (MagneTek) domestic electric motor business and six wholly owned foreign subsidiaries for $244.6 million. In connection with the MagneTek acquisition, the company recorded additional purchase liabilities of $17.9 million, which included employee severance and relocation, as well as certain facility exit costs. Costs incurred and charged against the liabilities to date totaled $6.3 million. The majority of the activities are expected to be completed in six to nine months.

4. Discontinued Operations
In the first quarter 2000, the company, with the approval of the Board of Directors, decided to divest its fiberglass piping and liquid and dry bulk storage tank businesses. These sales were completed in December 2000 and January 2001, respectively. Net sales of these businesses were $34.0 million and $97.0 million for the three- and nine-month periods ended September 30, 2000.

The operating results of the discontinued businesses have been reported separately as discontinued operations in the accompanying financial statements. Certain expenses have been allocated to the discontinued operations, including interest expense, which was allocated based on the ratio of net assets of the discontinued businesses to the total consolidated capital of the company.

5. Inventories (000 omitted)

	September 30, 2001	December 31, 2000
Finished products	$ 98,587	$ 109,702
Work in process	35,293	37,186
Raw materials	41,601	40,191
Supplies	840	860
	176,321	187,939
Allowance to state inventories at LIFO cost	18,309	18,309
	$ 158,012	$ 169,630

6. Long-Term Debt

The company's credit agreement and term notes contain certain conditions and provisions which restrict the company's payment of dividends. Under the most restrictive of these provisions, retained earnings of $61.5 million were unrestricted as of September 30, 2001. The company renewed its credit facility in the amount of $83 million, which expires on July 26, 2002. In addition, the company has available a $250 million credit facility that expires August 2, 2004.

7. Comprehensive Earnings (000 omitted)

The company's comprehensive earnings were comprised of net earnings, foreign currency translation adjustments, and in 2001, realized and unrealized gains and losses on cash flow derivative instruments. Also included in comprehensive earnings for the nine-month period ended September 30, 2001 was a cumulative loss on cash flow hedges of approximately $0.6 million in connection with the adoption of Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, on January 1, 2001.

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Net Earnings	$ 386	$ 8,836	$ 19,608	$ 41,008
Other comprehensive earnings (loss):				
Foreign currency translation adjustments	502	(1,471)	(665)	(2,860)
Unrealized net losses on cash flow derivative instruments less related income tax benefit - $3,243 & $2,106	(5,004)	-	(3,225)	-
Comprehensive Earnings (loss)	$ (4,116)	$ 7,365	$ 15,718	$ 38,148

8. Earnings per Share of Common Stock

The numerator for the calculation of basic and diluted earnings per share is net earnings. The following table sets forth the computation of basic and diluted weighted-average shares used in the earnings per share calculations:

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Denominator for basic earnings per share - weighted-average shares	23,707,974	23,371,624	23,622,093	23,365,685
Effect of dilutive stock options	217,383	254,276	267,212	320,586
Denominator for diluted earnings per share	23,925,357	23,625,900	23,889,305	23,686,271

9. Operations by Segment (000 omitted)

	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
Net Sales				
Electric Motor Technologies	$ 186,535	$ 211,447	$ 634,418	$ 717,369
Water Systems Technologies	82,597	79,377	261,197	259,306
Net Sales	$ 269,132	$ 290,824	$ 895,615	$ 976,675
Earnings before Interest and Taxes				
Electric Motor Technologies	$ 1,622	$ 15,643	$ 31,025	$ 70,202
Water Systems Technologies	8,824	7,086	28,560	25,536
Total Segments	10,446	22,729	59,585	95,738
Corporate Expenses	(5,682)	(5,660)	(16,317)	(17,899)
Interest Expense	(4,165)	(5,595)	(12,867)	(16,759)
Earnings from Continuing Operations before Income Taxes	599	11,474	30,401	61,080
Provision for Income Taxes	(213)	(4,131)	(10,793)	(21,989)
Earnings from Continuing Operations	$ 386	$ 7,343	$ 19,608	$ 39,091

Intersegment sales, which are immaterial, have been excluded from segment revenues.

10. Accounting for Derivative Instruments

Effective January 1, 2001, the company adopted SFAS No. 133, as amended, which requires that all derivative instruments be recorded on the balance sheet at fair value and establishes criteria for designation and effectiveness of the hedging relationships. Any fair value changes are recorded in net income or other comprehensive income. The cumulative effect of adopting SFAS No. 133 was not material to the company's consolidated financial statements as of January 1, 2001.

The company utilizes certain derivative instruments to enhance its ability to manage currency exposures and raw materials price risks. Derivative instruments are entered into for periods consistent with the related underlying exposures and do not constitute positions independent of those exposures. The company does not enter into contracts for speculative purposes. The company has hedged certain of its forecasted exposures. Approximately 98 percent of these contracts expire by December 31, 2002. The contracts are executed with major financial institutions with no credit loss anticipated for failure of the counterparties to perform.

Foreign Currency Forward Contracts

The company is exposed to foreign currency exchange risk as a result of transactions in currencies other than the functional currency of certain subsidiaries. The company utilizes foreign currency forward purchase and sale contracts to manage the volatility associated with foreign currency purchases and certain intercompany transactions in the normal course of business. Contracts typically have maturities of a year or less. Principal currencies include the Mexican peso, Hungarian forint, British pound and U.S. dollar.

Forward contracts are accounted for as cash flow hedges of a forecasted transaction. The fair value of these currency derivatives of approximately $2.3 million as of September 30, 2001 has been recorded in other current assets. Gains and losses on these instruments are recorded in other comprehensive income(loss) until the underlying transaction is recorded in earnings. When the hedged item is realized, gains or losses are reclassified from accumulated other comprehensive income(loss) to the statement of earnings on the same line item as the underlying transaction. The assessment of effectiveness for forward contracts is based on changes in the forward rates.

Commodity Future Contracts

In addition to entering into supply arrangements in the normal course of business, the company also enters into future contracts to fix the cost of certain raw material purchases, principally copper, with the objective of minimizing changes in inventory cost due to market price fluctuations.

The commodity future contracts are designated as cash flow hedges. Derivative commodity liabilities of approximately $8.0 million are recorded in accrued liabilities as of September 30, 2001 with the value of the effective portion of the contracts of approximately $7.4 million recorded in accumulated other comprehensive income(loss) and reclassified into cost of products sold in the period in which the underlying transaction is recorded in earnings. Ineffective portions of the commodity hedges are recorded into earnings in the period in which the ineffectiveness occurs in the same statement of earnings line item as the intended underlying exposure is recorded. Hedge ineffectiveness and impact on earnings was not material for the three- and nine-month periods ended September 30, 2001.

The majority of the amounts in accumulated other comprehensive income(loss) for cash flow hedges are expected to be reclassified into earnings within a year.

11. Recently Issued Accounting Standards

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets." Under the new rules, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the Company will apply the new accounting rules beginning January 1, 2002. We are currently assessing the financial impact SFAS No. 141 and No. 142 will have on our Consolidated Financial Statements. However, the company anticipates that substantially all amortization of goodwill as a charge to earnings will be eliminated. This amount in 2001 is expected to be approximately $7 million.

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 2001 COMPARED TO 2000

Sales in the third quarter of 2001 were $269.1 million or 7.5 percent less than last year's third quarter sales of $290.8 million. Sales for the first nine months of 2001 were $895.6 million or 8.3 percent less than the $976.7 million of sales in the same period last year. The sales decline for both the third quarter and first nine months of 2001 occurred in the electric motor business which continues to experience lower sales for most product lines primarily as a result of the downturn in the domestic economy.

Third quarter earnings were $0.4 million or almost $6.9 million lower than last year's third quarter earnings of $7.3 million. Earnings for the first nine months of 2001 were $19.6 million or approximately half of the nine month earnings of $39.1 million in 2000. On a diluted per share basis, third quarter earnings declined from $.31 in 2000 to $.02 in 2001. Earnings per share for the first nine months of 2001 were $.82 compared with $1.65 in the same period last year. Lower earnings for the third quarter and first nine months were due primarily to the lower sales volume in the electric motor business.

The gross profit margin for the third quarter declined from 18.7 percent in 2000 to 15.8 percent in 2001. The year to date gross profit margin demonstrated a similar decline from 20.6 percent to 17.9 percent. Lower margins in the motor business resulting from under-absorbed manufacturing costs associated with lower volume, Mexican wage inflation, increased costs for certain raw materials, and competitive pressures caused the lower gross profit margin for the quarter and first nine months.

Third quarter sales of Electric Motor Technologies were $186.5 million or almost $25 million lower than the third quarter of 2000 sales of $211.5 million. Year to date sales for this segment were $634.4 million, a decline of $83 million from sales of $717.4 million in the same period last year. The decreased demand for motors in both the third quarter and first nine months was due to a number of factors including general economic conditions, reduced discretionary spending on the part of consumers, and inventory adjustments by air conditioning manufacturers and retailers.

Third quarter operating profits of Electric Motor Technologies declined from $15.6 million in 2000 to $1.6 million in 2001. On a year to date basis, earnings declined $39.2 million from $70.2 million in 2000 to $31.0 million in 2001. The significant decline in earnings was due mostly to lower sales volume, higher costs for Mexican labor and raw materials, and a more competitive marketplace.

On October 17, 2001, the company announced that in response to the challenging market conditions in its electric motor markets, it would initiate a program to reduce fixed cost and improve contribution margins. The program consists of three major elements. The first involves a manpower reduction of approximately ten percent of the salaried workforce in the motor segment with reductions commencing immediately to be substantially completed in early 2002. The second element targets improved contribution margins and involves the repositioning of additional parts fabrication and assembly work to lower cost Mexican operations. A portion of the work currently performed at six domestic plants will be transferred to the company's operations in Juarez, Acuna and Monterrey, Mexico. The third element involves the consolidation of distribution activities into three hub warehouses thereby reducing cost and improving customer service. The last two elements are expected to be substantially completed by December 2002. The program will result in a pretax charge of approximately $9.0 million in the fourth quarter of 2001, and is expected to generate pretax savings of more than $16.0 million in 2002 and $20.0 to $25.0 million annually thereafter.

Third quarter sales for Water Systems Technologies in 2001 were $82.6 million exceeding 2000 third quarter sales of $79.4 million by 4 percent primarily on the strength of higher sales of residential product. Sales of $261.2 million for the first nine months of 2001 were slightly higher than sales of $259.3 million in the same period last year.

Operating profits for Water Systems Technologies were $8.8 million in the third quarter of 2001 reflecting a $1.7 million increase over the same period last year. Through the first nine months of 2001, earnings were $28.6 million or 11.8 percent higher than earnings of $25.5 million in the same period last year. The improved earnings performance in the third quarter and first nine months of 2001 compared with the same periods in 2000 was the result of higher volume, better performance in China, and improved plant efficiencies throughout the organization.

On September 17, 2001, the company announced it had reached a definitive agreement to acquire State Industries, Inc., a privately held manufacturer of residential and commercial water heaters. The acquisition price will be $58 million for all of the outstanding shares, and the assumption of approximately $51 million of State Industries' debt. The acquisition is expected to be completed in the fourth quarter, subject to government approval. State Industries, headquartered in Ashland City, Tennessee, manufactures a comprehensive line of residential and commercial water heaters and reported fiscal 2000 sales of approximately $325 million. The company expects the acquisition will increase earnings by $.15 per share in 2002, with accretion of $.30 per share in 2003.

Selling, general and administrative (SG&A) expense was $35.4 million in the third quarter, about equal to the third quarter of 2000. Last year's third quarter benefited from certain favorable adjustments to selling expense accruals. On a year to date basis, SG&A was $7.7 million less than the first nine months of 2000 as a result of volume related reductions in selling expenses, cost reduction programs and lower accruals for incentive plans. Relative to sales, SG&A for the first nine months was 12.3 percent and 12.0 percent in 2001 and 2000, respectively.

Interest expense for the third quarter and first nine months of 2001 was lower than the comparable periods in 2000 by $1.4 million and $3.9 million, respectively, due to lower debt levels and declining interest rates.

Other expense for the third quarter and first nine months of 2001 was higher than the same periods in 2000 due to the recognition of certain non-recurring income items in 2000.

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets." Under the new rules, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, the Company will apply the new accounting rules beginning January 1, 2002. We are currently assessing the financial impact SFAS No. 141 and No. 142 will have on our Consolidated Financial Statements. However, the company anticipates that substantially all amortization of goodwill as a charge to earnings will be eliminated. This amount in 2001 is expected to be approximately $7 million.

The effective tax rate of approximately 35.5 percent in both the third quarter and first nine months of 2001 was slightly lower than the effective rate of 36.0 percent in the same periods last year.

In the first nine months of 2000, the company recognized after-tax earnings from discontinued operations of $1.9 million associated with the operations of the storage tank business. This entity was sold in January 2001. A more detailed discussion of the sale transaction can be found in the company's 2000 annual report on Form 10-K.

Outlook

The continuing economic weakness, coupled with the uncertainty created by the events of the past month, makes forecasting future market conditions extremely difficult. For the fourth quarter, the company anticipates that the conditions in its major motor markets will continue and further anticipates that these conditions, combined with normal seasonal trends, will result in lower sales in the fourth quarter and break-even profitability before the approximately $9 million for restructuring and other related costs.

Furthermore, the company is very cautious about the 2002 outlook and doesn't anticipate demand to pick up significantly in its major motor markets in the first half of the year. However, the addition of State Industries, if the company achieves regulatory approval, will have a positive impact of approximately $.15 per share on 2002 earnings. That, combined with the previously discussed change in accounting for goodwill and the benefit of the cost-reduction program, will have a positive effect on next year's financial performance. Consequently, the company estimates that 2002 earnings will be in a range of $1.40 to $1.60 per share.

Liquidity & Capital Resources

The company's working capital for continuing operations was $213.4 million at September 30, 2001, which was essentially unchanged in total from the $213.0 million at December 31, 2000. Lower inventory levels and higher accounts payable balances were partially offset by higher receivable balances. In addition, other current assets increased by $20.7 million. The largest component of the increase in other current assets was a $10.0 million increase in a receivable due to payments of claims associated with the dip tube class action lawsuit (described in more detail in

Part 1, Item 3 and Note 12 of the Notes to Consolidated Financial Statements in the company's Form 10-K Report for the year ended December 31, 2000, which are incorporated herein by reference). Cash provided by continuing operations during the first nine months of 2001 was $40.0 million compared to $72.0 million during the same period one year ago primarily due to lower earnings as explained above.

Capital expenditures by continuing operations during the first nine months of 2001 totaled $23.4 million compared to $30.1 million during the same period in 2000. The company expects capital spending in 2001 to be approximately $35 million and expects such capital expenditures to be covered by operating cash flow.

In connection with the MagneTek acquisition in August 1999, additional purchase liabilities of $17.9 million were recorded, which included employee severance and relocation as well as certain facility exit costs. Costs incurred and charged against the liability to date totaled $6.3 million. The majority of the activities are expected to be completed in six to nine months.

The company's long term debt decreased by $53.7 million in the first nine months of 2001. The proceeds received from the divestiture of the storage tank business in the first quarter of 2001 were used to reduce debt. The company's leverage as measured by the ratio of total debt to total capitalization improved to 37 percent at September 30, 2001 from 42 percent at the end of last year. The company renewed its credit facility in the amount of $83 million, which expires on July 26, 2002. In addition, the company has available a $250 million credit facility that expires August 2, 2004

At its October 9, 2001 meeting, A. O. Smith's Board of Directors declared a regular quarterly dividend and will pay $.13 per share on its common stock (Class A Common and Common). The dividend is payable on November 15, 2001 to shareholders of record October 31, 2001.

ITEM 3. - QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

As is more fully described in the company's annual report on Form 10-K for the year ended December 31, 2000, the company is exposed to various types of market risks, primarily currency and certain commodities. The company monitors its risks in such areas on a continuous basis and generally enters into forward and futures contracts to minimize such exposures. These contracts generally last for periods of up to eighteen months. The company does not engage in speculation in its derivatives strategies. It is important to note that gains and losses from the company's forward and futures contract activities are offset by changes in the underlying costs of the transactions being hedged.

Forward Looking Statements

Certain statements in this report are "forward-looking statements." These forward-looking statements can generally be identified as such because the context of the statement includes words such as the company "believes," "anticipates," "estimates," "expects," "projects," or words of similar import.

Although the company believes that its expectations are based upon reasonable assumptions within the bounds of its knowledge of its business, there can be no assurance that the results expressed in forward-looking statements will be realized. Numerous factors may affect actual results and cause results to differ materially from those expressed in forward-looking statements made in this release. The company considers most important among such factors, general economic conditions, cost stability, the competitive environment, the completion and eventual integration of the State Industries acquisition, and successful implementation of cost reduction programs.

All subsequent written and oral forward-looking statements attributable to the company, or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

In the legal and environmental matters discussed in Part 1, Item 3 and Note 12 of the Notes to Consolidated Financial Statements in the company's Form 10-K Report for the year ended December 31, 2000, and the company's Form 10-Q Report for the second quarter, all of which are incorporated herein by reference, the company reported on the status of two legal actions brought against it and other parties to recover certain costs to remediate a former mine site in Colorado. As previously reported, the company's motion for summary judgment was granted in the second quarter dismissing the claims brought against it by the former owner of the mine. In addition, the company's motion for summary judgment dismissing the claims brought against it by the State of Colorado was granted in the third quarter. While the State of Colorado retains the right to appeal the trial court's decision, the company believes that the trial court's well reasoned decision would be upheld on any appeal brought by the State. Unless such an appeal were to result in a reversal of the trial court's ruling, all claims related to the company's involvement at the mining site have now been dismissed. Except with respect to these matters, there have been no material changes in the legal or environmental matters that were previously reported.

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

None.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

None.

SIGNATURES

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

A. O. SMITH CORPORATION

October 24, 2001

/s/John J. Kita

John J. Kita
Vice President,
Treasurer and Controller

October 24, 2001

/s/Kenneth W. Krueger

Kenneth W. Krueger
Senior Vice President
and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description
	None.