

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

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 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 (State of Incorporation) 39-0619790 (IRS Employer ID Number)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Shares of Stock Outstanding February 28, 1997	Name of Each Exchange on Which Registered
Class A Common Stock (par value \$5.00 per share)	5,836,498	American Stock Exchange
Common Stock (par value \$1.00 per share)	14,036,123	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

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

Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K is not contained herein, and will not be
contained, to the best of registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this Form
10-K or any amendment to this Form 10-K. []

The aggregate market value of voting stock held by nonaffiliates of the
registrant was \$15,643,136 for Class A Common Stock and \$459,640,569 for
Common Stock as of February 28, 1997.

Documents Incorporated by Reference:

1. Portions of the corporation's definitive Proxy Statement dated
on or about April 21, 1997 for a May 21, 1997 Annual Meeting of
Stockholders are incorporated by reference in Part III.

PART I

ITEM 1 - BUSINESS

A. O. Smith Corporation, a Delaware corporation organized in 1916, its
subsidiaries and its affiliates (hereafter collectively called the
"corporation" unless the context otherwise requires) are engaged in three
business segments. These segments are Electric Motor Technologies, Water
Systems Technologies and Storage & Fluid Handling Technologies.

The corporation's Electric Motor Technologies segment produces fractional
horsepower and hermetic electric motors. The Water Systems Technologies
Segment is a leading manufacturer of residential and commercial gas, oil,
and electric water heating systems. Storage & Fluid Handling Technologies
manufactures reinforced thermosetting resin piping, agricultural,
industrial and municipal liquid and dry bulk storage systems. The
corporation is in the process of selling the agricultural portion of this
segment. The agricultural business is not considered material. Financial
information regarding the corporation's business segments is provided in
Note 15 to the Consolidated Financial Statements which appear elsewhere
herein.

On January 27, 1997 the corporation announced a definitive agreement to
sell its Automotive Products Company to Tower Automotive, Inc. The
transaction is expected to close early in the second quarter of this year.
See Note 2 to the Consolidated Financial Statements, entitled
"Discontinued Operations" which appears elsewhere herein.

On March 4, 1997, the corporation announced a definitive agreement to
acquire UPPCO, Inc., a privately held manufacturer of sub-fractional
horsepower electric motors with projected 1997 sales of approximately \$80
million. The transaction is expected to close near the end of the first

quarter.

The following table summarizes sales by segment for the corporation's operations. This segment summary and all other information presented in this section should be read in conjunction with the Consolidated Financial Statements and the Notes thereto which appear elsewhere herein.

	Years Ended December 31 (Dollars in Millions)				
	1996	1995	1994	1993	1992
Electric Motor Technologies	\$337.1	\$317.3	\$281.2	\$242.6	\$225.6
Water Systems Technologies	291.3	276.0	271.5	248.1	215.2
Storage & Fluid Handling Technologies	152.8	103.4	95.3	92.2	71.6
	-----	-----	-----	-----	-----
Total Continuing Operations	\$781.2	\$696.7	\$648.0	\$582.9	\$512.4
	=====	=====	=====	=====	=====

ELECTRIC MOTOR TECHNOLOGIES

The Electric Motor Technologies segment includes the A. O. Smith Electrical Products Company and manufactures fan motors used in furnaces, air conditioners, and blowers, as well as fractional horsepower motors used in other consumer products and jet pump motors sold to manufacturers of home water systems, swimming pools, hot tubs and spas. Hermetic motors are sold worldwide to manufacturers of compressors and are used in air conditioning and refrigeration systems. In addition to selling its products directly to OEMs, the company also markets its products through a distributor network which sells to both OEMs and the related after-market. The company estimates that approximately 60 percent of the market is derived from the less cyclical replacement business with the remainder being impacted by general business conditions in the new construction market.

Segment sales increased by \$19.8 million or approximately 6 percent in 1996 to \$337.1 million and represented 43 percent of total corporation sales. The increased volume resulted from strong market demand for hermetic motors. Sales of the company's hermetic motors totaled \$132.9 million, \$103.8 million and \$79.5 million in 1996, 1995 and 1994, respectively. 1996 sales of hermetic motors were higher as a result of growing worldwide and replacement demand for air conditioning and refrigeration systems. The company's manufacturing operations handled the increased volume without disproportionate increases in costs.

Segment sales to York International totaled \$91.5 million, \$72.5 million and \$56.3 million in 1996, 1995 and 1994, respectively.

The segment's principal products are sold in competitive markets with its major competitors being Emerson Electric, General Electric, Magnetek, Inc., Fasco, and vertically integrated customers.

WATER SYSTEMS TECHNOLOGIES

The Water Systems Technology segment includes the A. O. Smith Water Products Company which had 1996 sales of \$291.3 million, approximately 6 percent higher than 1995 sales of \$276.0 million and represented approximately 37 percent of total corporation sales. The company continued to capitalize on its strong wholesale channels to improve market share in the commercial water heater industry.

The company markets residential gas and electric water heaters through a network of plumbing wholesalers in the United States. The majority of the company's sales are in the less cyclical replacement market although the new housing market is an important portion of the business as well. Residential sales in 1996 were \$172 million or approximately 59 percent of segment revenues. The residential water heater market remains highly competitive. A. O. Smith competes with four other manufacturers in supplying over 90 percent of market requirements.

The company also markets commercial water heating systems through a network of plumbing wholesalers in the United States and Canada. Commercial water heating systems are used in a wide range of applications including schools, nursing homes, hospitals, prisons, hotels, motels, laundries, restaurants, stadiums, amusement parks, car washes, and other large users of hot water. The commercial market is characterized by competition from a broader range of products and competitors than occurs in the residential market.

The company estimates that approximately 80 percent of the commercial and residential market is derived from the less cyclical replacement business with the remainder being impacted by general business conditions in the new construction market.

In 1995 Water Systems established a joint venture with Nanjing Water Heater Company of China to manufacture instantaneous and storage type heaters for the Chinese market. A.O. Smith is a majority owner of the venture, which began operation in 1996.

The principal competitors in the Water Systems segment are Rheem Manufacturing, State Industries, The American Water Heater Group (formerly SABH, Inc.) and Bradford-White. A.O. Smith's Water Systems Technologies segment is the largest manufacturer of commercial water heaters and is a major manufacturer of residential water heaters in the United States.

STORAGE & FLUID HANDLING TECHNOLOGIES

The Storage & Fluid Handling segment provides world-wide solutions for effectively storing liquids and a wide range of dry materials; as well as high performance piping systems that safely and effectively contain and convey corrosive, abrasive or related materials. 1996 sales of \$152.8 million were approximately 48 percent higher than 1995 as a result of the December 1995 acquisition of Peabody TecTank, Inc. (TecTank).

Engineered Storage Products

Engineered Storage Products manufactures industrial and municipal liquid and dry bulk storage products marketed by A. O. Smith Harvestore Products, Inc. (Harvestore), and TecTank. 1996 sales were \$94.2 million compared with 1995 sales of \$44.8 million. The increase in sales is attributable to the full year consolidation of TecTank. Harvestore's and TecTank's products are sold in competitive markets that include concrete, site-welded, and bolted tanks. Principal competitors include Columbian Steel Tank Company, Permastore LTD., Pittsburg Tank and Tower Company Inc. and Natgun Corporation.

Fiberglass Products

Sales of \$58.6 million in 1996 were unchanged compared with 1995. Sales to petroleum production markets were higher in 1996 but were offset by a decline in sales to the service station market.

Fiberglass Products manufactures reinforced thermosetting resin piping and fittings used to carry corrosive materials. Typical applications include chemical and industrial plant piping, oil field piping, and underground distribution at gasoline service stations. Fiberglass Products also manufactures high pressure fiberglass piping systems used in the petroleum production industry. Products are sold through a network of distributors.

Fiberglass Products has formed a joint venture with Harbin Composites Corporation of Harbin, China to supply fiberglass pipe to the Chinese oil industry. The company is a majority owner of the new venture, which began production in 1996.

The company's principal products are sold in competitive markets with its major competitors being Ameron Corporation, Fibercast Company, Environ Corporation, and Total Containment Corporation.

RAW MATERIAL

Raw materials for the corporation's operations, which consist primarily of steel, copper, and aluminum, are generally available from several sources in adequate quantities.

SEASONALITY

There is no significant seasonal pattern to the corporation's consolidated quarterly sales and earnings.

RESEARCH AND DEVELOPMENT, PATENTS AND TRADEMARKS

In order to improve competitiveness by generating new products and processes, the corporation conducts research and development at its Corporate Technology Center in Milwaukee, Wisconsin as well as at its operating unit locations. Total expenditures for research and development in 1996, 1995, and 1994 were approximately \$17.3 million, \$15.0 million, and \$13.5 million, respectively.

The corporation owns and uses in its businesses various trademarks, trade names, patents, trade secrets, and licenses. While a number of these are important to the corporation, it does not consider a material part of its business to be dependent on any one of them.

EMPLOYEES

The corporation and its subsidiaries employed approximately 7,700 persons in its continuing operations as of December 31, 1996.

BACKLOG

Normally, none of the corporation's operations sustain significant backlogs.

ENVIRONMENTAL LAWS

The corporation's operations are governed by a variety of federal, state and local laws intended to protect the environment. While environmental considerations are a part of all significant capital expenditures, compliance with the environmental laws has not had a material effect and is not expected to have a material effect upon the capital expenditures, earnings, or competitive position of the corporation. See Item 3.

FOREIGN SALES

Total export sales of continuing operations from the U.S. were \$52 million, \$49 million, and \$32 million in 1996, 1995, and 1994, respectively. The increase in sales of continuing operations from 1995 to 1996 was largely attributable to Storage & Fluid Handling, somewhat offset by decreased exports by Electric Motor Technologies. The amount of sales and operating profit derived from, or the assets attributable to, sales outside the North American geographic area are not a substantial portion of total corporation operations.

ITEM 2 - PROPERTIES

The corporation manufactures its products in 29 locations worldwide. These facilities have an aggregate floor space of approximately 4,323,000 square feet, consisting of approximately 2,999,000 square feet owned by the corporation and 1,324,000 square feet of leased space. Fourteen of the corporation's facilities are foreign plants including affiliates and joint ventures with approximately 1,279,000 square feet of space, of which approximately 551,000 square feet are leased.

Excluded from the above totals are approximately 5,391,000 square feet of domestic and 790,000 square feet of foreign floor space occupied by the corporation's Automotive Products business which the corporation has reached a definitive agreement to sell. The manufacturing plants presently operated by the corporation's continuing operations are listed below by industry segment.

	United States	Foreign
Electric Motor Technologies (1,641,000 sq. ft.)	Mebane, NC; Mt. Sterling, KY; Tipp City, OH; Upper Sandusky, OH	Bray, Ireland; Acuna, Mexico; Juarez, Mexico(5); Monterrey, Mexico
Water Systems Technologies (1,552,000 sq. ft.)	Florence, KY; McBee, SC; El Paso, TX; Seattle, WA	Stratford, Canada(2); Juarez, Mexico; Veldhoven, The Netherlands; Nanjing, People's Rep. of China
Storage & Fluid Handling Technologies (1,130,000 sq. ft.)	Little Rock, AR(2); Bakersfield, CA; DeKalb IL; Parsons, KS; Wichita, KS; Winchester, TN	Harbin, People's Republic of China

The principal equipment at the corporation's facilities consist of presses, welding, machining, slitting and other metal fabricating equipment, winding machines, and furnace and painting equipment. The corporation regards its plant and equipment as well-maintained and adequate for its needs. Multishift operations are used where necessary.

ITEM 3 - LEGAL PROCEEDINGS

The corporation is involved in various unresolved legal actions, administrative proceedings and claims in the ordinary course of its business involving product liability, property damage, insurance coverage, patents and environmental matters including the disposal of hazardous waste. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss or recovery, the corporation believes these unresolved legal actions will not have a material effect on its financial position or results of operations. A more detailed discussion of these matters appears in Note 14 of the Notes to Consolidated Financial Statements.

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

No matters were submitted to a vote of the security holders during the fourth quarter of 1996.

EXECUTIVE OFFICERS OF THE CORPORATION

Pursuant to General Instruction of G(3) of Form 10-K, the following list is included as an unnumbered Item in Part I of this report in lieu of being included in the corporation's Proxy Statement for its 1997 Annual Meeting of Stockholders.

ROBERT J. O'TOOLE

Chairman of the Board of Directors, President, and Chief Executive Officer

Mr. O'Toole, 56, became chairman of the board of directors in March 1992. He is a member of the Investment Policy Committee of the board of directors. He was elected chief executive officer in March 1989. He was elected president, chief operating officer and a director in 1986. Mr. O'Toole joined the corporation in 1963. He is a director of Firststar Bank Milwaukee, N.A.

GLEN R. BOMBERGER

Executive Vice President, Chief Financial Officer, and Director

Mr. Bomberger, 59, has been a director and executive vice president and chief financial officer of the corporation since 1986. He is a member of the Investment Policy Committee of the board of directors. Mr. Bomberger joined the corporation in 1960. He is currently a director and vice president-finance of Smith Investment Company. He is a director of Portico Funds, Inc.

JOHN A. BERTRAND

President - A. O. Smith Electrical Products Company

Mr. Bertrand, 58, has been president of A. O. Smith Electrical Products Company, a division of the corporation, since 1986. Mr. Bertrand joined the corporation in 1960.

CHARLES J. BISHOP

Vice President - Corporate Technology

Dr. Bishop, 55, has been vice president-corporate technology since 1985. Dr. Bishop joined the corporation in 1981.

MICHAEL J. COLE

Vice President - Asia

Mr. Cole, 53, was elected vice president-Asia in March 1996. Previously he was vice president-emerging markets of Donnelly Corporation, an automotive supplier.

JOHN R. FARRIS

President - A. O. Smith Harvestore Products, Inc. and Peabody TecTank, Inc.

Mr. Farris, 47, was elected president of A. O. Smith Harvestore Products, Inc. in November 1996. Since 1987 he has been president of Peabody TecTank, Inc. which was acquired in December 1995.

DONALD M. HEINRICH

Vice President - Business Development

Mr. Heinrich, 44, was elected vice president-business development in October 1992. Previously, from 1990 to 1992, he was president of DM Heinrich & Co., a financial advisory firm. From 1983 to 1990, he was senior vice president of Shearson Lehman Brothers, an investment banking firm.

WILLIAM R. HENNIG

President - A. O. Smith Water Products Company

Mr. Hennig, 49, became the president of A. O. Smith Water Products Company, a division of the corporation, in June 1996. He served as vice president of A. O. Smith Electrical Products Company's Juarez Operations since January 1993 and held other management positions in the Electrical Products Company. He joined the corporation in 1989.

JOHN J. KITA

Vice President, Treasurer and Controller

Mr. Kita, 41, was elected vice president, treasurer and controller on April 4, 1996. From 1995 to 1996 he was treasurer and controller. Prior thereto, he served as assistant treasurer since he joined the corporation in 1988.

RONALD E. MASSA

President - A. O. Smith Automotive Products Company

Mr. Massa, 47, became the president of A. O. Smith Automotive Products Company, a division of the corporation, in June 1996. He served as the president of A. O. Smith Water Products Company since 1995 and has held other management positions in the Water Products Company. He joined the corporation in 1976.

ALBERT E. MEDICE

Vice President - Europe

Mr. Medice, 54, was elected vice president - Europe in February 1995. Previously, from 1990 to 1995, he was the general manager of A. O. Smith Electric Motors (Ireland) Ltd., a subsidiary of the corporation. Mr. Medice joined the corporation in 1986 as vice president-marketing for its Electrical Products Company division.

EDWARD J. O'CONNOR

Vice President - Human Resources and Public Affairs

Mr. O'Connor, 56, has been vice president - human resources and public affairs for the corporation since 1986. He joined the corporation in 1970.

W. DAVID ROMOSER

Vice President, General Counsel and Secretary

Mr. Romoser, 53, was elected vice president, general counsel and secretary in March 1992. Prior thereto, he was vice president, general counsel, and secretary from 1988 to 1992 and general counsel and secretary from 1982 to 1988 of Amsted Industries Incorporated, a manufacturer of railroad, building and construction and industrial products.

WILLIAM V. WATERS

President - Smith Fiberglass Products Inc.

Mr. Waters, 62, has been president of Smith Fiberglass Products Inc., a subsidiary of the corporation, since 1988. He joined the corporation in 1960.

PART II

ITEM 5 - MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information. The Class A Common Stock of A. O. Smith Corporation is listed on the American Stock Exchange. As of December 14, 1994, the Common Stock began trading on the New York Stock Exchange. The symbols for these classes of the corporation's stock are: SMCA for the Class A Common Stock and AOS for the Common Stock. Firststar Trust Company, P. O. Box 2077, Milwaukee, Wisconsin 53201 serves as the registrar, stock transfer agent, and the dividend reinvestment agent for both classes of the corporation's common stock.

Quarterly Common Stock Price Range

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
1996				
Class A Common				
High	25-3/4	27-1/2	25-1/8	33
Low	20-1/2	22-3/4	21-1/2	24-1/8
Common Stock				
High	25-1/2	27-7/8	25-3/8	33
Low	20-7/8	22-5/8	21-5/8	24
1995				
Class A Common				
High	24-3/8	24-7/8	28-7/8	27-1/4
Low	19-3/8	22-1/8	23-3/4	20-1/8
Common Stock				
High	24-5/8	24-7/8	28-5/8	25-7/8
Low	19-1/8	21-7/8	23-5/8	19-1/8

(b) Holders. As of January 31, 1997, the number of shareholders of record of Class A Common Stock and Common Stock were 634 and 1279, respectively.

(c) Dividends. Dividends paid on the common stock are shown in Note 16 to the Consolidated Financial Statements appearing elsewhere herein. The corporation's 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 \$125.6 million were unrestricted as of December 31, 1996.

(d) Stock Repurchase Authority. On January 27, 1997, the corporation's Board of Directors authorized the repurchase of up to three million shares of its outstanding Class A and Common Stock. As of February 28, 1997, 1,150,700 shares had been repurchased for approximately \$38.4 million.

ITEM 6 - SELECTED FINANCIAL DATA
(Dollars in thousands, except per share amounts)

	Year Ended December 31				
	1996	1995	1994	1993	1992
Net sales - continuing operations	\$ 781,193	\$ 696,700	\$ 648,004	\$ 582,919	\$ 512,403
Earnings (loss)					
Continuing operations:					
Operating earnings	25,249	23,995	17,066	7,477	3,081
Cumulative effect of accounting changes	--	--	--	--	(9,045)
Earnings (loss)	25,249	23,995	17,066	7,477	(5,964)
Discontinued operations:					
Operating earnings	40,168	37,418	40,281	35,201	24,125
Cumulative effect of accounting change	--	--	--	--	(35,477)
Earnings (loss)	40,168	37,418	40,281	35,201	(11,352)
Net earnings (loss)	65,417	61,413	57,347	42,678	(17,316)
Net earnings (loss) applicable to common stock	\$ 65,417	\$ 61,413	\$ 57,347	\$ 42,678	\$ (18,172)
Earnings (loss) per share of common stock *					
Continuing operations:					
Earnings before cumulative effect of accounting change	\$ 1.21	\$ 1.15	\$.82	\$.37	\$.12
Realization of tax credits	--	--	--	--	.08
Change in postretirement benefits, net of taxes	--	--	--	--	(.56)
Earnings (loss)	\$ 1.21	\$ 1.15	\$.82	\$.37	\$ (.36)
Discontinued operations:					
Earnings before cumulative effect of accounting change	\$ 1.92	\$ 1.79	\$ 1.93	\$ 1.71	\$ 1.28
Change in postretirement benefits, net of taxes	--	--	--	--	(1.88)
Earnings (loss)	1.92	1.79	1.93	1.71	(.60)
Net earnings (loss)	\$ 3.13	\$ 2.94	\$ 2.75	\$ 2.08	\$ (.96)
Total Assets	\$ 884,988	\$ 765,653	\$ 660,546	\$ 658,080	\$ 631,195
Long-term debt	238,446	190,938	166,126	190,574	236,621
Total stockholders' equity	424,639	372,364	312,745	269,630	244,656
Cash dividends per common share	\$.66	\$.58	\$.50	\$.42**	\$.40

* Preferred Stock was redeemed in 1992. Subsequent thereto there are no materially dilutive securities outstanding and accordingly, no fully dilutive earnings per share amounts are presented. For 1992, the net loss per share amounts are antidilutive because of the conversion of preferred stock.

** Excludes special dividend of .25 per share (split adjusted).

Effective January 1, 1992, the corporation adopted FAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." In addition, on January 1, 1992, the corporation adopted FAS No. 109, "Accounting for Income Taxes." The corporation adopted FAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" effective January 1, 1996.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL REVIEW

A. O. Smith Corporation recorded earnings from continuing operations of \$25.2 million or \$1.21 per share in 1996 versus \$24.0 million or \$1.15 per share in 1995. Earnings from discontinued operations added \$40.2 million to the corporation's net earnings in 1996 compared to \$37.4 million in 1995, providing the corporation with total net earnings of \$65.4 million and \$61.4 million in 1996 and 1995, respectively. As a result, earnings per share totaled \$3.13 in 1996 versus \$2.94 in 1995. Two segments, Electric Motor Technologies and Water Systems Technologies, established new sales and earnings records in 1996. Details of individual segment performance will be discussed later in this section.

Working capital for continuing operations at December 31, 1996 was \$87.0 million compared to \$112.7 million and \$118.1 million at December 31, 1995 and 1994, respectively. Lower accounts receivable and production-related increases in trade payables resulted in lower working capital at December 31, 1996 versus 1995. Sales-related increases in accounts receivable were more than offset by related increases in trade payables, resulting in lower working capital in 1995 versus 1994.

Capital expenditures for continuing operations were \$37.8 million in 1996 compared to \$26.9 million in 1995 and \$18.1 million in 1994. The increases in capital expenditures are primarily attributed to new equipment for the hermetic HVAC motor operations of the Electric Motor Technologies business. The corporation expects that cash flow from operations will adequately cover 1997 capital expenditures.

The corporation established two joint ventures for continuing operations in the People's Republic of China in the fourth quarter of 1995. The corporation invested \$15.1 million in these joint ventures during 1996 compared to \$3.4 million in 1995.

Long-term debt increased \$47.5 million from \$190.9 million at the end of 1995 to \$238.4 million at the end of 1996. The majority of the increase was due to capital expenditures and investments in a joint venture associated with discontinued operations. The corporation's leverage, as measured by total debt to total capital, increased to 37.1% at the end of 1996 compared to 34.5% at the end of 1995.

On January 27, 1997, the corporation reached a definitive agreement to sell its automotive products business. The sale price of the transaction, which excludes the sale of the corporation's investment in its Mexican affiliate, is approximately \$625 million, subject to final adjustment. The corporation expects to pay approximately \$100 million in taxes on this transaction. Closing is expected to occur early in the second quarter. The proceeds of the sale will be used to pay down existing debt to approximately \$100 million, repurchase stock and make acquisitions in its three core businesses. On January 27, 1997, the corporation's Board of Directors authorized the repurchase of up to three million shares of its outstanding class A and common stock. As of February 28, 1997, 1,150,700 shares had been purchased for approximately \$38.4 million.

In June 1996, the corporation's multi-year revolving credit agreement was increased to \$210 million and extended to June 30, 2001. The amended agreement carries lower fees and lower borrowing costs.

The corporation uses futures contracts to fix the cost of portions of its expected raw materials needs, primarily for copper and aluminum, with the objective of reducing risk due to market price fluctuations. In addition, the corporation enters into foreign currency forward contracts to minimize the effect of fluctuating foreign currencies on its income. Differences between the corporation's fixed price and current market prices on raw materials contracts are included as part of inventory cost when the contracts mature. Differences between the corporation's fixed price and current market prices on currency contracts are recognized in the same period in which gains or losses from the transactions being hedged are recognized and, accordingly, no net gain or loss is realized when contracts mature. The corporation does not engage in speculation in its derivatives strategies. The effect of these programs was not material to the results of operations for 1996, 1995, or 1994.

At its April 4, 1996 meeting, A. O. Smith Corporation's Board of Directors increased the regular quarterly dividend by 13 percent to \$.17 per share on its common stocks (Class A and Common). The last three quarterly dividend payments in 1996 were paid at this rate, resulting in a total of \$.66 per share being paid versus \$.58 per share in 1995. A. O. Smith Corporation has paid dividends on its common stock for 57 consecutive years.

Results of Operations

Sales from continuing operations in 1996 were \$781.2 million surpassing 1995 sales of \$696.7 by 12.1 percent. Sales in 1994 were \$648 million. Despite a slow start, 1996 proved to be another solid year as each of the corporation's operating companies increased its sales over the prior year. The most significant sales improvement occurred in the corporation's Storage & Fluid Handling Technologies segment as a result of the TecTank acquisition made in December of 1995. This subsidiary which manufactures bolted steel tanks and shop-welded steel, stainless steel and aluminum

tanks provided approximately \$50 million of the year-to-year increase in sales. The corporation's larger two segments, Electric Motor Technologies and Water Systems Technologies each reflected sales increases over the prior year of approximately six percent.

On January 27, 1997, the corporation announced it had reached a definitive agreement with Tower Automotive Inc. to sell all the assets of Automotive Products Company (APC) excluding the investment in its Mexican affiliate, Metalsa, S. A. , which is expected to be sold within one year. Due to the pending sale, APC and Metalsa have been accorded discontinued operations treatment in the accompanying financial statements. Sales in 1996 including APC's sales of \$863 million amounted to \$1.64 billion, an increase over 1995 of 6.5 percent.

The corporation's gross profit margin for continuing operations in 1996 was 21.4 percent, compared with 20.3 percent in 1995 and 19.7 percent in 1994. The favorable trend in margins was due largely to the higher manufacturing volumes, increased capacity utilization and improved operating efficiencies in the Electric Motor Technologies segment. The gross margin for the Water Systems Technologies segment also reflected improvement over the prior two years as a result of higher volume in 1996 which more than offset the unfavorable impact of industry-wide pricing pressures which were prevalent throughout the first half of the year. Partially offsetting the favorable trend in the corporation's overall margin was a deterioration in the Storage & Fluid Handling Technologies margin. This deterioration resulted from declining volumes for the relatively higher margin fiberglass pipe produced for the service station market by the Smith Fiberglass subsidiary.

Sales for the Electric Motor Technologies segment in 1996 increased almost \$20 million or 6.2 percent to a record \$337.1 million from 1995 sales of \$317.3 million. Sales in 1994 were \$281.2 million. Demand for hermetic motor products associated with the heating, ventilating and air conditioning (HVAC) industry provided most of the increase in sales over the past two years. The replacement market for air conditioning equipment was responsible for much of the growth in the hermetic motor business as a growing percentage of the existing unitary air conditioning equipment in the marketplace is at or near the end of its life cycle. In addition, the use of new refrigerants and higher efficiency compressors has combined to encourage the replacement of older commercial air conditioning and refrigeration installations. Continued growth in exports of compressors by the company's customers also bolstered hermetic volume.

Earnings for the Electric Motor Technologies segment in 1996 were \$42.7 million or 34 percent higher than the \$31.9 million earned in 1995. Earnings in 1994 were \$23.4 million. While increased volume was one of the major factors responsible for the significant improvement in earnings over the past three years, other factors were also important. Commencing in 1993 the company began concentrating production in its lower cost facilities while making significant capital investments in new equipment. These factors enabled this segment to efficiently handle higher manufacturing volumes while continuing to improve productivity.

Sales for the Water Systems Technologies segment were \$291.3 million in 1996 increasing 5.5 percent from \$276 million in 1995 and establishing a record for the fifth consecutive year. Sales in 1994 were \$271.5 million. The record sales in 1996 were achieved through domestic growth in both the residential and commercial water heater market. The company's residential volume increase corresponded to the growth in the overall domestic market which experienced growth of approximately 5.6 percent in 1996. The strong domestic economy and an active construction market resulted in commercial water heater unit volume increasing in excess of six percent in 1996. While the domestic market expanded in 1996, economic weakness in Europe and Canada resulted in lower sales in both of these markets compared to the prior year. Segment sales in 1995 demonstrated only a slight increase from 1994 due to an announced price increase effective as of January 1, 1995. The price increase caused a shift in demand to the fourth quarter of 1994 thereby reducing demand in 1995.

Although Water Systems Technologies sales increased 5.5 percent in 1996, the earnings increase was minimal, increasing from \$32.2 million in 1995 to \$32.8 million in 1996. 1994 earnings were \$30.1 million. In 1996, the earnings contribution from higher sales was offset by higher selling expense as well as transition costs associated with moving to an outside sales organization. Earnings increased seven percent from 1994 to 1995 despite only a 1.7 percent increase in sales. 1995 earnings benefited from increased volume of higher margin commercial product which more than offset the adverse impact of lower volume and pricing for residential water heaters.

The corporation's Storage & Fluid Handling Technologies segment is a combination of two business units, Engineered Storage Products and Fiberglass Products. Total sales for this segment reflected a \$49.4 million increase over 1995 sales of \$103.4 million. This increase was directly attributable to the aforementioned acquisition of TecTank which was completed in December of 1995. Sales in 1994 were \$95.3 million. Total earnings for this segment declined from \$12.6 million in 1994 to \$11.0 million in 1995 and rose slightly in 1996 to \$11.1 million. The decline in earnings from 1994 to 1995 was due to lower earnings at Fiberglass Products. In 1996, the addition of TecTank's earnings compensated for a further decline in earnings at Fiberglass Products.

The corporation continued to liquidate the portfolio of AgriStor Credit Corporation in 1996. The net operating results of this finance subsidiary are no longer integrated as part of the business segments of the corporation and are included in general corporate expense with interest

expense consolidated with the corporation's total interest expense. Interest costs and administrative expenses have declined throughout the liquidation process and are not significant to the total corporation's performance.

Selling, general, and administrative (SG & A) expense for the corporation in 1996 was \$107.4 million compared to \$91.4 million and \$88.5 million in 1995 and 1994, respectively. Approximately one third of the increase from 1995 to 1996 was attributable to the consolidation of SG & A associated with the acquisition of TecTank. Other major reasons for the increase in 1996 include increased commissions and other expenses in support of additional sales volume as well as costs incurred relative to establishing joint venture operations in China. As a percent of sales, SG & A was 13.7 percent in 1996, 13.1 percent in 1995 and 13.7 percent in 1994.

Interest expense, net of the amount allocated to discontinued operations was \$8.1 million in 1996 compared to \$7.6 million and \$8.0 million in 1995 and 1994, respectively. Interest expense was allocated to discontinued operations based on the ratio of net assets discontinued to total consolidated net assets of the corporation. Interest expense before allocation to APC rose throughout the three year reporting period. This upward trend in interest expense before allocation was a function of increasing interest rates and rising debt levels to support aggressive capital spending programs at APC. Since APC's assets represented a greater proportion of the corporation's total net assets each year due to its capital spending program, their allocated interest expense increased each year.

Earnings from continuing operations were \$25.2 million or \$1.21 per share in 1996 compared to \$24.0 million or \$1.15 per share in 1995. 1996 earnings demonstrated improvement over 1995 despite nearly \$4.0 million of losses and other administrative costs to establish the corporation's joint ventures in China. The corporation earned \$17.1 million or \$.82 per share in 1994.

Outlook

The corporation projects sales growth from continuing operations before acquisitions to range between five and ten percent compared with 1996. The corporation's Electric Motor Technologies segment expects to benefit from continued strong growth in the heating, ventilating, air conditioning and refrigeration (HVAC&R) market as well as improved demand in its General Industries business unit. Water Systems is projecting continued penetration of the commercial water heater market as well as stronger market growth for residential water heaters. The Storage & Fluid Handling segment expects to benefit from increased capital spending for industrial storage products as well as increased demand for chemical and industrial pipe.

OTHER MATTERS

Environmental

The corporation's operations are governed by a number of federal, state and local environmental laws concerning the generation and management of hazardous materials, the discharge of pollutants into the environment and remediation of sites owned by the corporation or third parties. The corporation has expended substantial financial and managerial resources complying with such laws. However, expenditures related to environmental matters were not material in 1996 and are not expected to be material in any single year. Although the corporation believes that its operations are in substantial compliance with such laws and maintains procedures designed to maintain compliance, there are no assurances that substantial additional costs for compliance will not be incurred in the future. However, since the corporation's competitors are governed by the same laws, the corporation should not be placed in a competitive disadvantage.

Forward Looking Statements

Certain statements in this report are forward-looking statements. Although the corporation 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 corporation's financial goals will be realized. Although a significant portion of the corporation's sales are derived from the replacement of previously installed product and such sales are therefore less volatile, numerous factors may affect the corporation's actual results and may cause results to differ materially from those expressed in forward-looking statements made by or on behalf of the corporation. Among such numerous factors the corporation includes the continued strong growth of the worldwide heating, ventilating and air conditioning market, the stability of the pricing environment for residential water heaters and the successful implementation of the corporation's joint venture strategies in China.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements: Form 10-K
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Consolidated Balance Sheet at December 31, 1996 and 1995	19

For each of the three years in the period
ended December 31, 1996:

- Consolidated Statement of Earnings and Retained Earnings	20
- Consolidated Statement of Cash Flows	21
Notes to Consolidated Financial Statements	22-40

REPORT OF ERNST & YOUNG LLP,

INDEPENDENT AUDITORS

The Board of Directors and Stockholders
A. O. Smith Corporation

We have audited the accompanying consolidated balance sheet of A. O. Smith Corporation as of December 31, 1996 and 1995 and the related consolidated statements of earnings and retained earnings and cash flows for each of the three years in the period ended December 31, 1996. Our audits also included the financial statement schedule listed in the index in Item 14(a). These financial statements and schedule are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of A. O. Smith Corporation at December 31, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statement taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
January 16, 1997, except for Note 2
as to which the date is
January 27, 1997

CONSOLIDATED BALANCE SHEET

December 31 (dollars in thousands)

Assets	1996	1995
Current Assets		
Cash and cash equivalents	\$ 6,405	\$ 4,807
Receivables	121,571	135,515
Inventories	80,445	74,955
Deferred income taxes	12,416	9,842
Other current assets	4,537	8,707
Net current assets - discontinued operations	13,836	23,881
	-----	-----
Total Current Assets	239,210	257,707
Net property, plant, and equipment	182,600	161,876
Investments in and advances to joint ventures	14,579	3,528
Other assets	90,945	97,322
Net long-term assets - discontinued operations	357,654	245,220
	-----	-----
Total Assets	\$884,988	\$765,653
	=====	=====
Liabilities		
Current Liabilities		
Trade payables	\$ 82,952	\$ 71,613
Accrued payroll and benefits	25,653	22,028
Accrued liabilities	8,937	12,379
Income taxes	1,351	2,303
Product warranty	7,563	7,837
Long-term debt due within one year	11,932	4,933
	-----	-----
Total Current Liabilities	138,388	121,093
Long-term debt	238,446	190,938
Product warranty	17,109	16,658
Deferred income taxes	31,271	32,042
Other liabilities	35,135	32,558
	-----	-----
Total Liabilities	460,349	393,289
Commitments and contingencies (notes 8 and 14)		
Stockholders' Equity		
Preferred Stock	--	--
Class A Common Stock (shares issued 5,846,158 and 5,888,601)	29,231	29,443
Common Stock (shares issued 15,853,492 and 15,811,049)	15,853	15,811
Capital in excess of par value	69,410	68,871
Retained earnings	325,361	273,751
Cumulative foreign currency translation adjustments	(7,401)	(7,499)
Treasury stock at cost	(7,815)	(8,013)
	-----	-----
Total Stockholders' Equity	424,639	372,364
	-----	-----
Total Liabilities and Stockholders' Equity	\$884,988	\$765,653
	=====	=====

See accompanying notes which are an integral part of these statements.

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

Years ended December 31 (dollars in thousands, except per share amounts)

Earnings	1996	1995	1994
Continuing			
Net sales	\$781,193	\$696,700	\$648,004
Cost of products sold	614,218	555,578	520,589
	-----	-----	-----
Gross profit	166,975	141,122	127,415
Selling, general, and administrative expenses	107,350	91,398	88,521
Interest expense	8,114	7,616	7,953
Other expense - net	5,288	4,688	4,243
	-----	-----	-----
Provision for income taxes	46,223	37,420	26,698
	17,080	13,425	9,632
	-----	-----	-----
Earnings before equity in loss of joint ventures	29,143	23,995	17,066
Equity in loss of joint ventures	(3,894)	--	--
	-----	-----	-----
Earnings from Continuing Operations	25,249	23,995	17,066
Discontinued			
Earnings from operations less related income tax provisions (1996 - \$19,988; 1995 - \$22,048; and 1994 - \$25,075)	40,168	37,418	40,281
	-----	-----	-----
Net Earnings	65,417	61,413	57,347
Retained Earnings			
Balance at beginning of year	273,751	224,467	177,543
Cash dividends on common stock	(13,807)	(12,129)	(10,423)
	-----	-----	-----
Balance at End of Year	\$325,361	\$273,751	\$224,467
	=====	=====	=====
Per Share of Common Stock			
Continuing Operations	\$1.21	\$1.15	\$.82
Discontinued Operations	1.92	1.79	1.93
	-----	-----	-----
Net Earnings	\$3.13	\$2.94	\$2.75
	=====	=====	=====

See accompanying notes which are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31 (dollars in thousands)	1996	1995	1994
Cash Flow from Operating Activities			
Continuing			
Net earnings	\$ 25,249	\$ 23,995	\$ 17,066
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	22,577	21,703	21,726
Deferred income taxes	(3,345)	9,587	15,196
Equity in loss of joint ventures	3,894	--	--
Net change in current assets and liabilities	23,228	(1,854)	(11,127)
Net change in other noncurrent assets and liabilities	3,830	1,438	5,757
Other	4,263	2,642	8,017
	-----	-----	-----
Cash Provided by Operating Activities	79,696	57,511	56,635
	-----	-----	-----
Investing Activities			
Capital expenditures	(37,804)	(26,851)	(18,117)
Purchase of subsidiary	(1,111)	(18,000)	--
Investment in joint ventures	(15,147)	(3,404)	--
Other	(2,567)	(406)	(382)
	-----	-----	-----
Cash Used by Investing Activities	(56,629)	(48,661)	(18,499)
	-----	-----	-----
Cash Flow from Continuing Operations before Financing Activities	23,067	8,850	38,136
Discontinued			
Cash provided by operating activities	114,380	59,427	62,838
Cash used by investing activities	(177,116)	(82,461)	(66,254)
	-----	-----	-----
Cash Flow Used by Discontinued Operations before Financing Activities	(62,736)	(23,034)	(3,416)
Cash Flow from Financing Activities			
Long-term debt incurred	58,507	65,000	--
Long-term debt retired	(4,000)	(42,510)	(31,610)
Net proceeds from common stock and option activity	539	49	1,764
Tax benefit from exercise of stock options	28	96	2,132
Dividends paid	(13,807)	(12,129)	(10,423)
	-----	-----	-----
Cash Provided (Used) by Financing Activities	41,267	10,506	(38,137)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	1,598	(3,678)	(3,417)
Cash and cash equivalents--beginning of year	4,807	8,485	11,902
	-----	-----	-----
Cash and Cash Equivalents--End of Year	\$ 6,405	\$ 4,807	\$ 8,485
	=====	=====	=====

See accompanying notes which are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Significant Accounting Policies

Organization. A.O. Smith Corporation is a diversified manufacturer serving customers world-wide. The corporation's major product lines include: fractional horsepower and hermetic electric motors; residential and commercial water heaters; fiberglass piping systems and water, waste water, and dry storage tanks. The corporation's products are marketed primarily in North America. Original equipment manufacturers are the largest customers of the electrical products unit. Water heaters are distributed principally through a diverse network of plumbing wholesalers. Fiberglass piping is sold through a network of distributors to the service station market and the petroleum production industry as well as the chemical/industrial market. The corporation's storage tanks and handling systems are sold through a network of dealers to municipalities, industrial concerns, and farmers. As discussed in Note 2, the operations of the automotive products business are classified as discontinued operations.

Consolidation and basis of presentation. The consolidated financial statements include the accounts of the corporation and its wholly-owned subsidiaries.

Use of estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fair values. The carrying amounts of cash and cash equivalents, accounts receivable and payable, and long-term borrowings approximated fair value as of December 31, 1996 and 1995.

Foreign currency translation. For all subsidiaries outside the United States with the exception of entities in Mexico, the corporation uses the local currency as the functional currency. For these operations, assets and liabilities are translated into U.S. dollars at year-end exchange rates and weighted average exchange rates are used for revenues and expenses. The resulting translation adjustments are recorded as a separate component of stockholders' equity. Gains and losses from foreign currency transactions are included in net earnings.

Inventory valuation. Inventories are carried at lower of cost or market. Cost is determined on the last-in, first-out (LIFO) method for a significant portion of domestic inventories. Inventories of foreign subsidiaries and supplies are determined using the first-in, first-out (FIFO) method.

Derivative instruments. The corporation enters into futures contracts to fix the cost of certain raw material purchases, principally copper and aluminum, with the objective of minimizing cost risk due to market fluctuations. Any differences between the corporation's fixed price and current market prices are included as part of the inventory cost when the contracts mature. As of December 31, 1996, the corporation had contracts covering the majority of its expected copper and aluminum requirements for 1997, with varying maturities in 1997, the longest duration of which is December 1997. These futures contracts limit the impact from both favorable and unfavorable price changes. The effect of these programs was not material to the results of operations for the three years ended December 31, 1996.

As a result of having various foreign operations, the corporation is exposed to the effect of foreign currency rate fluctuations on the U.S. dollar value of its foreign subsidiaries. Further, the corporation and its subsidiaries conduct business in various foreign currencies. To minimize the effect of fluctuating foreign currencies on its income, the corporation enters into foreign currency forward contracts. The contracts are used to hedge known foreign currency transactions on a continuing basis for periods consistent with the corporation's exposures.

The corporation does not engage in speculation. The difference between market and contract rates is recognized in the same period in which gains or losses from the transactions being hedged are recognized. The contracts, which are executed with major financial institutions, generally mature within one year with no credit loss anticipated for failure of the counterparties to perform.

The following table summarizes, by currency, the corporation's forward exchange contracts.

December 31 (dollars in thousands)	1996		1995	
	Buy	Sell	Buy	Sell
U.S. dollars	2,200	2,000	\$ 3,102	\$ --
British pounds	5,153	--	4,659	--
French franc	--	756	--	1,483
German deutsche mark	--	1,500	--	3,208
Italian lira	--	--	--	992
Mexican peso	21,950	--	3,808	--
	-----	-----	-----	-----
Total	\$29,303	\$4,256	\$11,569	\$5,683

=====
 The contracts in place at December 31, 1996 and 1995 amounted to approximately 62 and 40 percent, respectively, of the corporation's anticipated subsequent year exposure for those currencies hedged.

Property, plant, and equipment. Property, plant, and equipment are stated at cost. Depreciation is computed primarily by the straight-line method.

Revenue recognition. The corporation recognizes revenue upon shipment of product to the customer.

Research and development. Research and development costs are charged to expense as incurred for continuing operations and amounted to approximately \$17.3, \$15.0, and \$13.5 million during 1996, 1995, and 1994, respectively.

Environmental remediation costs. The corporation accrues for losses associated with environmental obligations when such losses are probable and reasonably estimable. Costs of future expenditures are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. The accruals are adjusted as further information develops or circumstances change.

Earnings per share of common stock. Earnings per common share are computed using the weighted average number of shares outstanding during the year. The effect of shares issuable under stock compensation plans is not significant.

Reclassifications. Certain prior year amounts have been reclassified to conform to the 1996 presentation.

2. Discontinued Operations

On January 27, 1997, the corporation reached a definitive agreement to sell its automotive products business. The sale price of the transaction, which excludes the sale of the corporation's Mexican affiliate, is approximately \$625 million, subject to final adjustment. Closing is expected to occur early in the second quarter of 1997. The corporation also intends to sell its interest in its Mexican affiliate, which had been accounted for under the equity method.

The results of the automotive businesses have been reported separately as discontinued operations. Prior year consolidated financial statements have been restated to present the automotive businesses as discontinued.

The components of the net assets of discontinued operations included in the consolidated balance sheets are as follows:

December 31 (dollars in thousands)	1996	1995
Current assets		
Receivables	\$ 19,718	\$ 43,552
Inventories	32,882	28,459
Customer tooling	54,368	31,105
Other current assets	16,711	13,320
Less current liabilities		
Trade payables	61,261	41,033
Accrued payroll and benefits	26,984	25,735
Other current liabilities	21,598	25,787
Net current assets	\$ 13,836	\$ 23,881
	=====	=====
Long-term assets		
Investments in affiliated companies	\$ 48,454	\$ 25,203
Deferred model change	24,181	25,246
Net property, plant, and equipment	365,785	274,658
Other assets	18,005	8,848
Less long-term liabilities		
Deferred income taxes	39,095	31,197
Postretirement benefit obligation	59,676	57,538
Net long-term assets	\$357,654	\$245,220
	=====	=====

The condensed statement of earnings of the discontinued operations is presented below.

Years ended December 31 (dollars in thousands)	1996	1995	1994
Net sales	\$862,977	\$845,305	\$722,718
Cost of products sold	787,380	766,013	641,507
	-----	-----	-----
Gross profit	75,597	79,292	81,211
Selling, general, and administrative expenses	18,231	18,855	16,925
Interest expense	6,974	5,477	4,133
Other income - net	(210)	(1,142)	(3,652)
	-----	-----	-----
Provision for income taxes	50,602	56,102	63,805
	19,988	22,048	25,075
	-----	-----	-----
Earnings before equity in earnings of affiliated company	30,614	34,054	38,730
Equity in earnings of affiliated company	9,554	3,364	1,551

Net earnings	\$ 40,168	\$ 37,418	\$ 40,281
	=====	=====	=====

Certain expenses have been allocated to the discontinued operations, including interest expense, which was allocated based on the ratio of net assets discontinued to the total consolidated net assets of the corporation.

The cash flow used by discontinued operations is as follows:

Years ended December 31 (dollars in thousands)	1996	1995	1994
Earnings	\$ 40,168	\$ 37,418	\$ 40,281
Adjustments to reconcile earnings to net cash provided by discontinued operating activities:			
Depreciation	40,848	33,998	27,434
Deferred model change and software amortization	10,939	10,775	7,699
Deferred income taxes	7,898	5,400	(900)
Equity in earnings of affiliate, net of dividends	(6,170)	(3,364)	(751)
Net change in current assets and liabilities	7,621	(25,231)	(18,288)
Net change in noncurrent assets and liabilities	14,743	3,585	7,644
Other	(1,667)	(3,154)	(281)
	-----	-----	-----
Cash provided by discontinued operating activities	114,380	59,427	62,838
Cash used by discontinued investing activities	(177,116)	(82,461)	(66,254)
	-----	-----	-----
Cash flow used by discontinued operations	\$ (62,736)	\$ (23,034)	\$ (3,416)
	=====	=====	=====

In 1995, because the Mexican affiliate's sales, financing, and certain costs were primarily U.S. dollar denominated, the corporation changed the functional currency for foreign currency translation purposes from the Mexican peso to the U.S. dollar. In 1994, due to the decline in the value of the Mexican peso, the corporation recorded as a component of stockholders' equity, translation adjustments of approximately \$7.5 million. During 1996 and 1994, the corporation received dividends of \$2.9 and \$0.8 million, respectively, from the affiliate.

3. Acquisition

On December 6, 1995, the corporation acquired the stock of Peabody TecTank Inc. (TecTank), a manufacturer of environmental bulk storage tanks, for approximately \$19.1 million, which included a final purchase price adjustment of \$1.1 million in 1996. The transaction was accounted for as a purchase and the consolidated financial statements include the results of TecTank from the date of acquisition. The purchase price has been allocated to the assets purchased and the liabilities assumed based upon the respective fair values at the date of acquisition. The excess of the purchase price over the fair values of net assets acquired has been recorded as goodwill and is being amortized on a straight-line basis over 15 years. The proforma effect of this acquisition would not be significant to either 1995 or 1994 operating results.

4. Statement of Cash Flows

For purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include investments with original maturities of three months or less. Supplemental cash flow information is as follows:

Years ended December 31 (dollars in thousands)	1996	1995	1994
Change in current assets and liabilities:			
Receivables	\$ 13,589	\$ (10,904)	\$ (8,657)
Inventories	(5,491)	6,292	(3,209)
Other current assets	434	(432)	762
Trade payables	12,451	2,728	6,053
Accrued liabilities, payroll, and benefits	(539)	4,851	(3,020)
Current income tax accounts-net	2,784	(4,389)	(3,056)
	-----	-----	-----
	\$ 23,228	\$ (1,854)	\$ (11,127)
	=====	=====	=====

5. Inventories

December 31 (dollars in thousands)	1996	1995
Finished products	\$ 51,706	\$ 46,909
Work in process	19,593	20,333
Raw materials	37,594	37,037
Supplies	1,368	1,073
	-----	-----
	110,261	105,352
Allowance to state inventories at LIFO cost	29,816	30,397
	-----	-----
	\$ 80,445	\$ 74,955

6. Investments in Joint Ventures

In the fourth quarter of 1995, the corporation established two joint ventures in the Peoples Republic of China, which are part of continuing operations and are accounted for under the equity method. The corporation holds a majority interest in each. The corporation also initiated a third joint venture in 1995 which will be sold with the automotive products company.

7. Property, Plant, and Equipment

December 31 (dollars in thousands)	1996	1995
Land	\$ 3,957	\$ 3,957
Buildings	80,376	78,755
Equipment	322,683	286,913
	-----	-----
	407,016	369,625
Less accumulated depreciation	224,416	207,749
	-----	-----
	\$182,600	\$161,876
	=====	=====

8. Long-Term Debt and Lease Commitments

December 31 (dollars in thousands)	1996	1995
Bank credit lines, average year-end interest rate of 6.2% for 1996 and 6.6% for 1995	\$ 51,257	\$ 8,135
Commercial paper, average year-end interest rate of 5.6% for 1996 and 5.9% for 1995	59,814	43,345
8.75% notes, payable annually through 1997	3,550	7,125
Long-term notes, expiring through November 2000 average year-end interest rate of 6.1% for 1996 and 6.3% for 1995	17,500	17,500
Long-term notes, expiring through 2010, average year-end interest rate of 7.0% for 1996 and 1995	90,000	90,000
Other notes, expiring through 2012, average year-end interest rate of 6.6% for 1996 and 6.8% for 1995	28,257	29,766
	-----	-----
	250,378	195,871
Less amount due within one year	11,932	4,933
	-----	-----
	\$238,446	\$190,938
	=====	=====

In June 1996, the corporation's multi-year revolving credit agreement with a group of ten banks was increased from \$160 million to \$210 million and extended to June 30, 2001. The amended agreement carries lower fees and borrowing costs. During 1995, the corporation borrowed \$5 million with a five year term from one of the banks. At its option, the corporation maintains either cash balances or pays fees for bank credit and services.

In 1995, the corporation entered into two loan facilities with insurance companies totaling \$125 million. Through December 31, 1996, the corporation had drawn down, under terms ranging from ten to fifteen years, \$45 million under these facilities.

The corporation's credit agreement and term loans contain certain conditions and provisions which restrict the corporation's payment of dividends. Under the most restrictive of these provisions, retained earnings of \$125.6 million were unrestricted as of December 31, 1996.

Borrowings under the bank credit lines and in the commercial paper market are supported by the revolving credit agreement and accordingly have been classified as long-term. It has been the corporation's practice to renew or replace the credit agreement so as to maintain the availability of debt on a long-term basis and to provide 100 percent backup for its borrowings in the commercial paper market.

Long-term debt, maturing within each of the five years subsequent to December 31, 1996, is as follows: 1997--\$11.9; 1998--\$12.2; 1999--\$8.1; 2000--\$9.9; 2001--\$12.1 million.

Under an agreement, the corporation sold at face value certain automotive related receivables without recourse totaling \$50 million at December 31, 1996, compared to \$41.0 million at December 31, 1995.

Future minimum payments under noncancelable operating leases from continuing operations total \$37.9 million and are due as follows: 1997--\$7.6; 1998--\$6.9; 1999--\$5.3; 2000--\$5.1; 2001--\$7.7; thereafter--\$5.3 million. Rent expense for continuing operations, including payments under operating leases, was \$12.1, \$10.3, and \$9.5 million in 1996, 1995, and 1994, respectively.

Interest paid by the corporation, was \$15.1, \$13.1, and \$13.3 million in

1996, 1995, and 1994, respectively.

9. Stockholders' Equity

On April 5, 1995, the corporation's stockholders approved an increase in the authorized shares of Class A Common Stock \$5 par value from 7 million shares to 14 million shares and in the authorized shares of Common Stock \$1 par value from 24 million shares to 60 million shares. The Common Stock has equal dividend rights with Class A Common Stock and is entitled, as a class, to elect 25 percent of the board of directors and has 1/10th vote per share on all other matters. As of December 31, 1996, there are also 3 million shares of preferred stock \$1 par value authorized.

During 1996, 1995, and 1994, 42,443, 146,940, and 49,304 shares of Class A Common Stock were converted into Common Stock, respectively. Regular dividends paid on the Class A Common and Common Stock amounted to \$.66, \$.58, and \$.50 per share in 1996, 1995, and 1994, respectively.

Changes in certain components of stockholders' equity are as follows:

(dollars in thousands)	Class A Common Stock	Common Stock	Capital in Excess of Par Value	Treasury Stock Shares	Treasury Stock Amount
Balance at December 31, 1993	\$ 30,424	\$15,615	\$ 65,950	1,012,784	\$9,920
Conversion of Class A Common Stock	(246)	49	197	--	--
Exercise of stock options (net of 4,845 shares surrendered as stock option proceeds)	--	--	(70)	(218,755)	(1,835)
Tax benefit from exercise of stock options	--	--	2,132	--	--
Balance at December 31, 1994	30,178	15,664	68,209	794,029	8,085
Conversion of Class A Common Stock	(735)	147	588	--	--
Exercise of stock options (net of 3,400 shares surrendered as stock option proceeds)	--	--	(22)	(13,000)	(72)
Tax benefit from exercise of stock options	--	--	96	--	--
Balance at December 31, 1995	29,443	15,811	68,871	781,029	8,013
Conversion of Class A Common Stock	(212)	42	170	--	--
Exercise of stock options	--	--	341	(21,900)	(198)
Tax benefit from exercise of stock options	--	--	28	--	--
Balance at December 31, 1996	\$ 29,231	\$15,853	\$69,410	759,129	\$ 7,815

At December 31, 1996, 3,460 and 755,669 shares of Class A Common Stock and Common Stock, respectively, were held as treasury stock.

10. Stock Options

During 1990, the corporation adopted a Long-Term Executive Incentive Compensation Plan (1990 Plan) which initially reserved 1 million shares of Common Stock for granting of nonqualified and incentive stock options. In April 1994, stockholders approved a proposal to reserve an additional 1 million shares of Common Stock for the 1990 plan. In addition, the corporation has a Long-Term Executive Incentive Compensation Plan (1980 Plan) which has terminated except as to outstanding options. Options under both plans become exercisable one year from date of grant and, for active employees, expire ten years after date of grant. The number of shares available for granting of options at December 31, 1996, 1995, and 1994 was 264,400, 470,500, and 659,600 respectively.

Changes in option shares (all Common Stock) were as follows:

	Weighted Average Per Share Exercise Price-1996	Years Ended December 31 1996	1995	1994
Outstanding at beginning	\$17.20	1,124,600	963,600	1,009,800

of year

Granted	24.61			
1996--\$24.50 to \$27.00 per share		206,100		
1995--\$23.13 and \$25.00 per share			189,100	
1994--\$21.56 and \$25.81 per share				177,400
Exercised	24.62			
1996--\$8.44 to \$27.50 per share		(21,900)		
1995--\$7.00 to \$8.00 per share			(16,400)	
1994--\$7.00 to \$13.00 per share				(223,600)
Canceled or expired	--	--	(11,700)	--
Outstanding at End of Year (1996--\$7.00 to \$27.50 per share)	18.24	1,308,800	1,124,600	963,600
Exercisable at End of Year	17.05	1,102,700	935,500	786,200

The following table summarizes weighted-average information by range of exercise prices for stock options outstanding and exercisable at December 31, 1996:

Range of Exercise Prices	Options Outstanding at December 31, 1996	Weighted Average Exercise Price	Options Exercisable at December 31, 1996	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life
\$7.00 to \$8.69	462,200	\$ 7.93	462,200	\$ 7.93	4 years
\$13.00	116,800	13.00	116,800	13.00	6 years
\$21.56 to \$27.50	729,800	25.61	523,700	26.00	9 years
	-----		-----		
\$7.00 to \$27.50	1,308,800	18.24	1,102,700	17.05	7 years
	=====		=====		

Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," encourages, but does not require companies to record compensation cost for stock-based employee compensation plans at fair value. The corporation has chosen to continue applying Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. Accordingly, because the exercise price of the stock options equals the market price of the underlying stock on the date of grant, no compensation expense has been recognized. Had compensation cost been determined based upon the fair value at the grant date for awards under the plans based on the provisions of SFAS No. 123, the corporation's pro forma net earnings and pro forma net earnings per share would have been as follows:

Years ended December 31 (dollars in thousands, except per share amounts)	1996	1995
Net earnings:		
As reported	\$65,417	\$61,413
Pro forma	64,538	61,220
Net earnings per share:		
As reported	\$ 3.13	\$ 2.94
Pro forma	3.08	2.93

The pro forma effect on net earnings for 1995 is not representative of the pro forma effect on net earnings in future years because it does not take into consideration pro forma compensation expense related to 1994 grants.

The weighted-average fair value per option at the date of grant during 1996 and 1995, using the Black-Scholes option-pricing model, was \$7.45 and \$7.48, respectively. Assumptions were as follows:

	1996	1995
Expected life (years)	4.0	4.0
Risk-free interest rate	6.3%	5.9%
Dividend yield	2.1%	2.1%
Expected volatility	34.7%	34.7%

11. Retirement Plans

The corporation and its domestic subsidiaries provide retirement benefits for all employees. As of December 31, 1995, the corporation merged its various qualified noncontributory defined benefit plans in the United States into one pension plan. Benefits for salaried employees are based on an employee's years of service and compensation. Benefits for hourly employees are generally based on years of service. The corporation's funding policy is to contribute amounts which are actuarially determined to provide sufficient assets to meet future benefit payment requirements consistent with the funding requirements of federal laws and regulations.

Plan assets consist primarily of marketable equities and debt securities. The corporation also has several foreign pension plans, none of which are material to the corporation's financial position.

The following tables present the components of pension (income) expense, the funded status, and the major assumptions used to determine these amounts for domestic pension plans of continuing operations.

Years ended December 31 (dollars in thousands)

	1996	1995	1994
Components of pension expense:			
Service cost--			
benefits earned during the year	\$ 2,815	\$ 2,069	\$3,030
Interest cost on projected benefit obligation	9,610	9,564	6,513
Return on plan assets:			
Actual return	\$(29,013)	\$(45,164)	\$ 678
Deferral of investment return in excess of (less than) expected return	10,424	30,187	(13,026)
	(18,589)	(14,977)	(12,348)
Net amortization and deferral	(1,369)	(1,258)	(1,131)
Net periodic pension income	\$(7,533)	\$(4,602)	\$(3,936)

December 31 (dollars in thousands)

	1996	1995
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$367,268	\$384,726
Accumulated benefit obligation	\$422,296	\$432,143
Projected benefit obligation	\$441,766	\$450,577
Plan assets at fair value	503,933	462,093
Plan assets in excess of projected benefit obligation	62,167	11,516
Unrecognized net transition asset at January 1, 1986	(4,253)	(5,192)
Unrecognized net loss (gain)	(35,079)	6,310
Prior service cost not yet recognized in periodic pension cost	23,793	29,404
Prepaid pension asset	\$ 46,628	\$ 42,038

Major assumptions at year-end:

	1996	1995	1994
Discount rate	8.00%	7.50%	8.50%
Rate of increase in compensation level	4.00%	4.00%	4.50%
Expected long-term rate of return on assets	10.25%	10.25%	10.25%

Net periodic pension cost is determined using the assumptions as of the beginning of the year. The funded status is determined using the assumptions as of the end of the year.

Pursuant to the agreement to sell the automotive products operations, the corporation will retain all existing pension assets as well as all liabilities earned through the closing date.

The corporation has a defined contribution profit sharing and retirement plan covering salaried nonunion employees which provides for annual corporate contributions of 35 percent to 140 percent of qualifying contributions made by participating employees. The amount of the corporation's contribution in excess of 35 percent is dependent upon the corporation's profitability. The corporation's contribution was \$5.3, \$5.2, and \$5.2 million for 1996, 1995, and 1994, respectively.

Postretirement Benefits other than Pensions

The corporation has several unfunded defined benefit postretirement plans covering certain hourly and salaried employees which provide medical and life insurance benefits from retirement to age 65. Salaried employees retiring after January 1, 1995 are covered by an unfunded defined contribution plan with benefits based on years of service. Certain hourly employees retiring after January 1, 1996 will be subject to a maximum annual benefit limit. Salaried employees hired after December 31, 1993 are not eligible for postretirement medical benefits.

Pursuant to the agreement to sell the automotive products operations, all liabilities for active employees and retirees of these operations will be transferred to the buyer.

Net periodic postretirement benefit cost of continuing operations included the following components:

Years ended December 31 (dollars in thousands)	1996	1995	1994
Service cost--benefits attributed to employee service during the year	\$ 298	\$ 251	\$ 493
Interest cost on accumulated postretirement benefit obligation	1,318	1,335	1,552
Amortization of unrecognized net (gain) loss	(117)	(103)	522
	-----	-----	-----
Net periodic postretirement benefit cost	<u>\$ 1,499</u>	<u>\$ 1,483</u>	<u>\$ 2,567</u>
	=====	=====	=====

The following table sets forth the plans' status as reflected in the consolidated balance sheet:

December 31 (dollars in thousands)	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	\$ 8,487	\$10,931
Fully eligible active plan participants		
	331	477
Other active plan participants	6,181	5,798
	-----	-----
	14,999	17,206
Unrecognized net gain	3,710	1,864
	-----	-----
Accrued postretirement benefit cost	<u>\$18,709</u>	<u>\$19,070</u>
	=====	=====

Accrued postretirement benefit cost is included in the consolidated balance sheet in the accounts shown below:

December 31 (dollars in thousands)	1996	1995
Accrued liabilities	\$ 1,709	\$ 1,809
Other liabilities	17,000	17,261
	-----	-----
Accrued postretirement benefit cost	<u>\$18,709</u>	<u>\$19,070</u>
	=====	=====

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation (APBO) is 6 percent. The weighted average discount rate used in determining the APBO was 8.00 and 7.50 percent at December 31, 1996 and 1995, respectively. If the health care cost trend rate was increased by 1 percent, the APBO at December 31, 1996 would increase by \$.7 million and net periodic postretirement benefit cost for 1996 would increase by \$.1 million.

12. Income Taxes

The components of the provision for income taxes of continuing operations consisted of the following:

Years Ended December 31 (dollars in thousands)	1996	1995	1994
Current:			
Federal	\$13,002	\$ 627	\$(7,055)
State	3,143	1,069	1,271
Foreign	708	1,689	1,490
Deferred	627	11,020	15,469
Business tax credits	(400)	(980)	(1,543)
	-----	-----	-----
Provision for income taxes	<u>\$17,080</u>	<u>\$13,425</u>	<u>\$9,632</u>
	=====	=====	=====

The tax provision differs from the statutory U.S. federal rate due to the following items:

Years Ended December 31 (dollars in thousands)	1996	1995	1994
Provision at federal statutory rate	\$16,178	\$13,097	\$ 9,344
Foreign income taxes	5	227	125
State income and franchise taxes	1,581	1,142	1,373
Business and foreign tax credits	(400)	(1,445)	(1,877)
Non-deductible items	594	552	542
Foreign sales corporation benefit	(959)	(278)	--
Other	81	130	125
	-----	-----	-----
Provision for income taxes	<u>\$17,080</u>	<u>\$13,425</u>	<u>\$9,632</u>
	=====	=====	=====

The domestic and foreign components of income from continuing operations before income taxes were as follows:

Years Ended December 31 (dollars in thousands)	1996	1995	1994
Domestic	\$43,527	\$33,457	\$22,974
Foreign	2,696	3,963	3,724
	-----	-----	-----
	<u>\$46,223</u>	<u>\$37,420</u>	<u>\$26,698</u>
	=====	=====	=====

Total taxes paid by the corporation including for discontinued operations amounted to \$29.9, \$25.2, and \$21.7 million in 1996, 1995, and 1994, respectively.

No provision for U.S. income taxes has been made on the undistributed earnings of foreign subsidiaries as such earnings are considered to be permanently invested. At December 31, 1996, the undistributed earnings amounted to \$15.2 million. It is not practical to determine the income tax liability that would result had such earnings been repatriated.

No provision for U.S. income taxes has been made on the cumulative net translation gains and other items of equity investees. At December 31, 1996, the amount of unrecognized U.S. tax liability for the net translation gains and other items totaling \$9.9 million amounted to \$3.5 million.

The approximate tax effects of temporary differences between income tax and financial reporting of continuing operations are as follows:

December 31 (dollars in thousands)				
	1996		1995	
	Assets	Liabilities	Assets	Liabilities
Finance leases	\$ --	\$ (4,354)	\$ --	\$(7,278)
Group health insurance and postretirement obligations	9,263	--	9,600	--
Employee benefits	4,894	(16,939)	3,413	(15,559)
Product liability and warranty	8,129	--	7,472	--
Bad debts	704	--	1,276	--
Tax over book depreciation	--	(15,109)	--	(16,182)
All other	--	(5,443)	--	(4,942)
	-----	-----	-----	-----
	\$22,990	\$(41,845)	\$21,761	\$(43,961)
	=====	=====	=====	=====
Net liability		\$(18,855)		\$(22,200)
		=====		=====

These deferred tax assets and liabilities are classified in the balance sheet as current or long-term based on the balance sheet classification of the related assets and liabilities. The balances are as follows:

December 31 (dollars in thousands)		
	1996	1995
Current deferred income tax assets	\$ 12,416	\$ 9,842
Long-term deferred income tax liabilities	(31,271)	(32,042)
	-----	-----
Net liability	\$(18,855)	\$(22,200)
	=====	=====

13. Agricultural Businesses

The corporation's strategic plan is to concentrate its resources in nonagricultural businesses and withdraw from the agricultural market. The strategy includes plans to sell the agricultural business and to phase out the related finance operations. It is not possible to predict when the sale of the agricultural business will occur. The corporation is continuing to phase out the finance operations in an orderly manner. AgriStor Credit Corporation (AgriStor), a wholly owned finance subsidiary, was merged into the corporation as of December 31, 1996.

The finance operations are no longer deemed to be material, and, accordingly, the accounts related thereto are not presented separately in the consolidated financial statements. Condensed consolidated financial statements of AgriStor are also no longer presented.

14. Litigation and Insurance Matters

The corporation is involved in various unresolved legal actions, administrative proceedings and claims in the ordinary course of its business involving product liability, property damage, insurance coverage, patents and environmental matters including the disposal of hazardous waste. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible loss or recovery, the corporation believes these unresolved legal actions will not have a material effect on its financial position or results of operations. The following paragraphs summarize noteworthy actions and proceedings.

A lawsuit for damages and declaratory judgments in the Circuit Court of Milwaukee County, State of Wisconsin, in which the corporation and Harvestore are plaintiffs is pending against three insurance companies for failure to pay in accordance with liability insurance policies issued to the corporation. The insurers have failed to pay, in full or in part, certain judgments, settlements and defense costs incurred in connection with closed lawsuits alleging damages for economic losses claimed to have arisen out of alleged defects in Harvestore animal feed storage equipment. The court granted the corporation partial summary judgment against two of the insurers and the appellate court accepted an appeal of that ruling. In the interim, discovery is stayed. While the corporation has, in part, assumed applicability of this coverage, an adverse judgment should not be material to its financial condition.

As part of its routine business operations, the corporation disposes of and recycles or reclaims certain industrial waste materials, chemicals and solvents at disposal and recycling facilities which are licensed by appropriate federal, state and local agencies and are owned and operated by third parties unrelated to the corporation. In some instances, when

those facilities are operated such that hazardous substances contaminate the soil and groundwater, the United States Environmental Protection Agency ("EPA") will designate the contaminated sites as Superfund sites, and will designate those parties which are believed to have contributed hazardous materials to the sites as potentially responsible parties ("PRPs"). Under the Comprehensive Environmental Response, Compensation, and Liability Act (the "Superfund" law) and similar state laws, each PRP that contributed hazardous substances to a Superfund site may be jointly and severally liable for the costs associated with cleaning up the site. Typically, PRPs negotiate with the EPA and those state environmental agencies that are involved in the matter regarding the selection and implementation of a plan to clean up the Superfund site and the terms and conditions under which the PRPs will be involved in the process. PRPs also negotiate with each other regarding allocation of each PRP's share of the clean up costs.

One such Superfund site is a former mining site in Colorado. The corporation was a majority owner of a Colorado mining operation for a period of time beginning in 1936 and ending in 1942. Because of that stock ownership, the corporation was notified by the EPA in March, 1993 that it is a PRP at the site. Estimates of clean up costs at this site have been as high as \$150,000,000. The corporation believes that a large majority of those costs relate to contamination caused by a corporation that worked the mine in the 1980s. In 1995, the EPA made an offer to negotiate de minimis settlements with each PRP that contributed less than 3% of the hazardous materials to the site. The corporation accepted that offer which has not been finalized, however the corporation continues to maintain that it has valid defenses to any liability at this site. It is impossible at this time to reasonably estimate the corporation's liability at this site, if any. However, it is anticipated that the corporation's liability at the site will not be material because the EPA is treating the corporation as a potential de minimis party.

The corporation is currently involved as a PRP in judicial and administrative proceedings initiated on behalf of the EPA seeking to clean up the environment at a total of fifteen Superfund sites and to recover costs it has or will incur as a result of the clean up. Certain state environmental agencies have also asserted claims to recover their clean up costs in some of these actions. Further, a claim has been asserted by the owner of a landfill which has been designated as a Superfund site to recover part of the owner's costs to remediate the site from the corporation and several other parties that are alleged to have contributed materials to the site.

The corporation has compiled available information concerning costs associated with remediation at these sites. It is impossible at this time to estimate the total cost of remediation for all of the sites, or the corporation's ultimate share of those costs, for a variety of reasons. Many of the reasons are related to the fact that the sites are in various stages of the remediation process. Of the costs the corporation has been able to identify, the corporation estimates the share for which it is or may be responsible is approximately \$7.1 million. The corporation and its insurance companies have paid \$6.4 million of that amount and the balance is adequately covered through insurance and reserves established by the corporation. To the best of the corporation's knowledge, the insurers have the financial ability to pay any such covered claims and there are viable PRPs at each of the sites which have the financial ability to pay their respective shares of liability at the sites.

The corporation has self-insured a portion of its product liability loss exposure and other business risks for many years. The corporation has established reserves which it believes are adequate to cover incurred claims. For the year ended December 31, 1996, the corporation had \$60 million of third-party product liability insurance for individual losses in excess of \$1.5 million and for aggregate losses in excess of \$10 million.

The corporation reevaluates its exposure on claims periodically and makes adjustments to its reserves as appropriate.

15. Operations by Segment

Years ended December 31 (dollars in millions)

	Net Sales					Earnings (Loss)				
	1996	1995	1994	1993	1992	1996	1995	1994	1993	1992
Electric Motor Technologies Fractional horsepower and hermetic electric motors	\$337.1	\$317.3	\$281.2	\$242.6	\$225.6	\$42.7	\$31.9	\$23.4	\$11.6	\$13.2
Water Systems Technologies Water heaters and water heating systems and protective industrial coatings	291.3	276.0	271.5	248.1	215.2	32.8	32.2	30.1	26.5	18.2
Storage & Fluid Handling Technologies Fiberglass reinforced piping systems, liquid & dry bulk storage systems	152.8	103.4	95.3	92.2	71.6	11.1	11.0	12.6	8.4	4.4
	\$781.2	\$696.7	\$648.0	\$582.9	\$512.4	86.6	75.1	66.1	46.5	35.8

Financial services	(2.8)	(3.6)	(6.3)	.1	1.7
General corporate and research and development expense	(29.5)	(26.5)	(25.1)	(22.7)	(19.5)
Interest expense	(8.1)	(7.6)	(8.0)	(9.6)	(12.7)
	-----	-----	-----	-----	-----
Earnings From Continuing Operations, Before Income Taxes, Equity in Loss of Joint Ventures, and Cumulative Effect of Accounting Changes	\$46.2	\$37.4	\$26.7	\$14.3	\$5.3
	=====	=====	=====	=====	=====

(dollars in millions)

	Identifiable Total Assets (December 31)			Depreciation (Years ended December 31)			Capital Expenditures (Years ended December 31)		
	1996	1995	1994	1996	1995	1994	1996	1995	1994
Electric Motor Technologies	\$165.5	\$162.5	\$158.9	\$ 11.9	\$ 12.3	\$ 12.7	\$ 19.8	\$ 12.9	\$ 8.1
Water Systems Technologies	141.1	131.6	127.8	6.1	6.0	6.0	13.0	9.8	4.8
Storage & Fluid Handling	90.4	88.4	56.3	4.1	3.0	2.7	4.2	3.4	4.6
Investments in joint ventures	14.6	3.5	.1	--	--	--	--	--	--
Corporate assets	101.9	110.6	111.9	.5	.4	.4	.8	.7	.6
Discontinued operations	371.5	269.1	205.5	40.8	34.0	27.4	132.4	58.8	58.0
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	\$885.0	\$765.7	\$660.5	\$ 63.4	\$ 55.7	\$ 49.2	\$170.2	\$ 85.6	\$ 76.1

Electric Motor Technologies sales included sales to York International of \$91.5, \$72.5, and \$56.3 million in 1996, 1995, and 1994, respectively.

16. Quarterly Results of Operations (Unaudited)

(dollars in millions, except per share amounts)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	1996	1995	1996	1995	1996	1995	1996	1995
Net sales - continuing	194.8	170.5	206.5	178.7	188.1	164.1	191.8	183.4
Gross profit - continuing	40.4	35.6	44.7	36.8	40.6	32.2	41.3	36.5
Earnings								
Continuing	5.7	5.5	7.3	6.4	6.2	4.5	6.0	7.6
Discontinued	11.6	12.9	11.4	13.6	6.4	2.9	10.8	8.0
Net earnings	17.3	18.4	18.7	20.0	12.6	7.4	16.8	15.6
Earnings per share								
Continuing	.28	.26	.35	.31	.29	.22	.29	.36
Discontinued	.55	.62	.55	.65	.31	.14	.51	.38
Net earnings	.83	.88	.90	.96	.60	.36	.80	.74
Common dividends declared	.15	.13	.17	.15	.17	.15	.17	.15

See note 8 for restrictions on the payment of dividends.

Continuing operations for the fourth quarter of 1996 includes, on an after-tax basis, approximately \$.9 million of charges for the write-down of certain assets offset by inventory adjustments of \$1.0 million

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information included under the heading "Election of Directors" in the corporation's definitive Proxy Statement dated on or about April 21, 1997 for the Annual Meeting of Stockholders to be held May 21, 1997 is incorporated herein by reference. The information required regarding Executive Officers of the corporation is included in Part I of this Form 10-K under the caption "Executive Officers of the Corporation."

The information included under the heading "Compliance with Section 16(a) of the Securities Exchange Act" in the corporation's definitive Proxy Statement dated on or about April 21, 1997 for the Annual Meeting of Stockholders to be held on May 21, 1997 is incorporated herein by reference.

ITEM 11 - EXECUTIVE COMPENSATION

The information included under the heading "Executive Compensation" in the corporation's definitive Proxy Statement dated on or about April 21, 1997 for the May 21, 1997 Annual Meeting of Stockholders is incorporated herein by reference, except for the information required by paragraphs (i), (k) and (l) of Item 402(a)(8) of Regulation S-K.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information included under the headings "Principal Stockholders" and "Security Ownership of Directors and Management" in the corporation's Proxy Statement dated on or about April 21, 1997 for the May 21, 1997 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information included under the headings "Relationships and Related Transactions" and "Compensation Committee Interlocks and Insider Participation" in the corporation's Proxy Statement dated on or about April 21, 1997 for the May 21, 1997 Annual Meeting of Stockholders is incorporated herein by reference.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements and Financial Statement Schedules

Form 10-K
Page Number

The following consolidated financial statements of A. O. Smith Corporation are included in Item 8:

Consolidated Balance Sheet at December 31, 1996 and 1995	19
For each of the three years in the period ended December 31, 1996:	
- Consolidated Statement of Earnings and Retained Earnings	20
- Consolidated Statement of Cash Flows.....	21
Notes to Consolidated Financial Statement.....	22-40

The following consolidated financial statement schedule of A. O. Smith Corporation is included in Item 14(d):

Schedule II - Valuation and Qualifying Accounts	43
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All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the notes thereto.

Financial statements of Metalsa S.A., an affiliate in which the corporation has a 40 percent investment, are omitted since it does not meet the significant subsidiary test of Rule 3-09 of Regulation S-X.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the last quarter of 1996.

(c) Exhibits - see the Index to Exhibits on pages 48 - 50 of this report.

Pursuant to the requirements of Rule 14a-3(b)(10) of the Securities Exchange Act of 1934, as amended, the corporation will, upon request and upon payment of a reasonable fee not to exceed the rate at which such copies are available from the Securities and Exchange Commission, furnish copies to its security holders of any exhibits listed in the Index to Exhibits.

Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 14(c) of Form 10-K are listed as Exhibits 10(a) through 10(h) in the Index to Exhibits.

For the purposes of complying with the amendments to the rules governing Form S-8 (effective July 13, 1990) under the Securities Act of 1933, the undersigned registrant hereby undertakes as follows, which undertaking shall be incorporated by reference into registrant's Registration Statements on Form S-8 Nos. 2-72542 filed on May 26, 1981, Post-Effective Amendment No. 1, filed on May 12, 1983, Post-Effective Amendment No. 2, filed on December 22, 1983, Post-Effective Amendment No. 3, filed on March 30, 1987; 33-19015 filed on December 11, 1987; 33-21356 filed on April 21, 1988; Form S-8 No. 33-37878 filed November 16, 1990; Form S-8 No. 33-56827 filed December 13, 1994; and Form S-8 No. 333-05799 filed June 12, 1996.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceedings) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf of the undersigned, thereunto duly authorized.

A. O. SMITH CORPORATION

By: /s/ Robert J. O'Toole
Robert J. O'Toole
Chief Executive Officer
Date: March 21, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of March 21, 1997 by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name and Title	Signature
ROBERT J. O'TOOLE Chairman of the Board of Directors, President, and Chief Executive Officer	/s/ Robert J. O'Toole Robert J. O'Toole
GLEN R. BOMBERGER Executive Vice President, Chief Financial Officer, and Director	/s/ Glen R. Bomberger Glen R. Bomberger
JOHN J. KITA Vice President, Treasurer and Controller	/s/ John J. Kita John J. Kita
TOM H. BARRETT, Director	/s/ Tom H. Barrett Tom H. Barrett
RUSSELL G. CLEARY, Director	/s/ Russell G. Cleary Russell G. Cleary
THOMAS I. DOLAN, Director	/s/ Thomas I. Dolan Thomas I. Dolan
LEE W. JENNINGS, Director	/s/ Lee W. Jennings Lee W. Jennings
AGNAR PYTTE, Director	/s/ Agnar Pytte Agnar Pytte
DONALD J. SCHUENKE, Director	/s/ Donald J. Schuenke Donald J. Schuenke
ARTHUR O. SMITH, Director	/s/ Arthur O. Smith Arthur O. Smith
BRUCE M. SMITH, Director	/s/ Bruce M. Smith Bruce M. Smith

A. O. SMITH CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(000 Omitted)

Years ended December 31, 1996, 1995, and 1994

Description	Balance at Beginning of Year	Charged to Costs and Expenses 1/	Deductions 2/	Balance at the End of Year
1996:				
Valuation allowance for trade and notes receivable	\$ 4,796	\$ 615	\$ 1,938	\$ 3,473
1995:				
Valuation allowance for trade and notes receivable	12,475	4,306	11,985	4,796
1994:				
Valuation allowance for trade and notes receivables	18,550	5,379	11,454	12,475

1/ Provision (credit) based upon estimated collection.

2/ Uncollectible amounts charged against the reserve.

INDEX TO EXHIBITS

Exhibit Number	Description	Form 10-K Page Number
(3)(i)	Restated Certificate of Incorporation of the corporation as amended April 5, 1995 incorporated by reference to the quarterly report on Form 10-Q for the quarter ended March 31, 1995 and as further amended on February 5, 1996 and incorporated by reference to the annual report on Form 10-K for the year ended December 31, 1995	N/A
(3)(ii)	By-laws of the corporation as amended February 5, 1990 incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 1989	N/A
(4)	(a) The corporation's outstanding long-term debt is described in Note 8 to the Consolidated Financial Statements. None of the long-term debt is registered under the Securities Act of 1933. None of the debt instruments outstanding at the date of this report exceeds 10% of the corporation's total consolidated assets, except for the item disclosed as exhibit 4(b) below. The corporation agrees to furnish to the Securities & Exchange Commission, upon request, copies of any instruments defining rights of holders of long-term debt described in Note 8.	
	(b) Extension and Third Amendment, dated as of June 19, 1996, \$210 Million Credit Agreement incorporated by reference to the quarterly report on Form 10-Q for the quarter ended June 30, 1996	N/A
	(c) A. O. Smith Corporation Restated Certificate of Incorporation as amended April 5, 1995 [incorporated by reference to Exhibit (3)(i) above]	N/A
(10)	Material Contracts	
	(a) 1990 Long-Term Executive Compensation Plan, as amended, incorporated by reference to the Form S-8 Registration Statement filed by the corporation on December 13, 1994	N/A
	(b) 1980 Long-Term Executive Incentive Compensation Plan incorporated by reference to the corporation's Proxy Statement dated March 1, 1988 for an April 6, 1988 Annual Meeting of Shareholders	N/A
	(c) Executive Incentive Compensation Plan, as amended, incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended December 31, 1992	N/A
	(d) Letter Agreement dated December 15, 1979, as amended by the Letter Agreement dated November 9, 1981, between the corporation and Thomas I. Dolan incorporated by reference to Amendment No. 2 to the Annual Report on Form 10-K for the year ended December 31, 1984	N/A
	(e) Supplemental Benefit Plan, as amended, incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended December 31, 1992	N/A
	(f) Executive Life Insurance Plan, incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended December 31, 1992	N/A
	(g) Corporate Directors' Deferred Compensation Plan, as amended, incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended December 31, 1992	N/A
	(h) Non-employee Directors' Retirement Plan incorporated by reference to the quarterly report on Form 10-Q for the quarter ended June 30, 1991	N/A
(21)	Subsidiaries	44
(23)	Consent of Independent Auditors	45
(24)	(a) Power of Attorney - Arthur O. Smith incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 1980	N/A
	(b) Power of Attorney - Tom H. Barrett incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 1981	N/A
	(c) Power of Attorney - Russell G. Cleary incorporated by reference to the Annual Report on Form 10-K for the	

	year ended December 31, 1984	N/A
	(d) Power of Attorney - Lee W. Jennings incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 1986	N/A
	(e) Power of Attorney - Donald J. Schuenke incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 1988	N/A
	(f) Power of Attorney - Dr. Agnar Pytte incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 1990	N/A
	(g) Power of Attorney - Thomas I. Dolan incorporated by reference to the Annual Report on Form 10-K for the year ended December 31, 1992	N/A
* (27)	(a) Financial Data Schedule (as revised for the period ended December 31, 1994)	N/A
* (27)	(b) Financial Data Schedule (as revised for the period ended March 31, 1995)	N/A
* (27)	(c) Financial Data Schedule (as revised for the period ended June 30, 1995)	N/A
* (27)	(d) Financial Data Schedule (as revised for the period ended September 30, 1995)	N/A
* (27)	(e) Financial Data Schedule (as revised for the period ended December 31, 1995)	N/A
* (27)	(f) Financial Data Schedule (as revised for the period ended March 31, 1996)	N/A
* (27)	(g) Financial Data Schedule (as revised for the period ended June 30, 1996)	N/A
* (27)	(h) Financial Data Schedule (as revised for the period ended September 30, 1996)	N/A
* (27)	(i) Financial Data Schedule for the period ended December 31, 1996	N/A
* = Filed Herewith		
N/A = Not Applicable		

SUBSIDIARIES

The following lists all significant subsidiaries and affiliates of A. O. Smith Corporation. Certain direct and indirect subsidiaries of A. O. Smith Corporation have been omitted because, considered in the aggregate as a single subsidiary, such subsidiaries would not constitute a significant subsidiary.

Name of Subsidiary	Jurisdiction in Which Incorporated
AOS Holding Company	Delaware
A. O. Smith Harvestore Products, Inc.	Delaware
A. O. Smith International Corporation also d/b/a A. O. Smith Automotive Products Group-Japan	Delaware
Smith Fiberglass Products Inc.	Delaware
Peabody TecTank, Inc.	Missouri
A. O. Smith Export, Ltd.	Barbados
Claymore Insurance Company, Ltd.	Bermuda
A. O. Smith do Brasil Industria E Comercio LTDA.	Brazil
A. O. Smith Enterprises Ltd. also d/b/a A. O. Smith Automotive Products Company-Canada	Canada
A. O. Smith L'eau Chaude S.a.r.l.	France
A. O. Smith Electric Motors (Ireland) Ltd. A. O. Smith Holding (Ireland) Ltd.	Ireland Ireland
Metalsa, S.A.	Mexico
Motores Electricos de Juarez, S.A. de C.V.	Mexico
Motores Electricos de Monterrey, S.A. de C.V.	Mexico
Productos de Agua, S.A. de C.V.	Mexico
Productos Electricos Aplicados, S.A. de C.V.	Mexico
A. O. Smith Water Products Company B.V.	The Netherlands
Changchun A. O. Smith Golden Ring Automotive Products Company Ltd.	China
Harbin A. O. Smith Fiberglass Products Company Limited (HSF)	China
Nanjing A. O. Smith Water Heater Co. Ltd.	China

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 2-72542, 33-19015, 33-21356, 33-37878, 33-56827 and 333-05799) pertaining to the 1980 Long-Term Executive Incentive Compensation Plan and the 1990 Long-Term Executive Incentive Compensation Plan of A. O. Smith Corporation and in the related prospectuses of our report dated January 16, 1997, except for Note 2 as to which the date is January 27, 1997, with respect to the consolidated financial statements and schedule of A. O. Smith Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 1996.

Milwaukee, Wisconsin
March 24, 1997

ERNST & YOUNG LLP

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF A.O. SMITH CORPORATION AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS		
	DEC-31-1994	
	DEC-31-1994	8485
		0
	116387	0
		77913
	226091	344709
	(192830)	
	660546	
112492		166126
	0	0
		105966
		206779
660546		648004
	648004	520589
		520589
	92764	
	0	
	7953	
	26698	
		9632
17066		
	40281	
	0	
		0
		57347
		\$2.75
		\$2.75

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF A.O. SMITH CORPORATION AS OF AND FOR THE PERIOD ENDED MARCH 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-1995	
	MAR-31-1995	5904
		0
	133802	0
		85771
	257822	350330
	(197520)	
	692006	
129194		168061
	0	0
		106044
		223086
692006		170486
	170486	134927
		134927
	134927	
	25175	
	0	
	1918	
	8466	
		2950
5516		
	12845	
	0	
		0
		18361
		\$0.88
		\$0.88

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF A.O. SMITH CORPORATION AS OF AND FOR THE PERIOD ENDED JUNE 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS	DEC-31-1995	
	JUN-30-1995	5177
		0
	124724	0
		80713
	264398	354829
	(201196)	
	704042	
133627		163072
0		0
		106043
		240121
704042		349141
	349141	276750
		276750
	49780	
	0	
	3883	
	18728	
		6742
11986		
	26400	
	0	
		0
		38386
		\$1.84
		\$1.84

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF A.O. SMITH CORPORATION AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS	DEC-31-1995	
	SEP-30-1995	5373
		0
	114633	0
		74714
	241099	359617
	(205047)	
	696261	
122221		164058
	0	0
		106044
		244304
696261		513246
	513246	408626
		408626
	72757	
	0	
	5749	
	26114	
		9660
16454		
	29387	
	0	
		0
		45841
		\$2.19
		\$2.19

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1,000

12-MOS		
	DEC-31-1995	
	DEC-31-1995	4807
		0
	135515	
		0
	74955	
	257707	
		369625
	(207749)	
	765653	
121093		190938
	0	
		0
		106112
		266252
765653		696700
	696700	
		555578
	555578	
	96086	
		0
	7616	
	37420	
		13425
23995		
	37418	
		0
		0
		61413
		\$2.94
		\$2.94

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF A.O. SMITH CORPORATION AS OF AND FOR THE PERIOD ENDED MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-1996	
	MAR-31-1996	3684
		0
	150366	0
		76126
	290754	375481
	(211944)	
	806400	
122883		216386
0		0
		106112
		280151
806400		194791
	194791	154370
		154370
	28919	
	0	
	1926	
	9576	
		3809
5767		
	11575	
	0	
		0
		17342
		\$0.83
		\$0.83

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1,000

6-MOS	DEC-31-1996	
	JUN-30-1996	4240
		0
	152689	0
		71981
	267079	389502
	(214828)	
	823508	
143241		198224
0		0
		106147
		295410
823508		401259
	401259	316174
		316174
	59133	
	0	
	3908	
	22044	
		8984
13060		
	23014	
	0	
		0
		36074
		\$1.72
		\$1.72

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF A.O. SMITH CORPORATION AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS	DEC-31-1996	
	SEP-30-1996	7252
		0
	124229	0
		75455
	255205	395739
	(219632)	
	866202	
143677		230364
	0	0
		106147
866202		304396
		589379
	589379	463672
		463672
	87375	
	0	
	5882	
	32450	
	13232	
19218		
	29390	
	0	
		0
		48608
		\$2.32
		\$2.32

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1,000

12-MOS		
	DEC-31-1996	
	DEC-31-1996	6405
		0
	121571	
		0
	80445	
	239210	407016
	(224416)	
	884988	
138388		
	238446	
0		0
		106679
	317960	
884988		
	781193	
	781193	614218
		614218
	116532	
		0
	8114	
	42329	
		17080
25249		
	40168	
		0
		0
	65417	
	\$3.13	
	\$3.13	