

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, 1995

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)
Number)

39-0619790
(IRS Employer ID

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 Registered	Shares of Stock Outstanding February 28, 1996	Name of Each Exchange on Which
Class A Common Stock Stock (par value \$5.00 per share)	5,884,441	American Exchange
Common Stock Stock (par value \$1.00 per share)	15,034,180	New York 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 \$12,084,737 for Class A Common Stock and \$339,373,803 for Common Stock as of February 28, 1996.

Documents Incorporated by Reference:

1. Portions of the corporation's definitive Proxy Statement dated March 4, 1996 for an April 3, 1996 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 four business segments. These segments are Original Equipment Manufacturer ("OEM") Products, Water Products, Fiberglass Products, and Other Products.

The corporation's principal OEM Products business is the Automotive Products Company, a supplier of truck and automobile structural components and assemblies. OEM Products also includes the Electrical Products Company which produces fractional horsepower and hermetic electric motors. The Water Products Company is a leading manufacturer of residential and commercial gas, oil, and electric water heating systems. Smith Fiberglass Products Inc. (Smith Fiberglass) manufactures reinforced thermosetting resin piping. Other Products consists of three units. A. O. Smith Harvestore Products, Inc. (Harvestore) is a manufacturer of agricultural feed storage and handling systems, for which AgriStor Credit Corporation (AgriStor) provides financing, and industrial and municipal water and bulk storage systems. The corporation intends to sell the agricultural business and is in the process of liquidating AgriStor. In December of 1995 the corporation expanded its presence in the environmental bulk storage tank business with the purchase of Peabody TecTank, Inc. (TecTank). TecTank is a manufacturer of epoxy-coated steel and aluminum storage tanks primarily used in industrial, food processing, water, and waste water applications. Information regarding industry segments is provided in Note 14 to the Consolidated Financial Statements which appear elsewhere herein.

The following table summarizes revenues 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)

	1995	1994	1993	1992
1991				
OEM Products				
Automotive Products				
Truck frames	\$ 666.4	\$ 559.4	\$ 487.2	\$ 419.1
\$318.5				
Other	178.9	163.3	119.1	108.5
107.6				

Total Automotive	845.3	722.7	606.3	527.6
426.1				
Electrical Products	317.3	281.2	242.5	225.6
205.1				

Total OEM Products	1,162.6	1,003.9	848.8	753.2
631.2				
Water Products	276.0	271.5	248.1	215.2
194.6				
Fiberglass Products	58.6	57.9	58.9	43.9
53.9				
Other Products	47.6	40.2	38.1	34.0
36.1				

Total Corporation	\$1,544.8	\$1,373.5	\$1,193.9	\$1,046.3
\$915.8				
=====				
=====				
OEM PRODUCTS				
Automotive Products				

Automotive sales in 1995 of \$845.3 million, or 55 percent of total corporation revenues, increased 17 percent from previous year sales. This was due to continued strength in the North American market for both the light and heavy truck segments. Automotive Products had product on six of the top seven selling vehicles sold in the U.S. in 1995.

Automotive Products has contracts, some of which are subject to economic price adjustments, to supply frame assemblies and components to Ford, Chrysler, and General Motors in the passenger car and light truck class. Because of the importance of light vehicle sales to this unit, it is affected by general business conditions in the North American automotive industry. The company is also a supplier of truck frames to most domestic producers of medium and heavy-duty trucks, such as Ford, Navistar International, Freightliner, and Paccar.

The largest product group within Automotive Products continues to be truck frames and components which accounted for 79 percent of Automotive Products' sales and almost 43 percent of the corporation's revenues. The company continues to hold its lead position in truck frame manufacturing in the United States and Canada, supplying nearly 40 percent of the 1995 market.

In 1995, the Milwaukee, Wisconsin plant began shipping full frame assemblies for the new Chevrolet Tahoe/GMC Yukon and the extended cab version of the Dodge Ram pickup truck. The Granite City, Illinois plant began producing engine cradles for the redesigned Ford Taurus/Mercury Sable and the Milan, Tennessee plant began shipping side rail assemblies for the Nissan pickup.

Automotive Products reached an agreement in 1995 to establish a joint venture in Changchun, China, with First Auto Works and Golden Lion Group to produce automotive structures. A. O. Smith is the majority owner in the venture and will begin producing components in January of 1997.

In 1996, the company plans two new product programs and three major redesign programs. In the first quarter, production will begin on frame rails for the new Nissan pickup truck followed by production to support Volvo/GM's new Class 8 heavy truck in the third quarter. The Volvo custom frame rails will be fabricated at a new regional assembly plant in Roanoke, Virginia. Major redesign programs include suspension links on the 1997 Camry, full frame for the Econoline/Club Wagon, and the full frame for the Dakota Pickup. Assembly for the Dakota pickup will be at a new regional plant in Plymouth, Michigan.

The company's products are sold in competitive markets with its principal competitors including Dana Corporation, Magna International, and integrated units of Ford, Chrysler, and General Motors.

The following table summarizes sales to the company's three largest automotive customers:

Millions)	Years Ended December 31 (Dollars in				
	1995	1994	1993	1992	1991
Ford					
Sales	\$408.8	\$325.6	\$266.9	\$219.3	\$177.5
Percentage of total corporation revenues	26.5%	23.7%	22.4%	21.0%	
19.4%					
Chrysler					
Sales	\$173.8	\$177.6	\$118.2	\$ 96.7	\$ 75.8
Percentage of total corporation revenues	11.3%	12.9%	9.9%	9.2%	
8.3%					
General Motors					
Sales	\$164.5	\$135.9	\$132.0	\$148.1	\$115.6
Percentage of total corporation revenues	10.6%	9.9%	11.1%	14.2%	
12.6%					
Total	48.4%	46.5%	43.4%	44.4%	
40.3%					

Electrical Products

Sales of electric motors increased by \$36.1 million or 13% in 1995 to \$317.3 million. The increased volume came primarily as a result of strong market demand for hermetic motors and sales growth in the export segment. Sales of motors were up for heating, ventilating and air conditioning, for both original equipment and replacement customers as a result of growing demand in 1995. The manufacturing operations handled the increased volume without disproportionate increases in costs.

The company's product lines include jet pump motors sold to manufacturers of home water systems, swimming pools, hot tubs and spas; and fan motors used in furnaces, air conditioners, and blowers, as well as fractional horsepower motors used in other consumer products. 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, Electrical Products also markets its products through a distributor network which sells to both OEMs and the related after-market. The company estimates that approximately one half 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.

The company'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 PRODUCTS

Sales in 1995 were a record \$276 million, increasing slightly from \$271.5 million in 1994, which represents 18 percent of total corporation revenues. The company capitalized on its strong wholesale channels to improve market share in the commercial water heater industry.

Water Products markets residential gas and electric water heaters through a diverse network of plumbing wholesalers in the United States. The majority of Water Products' sales is in the less cyclical replacement market although the new housing market is an important segment as well. The residential water heater market remains highly competitive with Water Products and three other manufacturers supplying over 90 percent of market requirements.

Water Products markets commercial water heating systems through a diverse 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.

Water Products Company established a joint venture with Nanjing Water Heater Company of China to manufacture instantaneous and storage type heaters for the Chinese market. Water Products Company is a majority owner of the venture, which is scheduled to begin operation in early 1996.

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

FIBERGLASS PRODUCTS

Smith Fiberglass sales totaled \$58.6 million in 1995; up slightly from 1994 sales of \$57.9 million. Sales to the international petroleum industry were strong during 1995. This was offset by the continuing effects of strong competition in the service station market.

Smith Fiberglass 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. Smith Fiberglass also manufactures high pressure fiberglass piping systems used in the petroleum production industry. Its products are sold through a network of distributors.

Smith Fiberglass has formed a joint venture with Harbin Composites Corporation of Harbin, China to supply fiberglass pipe to the Chinese oil industry. Smith Fiberglass is a majority owner of the new venture, which is scheduled to begin production in early 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.

OTHER PRODUCTS

Other Products includes Harvestore, AgriStor, and TecTank. Harvestore sales in 1995 were \$40.6 million, which were about 9 percent higher than 1994 sales of \$37.4 million. The increase was attributable to demand for waste water storage systems due to growing environmental concerns. AgriStor revenues in 1995 were \$2.8 million, down 3 percent from \$2.9 million in 1994. The lower revenues resulted from a decline in the size of AgriStor's lending portfolio and represents management's continued progress toward its goal to liquidate the agricultural finance business.

Harvestore manufactures and markets agricultural feed storage and handling systems, and industrial and potable water and bulk storage systems. Harvestore's products are distributed through a network of independent dealers. AgriStor assists farm customers in the financing of Harvestore/R/ equipment out of offices in Milwaukee, Wisconsin and Columbus, Ohio.

In December the Corporation purchased TecTank from the Pullman Company. TecTank, with fiscal 1995 sales of \$49.0 million, is a manufacturer of epoxy-coated steel and aluminum storage tanks primarily used in industrial, food processing, water and waste water applications. It is one of the few manufacturers to supply factory-coated tanks to the market segments mentioned above. TecTank will complement Harvestore and provide the corporation with a more comprehensive product line for both dry storage and liquid storage applications.

AgriStor competes with other agricultural banks and farm credit service companies. Harvestore's and TecTank's products are sold in competitive markets that include concrete, site-welded, and bolted tanks. Principal competitors include Columbian, Imperial, and Ladig.

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

The corporation's third quarter revenues and earnings have traditionally been lower than the other quarters due to Automotive Products' model year changeovers and customer plant shutdowns.

Research and Development, Patents and Trademarks

The corporation conducts new product and process development at its Corporate Technology Center in Milwaukee, Wisconsin, and at its operating unit locations. The objective of this activity is to increase the competitiveness of A. O. Smith and generate new products to fit the corporation's market knowledge. Total expenditures for research and development in 1995, 1994, and 1993 were approximately \$9.7 million, \$9.2 million and \$7.6 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 13,000 persons in its operations as of December 31, 1995.

Backlog

Normally none of the corporation's operations sustain significant backlogs. However, the Automotive Products Company has long term contracts to supply parts to the large auto and truck manufacturers.

Environmental Laws

Compliance with federal, state and local laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment 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 from the U.S. were \$135 million, \$114 million, and \$71 million in 1995, 1994, and 1993, respectively. The increase in sales from 1994 to 1995 was largely attributable to increased exports by Electrical Products Company and Harvestore. The amount of revenue 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 38 locations worldwide. These facilities have an aggregate floor space of approximately 9,205,000 square feet, consisting of approximately 7,148,000 square feet owned by the corporation and 2,057,000 square feet of leased space. Thirteen of the corporation's facilities are foreign plants with approximately 1,144,000 square feet of space, including approximately 441,000 square feet which are leased.

The manufacturing plants presently operated by the corporation are listed below by industry segment. This data excludes four plants operated by a Mexican affiliate.

	United States	Foreign
OEM Products		
-Automotive Products (5,025,000 sq. ft.)	Granite City, IL; Rockford, IL(2); Corydon, IN; Bowling Green, KY; Belcamp, MD; Bellevue, OH; Milan, TN; Milwaukee, WI	Barrie, Canada
-Electrical Products (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 Products (1,402,000 sq. ft.)	Florence, KY; McBee, SC; El Paso, TX; Seattle, WA	Stratford, Canada(2); Juarez, Mexico; Veldhoven, The Netherlands
Fiberglass Products (438,000 sq. ft.)	Little Rock, AR (2); Wichita, KS	
Other Products (699,000 sq. ft.)	Bakersfield, CA; DeKalb IL; Parsons, KS; Fort Mills, SC; Winchester, TN	

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.

In the fourth quarter of 1995, the Automotive Products Company, Water Products Company, and Smith Fiberglass Products Inc. each established a majority-owned joint venture in the People's Republic of China. The companies and partners are in the process of making investments in facilities.

In addition, the corporation is in the process of acquiring facilities for two new Automotive Products Company plants in Plymouth, Michigan and Roanoke, Virginia, with start up of these facilities in 1996.

ITEM 3 - LEGAL PROCEEDINGS

As of December 31, 1995, the corporation and Harvestore were defendants in eight cases alleging damages for economic losses claimed to have arisen out of alleged defects in Harvestore animal feed storage equipment. Some plaintiffs are seeking punitive as well as compensatory damages. The corporation believes that a significant number of these claims were related to the deteriorated general farm economy. In 1995, fifteen cases were concluded. The corporation and Harvestore continue to vigorously defend these cases.

Two of the eight pending cases contain class action allegations. One of the cases is a New York state court action which names the corporation, Harvestore, and two of its dealers as defendants. The court has denied the plaintiffs' motion to certify the class and has granted the defendants' motions dismissing some of the plaintiffs' allegations. The plaintiffs are appealing the court's rulings.

The second case is pending in the Federal District Court for the Southern District of Ohio. It was filed in August 1992 and the court, in March 1994, conditionally certified it as a class action on behalf of purchasers and lessees of Harvestore structures manufactured by the corporation and Harvestore. A notice of the certification was mailed to the purported class members in the third quarter of 1994, with approximately 5,500 "opt out" forms being filed with the court, the impact of which is unknown. The court canceled a previously set trial date as a result of motions the corporation filed seeking summary judgment or in the alternative decertification of the class. The corporation is awaiting a ruling.

Based on the facts currently available to management and its prior experience with lawsuits alleging damages for economic loss resulting from use of the Harvestore animal feed storage equipment, management is confident that the class action suits can be defeated and that the lawsuits do not represent a material threat to the corporation. The corporation believes that any damages,

including any punitive damages, arising out of the pending cases are adequately covered by insurance and recorded reserves. No range of reasonably possible losses can be estimated because in most instances the complaint is silent as to the amount of the claim or states it as an unspecified amount in excess of the jurisdictional minimum. The corporation reevaluates its exposure periodically and makes adjustment of its reserves as appropriate.

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 pending and closed lawsuits alleging damages for economic losses claimed to have arisen out of alleged defects in Harvestore animal feed storage equipment. 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. 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 ("CERCLA" or the "Superfund" law) and similar state laws, each PRP that contributes hazardous substances to a Superfund site is 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.

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 seventeen 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. The sites are as follows:

Two separate but related sites in Kentucky involving the same storage and disposal operation. Proceedings were commenced on behalf of the EPA in the United States District Court for the District of Kentucky, Louisville Division in March 1988 with respect to these sites. A consent decree allocating liability among the PRPs for costs of remediation at the sites and the response costs of the EPA and the Commonwealth of Kentucky was executed by the corporation in September 1993. The consent decree was lodged by the Court in 1994 and the corporation paid the entire amount allocated to it as its share of the clean up costs. The corporation remains liable for a share of the cost overruns, but none are anticipated at this time.

A site in Indiana used for storage, treatment, recycling and disposal of waste chemicals. In January 1984, the company and several other PRPs became parties to an action that had been pending in the United States District Court for the District of Indiana since January 1980 regarding this site. In July 1988, the corporation executed a consent decree allocating liability among the PRPs for costs of remediation at the site and the EPA's response costs. Remediation is well underway at the site.

A municipal landfill in Michigan is the subject of a proceeding that was filed on behalf of the EPA in the United States District Court for the Western District of Michigan in this case in April 1991. In 1994 EPA required actions were taken and point source contaminants were removed by the end of the year. Work to determine the extent to which a long-term groundwater remedy may be required began in 1995.

A county-owned incinerator, ash disposal lagoon, and landfill in Ohio. A proceeding was commenced on behalf of the EPA in the United States District Court for the Southern District of Ohio, Western Division regarding this site in December 1989. A final remedy was selected and the consent decree, which was executed by the PRPs and the EPA, was entered by the Court in March 1993. Work on the remedy began shortly after the consent decree was entered and has been progressing on schedule.

An industrial and municipal waste landfill in Wisconsin. Separate proceedings commenced on behalf of the EPA and the State of Wisconsin in the United States District Court for the Eastern District of Wisconsin in November 1991 relative to this site were consolidated into a single matter in 1992. The consent decree entered into by the PRPs, the EPA, and the State of Wisconsin divides the site into two operable units, the first of which deals with soil remediation and an interim groundwater remedy and the second of which is anticipated to deal with the long-term groundwater remedy. The cap on the landfill was completed in 1994 and work on the interim groundwater remedy is underway. At this time, the extent to which long-term groundwater treatment will be required with respect to the second operable unit has not been determined.

A drum disposal site in Wisconsin. In September 1992, the corporation joined a group of PRPs that attempted to negotiate with other PRPs and the EPA to come to agreement as to the respective liabilities of the PRPs involved at the site, the implementation of a plan to

clean up the site, and the terms and conditions under which the PRPs would be involved in the process. In May 1993, after those negotiations stalled, the EPA issued an order to 17 of the PRPs, one of which was the corporation, under Section 106 of CERCLA requiring them to take certain measures to clean up the site. In 1994 the cap on the landfill was completed and construction of the groundwater monitoring and treatment system began. In 1995 the corporation settled all of its remaining liability at the site under an agreement with two of the major PRPs at the site which have assumed responsibility for completing the remediation required by the EPA.

A former mining site in Colorado. The corporation held the majority of stock 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, and settlement negotiations are expected to begin in 1996. 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.

A drum recycling facility. In 1992, the EPA commenced an action against a small group of PRPs in the United States District Court for the Western District of Michigan to recover its response costs and require the PRPs to clean up a Superfund site in Michigan. Those PRPs filed a motion for summary judgment in this matter claiming they were not responsible for cleaning up the site. The Court granted the motion and the government has appealed. Those PRPs had previously commenced a third party contribution action against approximately eighty other parties which were involved at the subject site but were not named as defendants in the EPA's action. The corporation became a third party defendant to that action in January 1994. If the summary judgment is upheld by the Court of Appeals, the action against the corporation and the other third party defendants will be dismissed.

A site in Wisconsin that was formerly owned and operated by a drum recycling facility. When the property was being developed for residential purposes, it was discovered that the site is contaminated. Subsequently, the EPA notified a large group of PRPs that did business with the recycler that they are responsible for remediating the site. A PRP group was formed and it has agreed to remediate the site. The corporation joined that group in 1995. Some remedial activities have been performed at the site, but the full extent of the contamination and the types of remediation that will be required are still being investigated. It is impossible at this time to accurately estimate the total clean-up costs at the site or the corporation's liability for those costs, if any.

Two separate but related sites in Kansas and Missouri involving the same PCB treatment business. In 1995, the corporation received a notice from the EPA that it is a PRP at the sites. Information concerning the extent of the contamination and the remediation that will be required is not available. According to information the EPA made available to the corporation, it is believed that the corporation did very little business with the PCB treatment operations and may qualify as a de minimis party.

CERCLA provides that the EPA has authority to enter into de minimis settlement agreements with those PRPs that are believed to have contributed relatively small ("de minimis") amounts of materials to a Superfund site as compared to major contributors at the site. The corporation has settled its liability at sites in Indiana and Arkansas as a de minimis party. Under those settlement agreements, the corporation may have additional liability to participate in cleaning up the affected site under certain circumstances, such as: changes in the scope of remedial action are required to the extent that costs to clean up the site are substantially increased, or new information is discovered that indicates that the corporation contributed more or different materials to the site than was previously believed. There is no information at this time which would indicate that the corporation will incur any material additional liability at either site. Further, the corporation has joined with similarly situated PRPs to negotiate settlements as de minimis parties at three sites in Indiana and Illinois.

The corporation has compiled information regarding the cost to clean up all of the sites where the corporation has been designated a PRP by the EPA or a comparable state agency. The following estimates include amounts that have already been spent at the sites and estimates of amounts that will be spent to complete remediation activities. The corporation estimates that the total cost to clean up all of the sites is approximately \$293.4 million. The corporation's estimate of the portion of the total for which the corporation is or may be responsible is approximately \$7.3 million, of which \$6.2 million has already been paid by the corporation and its insurance companies. The balance of the estimated cleanup costs is believed to be adequately covered by insurance and reserves which have been established by the corporation. To the best of the corporation's knowledge, the insurers have the financial ability to pay any such covered claims. The corporation reevaluates its exposure periodically and makes adjustment of its reserves as appropriate.

The above cost estimates are not complete. 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. For example, the investigation of the extent of remediation has not been completed at all sites; at several sites the final remedy has not been selected; negotiations concerning the corporation's liability relative to the liability

of the other PRPs continue at some sites; and for others, even though the remedy has been selected, final cost estimates have not been determined. Other uncertainties are based upon the current status of the law. Key issues that have not been resolved include the extent to which costs associated with the sites are recoverable from insurers, the extent to which joint and several liability can be imposed upon PRPs at the various sites, and the viability of defenses asserted by the PRPs. It is impossible to determine at this time how the courts will resolve those issues.

With the exception of the former mining site in Colorado discussed above, the amount allocated to the corporation at any specific site, or in the aggregate for all sites, is not expected to be material. Concerning the former mining site, a judgment as to materiality is premature given the early stage of the investigation, the uncertainty regarding appropriate remediation and its costs, and the potential liability of governmental agencies in this case. However, even though the allocation process has not been completed at the site and settlement negotiations with the EPA have not yet begun, 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.

Over the past several years, the corporation has self-insured a portion of its product liability loss exposure and other business risks. The corporation has established reserves which it believes are adequate to cover incurred claims. For the year ended December 31, 1995, 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.

Reference also Note 13 in the Notes to the 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 1995.

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 company's Proxy Statement for its 1996 Annual Meeting of Stockholders.

ROBERT J. O'TOOLE

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

Mr. O'Toole, 55, became chairman of the board of directors in March 1992. He is a member of the Investment Policy Committee of the board. He was elected chief executive officer in March 1989. He was elected president, chief operating officer and a director in 1986. From November 1990 to May 1992, he served as head of the A. O. Smith Automotive Products Company, a division of the corporation. 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, 58, 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, 57, 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, 54, has been vice president-corporate technology since 1985. Dr. Bishop joined the corporation in 1981.

DONALD M. HEINRICH

Vice President ~ Business Development

Mr. Heinrich, 43, 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.

JOHN J. KITA

Treasurer and Controller

Mr. Kita, 40, was elected treasurer and controller on February 6, 1995. Prior thereto, he served as assistant treasurer since he joined the corporation in 1988.

SAMUEL LICAVOLI

President ~ A. O. Smith Automotive Products Company

Mr. Licavoli, 54, was appointed president of A. O. Smith Automotive Products Company, a division of the corporation, in May 1992. Previously, from 1988 to 1992, he was senior vice president, and from 1984 to 1988, vice president of operations for Walker Manufacturing Company's OEM division, an automotive products company.

RONALD E. MASSA

President ~ A. O. Smith Water Products Company

Mr. Massa, 46, became the president of A. O. Smith Water Products Company, a division of the corporation, in June 1995. He served as the executive vice president-manufacturing and engineering since 1992 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, 52, 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, 55, 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, 52, 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.

JAMES C. SCHAAP

President ~ A. O. Smith Harvestore Products, Inc.

Mr. Schaap, 54, has been president of A. O. Smith Harvestore Products, Inc., a subsidiary of the corporation, since 1988. He joined the corporation in 1977.

WILLIAM V. WATERS

President ~ Smith Fiberglass Products Inc.

Mr. Waters, 61, 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

1995 Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th
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				
1994 Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th
Class A Common				
High	39-1/4	34-1/2	30	
27-1/8				
Low	30-3/8	24-3/4	24-1/2	
21-1/2				
Common Stock				
High	40	34-1/2	29-7/8	
27-1/8				
Low	30	25	23-3/4	
21-1/8				

(b) Holders. As of January 31, 1996, the approximate number of holders of Class A Common Stock and Common Stock were 700 and 1300, respectively.

(c) Dividends. Dividends paid on the common stock are shown in Note 15 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 \$107.3 million were unrestricted as of December 31, 1995.

ITEM 6 - SELECTED FINANCIAL DATA

(Dollars in Thousands, except per share amounts)

	Year Ended December 31				
	1995	1994	1993	1992	1991
Net Revenues	\$1,544,770	\$1,373,546	\$1,193,870	\$1,046,345	\$915,833
Earnings (loss)					
Continuing operations	61,413	57,347	42,678	27,206	3,450
Cumulative effect of accounting changes	--	--	--	(44,522)	
Net earnings (loss)	61,413	57,347	42,678	(17,316)	3,450
Net earnings (loss) applicable to common stock	61,413	57,347	42,678	(18,172)	25
Primary earnings (loss) per share of common stock					
Earnings before cumulative effect of accounting changes	\$2.94	\$2.75	\$2.08	\$1.40	\$.00
Realization of tax credits	.00	.00	.00	.08	.00
Earnings before effect of postretirement benefits	2.94	2.75	2.08	1.48	.00
Change in postretirement benefits, net of taxes	.00	.00	.00	(2.44)	.00
Net earnings (loss)	\$2.94	\$2.75	\$2.08	\$ (.96)	\$.00
Fully diluted earnings (loss) per share of common stock					
Earnings before cumulative effect of accounting changes	\$2.94	\$2.75	\$2.08	\$1.33	\$.00
Realization of tax credits	.00	.00	.00	.08	.00
Earnings before effect of postretirement benefits	2.94	2.75	2.08	1.41	.00
Change in postretirement benefits, net of taxes	.00	.00	.00	(2.25)*	.00
Net earnings (loss)	\$2.94	\$2.75	\$2.08	\$ (.84)*	\$.00
Total assets	952,918	847,857	823,099	768,987	754,332
Long-term debt, including finance subsidiary	190,938	166,126	190,574	236,621	249,186
Total stockholders' equity					
		312,745	269,630	244,656	266,897
Cash dividends per common share	\$.58	\$.50	\$.42**	\$.40	\$.40

* 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."

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

A. O. Smith Corporation achieved record earnings of \$61.4 million or \$2.94 per share in 1995 versus \$57.3 million or \$2.75 per share in 1994. Three units, Automotive Products, Electrical Products, and Water Products established new sales records in 1995. Details of individual unit performance will be discussed later in this section.

Working capital at December 31, 1995 was \$138.8 million compared to \$113.6 million and \$80.7 million at December 31, 1994 and 1993, respectively. Higher working capital requirements, predominantly accounts receivable and customer tooling, supported higher sales in 1995 versus 1994. Higher sales in 1994 versus 1993 also led to increased working capital requirements, particularly for accounts receivable, customer tooling and inventory, which were modestly offset by related increases in trade payables.

Capital expenditures were \$91.0 million in 1995 compared to \$76.1 million in 1994 and \$54.7 million in 1993. Capital spending in 1995 was higher than 1994 levels due principally to new Automotive Products Company programs.

For 1996, the corporation projects capital expenditures, excluding investments in joint ventures, to be between \$120 and \$140 million. A significant portion of these expenditures is associated with two new Automotive Products Company manufacturing plants in Roanoke, Virginia and Plymouth, Michigan. The corporation anticipates that the majority of the planned cash requirements will be funded with cash flow from operations.

In the fourth quarter of 1995, the corporation established three joint ventures in the People's Republic of China. The corporation will maintain the majority interest in each of these businesses. In addition to the above mentioned capital expenditures, the corporation expects to invest approximately \$25 million in these ventures in 1996.

Long-term debt, excluding debt of the finance subsidiary, increased from \$136.8 million at the end of 1994 to \$167.1 million at the end of 1995. The majority of the increase was due to the acquisition of Peabody TecTank for approximately \$18 million. The long-term debt of the finance subsidiary has been reduced from \$29.4 million in 1994 to \$23.8 million at December 31, 1995, as the planned liquidation of AgriStor Credit Corporation continued. Despite the higher debt level, an increased equity base allowed the total debt to total capital ratio, excluding the finance subsidiary, to remain relatively constant at 31.5 percent and 31 percent in 1995 and 1994, respectively. Given the capital spending and investment activities mentioned above, the corporation projects that the total debt to total capital ratio will be higher in 1996, but should return to a percentage more in line with recent years in 1997.

In June 1995, the corporation's multi-year revolving credit agreement was increased to \$160 million and extended to June 30, 2000. The amended agreement carries lower fees and borrowing costs.

During 1995, the corporation drew down \$60 million of long-term debt under various loan facilities. The notes range in term from ten to fifteen years. During the year, the corporation entered into two loan facilities with insurance companies, which as of December 31, 1995, give it the ability to borrow up to \$80 million.

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 on the results of operations for 1995, 1994, or 1993.

At the present time, the corporation is not a party to any contracts to manage its exposure to interest rate changes related to its borrowing. The corporation does not expect interest rate movements to significantly affect its liquidity or operating results in the foreseeable future. At December 31, 1995, the corporation's floating rate debt amounted to 47 percent of its total debt.

On December 14, 1994, the A. O. Smith Common Stock (AOS) moved from the American Stock Exchange back to the New York Stock Exchange after an absence of ten years. This move was made to enhance the recognition of the corporation's Common Stock.

At its April 6, 1995 meeting, A. O. Smith Corporation's Board of Directors increased the regular quarterly dividend by 15 percent to \$.15 per share on its common stocks (Class A and Common). The last three quarterly dividend payments in 1995 were paid at this rate, resulting in a total of \$.58 per share being paid versus \$.50 per share in 1994. A. O. Smith Corporation has paid dividends on its common stock for 56 consecutive years.

Results of Operations

Revenues in 1995 were \$1.54 billion, achieving record levels for the third consecutive year and surpassing 1994 revenues of \$1.37 billion by 12.5 percent and 1993 revenues of \$1.19 billion by 29.4 percent. Despite competitive conditions in all of the markets the corporation serves, each operating company's sales increased over the prior year. The most significant revenue improvements occurred in the OEM segment of the corporation, comprised of the Automotive Products and Electrical Products companies, and provided almost 93 percent of the increased revenues in 1995.

The corporation's gross profit margin in 1995 was 14.4 percent or one percent and one half percent lower than the profit margins experienced in 1994 and 1993, respectively. The reduced margin was due mostly to a series of one-time unrelated occurrences at the Automotive Products Company which more than offset the favorable influence of increased volume throughout the corporation. During 1995, launch costs associated with several new product programs had an adverse impact on margins. The most significant decline in margins occurred in the third quarter. Extremely heavy demand at the Automotive Products Company for light and heavy truck products created unusual pressures on production schedules, particularly at the company's Milwaukee, Wisconsin facilities. The impact of strong demand was accompanied by unprecedented hot weather as well as labor-related inefficiencies in its Milwaukee operations.

Automotive Products Company achieved record sales of \$845.3 million in 1995 surpassing the previous year's record of \$722.7 million by \$122.6 million or 17 percent. Sales in 1993 were \$606.3 million. The record-setting sales performance was especially encouraging considering it was achieved in a domestic automotive market for light vehicles that decreased by approximately three percent from the prior year. Automotive continues to benefit from providing full frame assemblies and other products associated with popular models within the light truck segment. Most of the 1995 sales increase was attributable to recent new product programs which supply the expanding sport utility market. Demand within the heavy truck market remained strong in 1995 and resulted in record sales for the Automotive heavy truck operations.

Automotive's trend of increasing earnings which commenced in 1991 was curtailed in 1995 as operating profits were less than 1994. The impact of the aforementioned product launch costs, record summer heat, unprecedented product demand, and labor contract issues presented an obstacle that could not be overcome by the increased volume.

Automotive anticipates that 1996 earnings will benefit from the recently ratified, four-year labor agreement. The new contract should resolve labor productivity issues which negatively affected 1995. Automotive's aggressive efforts to expand its presence in the light truck/sport utility market, as evidenced by several new product launches and redesign programs, and the forecast of a modest recovery in light vehicle sales in 1996 should also prove beneficial. The company will be confronted by costs related to the start-up of two new regional assembly plants in 1996 and will be further challenged by the costs associated with new products and redesign programs.

The corporation's 40 percent owned Mexican affiliate, Metalsa, S.A., experienced a very good year. Equity in earnings was \$3.4 million in 1995 compared to \$1.6 million and \$2.3 million in 1994 and 1993, respectively.

A significant portion of Metalsa's sales are for the export market and are denominated in U.S. dollars. Due to increased export shipments and a lower cost structure reflecting the benefits of realigned operations, the affiliate's results compare positively to 1994. Total sales as expressed in dollars were down from 1994 levels as an increase in dollar-denominated export sales was not sufficient to offset the decline in domestic sales.

In 1994, Metalsa's sales were approximately the same as the prior year. Earnings in 1994 were lower than 1993 due to restructuring and product launch costs. In 1995, a translation loss of \$.5 million was incurred and reflected in earnings. Due to the decline in the value of the peso, in late 1994, the corporation recorded a translation adjustment of \$7.5 million in stockholders' equity. There were no similar adjustments in 1993, as the value of the peso was fairly constant.

Electrical Products Company sales in 1995 increased \$36.1 million or almost 13 percent to a record \$317.3 million from 1994 sales of \$281.2 million. Sales in 1993 were \$242.5 million. The company's major motor markets continued to expand in 1995 although the

growth exhibited was not as strong as was experienced in 1994. While much of the increased volume in 1994 was due to low finished goods levels at which many motor markets entered 1994, the increased volume in 1995 was the result of obtaining incremental share in several market segments. Strong global demand for compressors bolstered hermetic motor sales significantly in 1995. The company's position as a low-cost producer of fractional horsepower fan motors and a revitalized domestic heating, ventilation, and air conditioning industry resulted in a double-digit percentage increase over the prior year's sales in this segment. The company's continued focused penetration of the international markets provided a 50 percent increase in export sales in 1995. Sales into the motor aftermarket increased significantly in 1995 due to new merchandising strategies and favorable alignment with several key wholesale distributors.

Profits for the Electrical Products Company in 1995 demonstrated substantial improvement from a relatively good earnings year experienced in 1994. The increase in 1994 earnings over those in 1993 resulted from the transfer of production to the company's lower cost facilities which occurred in 1993. During 1995, the company continued its successful strategy of concentrating manufacturing activities in the most efficient plant locations. Additionally, the company upgraded capital equipment in all of its plant locations resulting in further productivity gains. This combination of significantly higher volumes, concentration of production in low cost facilities, and improved technology was responsible for the increased earnings in 1995.

Electrical Products is positioned to surpass 1995's strong performance in 1996 assuming its ability to retain newly acquired market share and continued strong market conditions entering the new year.

Sales for the Water Products Company were \$276.0 million in 1995, increasing slightly from \$271.5 million in 1994 and establishing a record for the fourth consecutive year. Sales in 1993 were \$248.1 million. While sales of residential water heaters in 1994 benefitted from a shift in demand to the fourth quarter of that year due to an announced price increase effective as of January 1, 1995, sales in early 1995 were adversely impacted. In contrast to the residential inventory situation, the commercial water heater industry entered 1995 with low inventory levels. Demand for commercial products in 1995 rebounded from the depressed levels experienced in 1994. The combination of low inventory levels at the start of the year and an expanded market, coupled with Water Products strong position in the wholesale channels and broad commercial product offering resulted in a significant gain in market share in 1995.

Although total sales increased only modestly in 1995, earnings for the Water Products Company were seven percent higher than 1994 and also established a record for the fourth consecutive year. The increased volume of the higher-margin commercial product more than offset the adverse impact of lower volume and pricing for residential water heaters.

Water Products anticipates that 1996 will provide further growth in sales as the residential market returns to more normal growth patterns and our Chinese joint venture begins operations.

Smith Fiberglass Products Inc. 1995 sales of \$58.6 million were modestly higher than 1994 sales of \$57.9 million and slightly less than the record sales of \$58.9 million established in 1993. While sales were at levels comparable to the prior two years, the mix among the company's various markets was substantially different. Sales of fiberglass pipe to service stations in 1995 were significantly lower than 1994 and were at the lowest levels in three years. This decline in the petroleum marketing segment was caused by a significant slowdown in construction, poor weather early in the year, and loss of market share to flexible hose products. Sales to the chemical and industrial market increased over the prior two years as fiberglass pipe continues to gain acceptance as an alternative to its iron and steel counterparts. Shipments to the domestic petroleum production industry showed improvement during the second half of 1995 as a result of stable oil prices. Strong export sales to South American oil fields also helped offset declines in the petroleum marketing segment.

Earnings for Fiberglass Products in 1995 were lower than the previous two years. The higher concentration of sales in the company's lower-margin product lines was a major cause of the earnings decline. Additional costs associated with establishing a joint venture in China, as well as other new marketing initiatives, also affected 1995 earnings.

Fiberglass Products' projections for 1996 reflect an improvement in earnings, however a return to the record earnings level of 1993 is not expected. Most of the growth will come from new corrosion resistant product offerings to the chemical and industrial market, an increased presence in the international market, and additional export shipments.

Revenues for the corporation's other operations were \$47.6 million in 1995, an increase of \$7.4 million and \$9.5 million over 1994 and 1993, respectively. Sales in 1995 for A. O. Smith Harvestore Products, Inc. (Harvestore), were \$40.6 million, an 8.7 percent increase over 1994 and the highest total since 1984. The major growth in sales occurred in the municipal and industrial segment of the business where a record for unit volume was established in 1995. Harvestore's agricultural business exhibited mixed results in 1995 as sales of its newest chain unloader increased 25 percent over 1994 while sales of Slurrystore structures declined after five years of volume growth. Earnings in 1995 for Harvestore were much improved over both 1994 and 1993 as a result of higher volume.

To further expand opportunities in the municipal and industrial storage market the corporation acquired Peabody TecTank Inc. from the Pullman Company, Inc. in December 1995. TecTank is a manufacturer of bolted steel tanks and shop welded steel, stainless steel, and aluminum tanks. TecTank had sales of \$49 million in fiscal 1995 and will more than double the corporation's presence in the storage tank market. Sales and earnings since the acquisition of this wholly owned subsidiary have been included in the Other Products segment of the corporation and were not significant to 1995 results.

Revenues for AgriStor Credit Corporation were \$2.8 million, \$2.9 million, and \$4.8 million in 1995, 1994, and 1993, respectively. The trend of decreasing revenues is reflective of management's desire to liquidate this finance subsidiary. Interest costs and administrative expenses have declined consistently throughout the liquidation process. The costs associated with non-performing contracts were significantly less in 1995 than 1994, thereby reducing the loss incurred in 1995.

Management is encouraged by the fact that the Other Products segment of the corporation has gone from a net after tax loss of \$.17 per share in both 1994 and 1993 to break-even in 1995. The future for this segment of the corporation has improved substantially with the aforementioned TecTank acquisition increasing penetration of the storage tank market as well as providing an expanded international presence with several foreign sales offices.

Selling, general, and administrative (SGA) expense for the corporation in 1995 was \$113.0 million compared to \$108.3 million and \$96.3 million in 1994 and 1993, respectively. The majority of the increase during this period was caused by higher employee incentive and profit sharing provisions, increased commissions, and other expenses in support of additional sales volume. The amount of increase in SGA in 1995 was substantially less than 1994 due to a significant reduction in the amount of bad debt expenditures and re-marketing costs associated with repossessed equipment incurred by AgriStor Credit Corporation. As a percent of sales, selling, general, and administrative expenses have declined steadily from 8.1 percent in 1993 to 7.3 percent in 1995.

Interest expense increased \$1.0 million in 1995 to \$13.1 million from \$12.1 million in 1994. Interest expense in 1993 was \$13.4 million. The increase in interest expense in 1995 reflected higher average interest rates. The decline in interest expense from 1993 to 1994 was a function of lower debt levels.

The corporation's effective income tax rate decreased to 37.9 percent in 1995 from 38.3 percent and 41 percent in 1994 and 1993, respectively. The slight decline in rate in 1995 was caused primarily by lower state income and franchise tax provisions and tax benefits associated with the corporation's newly created foreign sales corporation. The relatively high rate in 1993 was due to the one percent federal rate increase including the cumulative impact on prior years.

In the fourth quarter of 1995, the Automotive Products Company, Water Products Company, and Smith Fiberglass Products Inc. each established a joint venture in the People's Republic of China. The companies and their partners are in the process of making the required initial investments. When all the capital contributions and shareholder loans have been made, A.O. Smith Corporation will hold a majority interest in each venture.

In March 1995, the Financial Accounting Standards Board issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Statement No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The corporation will adopt Statement No. 121 in the first quarter of 1996 and, based on current circumstances, does not believe the effect of adoption will be material.

The corporation has applied Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its stock option plans. No decision has been reached as to how the corporation will apply, beginning in 1996, recently issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", which permits the corporation to continue accounting for stock options in the same manner with fair value disclosures or measure compensation cost by the fair value of stock options granted.

The corporation entered 1995 with the aggressive objective of establishing record earnings for the third consecutive year. The goal was achieved, as net earnings in 1995 were \$61.4 million or \$2.94 per share surpassing the previous record of \$57.3 million or \$2.75 per share earned in 1994. The corporation earned \$42.7 million or \$2.08 per share in 1993. The record-setting performance in 1995 was accomplished despite the challenges presented by weather issues, union contract negotiations, and volatile Mexican economic conditions.

The corporation is committed to extending its string of record-setting performances in 1996. Achieving this goal will require successfully contending with a new set of challenges including: start-up of the Chinese joint ventures and two regional assembly facilities for Automotive Products Company; integration of the recently acquired Peabody TecTank business; and the introduction of

new product programs throughout the corporation.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements: Number	Form 10-K Page
Report of Independent Auditors	23
Consolidated Balance Sheet at December 31, 1995 and 1994.....	24
For each of the three years in the period ended December 31, 1995:	
- Consolidated Statement of Earnings and Retained Earnings	25
- Consolidated Statement of Cash Flows	26
Notes to Consolidated Financial Statements	27-42

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, 1995 and 1994 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, 1995. 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, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
January 16, 1996

CONSOLIDATED BALANCE SHEET

December 31 (dollars in thousands)

Assets	1995	1994
Current Assets		
Cash and cash equivalents	\$ 5,694	\$ 8,485
Trade receivables	165,924	132,630
Finance subsidiary receivables and leases	13,449	16,361
Customer tooling	30,799	24,489
Inventories	103,540	110,863
Deferred income taxes	17,542	28,100
Other current assets	15,537	8,592
	-----	-----
Total Current Assets	352,485	329,520
Investments in and advances to affiliated companies	21,577	17,326
Deferred model change	25,246	18,638
Finance subsidiary receivables and leases	26,950	37,842
Other assets	79,305	42,751
Net property, plant, and equipment	447,355	401,780
	-----	-----
Total Assets	\$ 952,918	\$ 847,857
	=====	=====
Liabilities		
Current Liabilities		
Trade payables	\$ 112,645	\$ 112,940
Accrued payroll and benefits	47,763	49,289
Postretirement benefit obligation	7,837	9,573
Accrued liabilities	37,964	34,806
Income taxes	2,505	2,060
Long-term debt due within one year	3,925	3,775
Finance subsidiary long-term debt due within one year	1,008	3,480
	-----	-----
Total Current Liabilities	213,647	215,923
Long-term debt	167,139	136,769
Finance subsidiary long-term debt	23,799	29,357
Postretirement benefit obligation	74,799	72,388
Product warranty	16,658	15,089
Deferred income taxes	63,239	54,445
Other liabilities	15,297	11,141
	-----	-----
Total Liabilities	574,578	535,112
Commitments and contingencies (notes 7 and 13)		
Minority interests in joint ventures	5,976	--
Stockholders' Equity		
Preferred Stock	--	--
Class A Common Stock (shares issued 5,888,601 and 6,035,541)	29,443	30,178
Common Stock (shares issued 15,811,049 and 15,664,109)	15,811	15,664
Capital in excess of par value	68,871	68,209
Retained earnings	273,751	224,467
Cumulative foreign currency translation adjustments	(7,499)	
(8,035)		
Pension liability adjustment	--	
(9,653)		
Treasury stock at cost	(8,013)	
(8,085)		
	-----	-----
Total Stockholders' Equity	372,364	312,745
	-----	-----
Total Liabilities and Stockholders'	\$ 952,918	\$ 847,857
	=====	=====

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	1995	1994	1993
Net revenues	\$1,544,770	\$1,373,546	\$1,193,870
Cost of products sold	1,321,591	1,162,096	1,015,397
	-----	-----	-----
Gross profit	223,179	211,450	178,473
Selling, general, and administrative expenses	113,018	108,271	96,345
Interest expense	13,093	12,085	13,431
Other expense - net	3,546	591	179
	-----	-----	-----
Provision for income taxes	93,522	90,503	68,518
	35,473	34,707	28,124
	-----	-----	-----
Earnings before equity in earnings of affiliated companies	58,049	55,796	40,394
Equity in earnings of affiliated companies	3,364	1,551	2,284
	-----	-----	-----
Net Earnings	61,413	57,347	42,678
Retained Earnings			
Balance at beginning of year	224,467	177,543	147,065
Cash dividends on common stock (12,200)	(12,129)	(10,423)	
	-----	-----	-----
Balance at End of Year	\$273,751	\$224,467	\$177,543
	=====	=====	=====
Net Earnings Per Common Share	\$2.94	\$2.75	\$2.08
	=====	=====	=====

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31 (dollars in thousands)

Cash Flow from Operating Activities	1995	1994	1993
Net earnings	\$ 61,413	\$ 57,347	\$ 42,678
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	55,701	49,160	42,607
Deferred income taxes	14,987	14,296	11,800
Deferred income taxes	14,296	11,800	
(22,928)			
Equity in earnings of affiliated companies, net of dividends	(3,364)	(751)	516
Deferred model change and software amortization	11,238	8,078	9,080
Net change in current assets and liabilities	(28,422)	(29,415)	
(1,310)			
Net change in noncurrent assets and liabilities	4,938	13,401	4,640
Other	(975)	7,357	5,340
Cash Provided by Operating Activities	115,516	119,473	115,351
Cash Flow from Investing Activities			
Capital expenditures	(91,001)	(76,133)	
(54,703)			
Purchase of subsidiary	(18,000)	--	--
Deferred model change expenditures	(13,619)	(7,921)	
(1,586)			
Other	(6,739)	(699)	
(562)			
Cash Used by Investing Activities	(129,359)	(84,753)	
(56,851)			
Cash Flow before Financing Activities	(13,843)	34,720	58,500
Cash Flow from Financing Activities			
Long-term debt incurred	65,000	--	30,000
Long-term debt retired	(34,480)	(17,126)	
(53,020)			
Finance subsidiary net long-term debt retired	(8,030)	(14,484)	
(21,417)			
Net proceeds from common stock and option activity	49	1,764	1,787
Tax benefit from exercise of stock options	96	2,132	2,227
Joint ventures partners' contributions	546	--	--
Dividends paid	(12,129)	(10,423)	
(12,200)			
Cash Provided (Used) by Financing Activities	11,052	(38,137)	
(52,623)			
Net increase (decrease) in cash and cash equivalents	(2,791)	(3,417)	5,877
Cash and cash equivalents--beginning of year	8,485	11,902	6,025
Cash and Cash Equivalents--End of Year	\$ 5,694	\$ 8,485	\$ 11,902

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: automotive structural components; 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. The major automotive manufacturers and other original equipment manufacturers are the largest customers of the automotive and electrical products units. Water heaters are distributed 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.

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

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.

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. For the corporation's Mexican affiliate and subsidiaries, the U.S. dollar is used as the functional currency. Accordingly, cash and certain other monetary assets and liabilities, such as receivables and payables, and revenues and expenses are translated into U.S. dollars using current exchange rates. Inventories and nonmonetary assets, such as fixed assets, are translated into U.S. dollars using historical exchange rates. The resulting translation adjustments and gains and losses from foreign currency transactions are reflected 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, 1995, the corporation had contracts covering the majority of its expected copper and aluminum requirements for 1996, with varying maturities in 1996, the longest duration of which is December 1996. These futures contracts limit the impact from both favorable and unfavorable price changes.

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 and no credit loss is 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)	1995		1994	
	Buy	Sell	Buy	
Sell				
3,840 U.S. dollars	\$ 3,102	\$ --	\$ 2,400	\$
-- British pounds	4,659	--	4,489	
-- Canadian dollars	5,454	--	5,714	
2,591 French franc	--	1,483	--	
3,587 German deutsche mark	329	3,208	--	
-- Italian lira	--	992	3,801	
-- Mexican peso	3,808	--	17,418	
	-----	-----	-----	
Total	\$17,352	\$ 5,683	\$33,822	
\$10,018	=====	=====	=====	
=====				

The contracts in place at December 31, 1995 and 1994 amounted to approximately 35 and 58 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.

Deferred model change. Tool costs not reimbursed by customers and expenses associated with significant model changes are amortized over the estimated model life which ranges from four to ten years, with the shorter periods associated with automobile structural components and the longer periods associated with structural components for trucks.

Finance subsidiary. Finance charges for retail contracts receivable are recognized as income as installments become due using the interest method. For direct finance leases, income is recognized based upon a constant rate of return on the unrecovered lease investment over the term of the related lease.

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 and amounted to approximately \$9.7, \$9.2, and \$7.6 million during 1995, 1994, and 1993, respectively.

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 1995 presentation.

2. Acquisition and Joint Ventures

On December 6, 1995, the corporation acquired the stock of Peabody TecTank Inc. (TecTank), a manufacturer of environmental bulk storage tanks, for approximately \$18 million, subject to final adjustment of the purchase price. The transaction has been 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 will be amortized over 15 years. The allocation is preliminary pending completion of an appraisal. The proforma effect of this acquisition would not be significant to either 1995 or 1994 operating results.

In the fourth quarter of 1995, the corporation established three joint ventures in the People's Republic of China. The corporation and its partners are in the process of making their initial investments. When the ventures are completed, the corporation will hold a majority interest in each. In 1995, the corporation's partners contributed to the ventures non-cash assets valued at approximately \$5.4 million. The balance sheet accounts of the ventures are included in the consolidated financial statements with the corporation's partners' pro rata share of the net assets reflected as minority interest. Once operations begin, the operating results will be reflected in the Consolidated Statement of Earnings to the extent of the corporation's ownership.

3. 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) 1995 1994 1993

Change in current assets and liabilities:

Trade receivables and customer tooling	\$(31,379)	\$(15,131)	
\$(35,008)			
Finance subsidiary receivables	2,912	2,790	529
Inventories	10,657	(21,059)	
(17,054)			
Other current assets	(3,976)	6,180	
(5,297)			
Trade payables	(5,385)	1,833	37,214
Accrued liabilities, payroll, and benefits	3,138	(972)	16,274
Current income tax accounts-net	(4,389)	(3,056)	2,032
	-----	-----	-----
(1,310)	\$(28,422)	\$(29,415)	\$
	=====	=====	=====

4. Inventories

December 31 (dollars in thousands)	1995	1994
Finished products	\$ 53,788	\$ 55,331
Work in process	44,806	48,886
Raw materials	41,968	41,709
Supplies	9,067	7,457
	-----	-----
	149,629	153,383
Allowance to state inventories at LIFO cost	46,089	42,520
	-----	-----
	\$ 103,540	\$ 110,863
	=====	=====

5. Investments in and Advances to Affiliated Companies

Investments in affiliates in which ownership is 50 percent or less are accounted for under the equity method. The corporation's equity in the undistributed earnings of such affiliates at December 31, 1995, amounted to approximately \$21.5 million. In 1995, because the Mexican affiliate's sales, financing, and certain costs are now 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 1994 and 1993, the corporation received dividends of \$.8 and \$2.8 million, respectively, from

such affiliates.

6. Property, Plant, and Equipment

December 31 (dollars in thousands)	1995	
1994		
Land	\$ 10,099	\$
7,527		
Buildings	200,844	
186,320		
Equipment	764,899	
687,870		

	975,842	
881,717		
Less accumulated depreciation	528,487	
479,937		

	\$ 447,355	\$
401,780		
=====	=====	

Interest on borrowed funds during construction of \$.5, \$.8, and \$1.1 million was capitalized in 1995, 1994, and 1993, respectively.

7. Long-Term Debt and Lease Commitments

December 31 (dollars in thousands)	1995	
1994		
Bank credit lines, average year-end interest rate of 6.6% for 1995 and 7.1% for 1994	\$ 8,135	\$
15,308		
Commercial paper, average year-end interest rate of 5.9% for 1995 and 1994	43,345	
71,577		
8.75% notes, payable annually through 1997	7,125	
10,700		
Long-term notes, expiring through November 2000 average year-end interest rate of 6.3% for 1995 and 6.4% for 1994	17,500	
12,500		
Long-term notes, expiring through 2010, average year-end interest rate of 7.0% for 1995 and 6.8% 1994	90,000	
30,000		
Other notes, expiring through 2012, average year-end interest rate of 6.8% for 1995 and 6.9% for 1994	29,766	
33,296		
-----	-----	
	195,871	
173,381		
Less amount due within one year	4,933	
7,255		
-----	-----	
	\$190,938	
\$166,126		
=====	=====	

In June 1995, the corporation's multi-year revolving credit agreement with a group of ten banks was increased from \$140 million to \$160 million and extended to June 30, 2000. 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 1993, the corporation entered into two loan facilities with insurance companies totaling \$65 million. Through the expiration of these facilities in 1995, the corporation had drawn down \$45 million under terms ranging from ten to thirteen years.

In 1995, the corporation entered into two new loan facilities with insurance companies totaling \$125 million. Through December 31, 1995, 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 \$107.3 million were unrestricted as of December 31, 1995.

Borrowings under the bank credit lines and in the commercial paper market are supported by the revolving credit agreement and 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, 1995, is as follows: 1996--\$4.9; 1997--\$12.0; 1998--\$12.2; 1999--\$8.1; 2000--\$9.9 million.

The corporation has an agreement to sell, without recourse and at market rates, up to \$50 million of certain automotive-related receivables. The corporation sold receivables totaling \$41.0 million at December 31, 1995, compared to \$27.5 million at December 31, 1994. The receivables sale program is scheduled to expire on November 28, 1996, unless mutually extended.

Future minimum payments under noncancelable operating leases total \$113.4 million and are due as follows: 1996--\$24.7; 1997--\$22.5; 1998--\$20.7; 1999--\$16.2; 2000--\$7.5; thereafter--\$21.8 million. Rent expense, including payments under operating leases, was \$31.4, \$30.8, and \$28.2 million in 1995, 1994, and 1993, respectively.

Interest paid by the corporation, was \$13.1, \$13.3, and \$14.0 million in 1995, 1994, and 1993, respectively.

8. 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, 1995, there are also 3 million shares of preferred stock \$1 par value authorized.

On February 1, 1993, the Board of Directors declared a special \$.25 per share dividend to holders of Common Stock. No special dividend was declared on the Class A Common Stock. During 1993, 2,009,683 shares of Class A Common Stock, including 623,362 shares held in Treasury, were converted into Common Stock. An additional 146,940 and 49,304 shares of Class A Common Stock were converted into Common Stock during 1995 and 1994, respectively. Regular dividends paid on the Class A Common and Common Stock amounted to \$.58, \$.50, and \$.42 per share in 1995, 1994, and 1993, 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	Amount
Balance at December 31, 1992	\$25,197	\$5,767	\$78,009	623,362	\$10,918
Conversion of Class A Common Stock	(10,048)	2,010	7,746	--	--
Exercise of stock options (net of 21,200 shares surrendered as stock option proceeds (1,267))	--	43	1,056	(183,300)	--
Purchase of treasury shares	--	--	--	5,930	269
Tax benefit from exercise of stock options	--	--	2,227	--	--
Two-for-one stock split	15,275	7,795	(23,088)	566,792	--
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 (1,835))	--	--	(70)	(218,755)	--
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) (72)	--	--	(22)	(13,000)	--
Tax benefit from exercise of stock options	--	--	96	--	--
Balance at December 31, 1995	\$29,443	\$15,811	\$68,871	781,029	\$8,013

In 1993, 5,930 shares of treasury stock were acquired under a purchase offer made to holders of less than 100 shares of Class A Common Stock and Common Stock.

At December 31, 1995, 3,460 and 777,569 shares of Class A Common Stock and Common Stock, respectively, were held as treasury stock.

9. 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, shareholders 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, 1995 and 1994 was 470,500 and 659,600, respectively.

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

Years ended December 31	1995	1994	1993
Outstanding at beginning of year	963,600	1,009,800	1,184,200
Granted			
1995--\$23.125 and \$25.00 per share	189,100		
1994--\$21.563 and \$25.81 per share		177,400	
1993--\$27.50 per share			188,400
Exercised			
1995--\$7.00 to \$8.00 per share	(16,400)		
1994--\$7.00 to \$13.00 per share		(223,600)	
1993--\$6.375 to \$15.188 per share (362,800)			
Canceled or expired	(11,700)	--	--
Outstanding at End of Year (1995--\$7.00 to \$27.50 per share)	1,124,600	963,600	1,009,800
Exercisable at December 31, 1995	935,500		

The corporation has applied Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its stock option plans. No decision has been reached as to how the corporation will apply, beginning in 1996, recently issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", which permits the corporation to continue accounting for stock options in the same manner with fair value disclosures or measure compensation cost by the fair value of stock options granted.

10. 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 expense, the funded status, and the major assumptions used to determine these

amounts for domestic pension plans:

Years ended December 31 (dollars in thousands)

	1995	1994	1993
Components of pension expense:			
Service cost--			
benefits earned during the year	\$ 6,062	\$ 6,759	\$ 6,261
Interest cost on projected benefit obligation	31,340	27,111	27,400
Return on plan assets:			
Actual return	\$(112,130)	\$ 1,748	\$(42,270)
Deferral of investment return in excess of (less than) expected return	74,948	(37,180)	9,145
	-----	-----	-----
	(37,182)	(35,432)	
(33,125) Net amortization and deferral	531	651	569
	-----	-----	-----
Net periodic pension expense (income)	\$ 751	\$(911)	\$1,105
	=====	=====	=====

December 31 (dollars in thousands)

	1995	1994	
	Assets	Assets	Accumulated
	Exceed	Exceed	Benefits
	Accumulated	Accumulated	Exceed
	Benefits	Benefits	Assets
Actuarial present value			
of benefit obligations:			
Vested benefit obligation	\$384,726	\$145,488	\$166,962
	=====	=====	=====
Accumulated benefit			
obligation	\$432,143	\$155,817	\$198,485
	=====	=====	=====
Projected benefit obligation	\$450,577	\$171,074	\$198,694
Plan assets at fair value	462,093	219,026	155,924
	-----	-----	-----
Plan assets in excess of			
(less than) projected			
benefit obligation	11,516	47,952	
(42,770)			
Unrecognized net transition			
(asset) obligation at			
January 1, 1986	(5,192)	(12,053)	12,316
Unrecognized net loss	6,310	3,189	16,111
Prior service cost not yet			
recognized in periodic			
pension cost	29,404	3,641	9,766
Adjustment required to recognize			
minimum liability/1	--	--	
(37,984)			
	-----	-----	-----
Prepaid pension asset			
(liability)	\$ 42,038	\$ 42,729	
\$(42,561)			
	=====	=====	=====

1/ The provisions of FAS No. 87, "Employers' Accounting for Pensions," require the recognition of an additional minimum liability for each defined benefit plan for which the accumulated benefit obligation exceeds plan assets. Prior to December 31, 1995, this amount was recorded as a long-term liability with an offsetting intangible asset. Because the asset recognized may not exceed the amount of unrecognized prior service cost and transition obligation on an individual plan basis, the balance, net of tax benefits, was reported as a separate reduction of stockholders' equity at December 31, 1994. As the result of the merger of the various plans on December 31, 1995, the corporation no longer has any underfunded plans.

Major assumptions at year-end:	1995	1994	1993
Discount rate	7.50%	8.50%	
7.75%			
Rate of increase in compensation level	4.00%	4.50%	
4.00%			
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.

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 amount of the contribution was \$5.2, \$5.2, and \$4.0 million for 1995, 1994, and 1993, 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.

Net periodic postretirement benefit cost included the following components:

Years ended December 31 (dollars in thousands)

	1995	1994	
1993			
Service cost--benefits attributed to employee service during the year	\$ 1,318	\$ 1,847	\$
1,841			
Interest cost on accumulated postretirement benefit obligation	6,948	7,477	
6,959			
Amortization of unrecognized net (gain) loss	(132)	816	
--			

Net periodic postretirement benefit cost	\$ 8,134	\$10,140	\$
8,800			
=====			

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

December 31 (dollars in thousands)	1995	1994
Accumulated postretirement benefit obligation:		
Retirees	\$44,347	\$51,066
Fully eligible active plan participants	16,255	12,724
Other active plan participants	32,655	35,333
	-----	-----
Unrecognized net loss	93,257	99,123
(17,162)	(10,621)	
	-----	-----
Accrued postretirement benefit cost	\$82,636	\$81,961
	=====	=====

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 7.50 and 8.50 percent at December 31, 1995 and 1994, respectively. If the health care cost trend rate was increased by 1 percent, the APBO at December 31, 1995 would increase by \$3.7 million and net periodic postretirement benefit cost for 1995 would increase by \$0.3 million.

11. Income Taxes

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

Years ended December 31 (dollars in thousands)

	1995	1994	1993
Current:			
Federal	\$15,405	\$15,470	\$11,208
State	2,955	4,095	1,955
Foreign	3,753	2,384	3,109
Cumulative effect of rate change	--	--	836
Deferred	14,340	14,301	11,297
Business tax credits (281)	(980)	(1,543)	
Provision for income taxes	===== \$35,473	===== \$34,707	===== \$28,124

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

Years ended December 31 (dollars in thousands)

	1995	1994	1993
Provision at federal statutory rate	\$32,733	\$31,676	\$23,981
Cumulative effect of rate change	--	--	836
Foreign income taxes	389	245	637
State income and franchise taxes	3,392	3,996	3,056
Business and foreign tax credits (631)	(1,445)	(1,877)	
Non-deductible items	552	542	287
Foreign sales corporation benefit	(278)	--	--
Other (42)	130	125	
Provision for income taxes	===== \$35,473	===== \$34,707	===== \$28,124

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

Years ended December 31 (dollars in thousands) 1993	1995	1994
Domestic \$60,407	\$84,127	\$84,358
Foreign 8,111	9,395	6,145
-----	-----	-----
\$68,518	\$93,522	\$90,503
=====	=====	=====

Taxes paid amounted to \$25.2, \$21.7, and \$12.2 million in 1995, 1994, and 1993, 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, 1995, the undistributed earnings amounted to \$17.4 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, 1995, the amount of unrecognized U.S. tax liability for the net translation gains and other items totaling \$9.8 million amounted to \$3.4 million.

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

December 31 (dollars in thousands)

	Assets	1995 Liabilities	Assets	1994
Liabilities				
Finance subsidiary leases \$(13,717)	\$ --	\$ (7,278)	\$ --	
Group health insurance and postretirement obligations	37,951	--	36,484	--
Employee benefits (10,122)	5,179	(15,559)	4,128	
Product liability and warranty	7,472	--	8,017	--
Bad debts	1,276	--	4,633	--
Tax over book depreciation (51,474)	--	(54,026)	--	
Deferred model change (11,603)	--	(13,263)	--	
Equity in affiliated companies (1,336)	--	(3,416)	--	
Tax carryforwards	--	--	9,597	--
All other (952)	--	(4,033)	--	
	-----	-----	-----	-----
	\$51,878	\$ (97,575)	\$62,859	
	=====	=====	=====	=====
Net liability \$(26,345)		\$ (45,697)		
		=====		=====

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)	1995	1994
Current deferred income tax assets	\$ 17,542	\$ 28,100
Long-term deferred income tax liabilities (54,445)	(63,239)	
	-----	-----
Net liability	\$ (45,697)	
\$(26,345)	=====	=====

12. 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 AgriStor Credit Corporation (AgriStor), a wholly-owned finance subsidiary. It is not possible to predict when the sale of the agricultural business will occur. The corporation is continuing to phase out AgriStor's operations in an orderly manner.

The corporation's consolidated balance sheet includes AgriStor. A condensed consolidated balance sheet of AgriStor is presented below:

December 31 (dollars in thousands)	1995	1994
Assets		
Cash and cash equivalents	\$ 2,320	\$ 2,636
Retail contracts receivable	19,705	24,396
Net investment in leases	12,149	17,663
Equipment available for resale	10,733	23,739
Reserve for bad debts	(2,189)	
(10,020)		
Other assets	68	226
	-----	-----
Total Assets	\$ 42,786	\$ 58,640
	=====	=====
Liabilities and stockholder's equity		
Long-term debt due within one year	\$ 1,008	\$ 3,480
Other liabilities	9,180	13,573
Long-term debt	23,799	29,357
Stockholder's equity	8,799	12,230
	-----	-----
Total Liabilities and Stockholder's Equity	\$ 42,786	\$ 58,640
	=====	=====

AgriStor was the lessor of Harvestore equipment accounted for as direct financing leases. AgriStor is currently financing under retail installment contracts a nominal amount of new and previously owned equipment. There is no quoted market price available for the retail contracts and leases. Management believes fair value approximates book value. While some maturities extend beyond the year 2000, the portfolio is predominantly of three to four year duration carrying an average interest rate of 7.7 percent.

The majority of AgriStor's financing needs are provided by the corporation. AgriStor Credit Corporation-Canada (AgriStor Canada) had outstanding a \$4.1 million Canadian dollar denominated note (\$3.0 million U.S. dollar equivalent) with a final maturity in 1998. AgriStor Canada also has a \$10.0 million Canadian dollar denominated credit facility (\$7.3 million U.S. dollar equivalent) to meet its borrowing needs, none of which was outstanding at December 31, 1995. Long-term debt, excluding financing provided by the corporation, maturing subsequent to December 31, 1995, is as follows: 1996--\$1.0; 1997--\$1.0; 1998--\$1.0; million.

A condensed consolidated statement of operations of AgriStor is presented below. The 1995 and 1994 statements of operations reflect repossession and contract settlement costs that previously were not recognized until final disposition of repossessed structures.

Years Ended December 31 (dollars in thousands)	1995	1994	1993
Revenues	\$ 2,789	\$ 2,876	\$ 4,783
Interest expense	2,162	2,849	3,794
General and administrative expenses	735	1,696	2,951
Bad debt provision	2,600	4,800	1,750
Repossession costs	3,026	2,698	--
	-----	-----	-----
Total expenses	8,523	12,043	8,495
	-----	-----	-----
Loss before income taxes (3,712)	\$ (5,734)	\$ (9,167)	\$
	=====	=====	=====

The finance subsidiary provided cash before financing activities of \$8.0, \$14.5, and \$21.4 million in 1995, 1994, and 1993, respectively.

13. Litigation and Insurance Matters

As of December 31, 1995, the corporation and A. O. Smith Harvestore Products, Inc. (Harvestore), a subsidiary of the corporation, were defendants in eight cases alleging damages for economic losses claimed to have arisen out of alleged defects in Harvestore animal feed storage equipment. Some plaintiffs are seeking punitive as well as compensatory damages. The corporation believes that a significant number of these claims were related to the deteriorated general farm economy. In 1995, fifteen cases were concluded. The corporation and Harvestore continue to vigorously defend these cases.

Two of the eight pending cases contain class action allegations. One of the cases is a New York state court action which names the corporation, Harvestore, and two of its dealers as defendants. The court has denied the plaintiffs motion to certify the class and has granted the defendants' motions dismissing some of the plaintiffs' allegations. The plaintiffs are appealing the court's rulings.

The second case is pending in the Federal District Court for the Southern District of Ohio. It was filed in August 1992 and the court, in March 1994, conditionally certified it as a class action on behalf of purchasers and lessees of Harvestore structures manufactured by the corporation and Harvestore. A notice of the certification was mailed to the purported class members in the third quarter of 1994, with approximately 5,500 "opt out" forms being filed with the court, the impact of which is unknown. The court canceled a previously set trial date as a result of motions the corporation filed seeking summary judgment or in the alternative decertification of the class. The corporation is awaiting a ruling.

Based on the facts currently available to management and its prior experience with lawsuits alleging damages for economic loss resulting from use of the Harvestore animal feed storage equipment, management is confident that the class action suits can be defeated and that the lawsuits do not represent a material threat to the corporation. The corporation believes that any damages, including any punitive damages, arising out of the pending cases are adequately covered by insurance and recorded reserves. No range of reasonably possible losses can be estimated because in most instances the complaint is silent as to the amount of the claim or states it as an unspecified amount in excess of the jurisdictional minimum. The corporation reevaluates its exposure periodically and makes adjustment of its reserves as appropriate.

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 part, certain judgments, settlements and defense costs incurred in connection with pending and closed lawsuits alleging damages for economic losses claimed to have arisen out of alleged defects in Harvestore animal feed storage equipment. While the corporation has, in part, assumed applicability of this coverage, an adverse judgment should not be material to its financial condition.

The corporation is involved in other litigation and claims which arise in the ordinary course of its business including governmental proceedings regarding the disposal of hazardous waste at sites which are in various stages of the remediation process. For some of the sites, total costs for remediation are not available because the final remedy has not been selected or for other reasons. Further, the ultimate liability of the corporation, if any, has not been determined at all of the sites. As a result, it is impossible at this time to estimate the total cost of remediation for all of the sites. The total estimated cleanup costs identified at this time for all parties at all sites involving claims filed by the Environmental Protection Agency or similar state agencies where the corporation has been designated a potentially responsible party is approximately \$293.4 million. The estimated portion of the total for which the corporation is or may be responsible is approximately \$7.3 million, of which \$6.2 million has been contributed towards the cleanup costs by the corporation and its insurance companies. The balance of the identified potential cleanup costs is covered by insurance and established reserves set by the corporation which are believed to be adequate to cover the corporation's obligations with respect to the unpaid balance of the claims. To the best of the corporation's knowledge, the insurers have the financial ability to pay any such covered claims and the corporation has not incorporated any insurance proceeds in the calculation of its reserves for which recovery is not considered probable. The corporation reevaluates its exposure periodically and makes adjustment of its reserves as appropriate.

In March 1992, a subsidiary of the corporation, Smith Fiberglass Products Inc. (Smith Fiberglass), won a patent infringement suit filed against a competitor. A judgment was entered in favor of Smith Fiberglass. The judgment was appealed by the defendant. However, the Court of Appeals affirmed the award and Smith Fiberglass recognized the judgment which amounted to \$1.9 million after recognition of legal fees as income in the second quarter of 1993.

A lawsuit initiated by the corporation in connection with previously concluded antitrust action involving a former subsidiary was terminated in the second quarter of 1993 with a favorable settlement of \$2.8 million.

Over the past several years, the corporation has self-insured a portion of its product liability loss exposure and other business risks. The corporation has established reserves which it believes are adequate to cover incurred claims. For the year ended December 31, 1995, 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.

14. Operations by Segment

Years ended December 31 (dollars in millions)

	Net Revenues/1					Earnings (Loss)				
	1995	1994	1993	1992	1991	1995	1994	1993	1992	1991
OEM Products										
Auto and truck structural components, fractional horsepower, and hermetic electric motors	\$1,162.6	\$1,003.9	\$ 848.8	\$ 753.2	\$ 631.2	\$94.8	\$92.2	\$70.2	\$52.8	\$12.0
Water Products										
Water heaters and water heating systems and protective industrial coatings	276.0	271.5	248.1	215.2	194.6	32.2	30.1	26.5	18.2	11.0
Fiberglass Products										
Fiberglass reinforced piping systems	58.6	57.9	58.9	43.9	53.9	5.1	9.2	9.5	4.7	10.2
Other Products										
Municipal and industrial storage systems, agricultural feed storage systems, and agricultural financing	47.6	40.2	38.1	34.0	36.1	.1	(5.8)	(4.8)	(4.5)	(3.6)
	=====	=====	=====	=====	=====	-----	-----	-----	-----	-----
	\$1,544.8	\$1,373.5	\$1,193.9	\$1,046.3	\$ 915.8	132.2	125.7	101.4	71.2	29.6
General corporate and research and development expense						(27.8)	(26.0)	(23.3)	(20.5)	(14.1)
Interest expense/2						(10.9)	(9.2)	(9.6)	(11.9)	(13.0)
						-----	-----	-----	-----	-----
Earnings Before Income Taxes, Equity in Earnings of Affiliated Companies, and Cumulative Effect of Accounting Changes						\$93.5	\$90.5	\$68.5	\$38.8	\$ 2.5
						=====	=====	=====	=====	=====

Further discussion of the segment results, including Automotive Products and Electrical Products which comprise the OEM segment, can be found under "Management's Discussion and Analysis--Results of Operations."

1/ Revenues are primarily from the North American area. Major customers for the Original Equipment Manufacturers (OEM) segment are Ford, Chrysler, and General Motors which accounted for \$408.8, \$173.8, and \$164.5 million in 1995; \$325.6, \$177.6, and \$135.9 million in 1994; \$266.9, \$118.2, and \$132.0 million in 1993; \$219.3, \$96.7, and \$148.1 million in 1992; and \$177.5, \$75.8, and \$115.6 million in 1991 of this segment's revenues.

2/ Interest expense of the finance subsidiary of \$2.2,\$2.9, \$3.8, \$6.0,and \$7.9 million in 1995, 1994, 1993, 1992, and 1991, respectively, has been included in the Other Products segment.

(dollars in millions)

	Identifiable Total Assets (December 31)			Depreciation (Years ended December 31)			Capital Expenditures (Years ended December 31)		
	1995	1994	1993	1995	1994	1993	1995	1994	1993
Automotive Products	\$426.3	\$361.9	\$322.4	\$34.0	\$27.4	\$21.1	\$62.6	\$58.0	\$31.5
Electrical Products	162.5	158.9	161.0	12.3	12.7	12.0	12.9	8.1	14.8
Water Products	132.1	127.8	119.0	6.0	6.0	5.9	9.8	4.8	3.5
Fiberglass Products	37.0	31.6	27.3	1.8	1.4	1.9	3.8	3.5	3.5
Other Products	95.2	82.0	102.5	1.2	1.3	1.4	1.2	1.1	1.2
Investments in affiliated companies	21.6	17.3	23.8	--	--	--	--	--	--
Corporate assets	78.2	68.4	67.1	.4	.4	.3	.7	.6	.2
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	\$952.9	\$847.9	\$823.1	\$55.7	\$49.2	\$42.6	\$91.0	\$76.1	\$54.7
	=====	=====	=====	=====	=====	=====	=====	=====	=====

15. Quarterly Results of Operations (Unaudited)

(dollars in millions, except per share amounts

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	1995	1994	1995	1994	1995	1994	1995	1994
Net revenues	\$393.0	\$339.8	\$399.8	\$350.2	\$354.4	\$332.7	\$397.6	\$350.8
Gross profit	64.2	53.4	64.3	58.5	40.4	46.3	54.3	53.3
Net earnings	18.4	15.7	20.0	18.0	7.4	10.1	15.6	13.5
Net earnings per share	.88	.76	.96	.86	.36	.48	.74	.65
Common dividends declared	.13	.11	.15	.13	.15	.13	.15	.13

See note 7 for restrictions on the payment of dividends.

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 March 4, 1996 for the Annual Meeting of Stockholders to be held April 3, 1996 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 March 4, 1996 for the Annual Meeting of Stockholders to be held on April 3, 1996 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 March 4, 1996 for the April 3, 1996 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 March 4, 1996 for the April 3, 1996 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 March 4, 1996 for the April 3, 1996 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

Number

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

Consolidated Balance Sheet at December 31, 1995 and 1994	24
For each of the three years in the period ended December 31, 1995:	
- Consolidated Statement of Earnings and Retained Earnings	25
- Consolidated Statement of Cash Flows	26
Notes to Consolidated Financial Statement.....	27-42
The following consolidated financial statement schedule of A. O. Smith Corporation is included in Item 14(d):	
Schedule II - Valuation and Qualifying Accounts ...	45

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 1995.

(c) Exhibits - see the Index to Exhibits on pages 50-52 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.

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 22, 1995

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of March 22, 1995 by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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

A. O. SMITH CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(000 Omitted)
Years ended December 31, 1995, 1994, and 1993




at of Description	Balance at Beginning of Year	Additions			Balance the End Year
		Charged to Costs and Expenses/1	Charged to Other Accounts	Deductions/2	
1995:					
Valuation allowance for trade and notes receivable	\$ 2,455	\$ 773	\$ --	\$ 621	\$ 2,607
Valuation allowance for finance subsidiary receivables	10,020	3,533	--	11,364	2,189
1994:					
Valuation allowance for trade and notes receivable	3,986	579	--	2,110	2,455
Valuation allowance for finance subsidiary receivables	14,564	4,800	--	9,344	10,020
1993:					
Valuation allowance for trade and notes receivables	1,738	2,624	--	376	3,986
Valuation allowance for finance subsidiary receivables	20,585	1,750	--	7,771	14,564

1/ Provision (credit) based upon estimated collection. 2/ Uncollectible amounts charged against the reserve.

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; and Form S-8 No. 33-56827 filed December 13, 1994.

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.

INDEX TO EXHIBITS

Exhibit Number Number	Description	Form 10-K Page
*(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	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 7 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 7. (b) Extension and Third Amendment, dated as of June 30, 1995, \$160 Million Credit Agreement incorporated by reference to the quarterly report on Form 10-Q for the quarter ended June 30, 1995 (c) A. O. Smith Corporation Restated Certificate of Incorporation as amended April 5, 1995 (incorporated by reference to Exhibit (3)(i) hereto).	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 (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 (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 (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 (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 (f) Execut  EDGARpro  EDGAR Online, Inc.  EDGAR Online, Inc. incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended December 31, 1992. (g) Corporate Directors' Deferred Compensation	N/A

* Filed Herewith
N/A = Not Applicable

**RESTATED
CERTIFICATE OF INCORPORATION
OF
A. O. SMITH CORPORATION**

1. The name of the corporation is A. O. Smith Corporation (the "Corporation"). The date of filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was July 9, 1986.
2. This Restated Certificate of Incorporation restates and integrates and further amends the Certificate of Incorporation of this corporation to read as herein set forth in full:

ARTICLE 1

The name of the corporation is "A. O. SMITH CORPORATION."

ARTICLE 2

The address of the corporation's Registered Office in the State of Delaware is The Prentice-Hall Corporation System, Inc., 1013 Centre Road, City of Wilmington, County of New Castle. The name of its Registered Agent at such address is The Prentice-Hall Corporation System, Inc.

ARTICLE 3

The nature of the business or purposes to be conducted or promoted are:

- (A) 1. To manufacture, buy, sell, export, import and generally deal in all kinds of manufactured products and materials therefor, and in particular, steel and iron products and materials therefor.
2. To carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead, zinc, brass, iron, steel and all kinds of ores, metals and minerals and the products and by-products thereof. Without in any way limiting the foregoing to search for, prospect and explore for ores and minerals and to locate mining claims, grounds or lodes in the United States of America or the states or territories thereof or in other countries and record the same pursuant to the mining laws of the said United States or the states or territories thereof or other countries.
3. To manufacture, buy, sell, lease and deal in machinery for mining and other uses and to buy or otherwise acquire, apply for, sell, deal in, trade and let to lease upon rents or royalties and patents or patent rights on machinery, tools or equipment which may be used in mining and to conduct a general mining and manufacturing business.
4. In general, but in connection with the purposes set forth in this Article 3, to carry on any other business, whether manufacturing or otherwise, and to have and exercise all the powers conferred by the laws of Delaware upon secular corporations.
- (B) To apply for, obtain, register, purchase, lease, or otherwise acquire, and to hold, own, use, operate and introduce, and to sell, assign or otherwise dispose of letters patent, licenses, trademarks, trade names, and any and all inventions, improvements and processes used in connection with, or secured under letters patent of the United States of America or of any other country or government and pending applications therefor, including any interest therein, and to grant licenses in respect thereto, or otherwise turn the same to the use and account of the corporation.
- (C) To acquire by purchase, lease or otherwise, upon such terms and conditions and in such manner as the board of directors of the corporation shall determine or agree to, and to the extent which the same may be allowed by the Delaware General Corporation Law, all or any part of the property, real and personal, tangible or intangible, of any nature whatsoever, including the good will, business and rights of all kinds, or any other corporation or of any person, firm or association, which may be useful or convenient in the business of the corporation, and to pay for the same in cash, stocks, bonds or in other securities of this corporation, or partly in cash and partly in such stocks, bonds or in other securities, or in such other manner as may be agreed, and to hold, possess and improve such properties,

and to conduct in any legal manner the whole or any part of the business so acquired, and to pledge, mortgage, sell or otherwise dispose of the same.

(D) To borrow money, and, from time to time, to make, accept, endorse, execute and issue bonds, debentures, promissory notes, bills of exchange and other obligations of the corporation for moneys borrowed or in payment for property acquired or for any of the other objects or purposes of the corporation or its business, and as permitted by law to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement or other instrument of trust, or by other lien upon, assignment of or agreement in regard to, all or any part of the property, rights, privileges or franchises of the corporation wheresoever situated, whether now owned or hereafter to be acquired.

(E) To acquire by purchase, subscription or otherwise, and to hold and own and to sell, assign, transfer, pledge or otherwise dispose of the stock, or certificates of interest in shares of stocks, bonds, debentures, obligations and other evidences of indebtedness of any other corporation, domestic or foreign, and to issue in exchange therefor the stock, bonds, or other obligations of the corporation and while the owner of any such stock, certificates of interest in shares of stock, bonds, debentures, obligations and other evidences of indebtedness, to possess and exercise in respect thereof all of the rights, powers and privileges of ownership, including the right to vote thereon, and also in the manner, and to the extent, now or hereafter authorized or permitted by the laws of the State of Delaware, to purchase, acquire, own and hold and to dispose of (except as herein otherwise expressly provided) the stock, bonds or other evidences of indebtedness of the corporation; and to organize or cause to be organized under the laws of any state or other government, corporations, companies, associations, trusts, partnerships and other organizations for any lawful purpose, and to dissolve, liquidate, wind up, reorganize, merge or consolidate the same or cause the same to be dissolved, liquidated, wound up, reorganized, merged or consolidated.

(F) To the extent permitted by law, guarantee the payment of dividends on, or the payment or principal of or interest on, any stocks, bonds, notes, debentures, or other securities or obligations of any individual, corporation, company, association, trust, partnership or other organization in which the corporation has an interest or any of whose securities it owns; to the extent permitted by law, to become surety for and to guarantee the carrying out or performance of contracts of every kind and character of any individual, corporation, company, association, trust, partnership or other organization in which the corporation has an interest or any of whose securities it owns; and to aid in any lawful manner any individual, corporation, company, association, trust, partnership or other organization in which the corporation has an interest or any of whose securities it owns.

(G) To execute and deliver general or special powers of attorney to individuals, corporations, companies, associations, trusts, partnerships and other organizations, whether public or private, as the board of directors shall determine.

(H) In general to do any or all of the things hereinbefore set forth, and such other things as are incidental or conducive to the attainment of the objects and purposes of the corporation, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation, and in carrying on its business and for the purpose of attaining or furthering any of its objects to make and perform contracts, and to do such acts and things and to exercise any and all such powers to the same extent as a natural person might or could lawfully do to the extent allowed by law.

(I) To have one or more offices and to carry on its operations and transact its business within and without the State of Delaware, and, without restriction or limit as to amount, to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the states, districts, territories or dependencies of the United States, and in any and all foreign countries, subject always to the laws of such state, district, territory, dependency or foreign country.

The foregoing clauses shall each be construed as both purposes and powers, and the matters expressed in each clause shall, except as otherwise expressly provided, be in no wise limited by reference to or inference from the terms of any other clause, but shall be regarded as independent purposes and powers, and the enumeration of specific purposes and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers of the corporation; nor shall the expression of one thing be deemed to exclude another, although it be of like nature, not expressed.

ARTICLE 4

The aggregate number of shares which the corporation has the authority to issue shall be seventy-seven million (77,000,000) shares, consisting of:

- (a) fourteen million (14,000,000) shares designated as "Class A Common Stock," with a par value of Five Dollars (\$5) per share;
- (b) sixty million (60,000,000) shares designated as "Common Stock," with a par value of One Dollar (\$1) per share; and

(c) three million (3,000,000) shares designated as "Preferred Stock," with a par value of One Dollar (\$1) per share.

Any and all such shares of Class A Common Stock, Common Stock and Preferred Stock may be issued for such consideration, not less than the par value thereof, as shall be fixed from time to time by the board of directors. Upon any distribution of authorized but unissued shares to stockholders, the part of the surplus of the corporation (not less than the par value of such shares) which is concurrently transferred to stated capital shall be deemed the consideration for the issue of such shares. Any and all such shares so issued, the full consideration for which has been paid, delivered or so transferred, shall be deemed fully paid stock and shall not be liable to any further call or assessment thereon, and the holders of such shares shall not be liable for any further payments except as otherwise provided by applicable law of the State of Delaware or any other state in which the corporation holds a certificate of authority to do business. The relative rights, preferences and limitations of each class shall be as follows:

(A) Class A Common Stock and Common Stock

Except as provided in this Article 4, the Class A Common Stock and the Common stock shall have the same rights and privileges and shall rank equally, share ratably and be identical in all respects as to all matters.

(1) Dividends; Combinations; and Subdivisions.

(a) The holders of the Class A Common Stock and Common Stock shall be entitled to receive, when and as declared by the board of directors, such dividends including share distributions (as defined in paragraph (A)(1)(b)) as may be declared from time to time by the board of directors subject to any limitations applicable by law of the State of Delaware, to the rights of the holders of the Preferred Stock, and to the following limitation. Whenever a dividend which is not a share distribution is paid to the holders of Class A Common Stock, the corporation shall also pay to the holders of Common Stock a dividend per share at least equal to the dividend per share paid to the holders of the Class A Common Stock. The corporation may pay dividends which are not share distributions to holders of Common Stock in excess of dividends paid, or without paying dividends, to holders of Class A Common Stock.

(b) If at any time a distribution is to be paid in Class A Common Stock or Common Stock (a "share distribution"), such share distribution may be declared and distributed only as follows:

(i) Shares of one class of either the Class A Common Stock or the Common Stock (the "first class") may be distributed on shares of that class, provided that there is declared and paid a simultaneous distribution of shares of the other class of stock (the "second class") to the holders of the second class which simultaneous distribution shall consist of a number of shares of the second class equal on a per share basis to the number of shares of the first class which are distributed to holders of the first class.

(ii) Subject to any limitations of the laws of the State of Delaware, shares of the first class may be distributed on shares of the second class, provided that there is declared and paid a simultaneous distribution of shares of the first class to holders of shares of the first class which simultaneous distribution shall consist of a number of shares of the first class equal on a per share basis to the number of shares of the first class which are distributed to holders of the second class.

(c) The corporation shall not combine or subdivide shares of the first class without making a simultaneous combination or subdivision of shares of the second class which is equal on a per share basis to the combination or subdivision of the shares of the first class.

(2) Voting.

Voting power shall be divided between the Class A Common Stock and the Common Stock as follows:

(a) With respect to the election of directors, holders of the Common Stock, voting as a separate class, shall be entitled to elect that number of directors which constitutes 25% of the authorized number of members of the board of directors and, if such 25% is not a whole number, then the holders of the Common Stock shall be entitled to elect to the nearest higher whole number of directors that is at least 25% of such membership. Holders of Class A Common Stock, voting as a separate class but subject to any voting rights which may be granted to holders of Preferred Stock, shall be entitled to elect the remaining directors.

(b) The holders of Class A Common Stock shall be entitled to vote as a separate class but subject to any voting rights which may be granted to holders of Preferred Stock, on the removal with or without cause, of any director elected by the holders of Class A Common Stock, and the holders of Common Stock shall be entitled to vote as a separate class on the removal, with or without cause, of any director elected by the holders of Common Stock.

(c) In the discretion of the board of directors, (i) any vacancy in the office of a director elected by the holders of the Class A Common Stock may be filled by a vote of such holders, voting as a separate class but subject to any voting rights which may be granted to

holders of Preferred Stock, and any vacancy in the office of a director elected by the holders of the Common Stock may be filled by a vote of such holders, voting as a separate class, or (ii) in the case of a vacancy in the office of a director elected by either class, such vacancy may be filled by the remaining directors. Any director elected by the board of directors to fill a vacancy shall serve until the next Annual Meeting of Stockholders and until his successor has been elected and has qualified. If permitted by the By-Laws, the board of directors may (i) increase the number of directors and any vacancy so created may be filled by the board of directors, or (ii) decrease the number of directors; provided that, so long as the holders of Common Stock had the rights provided in paragraph (A)(2)(a) of this Article 4 in respect of the last Annual Meeting of Stockholders, the board of directors may be so enlarged (or so decreased) only to the extent that at least 25% of the enlarged (or decreased) board consists of directors elected by the holders of the Common Stock or by directors appointed to fill vacancies created by the death, resignation or removal of directors elected by the holders of the Common Stock.

(d) The Common Stock will not have the right to elect directors set forth in paragraphs (A)(2)(a) and (A)(2)(c) of this Article 4, if, on the record date of any stockholder meeting at which directors are to be elected, the number of issued and outstanding shares of Common Stock is less than 10% of the aggregate number of issued and outstanding shares of Class A Common Stock and Common Stock. In such case, all directors to be elected at such meeting shall be elected by holders of Class A Common Stock and Common Stock, voting together as a single class but subject to any voting rights which may be granted to holders of Preferred Stock, provided that with respect to said election, the holders of Class A Common Stock shall have one vote per share and holders of Common Stock shall have one-tenth vote per share. The Class A Common Stock will not have the right to elect directors set forth in paragraphs (A)(2)(a) and (A)(2)(c) of this Article 4, if, on the record date for any stockholder meeting at which directors are to be elected, the number of issued and outstanding shares of Class A Common Stock is less than 12.5% of the aggregate number of issued and outstanding shares of Class A Common Stock and Common Stock. In such case, holders of Common Stock, voting as a separate class, shall have the right to elect 25% of the members of the board of directors as provided in paragraph (A)(2)(a) of this Article 4, and holders of Class A Common Stock and Common Stock voting together as a separate class but subject to any voting rights which may be granted to holders of Preferred Stock, shall be entitled to elect the remaining directors, provided that with respect to said election, the holders of Class A Common Stock shall have one vote per share and the holders of Common Stock shall have one-tenth vote per share.

(e) Subject to the provisions of section (D) of this Article 4, the holders of Class A Common Stock and Common Stock shall in all matters not specified in paragraphs (A)(2)(a), (b), (c) and (d) of this Article 4 vote together as a single class but subject to any voting rights which may be granted to holders of Preferred Stock, provided that the holders of Class A Common Stock shall have one vote per share and the holders of Common Stock shall have one-tenth vote per share.

(f) Notwithstanding anything in this subsection (A)(2) or in section (D) of this Article 4 to the contrary but subject to any voting rights which may be granted to holders of Preferred Stock, the holders of Class A Common Stock shall have exclusive voting power on all matters, at any time when no Common Stock is issued and outstanding, and the holders of Common Stock shall have exclusive voting power on all matters at any time when no Class A Common Stock is issued and outstanding.

(3) Conversion.

(a) The holder of any shares of Class A Common Stock at his option will be entitled at any time to convert each share of Class A Common Stock into one share of Common Stock. Such right shall be exercised by the surrender of the shares of Class A Common Stock so to be converted to the corporation at any time during normal business hours at the office or agency then maintained by it for payment of dividends on the shares of the Class A Common Stock and the Common Stock (the "Payment Office"), accompanied by written notice of such holder's election to convert and (if so required by the corporation or any conversion agent) by instruments of transfer, in form satisfactory to the corporation and to any conversion agent, duly executed by the registered holder or by his duly authorized attorney.

(b) As promptly as practicable after the surrender for conversion of any shares of Class A Common Stock in the manner provided in paragraph A(3)(a) of this Article 4, the corporation will deliver or cause to be delivered at the Payment Office to or upon the written order of the holder of such shares, certificates representing the number of full shares of Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Class A Common Stock, and all rights of the holder of such shares as a holder of such shares shall cease at such time and the person or persons in whose name or names the certificates for shares of Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders thereof at such time; provided, however, that any such surrender on any date when the stock transfer books of the corporation shall be closed shall constitute the person or persons in whose name or names the certificates for such shares of Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer books are opened.

(c) No adjustments in respect of dividends shall be made upon the conversion of any shares of the Class A Common Stock; provided, however, that if shares of Class A Common Stock shall be converted subsequent to the record date preceding a dividend payment on the Class A Common Stock but prior to the payment date for such dividend, the registered holder of such shares of Class A Common Stock at the close of business on such record date nonetheless shall be entitled to receive the dividend paid on such shares, if any, on such payment date notwithstanding the conversion thereof.

(d) The corporation covenants that it will at all times reserve and keep available, solely for the purpose of issue upon conversion of the shares of Class A Common Stock, such number of shares of Common Stock as shall be issuable upon the conversion of all such outstanding shares of Class A Common Stock, provided, that nothing contained herein shall be construed to preclude the corporation from satisfying its obligations in respect of the conversion of the shares of Class A Common Stock by delivery of shares of Common Stock which are held in the treasury of the corporation.

The corporation covenants that all shares of Common Stock which shall be issued upon conversion of the shares of the Class A Common Stock will upon issue be fully paid and non-assessable and not subject to any preemptive rights, except as otherwise required by applicable law.

(B) Preferred Stock

(1) Series of Preferred Stock

The board of directors shall have authority, by resolution or resolutions, to divide the Preferred Stock into series, to establish and designate each such series and the number of shares thereof (which number, by like action of the board of directors from time to time thereafter, may be increased except when otherwise provided by the board of directors in creating such series, or may be decreased but not below the number of shares thereof then outstanding), and to determine and fix the rights, preferences and limitations in respect of the shares of each series established prior to the issuance thereof, and the relative variations therein as between series, to the fullest extent now or hereafter permitted by applicable law of the State of Delaware, and (without limiting the generality of the foregoing) particularly with respect to:

- (a) The rate of dividend and the initial original issue date or other date from which such dividends shall be cumulative;
- (b) The price or prices, at the period or periods within, and the terms and conditions on which shares may or shall be redeemed;
- (c) The amounts payable upon shares in the event of voluntary liquidation or involuntary liquidation;
- (d) The terms of the sinking fund provisions or redemption or purchase account, if any, for the redemption or purchase of shares;
- (e) The terms and conditions on which shares may be converted into shares of Class A Common Stock or Common Stock, if the shares of any series are issued with the privilege of conversion; and
- (f) Whether or not shares shall have voting powers, and the terms and conditions upon which any voting powers may be exercised; provided that, so long as any Common Stock is outstanding, no Preferred Stock with voting powers shall have more than one vote per share nor shall any such Preferred Stock be entitled to vote with the Common Stock in the election of 25% of the members of the board of directors pursuant to paragraph (A)(2)(a) of this Article 4, on the removal of directors elected by holders of Common Stock pursuant to paragraph (A)(2)(b) of this Article 4, or in the filling of vacancies in the office of a director elected by holders of Common Stock pursuant to paragraph (A)(2)(d) of this Article 4.

Except as to the matters in respect to which variations are permitted under this subsection (B)(1), all series of the Preferred Stock of the corporation, whenever designated and issued, shall have the same rights, preferences and limitations and shall rank equally, share ratably and be identical in all respects as to all matters.

All shares of any one series of Preferred Stock established as hereinabove authorized shall be alike in every particular, and each series thereof shall be distinctively designated by letter or descriptive words or figures.

Any shares of Preferred Stock reacquired by the corporation by purchase or redemption, through conversion, or through the operation of any sinking fund or redemption or purchase account and which are thereafter cancelled shall have the status of authorized but unissued shares of Preferred Stock of the corporation, and, subject to the provisions of any series of the Preferred Stock, may thereafter be reissued as part of the same series or may be reclassified and reissued by the board of directors in the same manner as any other authorized but unissued shares of Preferred Stock

(2) Dividends.

Before any dividends, other than stock dividends, shall be paid or set apart for payment upon either the Class A Common Stock or the Common Stock, the holders of Preferred Stock shall be entitled to receive dividends at the rate per annum specified as to each series pursuant to paragraph (B)(1)(a), payable quarter-annually when and as declared by the board of directors.

Except as otherwise provided with respect to a particular series pursuant to paragraph (B)(1)(a), dividends shall accrue, in the case of shares of each particular series:

- (i) if issued prior to the record date for the first dividend on shares of such series, then from the date of initial original issue of shares of such series;
- (ii) if issued during the period commencing immediately after the record date for a dividend on shares of such series and terminating at the close of the payment date for such dividend, then from such last mentioned dividend payment date; and
- (iii) otherwise from the quarterly dividend payment date next preceding the date of original issue of such shares;

provided, that if the date of initial original issue of shares of any series shall be within thirty (30) days prior to the date when the first quarter-annual dividend would otherwise be payable, the board of directors may provide that such first dividend shall be payable only at the time of payment of the dividend for the next quarter-annual period, in which case no deficiency in payment of such first dividend shall exist by reason of such deferral.

All dividends of Preferred Stock shall be cumulative so that if the corporation shall not pay the quarterly dividend, or any part thereof, on the Preferred Stock then issued and outstanding, such deficiency in the dividend on the Preferred Stock shall thereafter be fully paid, but without interest, before any cash dividend shall be paid or set apart for payment on either the Class A Common Stock or the Common Stock.

Any dividend paid upon the Preferred Stock at a time when any accrued dividends for any prior period are delinquent shall be expressly declared as a dividend in whole or partial payment of the accrued dividend for the earliest period for which dividends are then delinquent, and shall be so designated to each shareholder to whom payment is made.

All shares of Preferred Stock shall rank equally and shall share ratably, in proportion to the rate of dividend fixed pursuant to paragraph (B)(1)(a) in respect to each such share, in all dividends paid or set aside for payment for any dividend period or part thereof upon any such shares.

(3) Liquidation, Dissolution or Winding Up.

In case of voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of shares of each series of Preferred Stock shall be entitled to receive out of the assets of the corporation in money or money's worth the applicable amount specified pursuant to paragraph (B)(1)(c) with respect to that series of Preferred Stock, together with all accrued but unpaid dividends thereon (whether or not earned or declared), before any of such assets shall be paid or distributed to holders of Class A Common Stock or Common Stock, and if the assets of the corporation shall be insufficient to pay the holders of all of the Preferred Stock then outstanding the entire amounts to which they may be entitled, the holders of each outstanding series of the Preferred Stock shall share ratably in such assets in proportion to the amounts which would be payable with respect to such series if all amounts payable thereon were paid in full. The consolidating or merger of the corporation with or into any other corporation or corporations, or the merger of any other corporation or corporations into the corporation, in pursuance of the laws of the State of Delaware and of any other applicable state providing for consolidation or merger, shall not be deemed a liquidation, dissolution or winding up of the affairs of the corporation within the meaning of the foregoing provisions of this subsection (B)(3), unless otherwise provided pursuant to paragraph (B)(1)(c).

(C) Preemptive Rights.

No holder of Preferred, Class A Common Stock or Common Stock shall be entitled, as of right because of his ownership of such stock, to subscribe for, purchase or receive any part of any new or additional issue of stock, whether Preferred Stock, Class A Common Stock or Common Stock, or of bonds, debentures or other securities convertible into stock, or any part of any reacquired shares or convertible securities held in treasury, but all such shares of stock or bonds, debentures or other securities convertible into stock may be issued and disposed of by the board of directors to such person or persons and on such terms and for such consideration (so far as may be permitted by law) as the board of directors in its absolute discretion may deem advisable. The provisions of this section (C) shall not impair any conversion right of any such convertible securities or any other right authorized by the board of directors to

purchase or exchange, or to receive any distribution of, any securities of the corporation.

(D) Special Voting Rights of Stockholders

(1) Subject to the voting rights of holders of Preferred Stock as may be established pursuant to subsection (B)(1) of this Article 4, the holders of Class A Common Stock and the holders of Common Stock shall be entitled to vote, and to vote as separate classes, upon the authorization of any amendment to this Certificate of Incorporation, and, in addition to the authorization of any such amendment by vote of a majority of the total number of votes represented by all outstanding shares entitled to vote thereon, the amendment shall be authorized by vote of a majority of the total number of votes represented by all outstanding shares of the Class A Common Stock and/or the Common Stock if such amendment contains any provision which would:

(a) exclude or limit their right to vote on any matter, except as such right may be limited by voting rights given to new shares then being authorized of any existing or new class or series,

(b) reduce the par value of their shares; or change their shares into a different number of shares of the same class or into the same or a different number of shares of any one or more classes or any series thereof, either with or without par value; or fix, change or abolish the designation or any of the relative rights, preferences and limitations of their shares, including any provision in respect to any undeclared dividends, whether or not cumulative or accrued, or the redemption of any shares, or any sinking fund for the redemption or purchase of their shares, or any preemptive right to acquire shares or other securities; or alter the terms or conditions upon which their shares are convertible or change the shares issuable upon conversion of their shares; if any such action would adversely affect such holders, or

(c) subordinate their rights, by authorizing shares having preferences which would be in any respect superior to those rights.

(2) Any plan of merger or consolidation shall be adopted at a meeting of stockholders by a vote of two-thirds of the total number of votes represented by the outstanding shares entitled to vote thereon. The holders of shares of a class or series shall be entitled to vote and to vote as a class if the plan of merger or consolidation contains any provision which, if contained in an amendment to the Certificate of Incorporation, would entitle the holders of shares of such class or series to vote and vote as a class thereon pursuant to subsection (D)(1) of this Article 4. In such case, in addition to the authorization of the plan of merger or consolidation by vote of two-thirds of the total number of votes represented by all outstanding shares entitled to vote thereon, the plan of merger or consolidation shall be authorized by vote of the majority of the total number of votes represented by all outstanding shares entitled to vote thereon. Any plan of merger or consolidation of any subsidiary corporation or corporations, whether domestic or foreign, with and into the corporation shall not be subject to the provisions of this subsection (D)(2) if the corporation owns at least ninety percent of the outstanding shares of each class of capital stock of such subsidiary corporation or corporations.

For the purposes of this subsection (D)(2), the financial or other effect of any merger or consolidation on the corporation shall not be deemed to affect adversely the powers, preferences or rights of any class or series of stock.

(3) Any sale, lease, exchange or other disposition of all or substantially all the assets of the corporation, if not made in the usual or regular course of the business actually conducted by the corporation shall be authorized by vote at a meeting of stockholders of two-thirds of the total number of votes represented by all outstanding shares entitled to vote thereon.

(4) Any amendment to the Certificate of Incorporation of the corporation which adds a provision specifying that any stockholders, or the holders of any specified number or proportion of shares, or of any specified number or proportion of shares of any class or series thereof, may require the dissolution of the corporation at will or upon the occurrence of a specified event, or which changes or strikes out such a provision, shall be authorized at a meeting of stockholders by a vote of a majority of the total votes represented by all outstanding shares, whether or not otherwise entitled to vote on any such amendment.

(5) Any amendment to the Certificate of Incorporation of the corporation which changes or strikes out any provision specifying that the proportion of shares, or the proportion of shares of any class or series thereof, the holders of which shall be present in person or by proxy at any meeting of stockholders in order to constitute a quorum for transaction of any business or of any specified item of business, including amendments to this Certificate of Incorporation shall be greater than the proportion prescribed by law in the absence of such provision, or any provision specifying that the proportion of votes of the holders of shares, or of the holders of shares of any class or series thereof, that shall be necessary at any meeting of stockholders for the transaction of any business or of any specified item of business, including amendments to this Restated Certificate of Incorporation, shall be greater than such proportion prescribed by law in the absence of such provision, shall be authorized at a meeting of stockholders by vote of two-thirds of the total number of votes represented by all outstanding shares entitled to vote thereon.

ARTICLE 5

The duration of the corporation is to be perpetual.

ARTICLE 6

The number of directors of the corporation shall be not less than five nor more than such number as shall be fixed by resolution of the board of directors from time to time.

ARTICLE 7

The board of directors shall have the following powers, in addition to those prescribed by law or by the By-Laws of the corporation;

(A) To make, alter, amend and repeal the By-Laws of the corporation, to the extent permitted by the law of Delaware.

(B) To elect or appoint from among their number an Executive Committee, which committee, to the extent and in the manner provided in the By-Laws of the corporation, shall have and may exercise all the powers of the board of directors, in the management of the business and affairs of the corporation, during the intervals between the meetings of the board of directors, so far as may be permitted by law, and such other standing committees as the board from time to time may determine to elect to appoint, which committees shall have and may exercise such powers as may be prescribed in the By-Laws or delegated to them by the board.

(C) From time to time to determine, so far as permitted by law, whether and to what extent, and at what time and places and under what conditions and regulations the accounts and books of the corporation, or any of them, shall be open to the inspection of stockholders, and no stockholder shall have any right to inspect any book or account or document of the corporation except as conferred by the laws of the State of Delaware or authorized by the board of directors.

(D) Subject to the provisions of the laws of the State of Delaware to hold their meetings either within or without the State of Delaware, to have one or more offices, and to keep the books of the corporation (except such books as are required by law to be kept at the office of the corporation in the State of Delaware) outside of the State of Delaware, and at such place or places as may from time to time be designated by them.

(E) To elect or appoint such officers, and to provide that the persons so elected or appointed shall have and may exercise such powers as may be prescribed from time to time by the By-Laws of the corporation.

ARTICLE 8

The corporation reserves the right to amend, alter, change or repeal any provision herein contained, in the manner now or hereafter prescribed by law, and all rights conferred on stockholders hereunder are granted subject to this provision.

ARTICLE 9

No director of the corporation shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

3. The amendment and restatement of the Certificate of Incorporation herein certified have been duly adopted by the stockholders as of January 26, 1993 in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, A. O. Smith Corporation has caused this Restated Certificate to be signed by Robert J. O'Toole, its President and attested by W. David Romoser, its Secretary, this 5th day of February, 1996.

A. O. SMITH CORPORATION

By: /s/ Robert J. O'Toole
Robert J. O'Toole,

President

ATTEST:

By: /s/ W. David Romoser
W. David Romoser, Secretary

EXHIBIT 21

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.

Jurisdiction	in Which
Name of Subsidiary 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
AgriStor Credit Corporation	Delaware
Smith Fiberglass Products Inc.	Delaware
Peabody Solid Flows, Inc.	Delaware
Peabody TecTank, Inc.	Missouri
A. O. Smith Export, Ltd.	Barbados
Claymore Insurance Company, Ltd.	Bermuda
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.	Ireland
A. O. Smith Holding (Ireland) Ltd.	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

EXHIBIT 23

CONSENT OF 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 and 33- 56827) 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, 1996, 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, 1995.

ERNST & YOUNG LLP

Milwaukee, Wisconsin
March 18, 1996

ARTICLE 5

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, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS
MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1995
PERIOD START	JAN 01 1995
PERIOD END	DEC 31 1995
CASH	5,694
SECURITIES	0
RECEIVABLES	179,373
ALLOWANCES	0
INVENTORY	103,540
CURRENT ASSETS	352,485
PP&E	984,460
DEPRECIATION	(537,105)
TOTAL ASSETS	952,918
CURRENT LIABILITIES	213,647
BONDS	190,938
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	106,112
OTHER SE	266,252
TOTAL LIABILITY ANDEQUITY	952,918
SALES	1,544,770
TOTAL REVENUES	1,544,770
CGS	1,321,591
TOTAL COSTS	1,321,591
OTHER EXPENSES	116,564
LOSS PROVISION	0
INTEREST EXPENSE	13,093
INCOME PRETAX	93,522
INCOME TAX	35,473
INCOME CONTINUING	61,413
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	61,413
EPS PRIMARY	\$2.94
EPS DILUTED	\$2.94

End of Filing