

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

FILED BY THE REGISTRANT [X]

FILED BY A PARTY OTHER THAN THE REGISTRANT []

CHECK THE APPROPRIATE BOX:

- [] Preliminary Proxy Statement
Confidential, for the Use of the Commission only (as permitted by
Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Section 240.14a-11(c)
or Section 240.14a-12

A. O. Smith Corporation

(Name of Registrant as Specified in Its Charter)

(Name of person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing fee (Check the appropriate box):

- [X] NO FEE REQUIRED
- [] FEE COMPUTED ON TABLE BELOW PER EXCHANGE ACT RULES 14a-6(i)(1) AND 0-11

- 1) TITLE OF EACH CLASS OF SECURITIES TO WHICH TRANSACTION
APPLIES: _____
- 2) AGGREGATE NUMBER OF SECURITIES TO WHICH TRANSACTION
APPLIES: _____
- 3) PER UNIT PRICE OR OTHER UNDERLYING VALUE OF TRANSACTION COMPUTED
PURSUANT TO EXCHANGE ACT RULE 0-11 (SET FORTH THE AMOUNT ON WHICH
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- 4) PROPOSED MAXIMUM AGGREGATE VALUE OF
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- 3) Filing Party: _____
- 4) Date Filed: _____

[AO SMITH CORPORATION LOGO]

P.O. BOX 23973
MILWAUKEE, WI 53223-0973

NOTICE AND PROXY STATEMENT

NOTICE OF 1998 ANNUAL MEETING OF STOCKHOLDERS

PLEASE TAKE NOTICE that the annual meeting of the stockholders of A. O. SMITH CORPORATION will be held on Wednesday, April 8, 1998, at 9:00 A.M. Eastern Time, at the Hotel du Pont, 11th and Market Streets, Wilmington, Delaware for the following purposes:

- (1) To elect six directors chosen by the holders of Class A Common Stock.
- (2) To elect two directors chosen by the holders of Common Stock.
- (3) To ratify the appointment of Ernst & Young LLP as the Company's independent auditors for 1998.
- (4) To transact such other business and act upon such other matters which may properly come before the meeting or any adjournments thereof.

Only holders of record of the Class A Common Stock and the Common Stock of the Company at the close of business on February 25, 1998, will be entitled to notice of and to vote at the meeting. The list of stockholders entitled to vote at the meeting will be available as of March 23, 1998, for examination by stockholders for purposes related to the meeting at the offices of Morris, Nichols, Arshat & Tunnell, 1201 North Market Street, Wilmington, Delaware.

YOU ARE INVITED TO ATTEND THE MEETING IN PERSON; HOWEVER, EVEN IF YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE TAKE A FEW MINUTES TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE. IF YOU ATTEND THE MEETING, YOU MAY REVOKE YOUR PROXY AND VOTE YOUR SHARES IN PERSON. YOUR ATTENTION IS DIRECTED TO THE PROXY STATEMENT ENCLOSED WITHIN.

W. David Romoser
Secretary

March 2, 1998

[AO SMITH CORPORATION LOGO]

P. O. BOX 23973
MILWAUKEE, WISCONSIN 53223-0973

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is furnished to stockholders of A. O. Smith Corporation (the "Company") in connection with the solicitation by its Board of Directors of proxies for use at the annual meeting of stockholders of the Company to be held on Wednesday, April 8, 1998, at 9:00 A.M., Eastern Time, at Wilmington, Delaware.

The record date for stockholders entitled to notice of and to vote at the meeting is the close of business on February 25, 1998 (the "Record Date"). As of the Record Date, the Company had issued 5,838,334 shares of Class A Common Stock, par value \$5 per share, 5,817,174 shares of which were outstanding and entitled to one vote each for Class A Common Stock directors and other matters. As of the Record Date, the Company had issued 15,861,316 shares of Common Stock, par value \$1 per share, 10,184,022 shares of which were outstanding and entitled to one vote each for Common Stock directors and one-tenth (1/10) vote each for other matters.

The Notice of 1998 Annual Meeting of Stockholders, this proxy statement, form of proxy card and the Company's 1997 Annual Report are being mailed on or about March 2, 1998, to each stockholder of the Company at the holder's address of record.

Under the Company's Restated Certificate of Incorporation, as long as the number of outstanding shares of Common Stock is at least 10% of the aggregate number of outstanding shares of Class A Common Stock, the holders of the Class A Common Stock and holders of the Common Stock vote as separate classes in the election of directors. The holders of the Common Stock are entitled to elect as a class 25% of the entire board of directors of the Company. Stockholders are entitled to one vote per share in the election of directors for their class of stock.

A majority of the outstanding shares entitled to vote must be represented in person or by proxy at the meeting in order to constitute a quorum for purposes of holding the annual meeting. The voting by stockholders at the meeting is conducted by the inspectors of election. Abstentions and broker nonvotes are counted as present in determining whether the quorum requirement is met.

Directors are elected by a plurality of the votes cast, by proxy or in person, with the holders voting as separate classes. A plurality of votes means that the nominees who receive the greatest number of votes cast are elected as directors. Consequently, any shares which are not voted, whether by abstention, broker nonvotes or otherwise, will have no effect on the election of directors.

For all other matters considered at the meeting, both classes of stock vote together as a single class, with the Class A Common Stock entitled to one vote per share and the Common Stock entitled to 1/10th vote per share. All such other matters are decided by a majority of the votes cast. On such other matters, an abstention will have the same effect as a "no" vote but, because shares held by brokers will not be considered to vote on matters as to which the brokers withhold authority, a broker nonvote will have no effect on the vote.

The enclosed proxy is solicited by and on behalf of the Board of Directors of the Company. A proxy may be revoked by the person giving it at any time before the exercise thereof by written notice of revocation or a duly executed proxy bearing a later date to the Secretary of the Company or by attending the meeting and voting in person. All valid proxies not revoked will be voted unless marked to abstain. Where a choice is specified on a proxy, the shares represented by such proxy will be voted in accordance with the specification made. If no instruction is indicated, the shares will be voted FOR proposals (1) through (3) set forth in the accompanying notice.

The cost of soliciting proxies, including preparing, assembling and mailing the notice of meeting, proxy statement, form of proxy and other soliciting materials, as well as the cost of forwarding such material to the beneficial owners of stock, will be paid by the Company. In addition to solicitation by mail, directors, officers, regular employees of the Company and others may also, but without compensation other than their regular compensation, solicit proxies personally or by telephone or other means of electronic communication. The Company may reimburse brokers and others holding stock in their names or in the names of nominees for their reasonable out-of-pocket expenses in sending proxy material to principals and beneficial owners.

PRINCIPAL STOCKHOLDERS

The following table shows persons who may be deemed to be beneficial owners (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934) of more than 5% of any class of the Company's stock. Unless otherwise noted, the table reflects beneficial ownership as of December 31, 1997.

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Class A Common Stock	Smith Investment Company* P.O. Box 23976 Milwaukee, WI 53223-0976	5,378,168(1)	92.33%
Common Stock	Smith Investment Company P.O. Box 23976 Milwaukee, WI 53223-0976	1,039,384(2)	9.93%(2)
Common Stock	FMR Corp., Edward C. Johnson 3d and Abigail P. Johnson 82 Devonshire Street Boston, MA 02109	898,000(3)	8.58%
Common Stock	Goldman, Sachs & Co. The Goldman, Sachs Group, L.P. 85 Broad Street New York, NY 10004	852,400(4)	8.59%

(1) On December 31, 1997, Arthur O. Smith owned beneficially 118,445 shares, and his wife owned of record and beneficially 3,485 shares of the outstanding capital stock of SICO; various trusts held 199,130 shares for the benefit of the wife and issue of Arthur O. Smith. On December 31, 1997, Lloyd B. Smith owned beneficially 962 shares of the outstanding capital stock of SICO; various trusts held 312,043 shares for the benefit of the wife and issue of Lloyd B. Smith. In addition, Messrs. Smith were trustees of various trusts for the benefit of persons other than themselves, their wives and issue, which trusts held on December 31, 1997, an aggregate of

501,910 shares of the outstanding capital stock of SICO. The shares of SICO held beneficially by Messrs. Smith and their wives, together with shares held by Messrs. Smith in trust for others comprised 68.5% of the 1,658,533 outstanding shares of capital stock of SICO on December 31, 1997. Messrs. Smith have shared investment and voting power on all trusts for which they are co-trustees. On all other trusts, one or the other shares trust powers with at least one other person. Messrs. Smith disclaim that any of the foregoing interests in the capital stock of SICO constitute beneficial ownership of any common stock of the Company.

- (2) Pursuant to the Company's Restated Certificate of Incorporation Class A Common Stock is convertible at any time at the option of the holder into Common Stock on a share-for-share basis. For purposes of computing beneficial ownership of SICO's Common Stock, assuming that all Class A Common Stock held by SICO was converted into Common Stock, SICO's beneficial ownership of the Common Stock is 6,417,552 shares, which represents 40.5% of the class of Common Stock.
- (3) FMR Corp. and Edward C. Johnson 3d have sole dispositive power with respect to 898,000 shares, including shares beneficially owned by Fidelity Management & Research Company (FMRC), a subsidiary of FMR Corp., and Fidelity Magellan Fund, an investment company for which FMRC acts as an investment advisor.
- (4) Goldman, Sachs & Co., and The Goldman, Sachs Group, L.P. has shared voting power and shared dispositive power with respect to 852,400 shares.

* Throughout the balance of the proxy statement Smith Investment Company is referred to as "SICO".

Information on beneficial ownership is based upon Schedules 13D or 13G filed with the Securities and Exchange Commission and any additional information which may have been provided to the Company by any beneficial owners.

ELECTION OF DIRECTORS

Eight directors are to be elected to serve until the next succeeding annual meeting of stockholders and thereafter until their respective successors shall be duly elected and qualified. Owners of Class A Common Stock are entitled to elect six directors and owners of Common Stock are entitled to elect the two remaining directors.

It is intended that proxies hereby solicited will be voted for the election of the nominees named below. Proxies will not be voted for a greater number of persons than the eight nominees named below. All nominees have consented to being named in the proxy statement and to serve if elected. If any nominee for election as a director shall become unavailable to serve as a director, proxies will be voted for such substitute nominee as may be nominated by the Board of Directors.

The following information has been furnished to the Company by the respective nominees for director. Each nominee has been principally engaged in the employment indicated for the last 5 years unless otherwise stated.

NOMINEES -- CLASS A COMMON STOCK

TOM H. BARRETT -- Partner in American Industrial Partners -- Private investment partnership.

Mr. Barrett is 67 years of age and has been a director of the Company since 1981. He is the chairman of the Personnel and Compensation Committee of the Board. He retired as chairman of the board and chief executive officer of The Goodyear Tire & Rubber Company in 1991. He is also a director of Air Products and Chemicals, Inc. and Rubbermaid Incorporated, as well as a trustee of the Mutual Life Insurance Company of New York.

GLEN R. BOMBERGER -- Executive Vice President and Chief Financial Officer.

Mr. Bomberger, 60, became a director and executive vice president and chief financial officer in 1986. He is a member of the Investment Policy Committee of the Board. Mr. Bomberger joined the Company in 1960. He is currently a director and vice president - finance of SICO. He is a director of Firststar Funds, Inc.

ROBERT J. O'TOOLE -- Chairman of the Board, President and Chief Executive Officer.

Mr. O'Toole, 57, became chairman of the board in 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. Mr. O'Toole joined the Company in 1963. He is a director of Briggs & Stratton Corporation, Firststar Bank Milwaukee, N.A., Firststar Corporation and Protection Mutual Insurance Company.

DONALD J. SCHUENKE -- Chairman of Northern Telecom Limited and Northern Telecom, Inc.

Mr. Schuenke, 69, was elected a director of the Company in October 1988. He is chairman of the Investment Policy Committee of the Board. Mr. Schuenke is a director and has served as the chairman (non-executive) of Northern Telecom Limited since January 1994, and he also serves as the chairman (non-executive) of Northern Telecom, Inc. He is a trustee and was chairman of The Northwestern Mutual Life Insurance Company from January 1990 to January 1994 and served as its chief executive officer from March 1983 to October 1993. Mr. Schuenke is a director of Allen-Edmonds Shoe Corporation, Badger Meter, Inc. and Federal Home Loan Mortgage Corporation.

ARTHUR O. SMITH -- Chairman and Chief Executive Officer of Smith Investment Company.

Mr. Smith is 67 years of age and has been a director of the Company since 1960. He is a member of the Personnel and Compensation Committee and the Investment Policy Committee of the Board. He is chairman and chief executive officer of SICO and the retired chairman of ASI Technologies, Inc. He was president of SICO until July 1, 1993. Mr. Smith is the uncle of Bruce M. Smith, a director of the Company.

BRUCE M. SMITH -- President of Smith Investment Company.

Mr. Smith is 49 years of age and has been a director of the Company since 1995. He is a member of the Investment Policy Committee and the Audit Committee of the Board. He was elected president of SICO in 1993 and has served as a director of SICO since July 1983. Prior to that time, he was executive vice president of the Water Products Company, a division of the Company, from 1991 through June 1993 and managing director of A. O. Smith Electric Motors (Ireland) Ltd., a subsidiary of the Company, from 1988 to 1991. Mr. Smith originally joined the Company in 1978. He is the nephew of Arthur O. Smith, a director of the Company.

NOMINEES -- COMMON STOCK

KATHLEEN J. HEMPEL -- Former Vice Chairman and Chief Financial Officer, Fort Howard Corporation.

Ms. Hempel, 47, was vice chairman and chief financial officer of Fort Howard Corporation from 1992 until its merger into Fort James Corporation in 1997. She is also a director of Oshkosh Truck Corporation and Whirlpool Corporation.

DR. AGNAR PYTTE -- President, Case Western Reserve University.

Dr. Pytte, 65, was elected a director of the Company in February 1991. He is a member of the Audit Committee of the Board. He became the president of Case Western Reserve University in July 1987. Prior to July 1987, Dr. Pytte was the provost at Dartmouth College where he held other academic positions since 1958. Dr. Pytte is also a director of The Goodyear Tire & Rubber Company.

BOARD COMMITTEES

The Board of Directors of the Company serves as a committee of the whole for designating nominees for election as director. The Board of Directors will consider written recommendations directed to the Chairman from stockholders concerning nominees for Director. The Board of Directors has 3 standing committees, the Personnel and Compensation Committee, the Investment Policy Committee and the Audit Committee. In 1997, the Personnel and Compensation Committee held 3 meetings, the Investment Policy Committee held 5 meetings and the Audit Committee met 3 times. The Personnel and Compensation Committee is responsible for establishing and administering the Company's compensation and benefit plans for officers, executives and management employees, including the determination of eligibility for participation in such plans. It determines the compensation to be paid to officers and certain other selected executives. The Investment Policy Committee is responsible for investment policy and certain other matters for all Company retirement funds and other employee benefit funds. The Audit Committee recommends the firm which will act as independent auditors for the Company and has the responsibility to review audit procedures and the internal controls of the Company.

DIRECTOR COMPENSATION

With respect to fiscal 1997, directors received \$20,000 annually, plus expenses and \$1,000 for attendance at each board meeting. Each Audit and Personnel and Compensation Committee member receives \$2,000 and the chairman of each receives \$3,000 annually; committee members are also entitled to \$1,000 per meeting, plus expenses. Each Investment Policy Committee member receives \$2,000 and the chairman receives \$3,000 annually; committee members are also entitled to \$2,000 per meeting, plus expenses. Directors who are employees of the Company are not compensated for service as directors or committee members or for attendance at board or committee meetings. During 1997, a total of 6 regular and 2 special meetings of the Board of Directors were held; all directors attended at least 75% of the number of board meetings and committee meetings, in the aggregate, on which the director served as a member.

Certain directors have elected to defer payment of their fees under the Corporate Directors' Deferred Compensation Plan (the "Directors' Plan"). The Directors' Plan allows directors to defer all or a portion (not less than 50%) of their fees until any date, but not later than the year in which age 71 is attained. Payments can be made in a lump sum or in not more than 10 annual installments. Deferred fees earn interest based on an established prime rate.

The A. O. Smith Non-Employee Directors' Retirement Plan provides an annual benefit for outside directors after 5 years of service and attainment of age 70. The annual benefit amount, payable in quarterly installments, is the annual retainer in effect at the time of retirement. Benefit payments continue for a period equal to the number of years of service as a director, but not to exceed 10 years; all payments cease upon death of the director.

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table shows, as of December 31, 1997, the Class A Common Stock and Common Stock of the Company and the Class A Common Stock and Common Stock options exercisable on or before March 1, 1998, beneficially owned by each director, each nominee for director, each named executive officer in the Summary Compensation Table and by all directors and executive officers as a group.

NAME -----	TYPE OF STOCK -----	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1) -----	PERCENT OF SHARES OUTSTANDING -----
Tom H. Barrett	Common Stock	1,000 shares	*
John A. Bertrand	Common Stock	76,200 shares(2)	*
Glen R. Bomberger	Common Stock	201,140 shares(2)	1.92%
Kathleen J. Hempel	Common Stock	0 shares	*
Ronald E. Massa	Common Stock	30,664 shares(2)	*
Robert J. O'Toole	Common Stock	612,200 shares(2)	5.85%
Dr. Agnar Pytte	Common Stock	2,000 shares	*
W. David Romoser	Common Stock	59,555 shares(2)	*
Donald J. Schuenke	Common Stock	3,000 shares	*
Arthur O. Smith(3)	--	--	--
Bruce M. Smith(3)	--	--	--
All 19 Directors, Nominees and Executive Officers as a Group	Common Stock	1,178,282 shares(2)	11.26%

* Represents less than one percent.

(1) Except as otherwise noted, all securities are held with sole voting and sole dispositive power.

(2) Includes 580,400, 184,700, 28,700, 41,800, 65,000 and 1,060,150 shares of Common Stock subject to options exercisable on or before March 1, 1998, respectively for Messrs. O'Toole, Bomberger, Massa, Romoser and Bertrand and for all directors and executive officers as a group. Please refer to the Option Grants and Option Exercise Tables for additional stock option information.

(3) Excludes shares beneficially owned by SICO.

EXECUTIVE COMPENSATION

The SUMMARY COMPENSATION TABLE reflects all compensation awarded to, earned by or paid to each of the Company's five most highly compensated executive officers, including the chief executive officer, during fiscal year 1997, as well as all compensation awarded, earned or paid in the two previous fiscal years.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION				LONG TERM COMPENSATION	
	YEAR	SALARY(\$)(1)	BONUS(\$)	OTHER ANNUAL COMPENSATION (\$)(2)	AWARDS ----- OPTIONS GRANTED (#)(3)	ALL OTHER COMPENSATION (\$)(4)
Robert J. O'Toole Chairman, President and Chief Executive Officer	1997	625,000	881,000	22,914	39,900	97,440
	1996	575,016	810,000	33,648	64,600	100,159
	1995	545,016	810,000	34,948	61,400	108,688
Glen R. Bomberger Executive Vice President and Chief Financial Officer	1997	340,000	330,000	27,261	16,200	36,114
	1996	321,000	310,000	26,769	19,900	41,253
	1995	306,000	310,000	25,637	18,900	48,190
Ronald E. Massa Senior Vice President	1997	237,000	195,000	19,102	10,200	43,084
	1996	198,750	150,000	14,622	20,600	19,035
	1995	N/A	N/A	N/A	N/A	N/A
W. David Romoser Vice President, Secretary and General Counsel	1997	221,333	170,000	18,128	7,100	19,925
	1996	211,333	160,000	15,715	11,400	20,313
	1995	201,333	160,000	16,285	10,900	21,341
John A. Bertrand President of A. O. Smith Electrical Products Company, a division of the Company	1997	200,000	180,000	22,484	5,300	20,328
	1996	190,000	165,000	18,385	8,500	17,823
	1995	180,000	155,000	17,772	8,100	19,296

(1) Includes amounts earned during 1997 even if deferred.

(2) Includes amounts of tax reimbursements for the following: Company car, country club, financial counseling and executive term life insurance premiums and reimbursement of executive payments for term life insurance premiums.

(3) See footnote (1) in Option Grants Table.

(4) All Other Compensation includes the amounts of: (a) Company contributions under the Profit Sharing Retirement Plan (a 401(k) plan) and contributions under the Supplemental Benefit Plan for the 401(k) plan and (b) the value of the non-term portion of the premiums paid by the Company (arrived at by treating the payment as an interest-free loan to the earliest possible date the payment can be refunded and calculating its present value) for the benefit of the named executive officers pursuant to the Executive Life Insurance Plan, a split-dollar insurance plan. The amounts paid in 1997 are as follows: Mr. O'Toole -- (a) \$41,625 and (b) \$55,815; Mr. Bomberger -- (a) \$22,644 and (b) \$13,470; Mr. Massa -- (a) \$15,784 and (b) \$27,300; Mr. Romoser -- (a) \$14,741 and (b) \$5,184; and Mr. Bertrand -- (a) \$13,320 and (b) \$7,008.

STOCK OPTION GRANTS

The table below reflects the stock option grants made under the 1990 Long-Term Executive Incentive Compensation Plan to the five named Executive Officers during 1997.

OPTION GRANTS TABLE

Option Grants in 1997

NAME	OPTIONS GRANTED(1) (#)	% OF TOTAL OPTIONS GRANTED TO ALL EMPLOYEES	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(2)		
					0% (\$)	5% (\$)	10% (\$)
Robert J. O'Toole Chairman, President and Chief Executive Officer	39,900	34.19%	\$40.875	10/07/07	\$0	\$ 1,025,666	\$ 2,599,250
Glen R. Bomberger	16,200	13.88%	\$40.875	10/07/07	0	\$ 416,435	\$ 1,055,334
Ronald E. Massa	10,200	8.74%	\$40.875	10/07/07	0	\$ 262,200	\$ 664,470
W. David Romoser	7,100	6.08%	\$40.875	10/07/07	0	\$ 182,512	\$ 462,523
John A. Bertrand	5,300	4.54%	\$40.875	10/07/07	0	\$ 136,241	\$ 345,263
Totals	78,700 =====	67.43% =====	N/A	N/A	\$0 ==	\$ 2,023,054 =====	\$ 5,126,840 =====
All Stockholders (16,293,296 shares of Class A Common Stock and Common Stock)	N/A	N/A	N/A	N/A	0	\$419,572,739	\$1,058,921,674
Named Executive Officers' % of Total Outstanding Shares	N/A	.48%	N/A	N/A	\$0	.48%	.48%

(1) All options were granted under the 1990 Long-Term Executive Incentive Compensation Plan. The options were granted on 10/07/97 as options to acquire Common Stock and are first exercisable on 10/07/98. All options were granted at the average of market value on the date of grant and have a 10 year term.

(2) The dollar values in these columns represent assumed rates of appreciation only, over the 10-year option term, at the 5% and 10% rates of appreciation set by the Securities and Exchange Commission rules as well as a 0% increase in value. These amounts are not intended to predict or represent possible future appreciation of the Company's Common Stock value. Actual gains, if any, on stock option exercises and Common Stock holdings depend on future performance of the Company's Common Stock and overall stock market conditions.

OPTION EXERCISES AND YEAR-END VALUES

The table includes information related to options exercised by the five named executive officers during fiscal year 1997 and the number and value of options held at the end of the fiscal year.

OPTION EXERCISES AND YEAR-END VALUE TABLE

Aggregated Option Exercises in Fiscal Year 1997,
and December 31, 1997 Option Values

NAME	SHARES ACQUIRED ON EXERCISE(#)	VALUE REALIZED(\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1997 (#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT December 31, 1997 (\$)(1)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Robert J. O'Toole Chairman, President and Chief Executive Officer	0	\$ 0	580,400	39,900	\$15,438,545	\$54,862
Glen R. Bomberger	0	\$ 0	184,700	16,200	\$ 4,980,169	\$22,275
Ronald E. Massa	4,300	\$82,463	28,700	10,200	\$ 495,125	\$14,025
W. David Romoser	0	\$ 0	41,800	7,100	\$ 695,238	\$ 9,762
John A. Bertrand	0	\$ 0	65,000	5,300	\$ 1,644,994	\$ 7,287

(1) Based on the difference between the option exercise price and the closing price on the New York Stock Exchange of \$42.250 for the Common Stock on December 31, 1997.

PENSION PLAN TABLE(1)

REMUNERATION(2)	Years of Service(3)				
	10	20	25	30	35
150,000	\$22,350	\$44,700	\$55,875	\$ 67,051	\$ 78,226
175,000	23,501	47,295	59,193	71,090	82,987
200,000	25,638	52,994	66,672	80,350	94,028
225,000	27,775	58,692	74,151	89,609	105,068
250,000	29,824	64,158	81,324	98,491	115,658
275,000	30,980	67,241	85,371	103,501	121,631
300,000 and above	31,184	67,782	86,082	104,381	122,680

(1) The Pension Plan Table shows estimated annual benefits payable to an executive officer upon retirement under the A. O. Smith Retirement Plan, assuming retirement at December 31, 1997, at age 65 and based upon the final compensation and years of service set forth in the Table. Benefit amounts were computed on a straight-life annuity basis.

- (2) The compensation covered by the Plan is based on the average of the highest 5 consecutive years of annual compensation out of the last 10 years prior to retirement. The amount included in the calculation of compensation, as reflected in the Summary Compensation Table, is Salary. Compensation covered by the Plan does not include Bonus, Other Annual Compensation, Long Term Compensation or All Other Compensation amounts.
- (3) Messrs. O'Toole, Bomberger, Massa, Romoser, and Bertrand had 34, 37, 20, 5 and 30 years of service, respectively, at year-end.

* Maximum allowable salary that can be used in benefit calculation through 1993 is \$235,840 and in 1994, 1995 and 1996 is \$150,000, and in 1997 is \$160,000.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The directors who served as members of the Personnel and Compensation Committee during fiscal year 1997 were Tom H. Barrett and Arthur O. Smith.

Mr. Arthur O. Smith is an executive officer and a director of SICO. During 1997, the Company provided SICO consulting services, office space, directors', officers' and group insurance coverage and other miscellaneous services. The Company was reimbursed by SICO in the amount of \$110,514 for the Company's costs relating to such services. Mr. Arthur O. Smith is a director of the Company and served on the Personnel and Compensation Committee of the Company in 1997. Mr. Glen R. Bomberger, an executive officer and a director of the Company, is also a director and vice president - finance of SICO and served as a member of the Compensation Committee of SICO. Mr. Bruce M. Smith, a director of the Company, is also an executive officer and director of SICO.

BOARD PERSONNEL AND COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Personnel and Compensation Committee (the "Committee") of the Board of Directors is responsible for establishing an executive compensation program and for administering the executive compensation policies and plans of the Company. The Committee also determines the amount of compensation which the Company's chief executive officer and other executive officers receive annually.

The Committee consists of two members, each of whom is an outside director of the Company. This report was prepared by the Committee to provide the Company's stockholders with a summary of its executive compensation policies and practices.

The Committee has two primary objectives relating to the Company's executive compensation program. The first is to recruit and retain high quality executive leadership which is committed to achieving the current and long term successful and profitable operations of the Company's businesses. The other is to maintain an incentive compensation program which links executive pay to the Company's return on investment.

In order to achieve these objectives, the Committee provides an executive compensation program competitive with other comparably sized manufacturing companies. The Committee believes that return on investment currently provides the best measure of performance because it closely correlates the benefits to the stockholders with the financial incentives for the executives. The Committee has established ranges for financial incentives based upon return on investment, with smaller incentive payments for a modest return on investment and larger incentive payments for greater returns.

The Company's executive compensation program consists of three components: base salary, short term incentive (bonus) compensation and long term incentive (stock options) compensation. In determining the executive compensation practices, the Committee compares the Company's executive compensation program with other companies' compensation programs for executives with similar management responsibilities. The companies surveyed include manufacturing businesses of similar size. The Committee annually reviews executive compensation data bases and also from time to time uses independent compensation consultants for purposes of evaluating and reviewing the Company's executive compensation program.

The Committee has designated certain executives, including the chief executive officer ("CEO"), for compensation under the executive compensation program in accordance with the performance criteria and standards described below.

BASE SALARY

The Committee establishes competitive salary ranges for the executive officers, generally above the median level of the salary ranges in the survey referred to above. In addition, the Committee reviews each executive's performance and accomplishments during the prior year as well as experience and service with the Company in determining the annual base salary level for the executive within the applicable salary range. In 1997, this methodology was followed in establishing base salaries for the executive officers.

SHORT TERM INCENTIVE COMPENSATION

Short term incentive compensation is provided under the Executive Incentive Compensation Plan ("EICP"). The EICP, consistent with the Company's philosophy of linking compensation to the Company's return on investment, provides an opportunity for executives to earn a cash bonus, the amount of which is based upon the Company's and/or the operating unit's return on investment. Each year the Committee sets minimum and maximum financial objectives for each of the business units and the corporation. Achievement of these financial objectives by the business or corporate units determines the amount of the Incentive Compensation Fund available for the award of individual executive bonuses.

Incentive compensation, while predicated on the executive's unit meeting its financial objective, is also based upon achievement of strategic objectives established each year for the executive. In determining the amount of the incentive compensation award to be paid to an individual executive, the Committee considers the executive's scope of responsibility, contributions to profit improvement and attainment of the individual's strategic objectives. Approximately half of the incentive compensation award distributed to the individual executive is based on the return on investment of the executive's business unit and is formula-based between maximum and minimum target achievement. The other half of the award is based upon accomplishment of the executive's strategic objectives, such as development of personnel, planning, maintenance of product leadership, continuous improvement programs and product and process research and development.

The maximum amount of incentive compensation payable to an executive during any year is 200% of base salary. In order to be eligible for incentive compensation, executives are required to enter into annual contracts (standard incentive plan contracts required for all plan participants) which obligate them to remain in the employment of the Company for the year.

During 1997, the Company, through the sale of its Automotive Products Company and the purchase of Uppco, has dramatically changed the strategic direction of the Company in order to enhance shareholder value as evidenced by the 44% increase in share price. Most of the operating units achieved satisfactory levels of return on

investment. Accordingly, the Committee made incentive compensation awards to the participating executives based on the factors described above.

LONG TERM INCENTIVE COMPENSATION

The Committee utilizes the shareholder approved 1990 Long Term Executive Incentive Compensation Plan ("LTEICP") as another key component in carrying out the Company's philosophy of linking the executive compensation program to the stockholders' interests. The LTEICP consists of stock options which are granted annually to the executives at the current market price of the stock on the date of the grant. The size of the option grant to the executive is established at a level commensurate with the median level of grants for the executive's position as reported in the aforementioned survey data and studies by independent compensation consultants. Pursuant to the LTEICP, executives enter into standard plan contracts each year which reflect the specific terms of the stock option grants and terms of forfeiture should the executive leave the employment of the Company.

CEO COMPENSATION

The Committee, in establishing the 1997 compensation program for the Chief Executive Officer, Robert J. O'Toole, employed the methodology and surveys previously described in this report. In setting Mr. O'Toole's base salary for 1997, the Committee reviewed his accomplishments during the prior year, experience, service with the Company and determined to position it above the median level of salaries of chief executive officers of similar sized manufacturing companies. Mr. O'Toole's bonus compensation for 1997 was directly related to the Company's return on investment earned by the Company and reflected Committee set minimum and maximum objectives. The maximum amount of bonus compensation payable to Mr. O'Toole is 200% of base salary. The Committee made stock option grants to Mr. O'Toole under the LTEICP consistent with the methodology utilized in making grants to the other participating executives.

CONCLUDING REMARKS

The Committee reviewed executive compensation during 1997 and concluded that the stockholders' interests were well served by the executive compensation program. The Committee will continue to monitor and evaluate its executive compensation program and make any adjustments determined to be appropriate. The Committee has and intends to preserve the deductibility of executive compensation paid by the Company in accordance with the provisions of Section 162(m) of the Internal Revenue Code of 1986, as amended.

PERSONNEL & COMPENSATION COMMITTEE

Tom H. Barrett, Chairman
Arthur O. Smith, Member

PERFORMANCE GRAPH

The graph below shows a five-year comparison of the cumulative shareholder return on the Company's common stock with the cumulative total return of companies on the S&P 500 Composite Index, S&P Electrical Equipment Index (the "Electrical Index") and the S&P Auto Parts & Equipment Index (the "Auto Index"), all of which are published indexes. The Company has used the Auto Index in this graph in prior years, but has selected the Electrical Index to replace the Auto Index due to the Company's exit from the automotive business in 1997.

Comparison of Five Year Cumulative Total Return
from December 31, 1992 to December 31, 1997

Measurement Period (Fiscal Year Covered)	A. O. Smith	S&P Electrical Equipment	S&P 500 Composite Index	S&P Auto Parts & Equipment
12/31/92	100.00	100.00	100.00	100.00
12/31/93	190.40	117.60	110.00	114.21
12/31/94	132.80	115.60	111.50	97.17
12/31/95	115.30	158.00	153.30	117.38
12/31/96	170.60	209.60	188.40	127.67
12/31/97	245.80	290.00	251.209	157.25

COMPLIANCE WITH SECTION 16(A) OF THE
SECURITIES EXCHANGE ACT

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York and American Stock Exchanges. Executive officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) Forms 3, 4 and 5 which they file.

Based solely on its review of the copies of such forms received by the Company and written representations from certain reporting persons during fiscal year 1997, the Company believes that all filing requirements applicable to its executive officers, directors and greater than ten percent beneficial owners were met.

APPOINTMENT OF INDEPENDENT AUDITORS

The Board of Directors of the Company has appointed Ernst & Young LLP, Certified Public Accountants, as the Company's independent auditors for 1998. The action of the Board of Directors was taken upon the recommendation of its Audit Committee.

Although not required to be submitted to a vote of the stockholders, the Board of Directors believes it appropriate to obtain stockholder ratification of the Board's action in appointing Ernst & Young LLP as the Company's independent auditors. Should such appointment not be ratified, the Board of Directors will reconsider the matter. A representative of Ernst & Young LLP is expected to be present at the annual meeting of stockholders and available to respond to appropriate questions and he will have the opportunity to make a statement if he desires to do so.

OTHER BUSINESS

Management is not aware of any matters other than those stated above which may be presented for action at the meeting, but should any matter requiring a vote of the stockholders arise, it is intended that proxies solicited will be voted in respect thereof in accordance with the discretion of the person or persons voting the proxies.

DATE FOR STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be presented at the 1999 annual meeting of stockholders must be received by the Company no later than November 4, 1998, to be included in the materials for the 1999 meeting.

March 2, 1998

EVEN IF YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE. IF YOU ATTEND THE MEETING YOU MAY REVOKE YOUR PROXY AND VOTE YOUR SHARES IN PERSON.

[AO SMITH CORPORATION LOGO]

A. O. SMITH CORPORATION
PROXY - COMMON STOCK

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

THE undersigned hereby appoints ROBERT J. O'TOOLE, GLEN R. BOMBERGER and W. DAVID ROMOSER, or any one of them, with full power of substitution, as proxy or proxies of the undersigned to attend the annual meeting of stockholders of A. O. Smith Corporation to be held on April 8, 1998, at 9:00 a.m. Eastern Time, at the Hotel du Point, 11th and Market Streets, Wilmington, Delaware, or at any adjournment thereof, and there to vote all shares of Common Stock which the undersigned would be entitled to vote if personally present as specified upon the following matters and in their discretion upon such other matters as may properly come before the meeting.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR PROPOSALS 1 AND 2.

DETACH BELOW AND RETURN USING THE ENVELOPE PROVIDED

A. O. SMITH CORPORATION 1998 ANNUAL MEETING

This proxy when properly executed will be voted in the manner directed herein by the undersigned. If no direction is made, this proxy will be voted for proposals 1 and 2.

- 1. ELECTION OF DIRECTORS: 1. KATHLEEN J. HEMPEL 2. DR. AGNAR PYTTE FOR all nominees listed to the left (except as specified below). WITHHOLD AUTHORITY to vote for all nominees listed to the left.

(Instructions: to withhold authority to vote for any individual nominee, write number(s) of nominee(s) in the box provided to the right. -----> _____)

- 2. Proposal to approve the ratification of Ernst & Young LLP as the independent auditors of the corporation: FOR AGAINST
 ABSTAIN

Address Change?
MARK BOX
Indicate changes below

Date _____

NO. OF SHARES

Signature(s) in Box
Please sign exactly as your name appears on this proxy. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

A. O. SMITH CORPORATION

VOTING INSTRUCTIONS TO THE MARSHALL & ILSLEY TRUST COMPANY
TRUSTEE OF THE A. O. SMITH PROFIT
SHARING RETIREMENT PLAN

THIS VOTING INSTRUCTION IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby directs the Marshall & Ilsley Trust Company, Trustee of the A. O. Smith Profit Sharing Retirement Plan to vote the shares of A. O. Smith Corporation Common Stock allocated to the undersigned's account in said Trust at the Annual Meeting to be held on April 8, 1998, and all adjournments.

VOTING INSTRUCTIONS TO THE TRUSTEE: IF NO CHOICES ARE MARKED BELOW, THE TRUSTEE WILL VOTE FOR PROPOSALS 1 AND 2.

DETACH BELOW AND RETURN USING THE ENVELOPE PROVIDED

A. O. SMITH CORPORATION 1998 ANNUAL MEETING

Voting instructions to the Trustee: If no choices are marked below, the Trustee will vote for proposals 1 and 2.

1. ELECTION OF DIRECTORS: 1. KATHLEEN J. HEMPEL 2. DR. AGNAR PYTTE FOR ALL NOMINEES listed to the left (except as specified below). WITHHOLD AUTHORITY to vote for all nominees listed to the left.

(Instructions: To withhold authority to vote for any individual nominee, write number(s) of nominee(s) in the box provided to the right. -----> -----)

2. Proposal to approve the ratification of Ernst & Young LLP as the independent auditors of the corporation: FOR AGAINST ABSTAIN

Address Change? Date ----- NO. OF SHARES
 MARK BOX
 Indicate Changes Below

 Signature(s) in Box
 Please sign exactly as your name appears on this proxy. When shares are held by joint tenants, both should sign. when signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. if a partnership, please sign in partnership name by authorized person.