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

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

OR

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

Commission File Number 1-475

A.O. Smith Corporation

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

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

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

Class A Common Stock Outstanding as of July 31, 1996: 5,882,248

Common Stock Outstanding as of July 31, 1996: 15,038,773

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A. O. Smith Corporation

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

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

	Three Months Ended June 30		Six Months Ended June 30	
EARNINGS	1996	1995	1996	1995
Electrical Products Company	$ 95,067	$ 84,560	$187,368	$169,816
Automotive Products Company	221,848	220,272	452,786	441,941
Water Products Company	72,706	66,870	141,237	130,950
Smith Fiberglass Products Inc.	14,810	15,600	28,260	29,317
Other Products	24,277	12,541	45,216	20,807
NET REVENUES	428,708	399,843	854,867	792,831
Cost of products sold	361,844	335,535	724,109	664,380
Gross profit	66,864	64,308	130,758	128,451
Selling, general and administrative expenses	32,737	29,315	65,270	58,277
Interest expense	3,545	3,349	7,397	6,565
Other expense - net	2,022	1,147	3,394	3,131
	28,560	30,497	54,697	60,478
Provision for income taxes	11,174	11,744	21,363	23,150
Earnings before equity in earnings of affiliated companies	17,386	18,753	33,334	37,328
Equity in earnings of affiliated companies	1,346	1,272	2,740	1,058
NET EARNINGS	18,732	20,025	36,074	38,386
RETAINED EARNINGS				
Balance at beginning of period	287,955	240,110	273,751	224,467
Cash dividends on common shares	(3,556)	(3,137)	(6,694)	(5,855)
BALANCE AT END OF PERIOD	$303,131	$256,998	$303,131	$256,998
NET EARNINGS PER COMMON SHARE	$.90	$.96	$1.72	$1.84
DIVIDENDS PER COMMON SHARE	$.17	$.15	$.32	$.28

See accompanying notes to unaudited condensed consolidated financial statements.

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

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

	(unaudited) June 30, 1996	Dec. 31, 1995
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,240	$ 4,807
Trade receivables	178,649	165,924
Finance subsidiary receivables and leases	11,920	13,449
Customer tooling	37,865	30,799
Inventories (note 2)	99.806	103,413
Deferred income taxes	18,208	17,542
Other current assets	14,734	14,327
TOTAL CURRENT ASSETS	365,422	350,261
Investment in and advances to affiliated companies	37,101	28,731
Deferred model change	28,119	25,246
Finance subsidiary receivables and leases	22,240	26,950
Other assets	78,540	79,220
Property, plant and equipment	1,039,718	965,021
Less accumulated depreciation	554,595	528,487
Net property, plant and equipment	485,123	436,534
TOTAL ASSETS	$1,016,545	$946,942
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade payables	$ 148,728	$112,645
Accrued payroll and benefits	46,895	47,763
Postretirement benefit obligation	7,774	7,837
Other current liabilities	32,007	40,469
Long-term debt due within one year	5,175	3,925
Finance subsidiary long-term debt due within one year	1,008	1,008
TOTAL CURRENT LIABILITIES	241,587	213,647
Long-term debt (note 3)	178,871	167,139
Finance subsidiary long-term debt	19,353	23,799
Postretirement benefit obligation	75,288	74,799
Other liabilities	34,092	31,955
Deferred income taxes	65,797	63,239
STOCKHOLDERS' EQUITY:		
Class A common stock , $5 par value authorized 14,000,000 shares; issued 5,887,608 and 5,888,601	29,438	29,443
Common stock, $1 par value: authorized 60,000,000 shares; issued 15,812,042 and 15,811,049	15,812	15,811
Capital in excess of par value	68,889	68,871
Retained earnings (note 3)	303,131	273,751
Cumulative foreign currency translation adjustments	(7,721)	(7,499)
Treasury stock at cost	(7,992)	(8,013)
TOTAL STOCKHOLDERS' EQUITY	401,557	372,364
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,016,545	$946,942

See accompanying notes to unaudited condensed consolidated financial
statements.

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

A. O.SMITH CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Six months ended June 30, 1996 and 1995
(000 omitted) - (unaudited)

CASH FLOWS	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$36,074	$38,386
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	30,389	26,522
Deferred income taxes	1,892	4,706
Equity in earnings of affiliates, net of dividends	(340)	(1,058)
Deferred model change and software amortization	6,970	3,807
Other - net	341	(1,157)
Change in current assets and liabilities:		
Trade receivables and customer tooling	(21,562)	(15,811)
Current income tax accounts-net	1,895	2,468
Inventories	3,607	902
Prepaid expenses and other	(4,288)	(6,311)
Trade payables	36,083	(6,122)
Accrued liabilities, payroll and benefits	(7,408)	(1,857)
Net change in noncurrent assets and liabilities	8,249	1,837
CASH PROVIDED BY OPERATING ACTIVITIES	91,902	46,312
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(73,264)	(32,592)
Investment in joint ventures	(7,993)	-
Other - net	(13,090)	(8,368)
CASH USED BY INVESTING ACTIVITIES	(94,347)	(40,960)
CASH FLOW BEFORE FINANCING ACTIVITIES	(2,445)	5,352
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term debt incurred	16,707	15,000
Long-term debt retired	(3,725)	(13,665)
Finance subsidiary net long-term debt retired	(4,446)	(4,217)
Stock transactions	36	77
Dividends paid	(6,694)	(5,855)
CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	1,878	(8,660)
Net decrease in cash and cash equivalents	(567)	(3,308)
Cash and cash equivalents-beginning of period	4,807	8,485
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$4,240	$5,177

See accompanying notes to unaudited condensed consolidated financial statements.

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

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

1. Basis of Presentation

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

2. Inventories

(000 omitted)	June 30, 1996	December 31, 1995
Finished products	$50,547	$53,788
Work in process	43,543	44,806
Raw materials	42,470	41,841
Supplies	9,782	9,067
	146,342	149,502
Allowance to state inventories at LIFO cost	46,536	46,089
	$99,806	$103,413

3. Long-Term Debt

In June the corporation amended its revolving credit agreement. The facility was increased from $160 million to $210 million, and the term of the agreement was extended one year to June 30, 2001. The amended agreement also carries lower fees and lower borrowing rates.

The corporation's long-term credit agreements contain certain conditions and provisions which restrict the corporation's payment of dividends. Under the most restrictive of these provisions, retained earnings of $111.7 million were unrestricted as of June 30, 1996 for cash dividends and treasury stock purchases.

PART 1 -- FINANCIAL INFORMATION
ITEM 2 -- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations - First six months of 1996 compared to 1995

Revenues for the first half of 1996 were $854.9 million or almost eight percent better than the $792.8 million of revenues in the same period of 1995. Revenues of $428.7 million in the second quarter of 1996 were the highest quarterly revenues in the corporation's history and surpassed last year's second quarter by $28.9 million or 7.2 percent.

The corporation's 1996 first half earnings declined six percent to $36.1 million from $38.4 million in the first half of 1995. Second quarter earnings were $18.7 million in 1996, a decline of $1.3 million or 6.5 percent from the $20 million earned in the same quarter of 1995. Strong performance by the corporation's Electrical Products and Peabody TecTank businesses was overshadowed by lower profits from Automotive Products, Water Products and Smith Fiberglass.

The gross profit margin through the first half of the year was 15.3 percent, down from 16.2 percent for the same period last year. The lower first half margin was caused by several factors. Automotive's margins were adversely impacted by start-up costs associated with three facilities. Water Products margins were significantly reduced as a result of matching industry-wide price concessions, while unfavorable product mix caused reduced margins at Smith Fiberglass Products. The second quarter gross margin of 15.6 percent declined from 16.1 percent from the second quarter of 1995. The aforementioned start-up costs at Automotive, price concessions in the water heater industry, and unfavorable mix for fiberglass pipe continued to erode margins throughout the second quarter.

The Automotive Products Company sales in the first half were slightly higher than the same period in 1995 while sales in the second quarter of 1996 were about equal to last year's second quarter. 1996 second quarter sales were impacted by weak conditions in the medium/heavy truck market and by a shutdown of the Dodge Dakota frame line to accommodate a model changeover. The Dakota model changeover is near completion as the new plant in Plymouth, Michigan commenced production of full frame assemblies for the 1997 Dodge Dakota in July.

Start-up costs associated with the aforementioned Plymouth, Michigan plant as well as two other new facilities contributed to lower earnings for the first half and second quarter of 1996 when compared to the same periods of 1995.

Sales for the Electrical Products Company in the second quarter of 1996 were more than 12 percent higher than the same period last year as a result of strong demand in all of the company's major markets. The hermetic motor segment, in particular, has demonstrated significant improvement due to increased customer export sales, replacement demand and higher market share.

Higher volumes, increased capacity utilization and enhanced productivity contributed to improved earnings for both the second quarter and first half of 1996 when compared to the same periods in 1995.

Second quarter sales for the Water Products Company increased $6 million or 8.7 percent over the second quarter of 1995 while year-to-date sales were $10.3 million or 7.9 percent higher than the first half of 1995. The increased sales resulted from higher unit volumes for both residential and commercial water heaters.

Despite the increased volume for Water Products, 1996 second quarter and first half profits were lower than the corresponding periods last year. The earnings reduction was a direct result of industry-wide residential price concessions which were established early in the year and continued through June. Recent indications suggest that the pricing pressure will moderate in the third quarter and that residential prices will return to more normal levels for the remainder of the year.

Second quarter sales for Smith Fiberglass Products Inc. were lower than the second quarter of 1995 as demand for service station product and oil field piping remains weak. Sales for the first half of 1996 declined 3.6 percent from the first six months of 1995.

The volume decline and unfavorable product mix resulted in decreased earnings for Fiberglass Products in both the second quarter and first half of the year when compared to the same periods last year.

Revenues for the Other Products segment of the corporation consisting of A. O. Smith Harvestore Products, Inc. (AOSHPI), the recently acquired Peabody TecTank, Inc. (PTT) and AgriStor Credit Corporation increased from $12.5 million in the second quarter of 1995 to $24.3 million in the second quarter of 1996. 1996 first half sales increased $24.4 million over the first half of 1995. The significant increase in revenues from year-to-year was attributable to the acquisition of PTT which experienced strong demand for its line of bolted tanks. AOSHPI's second quarter and first half revenues were adversely impacted by softness in the municipal and agricultural markets while AgriStor's revenues continue to decline consistent with the intent to liquidate this entity. The incremental profits generated by PTT helped this segment of the corporation's business substantially improve its earnings over the second quarter and first half of 1995.

Selling, general and administrative (SGA) expenses in the second quarter were $3.4 million more than the same period in 1995. Through the first six months of the year SGA expenses were $7 million higher than the first half of 1995. Most of this increase was associated with the acquisition of PTT, general increases to support higher sales volumes and costs incurred relative to the start-up of the corporation's Chinese joint ventures. The $.8 million year-to-year increase in interest expense for the first half was a direct result of increased debt levels to support higher capital spending programs and the PTT acquisition.

Other expenses were higher in the second quarter and first half of 1996 compared to the same periods in 1995 due primarily to the amortization of goodwill associated with the PTT acquisition. The effective tax rates for the second quarter and first half of 1996 were higher than the same periods in 1995 as the research and development tax credits recognized in 1995 were not available in 1996.

Equity in earnings of affiliated companies for the second quarter was approximately the same as for 1995. The corporation's 40 percent owned Mexican affiliate, Metalsa, continues to perform well. As they did in the first quarter, sales in the second quarter increased more than 50 percent over the comparable quarter of 1995. Metalsa's operating profit for the period improved due to the higher sales volume. Its strong earnings helped offset expected losses associated with the corporation's start-up of new joint ventures in China.

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

Liquidity and Capital Resources

The corporation's working capital was $123.8 million at June 30, 1996 compared to $136.6 million at December 31, 1995. Business activity related increases in trade receivables and customer tooling were more than offset by increases in trade payables.

Cash flow provided by operations during the first half of 1996 was nearly double the level generated during the same period last year due primarily to lower relative working capital requirements. The corporation's long-term debt increased $11.8 million in the first six months of 1996 to $178.9 million to finance capital expenditures. However, its leverage ratio as measured by total debt excluding the finance subsidiary divided by total capitalization remained at 31%, the same level as at December 31, 1995. The finance subsidiary's long-term debt decreased $4.4 million during the first six months of 1996 to $19.4 million, reflecting the continuing liquidation of the business.

In June, the corporation amended its revolving credit agreement. The facility was increased from $160 million to $210 million, and the term of the agreement was extended one year to June 30, 2001. The amended agreement also carries lower fees and lower borrowing rates.

During the first six months of 1996, capital expenditures were $73.3 million, $40.7 million higher than the same period one year ago. As mentioned in the corporation's annual report on Form 10-K for the period ending December 31, 1995, capital spending will remain higher for the remainder of the year due largely to new automotive programs. Although the corporation expects that cash flow from operations will cover the majority of the planned capital requirements, debt levels will be higher during the balance of the year.

At its June 11, 1996 meeting, A. O. Smith's Board of Directors declared a regular quarterly dividend of $.17 per share on its common stock (Classes A and Common). The dividend is payable on August 15, 1996 to shareholders of record as of July 31, 1996.

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

At June 30, 1996, the corporation or A. O. Smith Harvestore Products, Inc. ("AOSHPI"), a wholly-owned subsidiary of the corporation, were defendants in seven cases alleging damages for economic losses claimed to have arisen out of alleged defects in AOSHPI's animal feed storage equipment. No new cases have been filed against the corporation since July 1994.

In the second quarter, a federal court jury in Lansing, Michigan returned a verdict against the corporation and AOSHPI holding that they violated the RICO Act and the former operators of a Michigan dairy farm were awarded $156,008.34. The companies and the plaintiffs are awaiting rulings on motions filed following the entry of the judgment. The plaintiffs are seeking attorneys' fees and costs and the companies are seeking a judgment as a matter of law.

Two of the seven pending cases contain class action allegations. One of the cases is a New York State court action which names the corporation, AOSHPI, 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 in March 1994 the court conditionally certified it as a class action on behalf of purchasers and lessees of Harvestore structures manufactured by the corporation and AOSHPI. 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.

As reported in the environmental matters discussed in Item 3 in the corporation's Form 10-K Report for the period ending December 31, 1995, which is incorporated herein by reference, the corporation joined with a group of companies identified by the U.S. Environmental Protection Agency ("EPA") as Potentially Responsible Parties (PRPs) under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") to negotiate settlements as de minimis parties at a site in Indiana. Pursuant to those discussions, the EPA issued an order under section 106 of CERCLA requiring the corporation and 38 other PRPs to perform certain remedial actions at the site. Based upon information that is currently available, the corporation believes that its ultimate share of the costs associated with this site should not be material to its financial condition. Except for that matter, there have been no material changes in the environmental matters that were previously reported in Item 3.

ITEM 2--CHANGES IN SECURITIES

On June 19, 1996, the corporation's $160,000,000 Revolver Agreement with a group of ten banks was amended to $210,000,000 and the final maturity was extended from June 30, 2000 to June 30, 2001. The covenants and restrictions on the payment of dividends remain essentially the same. Refer to Note 3 on page 7 of this report for more detailed information regarding the corporation's debt covenants, dividend payment restrictions and retained earnings.

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

On March 4, 1996, the corporation mailed a proxy statement to its stockholders relating to the annual meeting of stockholders on April 3, 1996. The annual meeting included the election of directors and the consideration and action upon proposals to approve the ratification of

Ernst & Young LLP as the independent auditors of the corporation for 1996 and to act upon a stockholder proposal to provide a post-meeting report of the annual meeting of stockholders.

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 non-votes 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 non-vote will have no effect on the vote.

1. Election of Directors

		Votes	Broker
	Votes For	Withheld	Non-Votes
Class A Common Stock Directors			
Tom H. Barrett	5,786,377	2,714	0
Glen R. Bomberger	5,786,477	2,614	0
Thomas I. Dolan	5,786,113	2,978	0
Robert J. O'Toole	5,786,477	2,614	0
Donald J. Schuenke	5,786,477	2,614	0
Arthur O. Smith	5,786,377	2,714	0
Bruce M. Smith	5,786,477	2,614	0
Common Stock Directors			
Russell G. Cleary	12,500,616	251,865	0
Leander W. Jennings	12,499,701	252,780	0
Dr. Agnar Pytte	12,501,758	250,723	0

2. Ratification of Ernst & Young LLP as Independent Auditors

		Votes	Broker	
	Votes For	Against	Abstentions	Non Votes
COMBINED CLASS VOTE: Class A Common Stock and Common Stock (1/10th vote)	7,054,072	6,336	3,929	0

3. Stockholder Proposal on Issuing a Post-Meeting Report of the Annual Stockholders Meeting

		Votes	Broker	
	Votes For	Against	Abstentions	Non Votes
COMBINED CLASS VOTE: Class A Common Stock and Common Stock (1/10th vote)	79,339	6,711,278	31,243	242,477

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

(a) Exhibits
    (4) Amendment dated as of June 19, 1996 to the Revolver Agreement dated February 26, 1993.
    (27) Financial Data Schedule
(b) Reports on Form 8-K
    No reports on Form 8-K were filed by the corporation in the second quarter of 1996.

SIGNATURES

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

A. O. SMITH CORPORATION

August 9, 1996

/s/ John J. Kita
John J. Kita
Vice President,
Treasurer and Controller

August 9, 1996

/s/ Glen R. Bomberger
G. R. Bomberger
Executive Vice President
and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description
4	Amendment dated as of June 19, 1996 to the Revolver Agreement dated February 26, 1993
27	Financial Data Schedule

EXTENSION AND FOURTH AMENDMENT

EXTENSION AND FOURTH AMENDMENT, dated as of June 19, 1996, to the Amended and Restated Credit Agreement, dated as of February 26, 1993 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among A.O. SMITH CORPORATION, a Delaware corporation (the "Borrower"), the banks parties thereto (the "Banks"), and Chemical Bank, as agent (in such capacity, the "Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, the Banks, and the Agent are parties to the Credit Agreement;

WHEREAS, the Borrower has requested that the Agent and the Banks amend certain provisions of the Credit Agreement in order to increase the aggregate Commitments (as defined in the Credit Agreement) to $210,000,000; and

WHEREAS, the Agent and the Banks are willing to agree to such amendments only upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms which are defined in the Credit Agreement are used herein as therein defined.

2. Amendments of Article I of the Credit Agreement. (a) Section 1.1 of the Credit Agreement is hereby amended by deleting the definitions of "Interest Rate Leverage Percentage" and "Termination Date" in their entirety and by inserting in lieu thereof the following definitions:

"Interest Rate Leverage Percentage" means, as to any CD Loan or Euro-Dollar Loan, the percentage set forth in the table below under the appropriate column opposite the Leverage Ratio range which includes the Leverage Ratio of the Borrower:

	Interest Rate Leverage Percentage	
Leverage Ratio	Euro-Dollar Loan	CD Loan
Less than or equal to 30.0%	.2000%	.3250%
Greater than 30% and less than or equal to 40.0%	.2250%	.3500%
Greater than 40% and less than or equal to 50.0%	.3000%	.4250%
Greater than 50.0%	.4250%	.5500%

For purposes of this definition, the Leverage Ratio shall be determined for any day on the basis of each notice furnished to the Banks from time to time pursuant to Section 5.10(a) or (b) and shall be effective from the date of receipt by the Agent of such notice for the period from such date until the date of receipt of the next such notice.

"Termination Date" means June 30, 2001.

(b) Section 1.1 is hereby amended by adding thereto the following definition in its appropriate alphabetical order:

"Fourth Amendment Effective Date" means the date on which all the conditions set forth in Section 8 of the Extension and Fourth Amendment are satisfied or waived.

3. Amendments to Article II of the Credit Agreement. (a) Sections 2.1 and 2.8 of the Credit Agreement are hereby amended by deleting the date "June 30, 2000" wherever it appears in such Sections and inserting in lieu thereof the date "June 30, 2001".

(b) Section 2.6(a) of the Credit Agreement is hereby amended by deleting such subsection in its entirety and inserting in lieu thereof the following subsection (a):

"(a) Facility Fees. The Borrower shall pay to the Agent for the account of each Bank a facility fee on the average daily amount of such Bank's Commitment at the per annum rate set forth in the table below opposite the Leverage Ratio range which includes the Leverage Ratio of the Borrower:

Leverage Ratio	Per Annum Rate
Less than or equal to 30.0%	0.1000%
Greater than 30% and less than or equal to 40.0%	0.1250%
Greater than 40% and less than or equal to 50.0%	0.1500%
Greater than 50.0%	0.2000%

For purposes of this Section 2.6(a), the Leverage Ratio shall be determined for any day on the basis of each notice furnished to the Banks from time to time pursuant to Section 5.10 (a) and (b) and shall be effective from the date of receipt by the Agent of such notice for the period from such date until the date of receipt of the next such notice. Such facility fees shall accrue from and including the date hereof to and including June 30, 2001 and shall be payable quarterly on each June 30, September 30, December 31 and March 31."

4. Amendment of Article III of the Credit Agreement. Section 3.1(d) of the Credit Agreement is hereby amended by deleting the date "December 31, 1994" and substituting in lieu thereof "December 31. 1995".

5. Amendment of Article IV of the Credit Agreement. Sections 4.4(a) and 4.4(b) of the Credit Agreement are hereby amended by deleting the year "1994" wherever it appears and substituting in lieu thereof "1995".

6. Amendment of Article V of the Credit Agreement. (a) Section 5.6 of the Credit Agreement is hereby amended by deleting the phrase "7% of Consolidated Tangible Net Worth" and substituting in lieu thereof "10% of Consolidated Tangible Net Worth".

(b) Section 5.8(b) of the Credit Agreement is hereby amended by deleting the last proviso thereof and substituting in lieu thereof the following:

"provided that the aggregate book value of all assets so sold or disposed of shall not exceed 20% of Consolidated Tangible Net Worth in any fiscal year. For purposes of calculating the aggregate book value of all assets sold or disposed of in any fiscal year, in order to determine compliance with this Section 5.8(b), notes receivable or accounts receivable sold or disposed of in connection with any receivable sales program shall be valued by reference to the then outstanding aggregate face amount of the receivables so sold or disposed."

7. Amendment of Schedule I of the Credit Agreement. The Credit Agreement is hereby further amended by deleting Schedule I in its entirety and inserting in lieu thereof Schedule I attached hereto.

8. Representations and Warranties of Borrower. The Borrower hereby represents and warrants that each of the representations and warranties of the Borrower contained in the Credit Agreement, as amended by this Amendment, is true and correct on the date hereof as if made on and as of the date hereof except that representations and warranties that apply to a specific date were true and correct as of such date.

9. Effectiveness. This Fourth Amendment shall become effective as of the first date (the "Fourth Amendment Effective Date") prior to June 19, 1996 or the first day thereafter when the following conditions shall have been met:

(i) the Agent shall have received counterparts hereof, duly executed by the Borrower and all the Banks;

(ii) the Agent shall have received an opinion of W. David Romoser, General Counsel of the Borrower to be attached as Exhibit A.

(iii) the Agent shall have received a certificate, in form and substance satisfactory to the Agent, certifying that the Borrower is authorized to borrow money and to effectuate agreements entered into pursuant to such authority, by the Secretary or an Assistant Secretary of the Borrower, as the case may be, as of the Fourth Amendment Effective Date.

10. Continuing Effect of Credit Agreement. This Amendment shall not constitute a waiver or amendment of any other provision of the Credit Agreement not expressly referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Required Banks or the Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect.

11. Counterparts. This Amendment may be executed by the parties hereto in any number of counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

12. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered in New York, New York by their proper and duly authorized officers as of the day and year first above written.

A.O. SMITH CORPORATION

By:______________________________
Title:

CHEMICAL BANK, as Agent and as a Bank

By:______________________________
Title:

BANK OF AMERICA ILLINOIS

By:______________________________
Title:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By:______________________________
Title:

M & I MARSHALL & ILSLEY BANK

By:______________________________
Title:

CITIBANK, N.A.

By:______________________________
Title:

FIRST BANK MILWAUKEE

By:______________________________
Title:

FIRSTAR BANK MILWAUKEE, N.A.

By:________________________________
Title:

BANK ONE, MILWAUKEE, N.A.

By:________________________________
Title:

THE FIRST NATIONAL BANK OF CHICAGO

By:________________________________
Title:

NORWEST BANK WISCONSIN, N.A.

By:________________________________
Title:

Schedule I

COMMITMENT AMOUNTS

	Commitment
Chemical Bank	$ 36,000,000
Bank of America Illinois	$ 36,000,000
Morgan Guaranty Trust Company of New York	$ 36,000,000
M & I Marshall & Ilsley Bank	$ 18,000,000
Citibank, N.A.	$ 18,000,000
Firstar Bank Milwaukee, N.A.	$ 15,000,000
First Bank Milwaukee	$ 15,000,000
Bank One, Milwaukee, N.A.	$ 13,500,000
The First National Bank of Chicago	$ 13,500,000
Norwest Bank Wisconsin, N.A.	$ 9,000,000
	$210,000,000

EXHIBIT A

OPINION OF
COUNSEL FOR THE BORROWER

June 19, 1996

To the Banks and the Agent
Referred to Below
c/o Chemical Bank,
as Agent
270 Park Avenue
New York, New York 10017

Dear Sirs:

I have acted as counsel for A.O. Smith Corporation (the "Borrower") in connection with the Extension and Fourth Amendment, dated as of June 19, 1996 (the "Fourth Amendment"), to the Amended and Restated Credit Agreement (the "Credit Agreement") dated as of February 26, 1993 among the Borrower, the banks listed on the signature pages thereof and Chemical Bank, as Agent. Terms defined in the Credit Agreement are used herein as therein defined.

I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as I have deemed necessary or advisable for purposes of this opinion.

Upon the basis of the foregoing, I am of the opinion that:

1. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

2. The execution, delivery and performance by the Borrower of the Fourth Amendment are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official and does not contravene, or constitute a default under, any certificate of incorporation or by-laws of the Borrower or, to the best of my knowledge, of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

3. The execution, delivery and performance by the Borrower of the Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official and does not contravene, or constitute a default under, any certificate of incorporation or by-laws of the Borrower or, to the best of my knowledge, of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

4. The Fourth Amendment and the Notes constitute the valid and the binding obligations of the Borrower enforceable in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

5. Except as set forth in the Ilhardt, et al. v. A.O. Smith Corp., et al. lawsuit, there is no action, suit or proceeding pending against, or to the best of my knowledge threatened against or affecting, the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official, in which there is a reasonable possibility of an adverse decision which could materially adversely affect the business, consolidated financial position or consolidated results of operations of the Borrower and its Consolidated Subsidiaries, considered as a whole or which in any manner draws into question the validity of the Fourth Amendment.

6. Each of the Borrower's Subsidiaries is a corporation validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

Very truly yours,

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

1,000

6-MOS
DEC-31-1996
JAN-01-1996
JUN-30-1996
4,240
0
190,569
0
99,806
365,422
1,039,718
(554,595)
1,016,545
241,587
198,224
0
0
106,147
295,410
1,016,545
854,867
854,867
724,109
724,109
68,664
0
7,397
54,697
21,363
36,074
0
0
0
36,074
1.72
1.72