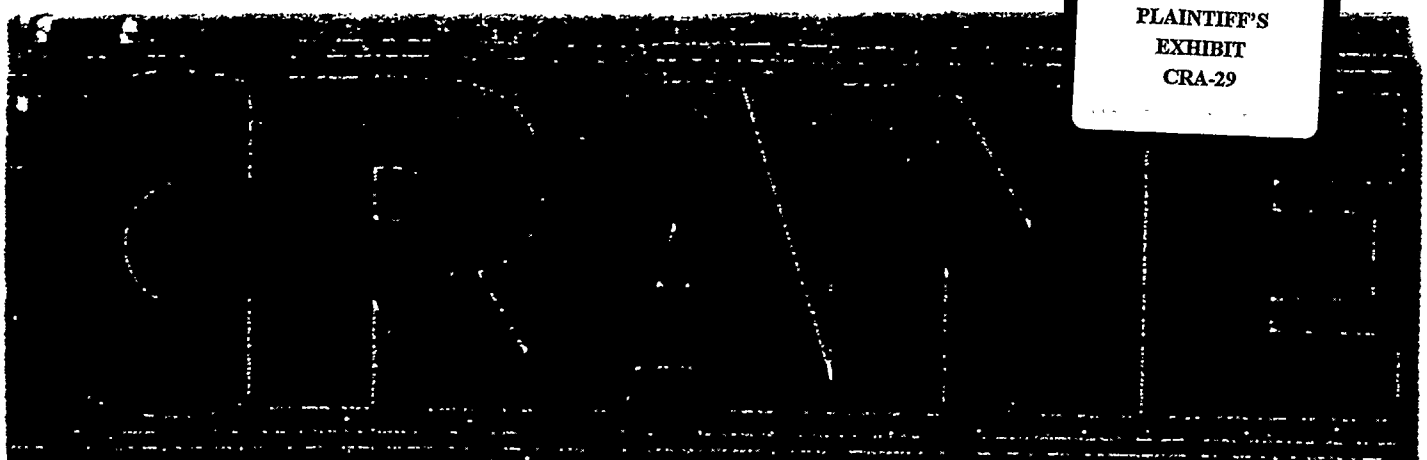
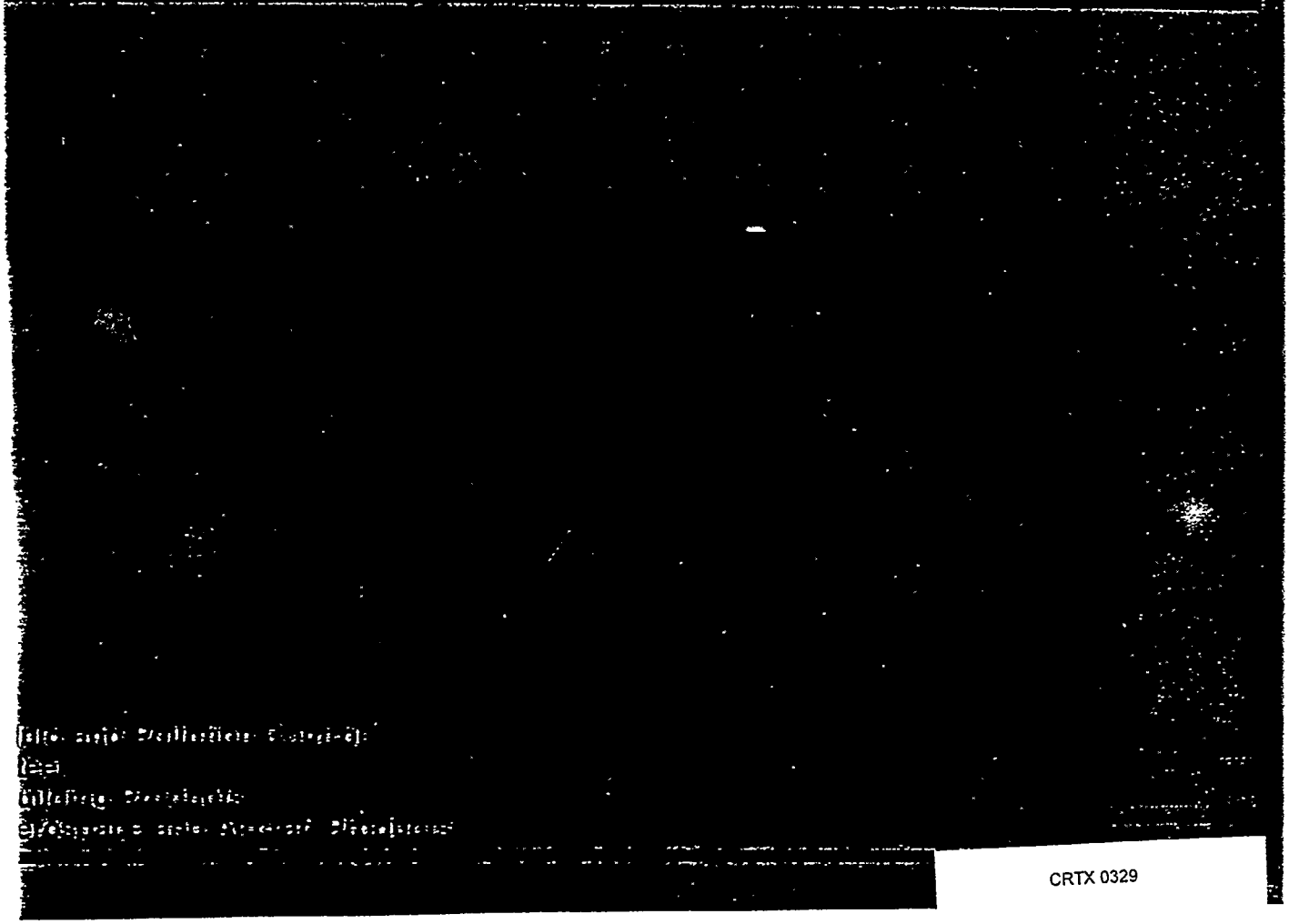
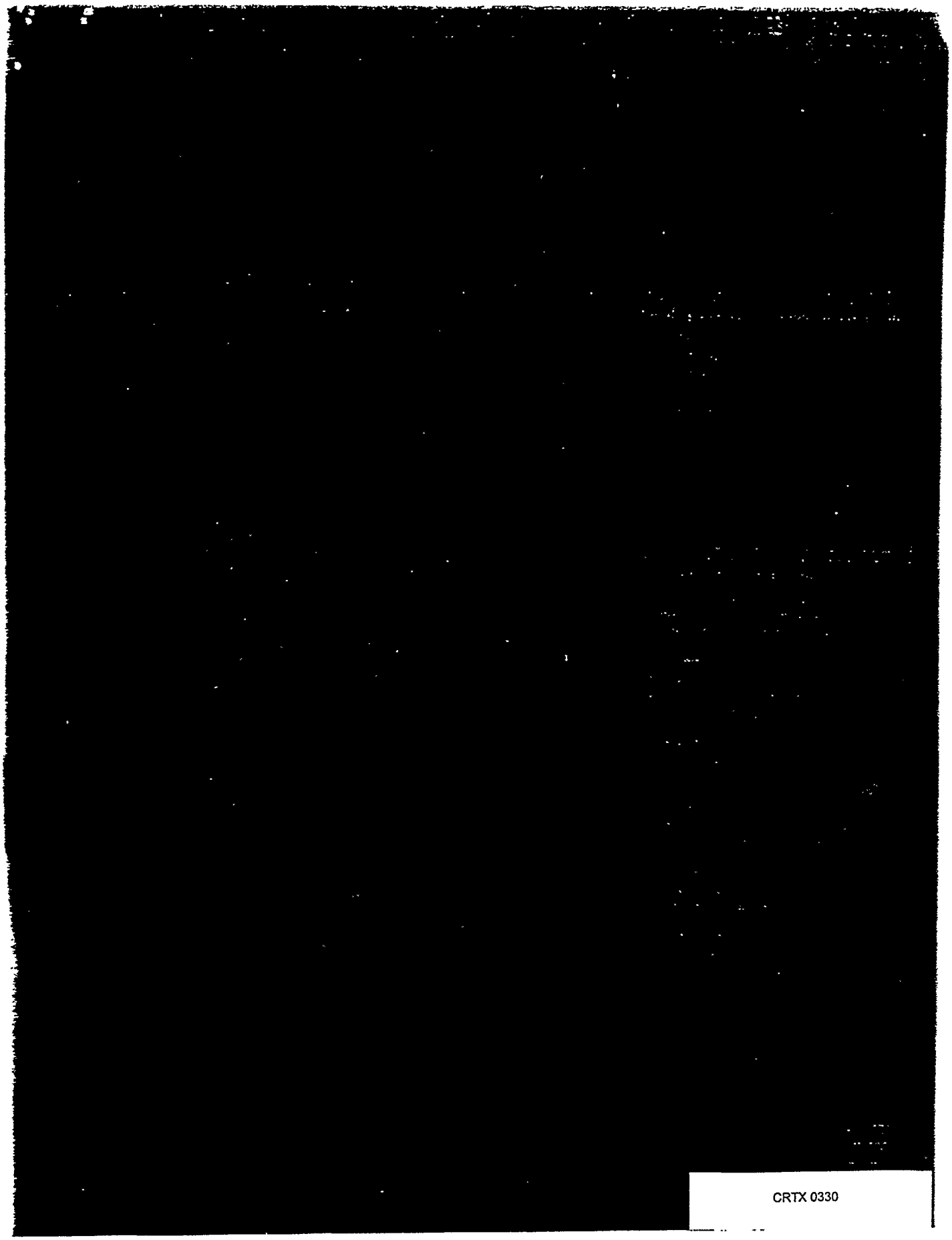
PLAINTIFF'S
EXHIBIT
CRA-29



CRANE CO.
Annual Report 1975





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Financial Highlights

	1975	1974
Sales	**$1,119,494,000**	$1,144,031,000
Income before income taxes	**114,202,000**	97,354,000
Net income	**63,608,000**	56,133,000
Cash dividends	**10,183,000**	7,221,000
Net working capital	**223,076,000**	180,717,000
Total assets	**722,201,000**	607,947,000
Common shareholders' equity	**262,898,000**	219,556,000
Common shares outstanding at year end	**5,019,512**	5,030,491

Ratios at year end:

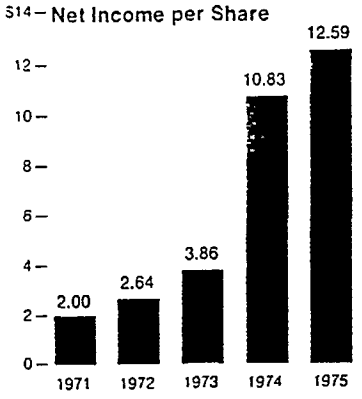
Net income to sales	**5.7%**	4.9%
Current ratio	**2.3**	2.1

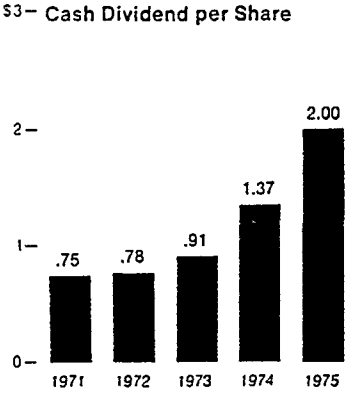
Per Common Share:

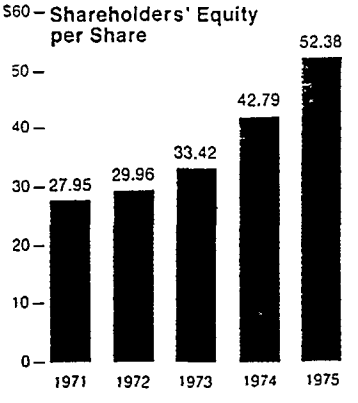
Net income	**$12.59***	$10.83†
Cash dividends	**2.00**	1.37†
Common shareholders' equity	**52.38**	42.79†

*Net income per common share would amount to $11.09 ($8.54 in 1974) assuming conversion of subordinated debentures.

†Adjusted for 2% stock dividend in February, 1975.







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To our Shareholders:

Sales and net income for 1975 were $1,119,494,000 and $63,608,000, respectively, compared with $1,144,031,000 and $56,133,000 in 1974. Net income per share on primary earnings was $12.59, a record year, compared with $10.83 in 1974. The profit margin on sales was 5.7 per cent, compared with 4.9 per cent in 1974.

Crane's exceptional performance during 1975 continued to come principally from three of the four basic business areas served: fluid and pollution control, steel and aerospace. Building products improved somewhat in late 1975, and this improvement is expected to continue as housing starts increase.

During 1975 the Company offered to purchase shares of common stock of The Anaconda Company tendered, up to a maximum of 5,000,000 shares (approximately 22.6 per cent of the outstanding Anaconda common stock). The ratio of exchange is $20.00 principal amount of Crane Co. 8 per cent Subordinated Sinking Fund Debentures due December 1, 1985, for each share of Anaconda common stock tendered. As of December 31, 1975, 3,282,401 shares had been accepted and $65,648,000 principal amount of subordinated debentures had been issued.

The cost of each Anaconda share is the $20.00 principal amount of debentures exchanged, commission of $.80 paid to brokers, and $.20 in other tender offer costs, for a total of $21.00 per common share.

This amount includes $3.60 per share of original issue discount which resulted from the $100 of principal amount of subordinated debentures initially trading at a market price of $82.00, or $18.00 of discount for every five shares of The Anaconda Company. Since December 31 the exchange offer has been extended and 836,679 additional shares have been tendered to date and $16,733,600 additional debentures were issued.

Capital expenditures for modernization and environmental improvements amounted to $52,500,000 during 1975, compared with approximately $45,800,000 in 1974. A capital expenditure program for modernizing and expanding rail mill facilities at the Pueblo, Colorado steelmaking facility has been approved and will have the effect of increasing rail finishing capacity by approximately 50 per cent. This program, which will be financed internally, will require capital expenditures of approximately $60,000,000 over the next three years.

During 1975 the regular quarterly cash dividend of $.35 was increased to $.40 per share in February and to $.50 per share in August. In addition to the regular quarterly dividends, a $.20 per share extra dividend was paid in December. This raised the total cash dividends for the year to $2.00, compared with $1.37 in 1974, an increase of approximately 46 per cent. The Company again paid a 2 per cent stock dividend in February, 1976.

On behalf of the Board of Directors, we wish to express our thanks to the shareholders, employees, customers and suppliers for their contributions toward another truly outstanding year.

Respectfully submitted,

D. C. Fabiani
President

T. M. Evans
Chairman

February 20, 1976



T. M. Evans, Chairman



D. C. Fabiani, President

Consolidated Statement of Income for Years Ended December 31

	1975	1974
Net Sales	$1,119,493,984	$1,144,030,·
Operating Costs and Expenses including depreciation of $35,784,198 ($34,879,959 in 1974):		
Cost of sales	888,594,766	921,266,
Selling, general and administrative	105,161,503	101,878,3
	993,756,269	1,023,145,3
Operating Profit	125,737,715	120,885,
Other Income (Deductions):		
Interest–net	(11,153,219)	(14,280,3
Gain or (loss) on disposal of capital assets–net	1,732,981	(8,159,3
Dividend income on investments	389,329	1,181,2
Miscellaneous–net	(2,505,357)	(2,271,7
	(11,536,266)	(23,530,3
Income Before Income Taxes	114,201,449	97,354,6
Provision for Income Taxes	50,593,656	41,221,2
Net Income	$ 63,607,793	$ 56,133,·
Net income per common share:		
Average shares outstanding	$12.59	$10.83
Assuming conversion of debentures	11.09	8.54

Consolidated Statement of Earned Surplus for Years Ended December 31

	1975	1974
Balance at Beginning of Year	$ 144,593,494	$ 104,083,8
Net Income	63,607,793	56,133,4
	208,201,287	160,217,2
Dividends:		
Preferred shares–$3.75 per share	92,260	97,0
Common shares:		
Cash–$2.00 per share ($1.37 in 1974)	10,091,206	7,123,5
Stock–2%, market value of 100,055 shares (99,944 in 1974)	2,991,645	1,764,0
Excess of Cost Over Par Value of Reacquired Shares–Net:		
1,572 preferred (1,081 in 1974) and 470,611 common (433,888 in 1974) reacquired, less 28,587 issued under stock options (36,324 in 1974)	13,583,602	6,639,0
	26,758,713	15,623,7
Balance at End of Year	$ 181,442,574	$ 144,593,4

See Financial Revie·

Consolidated Balance Sheet
at December 31

	1975	1974
ASSETS		
Current Assets:		
Cash	$ 21,093,617	$ 14,369,156
Short-term investments, at lower of cost or market	87,934,270	37,470,229
Accounts receivable, less allowances of $2,477,014 ($2,550,489 in 1974)	126,709,491	131,293,660
Inventories, less LIFO reserves of $58,117,563 ($47,307,087 in 1974), at lower of cost or market:		
Finished goods	83,807,441	71,018,203
Work in process	47,872,510	54,678,894
Raw materials and supplies	24,958,282	34,730,354
	156,638,233	160,427,451
Prepaid expenses	1,946,678	3,112,336
Total current assets	394,322,289	346,672,832
Investments and Other Assets:		
The Anaconda Company, cost of 3,282,401 common shares	57,105,259	—
Unamortized debt discount on 8% debentures (see page 7)	11,711,644	—
Southern Pacific Company, cost of 300,000 common shares	—	13,173,146
Outlying lands	1,239,854	1,241,874
Miscellaneous	2,123,553	2,727,895
	72,180,310	17,142,915
Property, Plant and Equipment at Cost:		
Land	18,713,012	18,198,017
Buildings and improvements	126,863,312	124,993,970
Machinery and equipment	432,770,948	401,248,313
	578,347,272	544,440,300
Less accumulated depreciation	322,649,045	300,308,885
	255,698,227	244,131,415
	$722,200,826	$607,947,162

	1975	1974
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 13,134,891	$ 4,768,9
Loans payable to banks	11,564,805	18,991,1
Accounts payable	65,526,357	55,111,8
Accrued payrolls, taxes and other liabilities	58,801,501	48,669,6
U.S. and foreign taxes on income	22,218,441	38,414,1
Total current liabilities	171,245,995	165,955,6
Long-Term Debt (see details on page 7)	239,112,445	175,150,9
Deferred Income Taxes	26,613,269	7,001,0
Reserves and Other Liabilities	6,894,705	24,641,4
Minority Interest in Subsidiaries	10,997,305	10,745,4
Shareholders' Equity:		
Preference stock of Glenfield & Kennedy Holdings Limited, 5½%	2,020,000	2,320,0
Cumulative preferred shares, 3¾%, par value $100 (redeemable):		
Authorized—50,919 shares (55,144 in 1974); outstanding—24,189 shares (25,761 in 1974) after deducting 26,730 shares in treasury (29,383 in 1974)	2,418,900	2,576,1
Serial preferred shares, par value $5:		
Authorized—600,000 shares	—	—
Common shareholders' equity:		
Common shares, par value $12.50: Authorized—20,000,000 shares; outstanding—5,019,512 shares (5,030,491 in 1974) after deducting 1,714,847 shares in treasury (1,244,236 in 1974)	62,743,900	62,881,1
Capital surplus	18,711,733	12,081,8
Earned surplus—$66,177,514 ($33,163,027 in 1974) is not restricted under a long-term debt indenture	181,442,574	144,593,4
Total common shareholders' equity	262,898,207	219,556,4
Total shareholders' equity	267,337,107	224,452,5
	$722,200,826	$607,947,1

See Financial Review

Consolidated Statement of Capital Surplus for Years Ended December 31

	1975	1974
Balance at Beginning of Year	$ 12,081,834	$ 7,428,945
Excess of subordinated debentures converted over par value of 330,990 common shares issued (320,146 in 1974)	4,888,942	4,138,178
Excess of market value over par value of common shares issued as 2% stock dividend	1,740,957	514,711
Balance at End of Year	$ 18,711,733	$ 12,081,834

Consolidated Statement of Changes in Financial Position for Years Ended December 31

	1975	1974
Source of Funds:		
Operations:		
Net income	$ 63,607,793	$ 56,133,402
Depreciation	35,784,198	34,879,959
Other, net	11,722,093	4,035,959
	111,114,084	95,049,320
Reduction in investments and other assets	13,779,508	8,678,936
Increase in long-term debt, less original issue discount	85,090,163	-- -1,740,000
Conversion of debt to common stock	9,032,700	8,140,900
Disposals of property, plant and equipment	5,107,365	30,574,163
	224,123,820	144,183,319
Application of Funds:		
Additions to property, plant and equipment	52,458,375	45,827,971
Investment in The Anaconda Company	57,105,259	—
Reduction in long-term debt	32,840,301	38,476,835
Reacquisition of shares, less options exercised	19,572,486	11,717,587
Cash dividends	10,183,466	7,220,658
Reduction in reserves, minority interest and other	9,604,788	7,165,602
	181,764,675	110,408,653
Net Source of Funds	$ 42,359,145	$ 33,774,666
Increase (Decrease) in Components of Working Capital:		
Current assets:		
Cash and short-term investments	$ 57,188,502	$ 13,878,604
Accounts receivable	(4,584,169)	4,844,310
Inventories	(3,789,218)	29,792,572
Prepaid expenses	(1,165,658)	470,503
	47,649,457	48,985,989
Current liabilities:		
Current maturities of long-term debt	8,365,910	(1,543,006)
Loans payable to banks	(7,426,316)	(6,098,227)
Accounts payable	10,414,504	(11,191,754)
Accrued payrolls, taxes and other liabilities	10,131,888	(1,324,427)
U.S. and foreign taxes on income	(16,195,674)	35,368,737
	5,290,312	15,211,323
Increase in Working Capital	$ 42,359,145	$ 33,774,666

See Financial Review.

Details of Long-Term Debt at December 31	1975	1974
Crane Co.:		
6½% Sinking fund debentures due 1992, $2,000,000 due annually, after deducting $5,795,000 in treasury in 1975	$ 28,205,000	$ 30,754,0
7½% Bank term loan due 1980, $1,875,000 due quarterly commencing November 30, 1976, fluctuating with minimum commercial lending rate	28,125,000	—
Miscellaneous	158,424	317,-
	56,488,424	31,071,-
Subordinated debentures:		
8% Sinking fund debentures due 1985, 10% due annually commencing December 1, 1976 (see page 4):	59,083,200	—
7% Sinking fund debentures due 1993, 5% due annually, after deducting $4,357,000 in treasury in 1975	13,886,400	15,307,-
7% Debentures due 1994, after deducting $3,717,000 in treasury in 1975	48,360,000	52,077,0
5% Convertible debentures due 1993, convertible at $25 per share (153,164 common shares reserved in 1975), after deducting $5,991,000 in treasury in 1975	3,829,100	7,240,-
5% Convertible debentures due 1994, convertible at $28.75 per share (434,814 common shares reserved in 1975), after deducting $32,213,000 in treasury in 1975	12,500,900	19,105,3
	137,659,600	93,730,-
	194,148,024	124,801,2
CF&I Steel Corporation:		
8% First mortgage and collateral trust bonds, sinking fund series due 1983, $1,000,000 due quarterly	29,000,000	33,000,0
Huttig Sash & Door Company:		
7½% Notes payable, $175,800 due annually commencing September 1, 1976	703,251	—
Foreign Subsidiaries:		
Crane Canada Limited sinking fund debentures:		
5¾% (collateralized by a general claim on property and assets), due 1985, $431,000 due annually, after deducting $584,000 in treasury in 1975	5,883,920	6,600,0
Crane Ltd. (England):		
12¾% Bank term loan due 1977, fluctuating with bank rate	3,636,000	4,176,0
12¾% Bank term loan due 1978, fluctuating with bank rate	1,022,860	1,740,0
Glenfield & Kennedy Holdings Limited:		
5¾% Unsecured loan stock due 1982	2,527,769	2,931,0
Miscellaneous	2,190,621	1,902,6
	15,261,170	17,349,6
	$239,112,445	$175,150,9

Consolidation

The consolidated financial statements include all subsidiaries, and accounts carried in foreign currencies have been translated at the appropriate rates.

Subsidiaries operating outside the United States and Canada had net sales of $98,372,000 in 1975, compared with $82,367,000 in 1974. In 1975 net income from foreign operations amounted to $3,415,000, compared with $42,000 in 1974. These subsidiaries represented 11.9 per cent of shareholders' equity in 1975, down from 12.9 per cent in 1974.

Plant Improvement

In 1975, $52,458,000 was invested in improving production facilities, principally at the Pueblo, Colorado steel mill and other domestic facilities.

The cost of property, plant and equipment is depreciated over estimated useful lives on the straight-line method. Generally, for income tax purposes, depreciation is determined by accelerated depreciation methods as permitted under tax regulations, and deferred income taxes are recognized for the difference.

Pensions

Pension costs charged against operations for the retirement plans maintained by the Company and its subsidiaries were $43,556,000 in 1975, compared with $38,945,000 for 1974. Current service and interest costs are funded annually and prior service costs are funded on a 10-year basis.

In connection with a CF&I Steel plant closing during 1974, $11,500,000 of vested pension liability was charged to "Gain or (loss) on disposal of capital assets—net." This charge was partially offset by $3,033,000, representing the excess of equity over cost of minority shares purchased.

At December 31, 1975, vested benefits exceeded the total pension plan assets and balance sheet accruals by 143,000,000 ($172,000,000 at December 31, 1974) before future income tax benefits. This decrease was principally caused by the high level of funding and revisions to actuarial factors.

Miscellaneous Deductions

Components are as follows:

	1975	1974
	(in thousands)	
Minority interest	$1,907	$1,722
Loss on investments—net	2,024	2,146
Other	242	89
	4,173	3,957
Gain on repurchase of debentures	(1,668)	(1,685)
	$2,505	$2,272

Long- and Short-Term Financing

Long-term debt was increased by $96,907,000 during 1975, principally by the issuance under an exchange offer of 8 per cent Subordinated Sinking Fund Debentures due 1985 of $65,648,000 principal amount for The Anaconda Company common stock and by the negotiation of a $30,000,000 unsecured five-year senior term loan. Original issue debt discount of $11,817,000 on the 1985 debentures is included with Investments and Other Assets and is being amortized over the term of this debt.

Long-term debt was reduced by $32,840,000 during 1975, compared with $38,477,000 during 1974. The 1975 decrease was caused by conversion of $9,033,000 of debentures and retirements of $23,807,000 of other debt.

Covenants contained in instruments under which the Company has outstanding indebtedness: (i) require the Company to maintain consolidated working capital of at least $150,000,000; (ii) require the Company to maintain consolidated tangible net worth of at least $200,000,000; (iii) restrict payment of cash dividends; and (iv) restrict the issuance of additional senior funded debt (as of December 31, 1975 the Company could issue no additional senior funded debt).

At December 31, 1975, the principal amounts of long-term debt repayments required for the next five years were $13,135,000 in 1976, $22,531,000 in 1977, $20,117,000 in 1978, $20,885,000 in 1979, and $18,830,000 in 1980.

At December 31, 1975, there were $82,430,000 of unused short-term credit lines available with domestic and foreign banks, and such lines are subject to annual review.

Reserves and Other Liabilities

A summary of reserves and other liabilities follows:

	1975	1974
	(in thousands)	
Pension and wage benefits	$3,774	$20,728
Relining and rebuilding of blast furnaces	1,018	1,499
Future foreign currency valuation	—	689
Miscellaneous	2,103	1,725
	$6,895	$24,641

The decrease in the reserve for pension and wage benefits was due principally to the payment into the pension fund of the vested pension liability recorded on the disposal of a plant in 1974.

Income Taxes

A reconciliation of consolidated income before income taxes to the provision for income taxes (federal, state and foreign) is as follows:

	1975	1974
	(in thousands)	
Income before income taxes	$114,202	$97,354
Permanent tax adjustments:		
Depletion	2,554	1,571
Original issue bond discount	1,080	1,015
Nontaxable capital gains	1,979	—
Nontaxable credit on excess of equity over cost of minority shares acquired	—	3,033
Other	1,359	153
	6,972	5,772
Taxable income for accounting purposes	$107,230	$91,582
Tax @ 50% (composite rate)	53,615	45,791
Less investment tax credit realized	3,021	4,570
Provision for income taxes	$ 50,594	$41,221

The provision for income taxes is composed of the following:

	1975	1974
	(in thousands)	
Tax effect of timing differences:		
Depreciation	$ 2,577	$ 3,983
Pension expenses	5,968	—
Plant closing costs	—	(2,946)
Other	1,231	(60)
Total deferred taxes	9,776	977
Current income taxes paid or payable	40,818	40,244
Provision for income taxes	$50,594	$41,221

The above provisions include foreign taxes of $8,300,000 and $5,319,000, and state taxes of $2,392,000 and $3,288,000, in 1975 and 1974, respectively.

In 1975, subsequent to the issuance of the 1974 annual report, the Company received approval from the Internal Revenue Service to accelerate funding of its pension obligation with respect to one of its pension plans and to be entitled to an income tax deduction. Therefore, the Company contributed $20,000,000 as a result of this ruling during 1975, but was permitted to take a deduction in its 1974 income tax return. The income tax effect was accounted for in the 1974 annual report as a deferred income tax benefit, but subsequent to that time it was accounted for as a current income tax benefit.

United States income taxes have not been provided undistributed earnings of foreign subsidiaries, since f eign tax credits available on any portion of these earnin not required for indefinite reinvestment are such that significant tax would be payable upon distribution.

Leases

Rental expense was as follows for all leases for t years ended December 31, 1975 and 1974:

	1975	197-
	(in thousands	
Rentals on noncapitalized financing leases:		
Minimum	$ 4,759	$ 4,3
Contingent	617	7
Rentals on operating leases:		
Minimum	9,009	8,1
Contingent	338	3
	$14,723	$13,9

Rental expense has been reduced by rental incor from subleases of $1,591,000 during 1975 and $1,514,0 during 1974.

Financing leases are defined as those in which the i itial term of the lease substantially covers the useful ec nomic life of the property or assures recovery of the lessor investment. All others are considered operating leases.

The Company and subsidiaries lease buildings ar equipment under noncancelable leases providing for a nual rentals as follows:

		Financing Leases		Operating Leases	
	Total	Buildings	Machinery and Equipment	Buildings	Machine and Equipme
		(in thousands)			
1976	$ 8,212	$1,037	$ 3,695	$1,877	$1,60
1977	7,203	1,239	3,492	1,553	91
1978	6,298	1,344	3,243	1,290	42
1979	5,785	1,518	3,093	1,007	16
1980	5,171	1,486	2,759	891	3
1981-85	21,296	6,421	12,578	2,285	1
1986-90	19,160	5,736	12,592	832	—
1991-95	12,637	2,289	10,330	18	—
1996-beyond	2,111	2,111	—	—	—

The above amounts have been reduced for rental i come from noncancelable subleases by approximate $1,103,000 in 1976 and lesser amounts thereafter (total r duction $4,722,000).

Certain of the leases may be renewed for periods from 3 to 20 years and provide for an option to purchase for annual rental payments of minimal amounts.

The estimated present values of the net fixed minimum rental commitments for all noncancelable financing leases, net of noncancelable subleases, are as follows:

	December 31	
	1975	1974
	(in thousands)	
Buildings	$14,852	$15,617
Machinery and equipment	30,741	31,626
Subleases	(2,095)	(2,108)
Net present value	$43,498	$45,135

The weighted average interest rate used in the computation was 6.8 per cent and ranged from 4 per cent to 12 per cent.

If all financing leases had been capitalized, net income for the years ended December 31, 1975 and 1974 would not have been significantly affected.

Stock Options

A summary of option transactions under all plans follows:

	Number of Shares	Price per Share
Outstanding January 1, 1975	84,846	$15.14-30.64
2% Stock dividend	1,626	
Options granted	14,300	37.25-48.00
Options expired	(266)	16.51
Options exercised	(28,587)	15.14-30.64
Outstanding December 31, 1975	71,919	$15.14-48.00

At December 31, 1975, after amendment to the 1970 plan, options for 28,773 shares were exercisable and 0,064 shares were available for grant. In 1974 options for 7,685 shares were granted and options for 36,324 shares were exercised. All shares and per share statistics have been adjusted for the 2 per cent stock dividend in 1975. None of these are compensatory plans requiring charges to income.

Subsequent Events

Subsequent to year-end the Company extended its exchange offer for Anaconda common stock and exchanged an additional $16,733,600 principal value of 8 per cent Sinking Fund Debentures for 836,679 shares of Anaconda common stock.

Litigation

Crane's lawsuit against American Standard, Inc. and Blyth & Company, Inc., arising out of the merger of Westinghouse Air Brake Company in 1968, remains pending. The case is presently before the federal district court for an assessment of Crane's damages and other appropriate relief, but the Company is unable to predict the outcome of the matter.

Certain litigation is also pending between Crane and The Anaconda Company in connection with Crane's exchange offer to Anaconda stockholders. Anaconda has alleged violations by Crane of the securities and antitrust laws and the Interstate Commerce Act, all of which have been denied. On its part, Crane has alleged violations by Anaconda of the securities laws in attempting to oppose Crane's exchange offer. Crane has voluntarily consented to limit acquisition of Anaconda stock under the offer to 5,000,000 shares, as well as not seeking representation on Anaconda's board, and further agreeing to comply with Section 7 of the Clayton Act, including the voting of its shares. While Crane cannot predict the final outcome of this litigation, it has been advised by counsel that it is presently under no material exposure with respect thereto.

Report of Independent Accountants

To the Shareholders of Crane Co.

We have examined the consolidated balance sheet of Crane Co. and subsidiaries as of December 31, 1975 and 1974, and the related consolidated statements of income, earned surplus, capital surplus and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of CF&I Steel Corporation, a consolidated subsidiary, which statements were examined by other independent certified public accountants whose reports thereon have been furnished to us. Total assets and net sales of CF&I Steel Corporation constituted approximately 43% and 38%, respectively, of the related consolidated totals in 1975 (47% and 38% in 1974). Our opinion expressed herein, insofar as it is related to the amounts included for the foregoing subsidiary, is based solely upon the reports of the other independent certified public accountants.

In our opinion, based upon our examinations and the aforementioned reports of other independent certified public accountants, the financial statements referred to above present fairly the consolidated financial position of Crane Co. and subsidiaries at December 31, 1975 and 1974, and the consolidated results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Ernst

New York, N.Y.
January 26, 1976

Quarterly Results for the Year

(in thousands)

Quarter	Sales		Net Income		Net Income per Common Share	
	1975	1974	1975	1974	1975	1974*
1st	$ 281,369	$ 257,910	$14,886	$ 7,130	$ 2.93	$ 1.37
2nd	288,367	306,214	16,321	15,746	3.22	3.04
3rd	278,832	290,792	15,848	16,275	3.15	3.14
4th	270,926	289,115	16,553	16,982	3.29	3.28
	$1,119,494	$1,144,031	$63,608	$56,133	$12.59	$10.83

Market and Dividend Information—Common Shares

Quarter	New York Stock Exchange Price per Share				Dividends per Share	
	1975		1974		1975	1974*
	High	Low	High	Low		
1st	$41¼	$26½	$19⅝	$15	$ .40	$ .25
2nd	52½	39⅛	26	18⅝	.40	.25
3rd	52¼	41½	34	21½	.50	.34
4th	48¾	41½	33	24¼	.70	.53
					$2.00†	$1.37†

*Adjusted for 2% stock dividend in February, 1975.
†Includes a special dividend of $0.20 in the 4th quarter ($0.20 in 1974).

In 1975 consolidated sales decreased 2.1 per cent from the 1974 level. Crane Domestic sales declined approximately 5.8 per cent, which was attributable to a decrease in building products sales combined with the effect of sales from terminated operations included in the 1974 figure. The fluid and pollution control portion of this operation showed significant increases over the 1974 period.

CF&I Steel Corporation's Pueblo Plant, whose principal market is in the Rocky Mountain area, was able to increase 1975 sales 6.0 per cent due to a strong demand for rails and oil field tubing and casing. Overall, CF&I Steel Corporation showed a decrease of approximately 2.5 per cent in total sales volume; the 1974 figure included sales from operations that have been terminated.

Huttig Sash & Door sales declined approximately 10.3 per cent, reflecting the overall decline in building construction. Huttig's strong position in nonurban areas helped temper the effect of the overall building decline.

Crane Canada's sales increased 1.0 per cent, with no significant variations in either building products or fluid and pollution control products from 1974. International sales increased approximately 19.4 per cent, reflecting strong demand for steel valves during the year.

In 1974 consolidated sales increased 20.8 per cent over 1973, due principally to the cessation of price controls on valve and steel products and strong demand for other industrial products manufactured and distributed by Crane.

Depreciation expense increased 2.6 per cent between 1974 and 1975, and 15.6 per cent between 1973 and 1974. This reflects, in part, the Company's $52,500,000 capital program in 1975 and approximately $166,000,000 that was spent in the steel business over the prior five years.

In 1975 operating profit increased 4.0 per cent over the 1974 level. Improved profit margins on fluid and pollution control products enabled Crane Domestic to improve its operating profit by 33.5 per cent. Continued strong demand for the full line of products sold in Canada enabled that subsidiary to increase its operating profit by 19.0 per cent. Strong demand for fluid and pollution control products, especially steel valves, enabled the International operations to more than double operating profit.

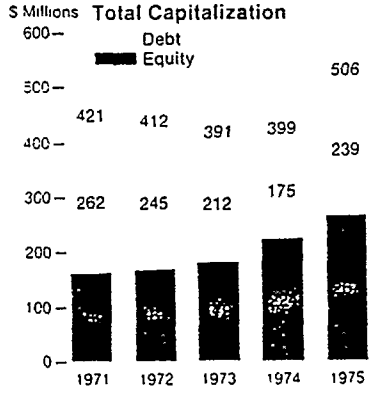
CF&I Steel Corporation's operating profit decline of approximately 10 per cent was attributable to higher employment and material costs, which were not offset by price increases. The decline in sales at Huttig Sash & Door Company made it impossible for Huttig to maintain profit margins and, therefore, Huttig experienced a 29.5 per cent decline in operating profit. The increase in corporate expenses was primarily attributable to legal expenses incurred in connection with the WABCO and Anaconda litigations.

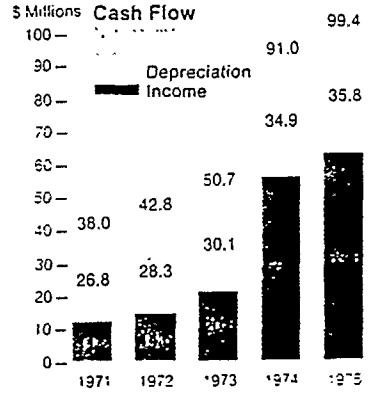
Improvement in the 1974 consolidated operating profit was primarily due to the elimination of price controls, combined with heavy demand for valve and steel products by energy-related and other heavy industries and elimination of unprofitable and marginal operations. The decline in building products during the second half of 1974 only slightly reduced the improved operating margins.

During 1975 interest expense decreased by 16.0 per cent due to lower outstanding debt during the year and a general decline in interest rates.

In 1975 income before income taxes increased 17.3 per cent due to higher operating profit and lower interest rates, as well as to gains on the disposal of capital assets. Income before income taxes increased 199.0 per cent between 1973 and 1974 as a direct consequence of improvements in sales and operating profits.

Income taxes increased 22.7 per cent between 1974 and 1975 and 244.1 per cent between 1973 and 1974. Income taxes for 1975 were at an effective rate of 44.3 per cent and for 1974 were 42.3 per cent of income before taxes. The effective tax rate is higher essentially due to greater income before taxes being subject to the maximum income tax rates and lower investment credits.





Five Year Summary of Operations

(In thousands)

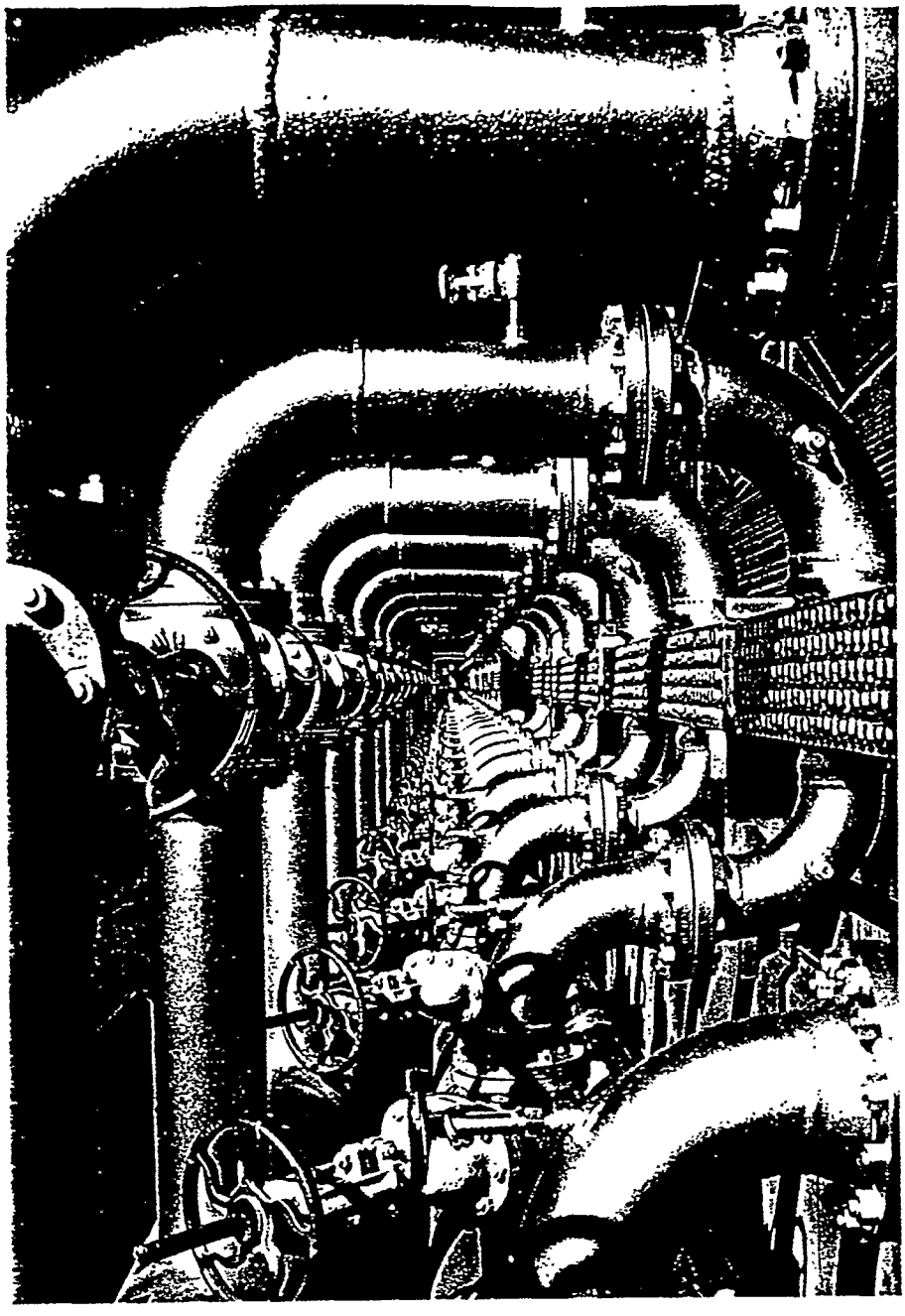
	1975	1974	1973	1972	1971
Net Sales	$1,119,494	$1,144,031	$947,093	$844,395	$791,508
Depreciation	35,784	34,880	30,163	28,277	26,837
Operating Profit	125,738	120,885	50,973	35,050	30,656
Interest Expense	15,905	18,933	19,406	19,476	20,430
Income Before Income Taxes	114,202	97,354	32,558	17,354	13,458
Income Taxes	(50,594)	(41,221)	(11,981)	(4,901)	(3,169
Extraordinary Credits	—	—	—	2,020	873
Net Income	$ 63,608	$ 56,133	$ 20,577	$ 14,473	$ 11,162
Net Income per Common Share*					
Average Shares Outstanding	$12.59	$10.83	$3.86	$2.64	$2.00
Assuming Conversion of Debentures	11.09	8.54	3.03	2.11	1.63
Cash Dividend per Common Share*	2.00	1.37	.91	.78	.75

*Adjusted for 2% stock dividends.

Analysis of Net Sales and Operating Profit

(In thousands)

	1975		1974		1973		1972		1971	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales										
Crane Domestic	$ 355,341	32	$ 377,312	33	$319,423	34	$299,389	36	$291,515	37
CF&I Steel Corporation	427,900	38	438,721	38	342,814	36	282,039	33	261,719	33
Huttig Sash & Door Company	80,495	7	89,762	8	93,904	10	84,300	10	70,530	9
Crane Canada Limited	157,386	14	155,869	14	115,190	12	102,324	12	98,337	12
International Operations	98,372	9	82,367	7	75,762	8	76,343	9	69,407	9
Total Net Sales	$1,119,494	100	$1,144,031	100	$947,093	100	$844,395	100	$791,508	100
Operating Profit										
Crane Domestic	$ 38,081	28	$ 28,532	22	$ 9,433	17	$ 7,776	20	$ 6,136	17
CF&I Steel Corporation	67,788	50	75,261	59	27,016	48	15,304	38	17,193	49
Huttig Sash & Door Company	5,110	4	7,253	6	9,062	16	6,419	16	4,527	13
Crane Canada Limited	15,995	12	13,437	11	6,452	11	5,112	13	3,706	10
International Operations	7,841	6	3,025	2	4,551	8	5,202	13	3,955	11
	134,815	100	127,508	100	56,514	100	39,813	100	35,517	100
Corporate	(9,077)		(6,623)		(5,541)		(4,763)		(4,861)	
Total Operating Profit	$ 125,738		$ 120,885		$ 50,973		$ 35,050		$ 30,656	



Crane steel valves are used throughout this gas transforming plant at a refinery complex in Australia.

Fluid and Pollution Control

Crane is a leading manufacturer of valves, fittings, pumps and pollution control equipment for industrial and municipal use. Principal industrial markets are the petroleum, chemical, power, and pulp and paper industries.

Crane Domestic

Crane fluid and pollution control products recorded new highs in sales and earnings for the second consecutive year in 1975 as demand remained particularly strong in Crane's primary market areas. The petroleum, chemical and power industries are prime growth areas both in the United States and abroad. To maximize penetration of these markets, Crane has focused on production of carbon, alloy and stainless steel valves, broadened its industrial pump line, and intensified the marketing programs for leak-proof pumps and special service valves.

Valve production economies and efficiencies were important factors in this record 1975 performance. These economies will be heightened in 1976 with the completion of a new bronze casting center, which will be in operation by mid-year. In addition, the Company is expanding its capability to produce stainless steel valves for corrosion-resistant service. Crane's high-performance welding fittings are in particular demand by the power and gas and oil distribution industries.

The Chempump Division continues to strengthen its position in chemical processing, nuclear and power markets. The Division's line of Flomatics control valves has been expanded to include a specialty low-noise valve, necessary to meet the stricter requirements of the Occupational Safety & Health Act of 1970. In addition to new plant construction, an important market is developing for Crane products in the nuclear power industry as existing power plants are retrofitted to meet new safety requirements and to improve capacity.

Crane's Deming Division continued to increase its share of the industrial pump market and introduced several new industrial products during 1975. These include a liquid vortex pump designed to handle difficult fluids containing suspended solids or slurries and a new submersible solids handling pump.

Cochrane Environmental Systems has widened its range of products for pollution control applications. Demand for this equipment is expected to remain quite strong as industry continues to meet governmental requirements. After extensive testing, last year Cochrane introduced a packaged treatment system designed to handle industrial wastewater which contains toxic metals. The unit has important applicability in the metal plating, electronics and wire products industries.

Crane Supply Company, with 56 branches throughout the United States, operates as Crane's company-owned distribution network. The Division offers industrial markets a full line of Crane valves, pumps and fittings plus related products purchased from other manufacturers.

Although recessionary conditions forced industry as a whole to lower 1975 capital expenditures from original estimates, capital spending remained strong in Crane's primary industrial markets—petroleum, chemical, power, and pulp and paper. Once again, these sectors are projecting capital spending above the industrial average for 1976. Pollution abatement requirements alone will necessitate sizable capital investments, and Crane is well positioned to supply both pollution control equipment and the valves and pumps necessary for such systems.

Crane Canada

Canadian operations performed well in 1975 despite a generally slack economy. Crane Canada's primary fluid and pollution control markets are the pulp and paper, chemical and petrochemical industries. The latter two should be strong growth areas as industry expands its refining and chemical feedstock capacity. Such capabilities are vital to promote the development of secondary industry—a stated economic goal of the Canadian government. The Company's stainless steel slurry valves, with primary application for the pulp and paper industry, are now being introduced for municipal sewage and industrial effluent handling.

Crane International

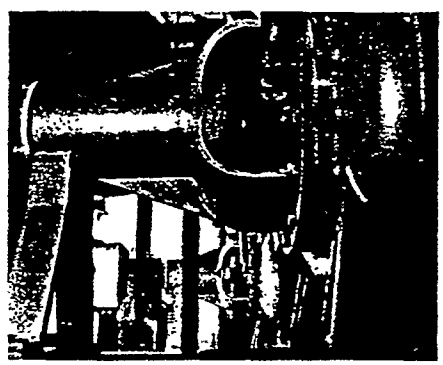
Crane is one of the largest manufacturers of fluid control equipment in Europe, with facilities in England, France, Spain and The Netherlands. Increased export shipments, which contributed significantly to higher earnings for International operations as a whole, were particularly important in Great Britain and France.

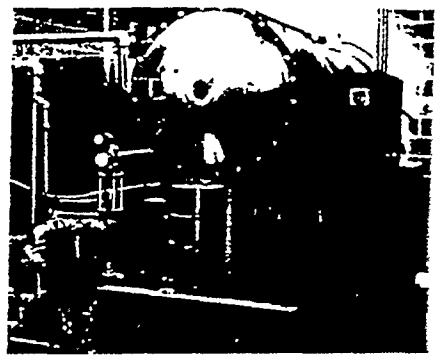
French and Spanish operations performed well in 1975, largely due to a continuing need for steel valves by petroleum processors. Results at Crane's facility in The Netherlands also showed improvement last year despite that country's depressed economy.

A strong demand for steel valves plus greater efficiencies resulted in an improved 1975 performance for Crane Ltd. During the year the Company placed greater emphasis on developing its more profitable product lines. With an improving British economy, 1976 should be a good year.

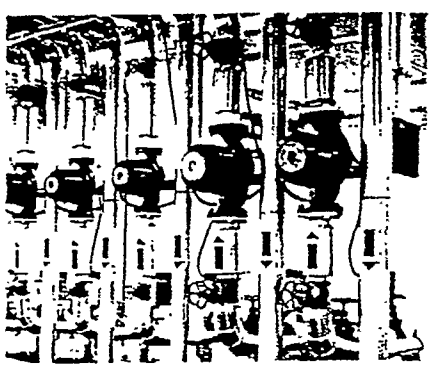
Crane Australia posted a record year in 1975. Valve shipments should remain at a high level as the investment climate in Australia improves. The performance of Crane Deming de Mexico was better in 1975, reflecting successful penetration of industrial pump markets as well as agricultural and commercial markets.

Global markets continue to provide an opportunity for Crane's growth. The production, pricing and shipping advantages of Crane's domestic plants, working in conjunction with Canadian and international plants, offer customers in the Middle East, the Far East, Africa and Latin America a full-line, single-source supplier of valve and pump products.









1. New larger sizes of Deming solids handling pumps were installed at a municipal waste treatment plant in Pennsylvania.

2. In Texas, ozone generated by this Crane ozonator is used to purify and clarify municipal wastewater, which is then recycled into a stream and recreational lake.

3. Glenfield recoil check valves protect pumps against reverse flow at a pumping station in England.

4. Circulating pumps manufactured by Crane-FISA power the central heating system of an institutional building in Bilbao, Spain.



Hot billets move through the new continuous caster during one of its initial test runs in early February.

Steel

CF&I Steel Corporation serves the transportation, petroleum, mining, construction and agricultural industries, primarily in the Rocky Mountain area. A vertically integrated steel manufacturer, CF&I supplies its own coking coal, iron ore, limestone and dolomite from company-operated mines and quarries. A subsidiary, The Colorado & Wyoming Railway Company, transports raw materials to Pueblo from mines in Wyoming and Colorado.

CF&I Steel Corporation

CF&I continued to operate at high levels in 1975. Sales and earnings remained strong despite greatly reduced demand for products of the steel industry as a whole. CF&I's consistently fine profit performance is attributable to increased production efficiencies as well as to the Company's product line, its location and the industries served.

Sales of rails and accessories were the highest in 20 years. During the year the Company introduced a new 16-inch tie plate for use on high-performance track, which was particularly well received. The outlook for CF&I's rail products continues to be excellent. Railroads in the West are making greater use of unit trains and heavier track loadings, which necessitate improved track performance and modified structure. The development of new energy sources will require the expansion of existing rail lines, as well.

CF&I's shipments of oil country casing and tubing were up in 1975. Production of high-strength material has increased substantially, the result of improvements made during the year in high-strength tubular goods manufacturing facilities.

Sales of CF&I grinding balls to the mining industry also gained appreciably. Last year the Company became a major supplier of an alternative type of rock bolt suitable for the epoxy resin anchorage systems which are gaining wider use in western mines.

Agricultural demand for wire products remained stable during the year. Because of CF&I's unique position to service farm and ranch markets, sales of these products should increase during 1976 with a healthier economic climate.

Facilities

CF&I initiated a $23 million addition to plant modernization and steelmaking ca-

pacity in 1975 as construction began on a new continuous caster for billets and a second 125-ton electric furnace. The caster, built at a cost of $11 million, was placed in operation early in 1976 and will produce 300,000 tons of billets annually. The new $12 million furnace, which completes this project, will be tied into the caster and will increase the Pueblo plant's annual basic steelmaking capacity from 1.6 million ingot tons to 1.9 million ingot tons. Capacity at Pueblo was last expanded in 1957. The first electric furnace, which went into operation in late 1973, replaced CF&I's open hearth furnaces.

CF&I continues its program of major facility improvements. In January of this year the Company announced a proposed $60 million rail mill expansion. The program, which will be financed internally and carried out over a three-year period, will expand CF&I's rail-finishing capability by approximately 50 per cent. Included in the expansion program are an additional blooming mill and greater heating capacity as well as the most modern rail-straightening equipment. The new facility promises significant cost reductions in the manufacture of rails, tubular products, bars and wire products.

A new iron ore mine was opened in 1975 adjacent to CF&I's Sunrise, Wyoming mine to insure a continuing supply of iron ore at minimum cost. In addition, another coal mine is planned in the area of the Company's existing Allen Coal Mine located near Trinidad, Colorado. This mine will supply the Pueblo plant's full requirements for high-volatile coal.

During the year CF&I's seamless tube mill was modified to operate on alternate fuels, and the Company continues to search for additional sources of natural gas. Currently CF&I owns or controls water rights sufficient for its plant operations. The Company also owns over 350,000 outlying acres in the Rocky Mountain region which offer natural resource and real estate development potential.

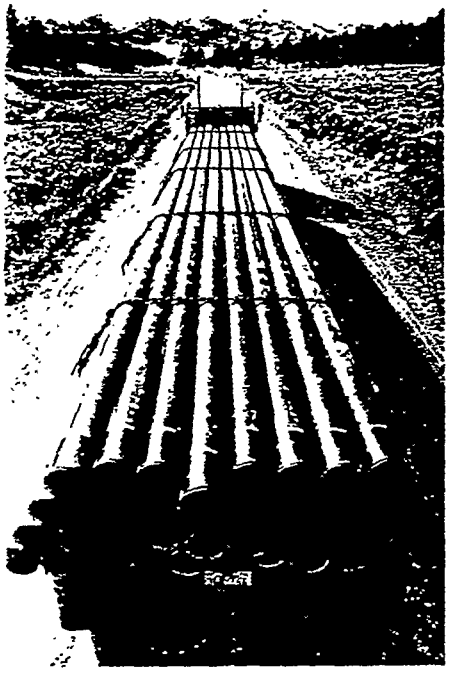
The Company's program to improve air and water quality progressed in 1975. New facilities are now under construction at the Pueblo plant to control fugitive dust emissions at the ore preparation area and the lime plant. CF&I also has undertaken a pilot program to control even further emissions from its modern coke batteries.

In December 1975 CF&I entered into an agreement with Nuclear Resources, Inc., a subsidiary of Commonwealth Edison Company of Chicago, for the sale of 640 acres of fee lands and underground mineral interests in approximately 7,563 acres. This property, located in Carbon County, Wyoming, contains non-metallurgical steam coal. The sale, which is subject to the fulfillment of certain conditions, is scheduled for consummation by June 1, 1976 for a total cash price of $20 million. CF&I will reserve all oil and gas rights.

Subsidiaries

CF&I Engineers, Inc. supplies specially designed equipment to both the domestic and international sugar industry. The Company performed well in 1975 and continues to have a favorable outlook. The demand remains for additional capacity and more efficient sugar recovery from beets and cane. Equipment furnished by CF&I Engineers is used for the majority of sugar beets processed in the United States

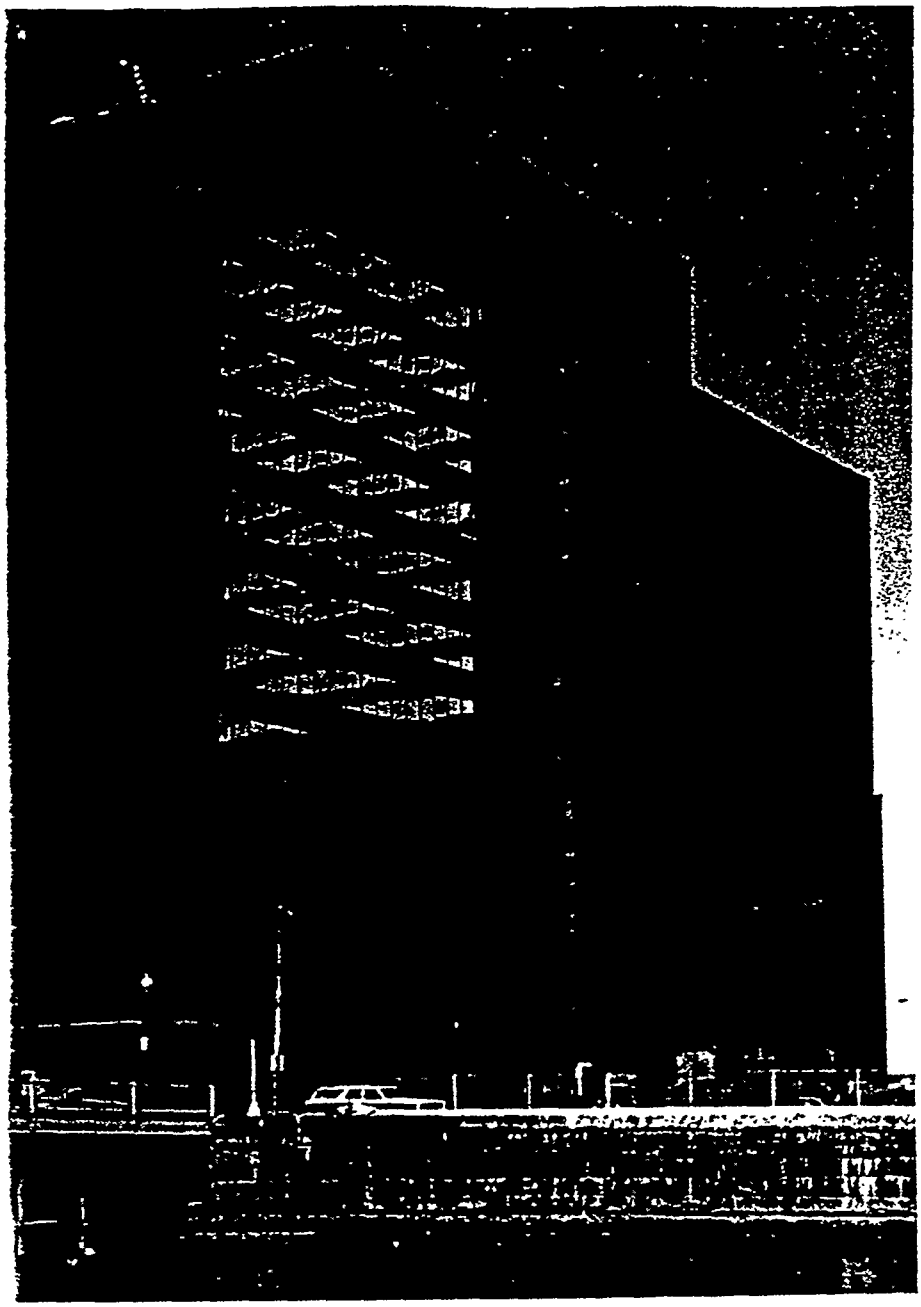
In December 1975 C&W Exploration Corp. was incorporated as a subsidiary of CF&I for the purpose of locating additional fuel reserves for CF&I's Pueblo plant. C&W has acquired certain leasehold interests in eastern Colorado, and actual drilling operations will be conducted under an agreement with a professional driller.



CF&I casing and tubing is used in every major oil producing center in the West, on the Gulf Coast and in the Alaskan oilfields.



Since 1972, CF&I has spent $29 million on pollution control. The improved air quality is evident in a recent aerial photo of the Pueblo mill.



The new Stone & Webster Building in Boston is equipped with Crane fixtures.

Building Products

Crane manufactures and distributes a variety of plumbing and related products to residential, industrial and commercial construction markets in the United States, Canada and Europe. Its subsidiaries, Huttig Sash & Door Company and CF&I Steel Corporation, also serve the construction industry.

Crane Domestic

The decline in U.S. residential, commercial and industrial construction markets continued through most of 1975 and adversely affected the performance of Crane building products. In late 1975, however, sales gradually increased as housing starts began to recover from the low point reached in late 1974.

Crane introduced an improved high-performance water system pump for the residential market during the year. In addition, plumbing operations were tailored to meet the lower level of product demand. Crane, therefore, should be in a good position to benefit from even a modest housing recovery in 1976.

Crane Canada

Canadian residential construction activity, which experienced a far milder decline than in the U.S., began a steady recovery in mid-1975. As a result of this improvement plus a strong institutional market, Crane Canada's plumbing products performed well.

To extend its institutional product line, the Company introduced several additional plumbing fixtures for hospital and paraplegic use. A new pressure-compensating bath and shower unit was well received in residential and commercial markets.

The Canadian residential construction rebound accelerated sharply in the final months of 1975. Crane Canada, as one of the major suppliers of plumbing fixtures and brass valves for piping systems in the country, is in a firm position to benefit from the current recovery. The increase in both single- and multi-family housing activity, expected to continue at a healthy level throughout 1976, should provide a good market for these products.

Crane International

The low level of construction activity plus increased competition accounted for a downturn in sales of malleable iron pipe fittings and central heating products last year. However, signs of a recovery in the home heating market began to appear in the latter months of 1975.

Huttig Sash & Door Company

Huttig, a manufacturer and distributor of millwork products and accessories, experienced a good year in 1975, although results were below 1974 levels. Two factors are responsible for the Company's satisfactory performance despite the severe decline in residential construction activity. First, a number of Huttig's branches are located in medium-sized communities—areas which were least affected by the national trend. Sales in the Southwest and Midwest were strong. Second, a high percentage of the Company's sales are products for single-family units, which began to recover in the latter part of the year.

Huttig has continued to expand into growth areas not yet served by the Company. In September a new midwestern branch was established through acquisition of Rock River Distributors, Inc. of Rockford, Illinois.

Huttig's product mix also is well suited to the home repair and remodeling market. This market is expected to grow as the continuing pressures of high construction and mortgage costs result in less homeowner mobility.

CF&I Steel Corporation

CF&I produces dozer and scraper blades and structural products to serve the construction industry in the western region of the country. Restricted federal highway funds and state budgets plus the general construction decline lowered demand for these products in 1975.

The Rocky Mountain area, CF&I's major market, is expected to continue as a prime growth area as the economic recovery stabilizes further. CF&I plans to expand its cutting edge sales to international markets because of increased demand for highways and heavy construction in Latin America, the Middle East and Africa.

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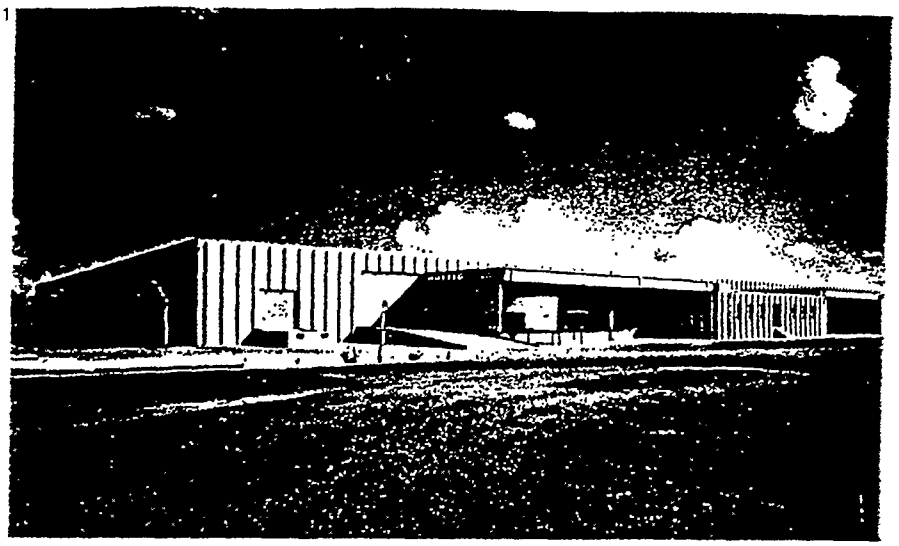

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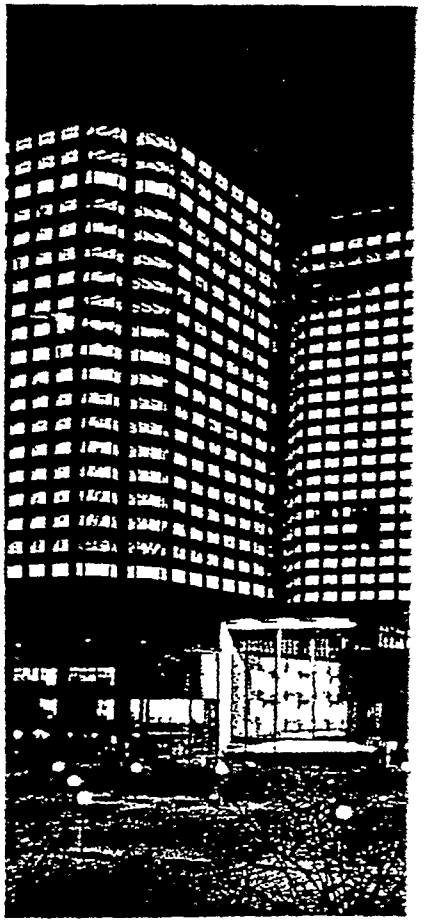

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1. This facility at Ft. Myers, Florida is one of Huttig's newest branches.

2. Doors and frames are machined in Huttig's Louisville, Kentucky branch.

3. CF&I produces wide flange beams as well a variety of other hot rolled beams and shapes used in building and construction.

4. Montreal's Place Desjardins, an office and hotel complex covering an entire city block, installed Crane plumbing fixtures and brass.

Aerospace and Aircraft Products

The Hydro-Aire Division designs and manufactures brake control systems, fuel and hydraulic pumps, controls and other accessories and systems for military, commercial and general aviation aircraft.

Crane Domestic

Hydro-Aire's growth over the last several years is largely attributable to a broadened market base. From primary reliance upon manufacturers of large commercial aircraft, the Division has achieved a balance of sales which now includes commuter, general aviation and military sectors of the aircraft industry. Products for small jet and turboprop aircraft were responsible for a sizable increase in Hydro-Aire's sales to the general aviation market, alone, last year.

Two products certified in 1974 were particularly successful in Hydro-Aire's broader penetration of the light aircraft market. The Invermotor fuel pump, which provides up to ten times the life and reliability of other general aviation and commuter class fuel pumps, is now being used by a large majority of North American commuter airlines. The combination aviation power brake and anti-skid system has been retrofitted on over 25 per cent of the Cessna Citation aircraft already in use and also became available as an optional installation on new aircraft last year. The system currently is undergoing certification tests for other executive aircraft. During 1975 Hytrol Mark III anti-skid systems were delivered for the first time to DeHavilland Aircraft for the DHC-5 Buffalo and the DHC-7 Commuter. Hydro-Aire also is finding excellent opportunities for sales of these accessories and systems to aircraft customers interested in extending the life and performance of their older aircraft.

The Division's Hytrol Mark III anti-skid systems and its brake-by-wire automatic braking systems continue to gain wider use in large commercial and military aircraft. Last year Hydro-Aire received the largest single order in its history to retrofit the Air Force F-4 Aircraft Fleet with the newest Hytrol Mark III system. Deliveries are scheduled for 1976 and 1977. One of the Division's most sophisticated automatic braking systems was delivered to NASA in 1975 for use on the Orbiter I Space Shuttle, and a second system will be delivered this year. The first horizontal flight of Orbiter I is expected to take place in 1976.

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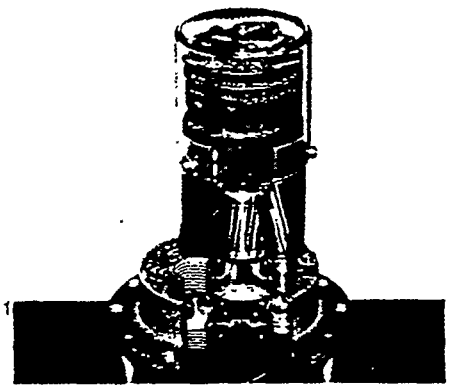

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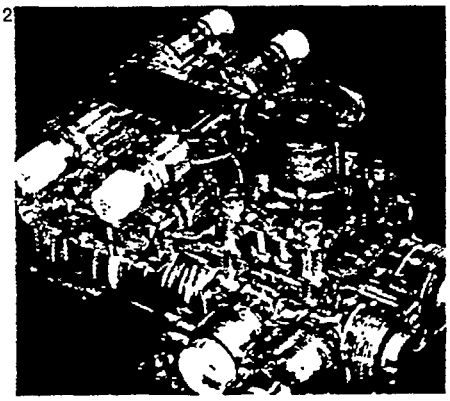

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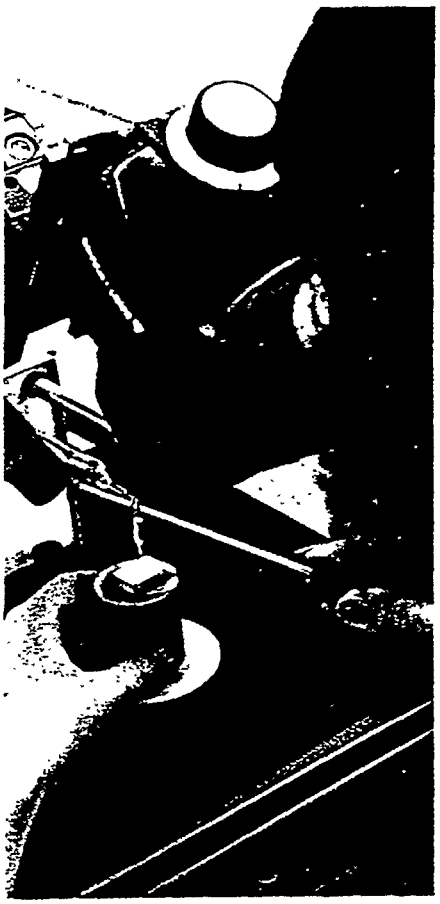
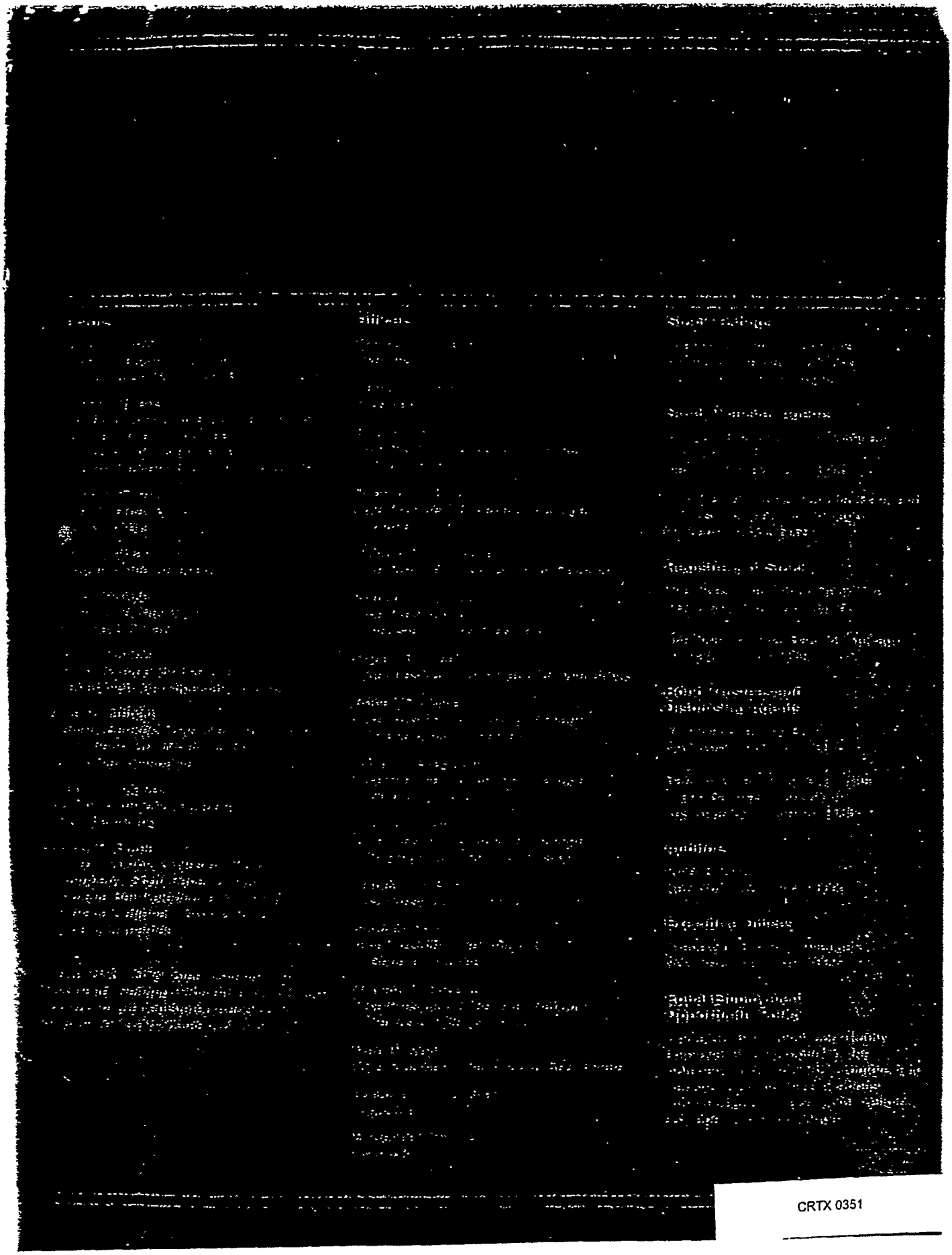


1. Cutaway of the Invermotor fuel pump, which is gaining broad acceptance on commuter and executive class aircraft.

2. Display model of the power brake and anti-skid valve used in general aviation braking systems.

3. To improve reliability and operational life of its electronic controls, Hydro-Aire incorporates the majority of its electronic components in hybrid modules.



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CRANE CO

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