PLAINTIFF'S
EXHIBIT
CRA-14

ANNUAL REPORT

CRANE

1960

CRANE

officers

Thomas M. Evans, Chairman
Dante C. Fabiani, Executive Vice President
George F. Burley, Vice President
Robert E. Casner, Vice President
Dale A. Lichty, Vice President
Charles H. Lovelace, Vice President
Horace R. Riggs, Vice President
Kenneth L. Karr, Secretary and General Counsel
Frank L. Luce, Assistant Secretary
Allen M. Harrelson, Treasurer and Chief Financial Officer
John A. Clark, Jr., Controller
Harold W. Blakley, President, Crane Limited (Canada)
Robert E. Dunnett, Managing Director, Crane Limited (Great Britain)

board of directors

Thomas M. Evans, Chairman
Robert Heller
Mark W. Lowell
Wesley A. Songer
Charles W. Veatch
R. Arthur Williams

stock transfer agents

Morgan Guaranty Trust Company, New York 15, New York
Continental Illinois National Bank and Trust Company of Chicago, Chicago 90, Illinois
Montreal Trust Company, Montreal, Canada

registrars of stock

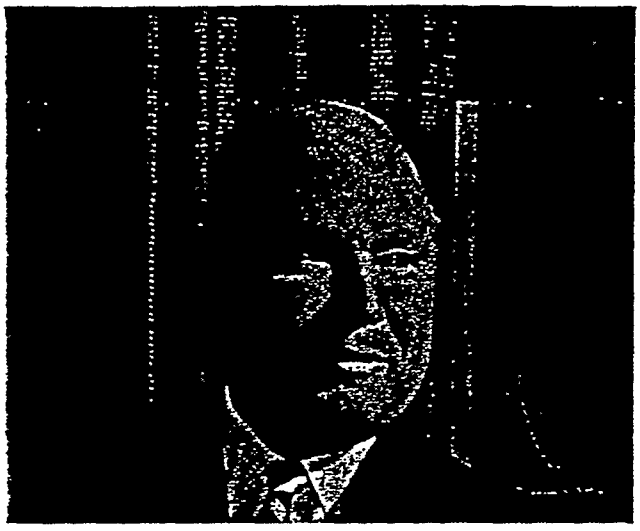
The Chase Manhattan Bank, New York 15, New York
The First National Bank of Chicago, Chicago 90, Illinois
The Royal Trust Company, Montreal, Canada

auditors

Arthur Young & Company, Chicago 2, Illinois

CRANE CO., 155 North Wacker Drive, Chicago 6, Illinois
CRANE LIMITED (CANADA) 1170 Beaver Hall Square, Montreal, Quebec
CRANE LIMITED (GREAT BRITAIN) 15-16 Red Lion Court, Fleet Street, London E.C.4, England

To The Shareholders:



While earnings for 1960 showed a decline from 1959, your company made substantial progress in strengthening its competitive position both at home and abroad.

DOMESTIC

In the United States, the acquisition of the businesses of National-U.S. Radiator Corp., The Autronic Division of Swartwout Company, General Air Conditioning Corp., Miami Products, Inc., and the Cochrane Corporation provided the company a net addition of nine manufacturing plants to produce plumbing, heating, air conditioning and water conditioning equipment.

Despite softening markets in 1960, the company continued its efforts to improve operations. Modern facilities in Jonesboro, Arkansas and Miami, Oklahoma replaced outmoded plants that were either sold or put up for sale. New products for both industrial and home use were added.

CANADA

The acquisition of T. McAvity & Sons, Ltd. of St. John, New Brunswick, manufacturers of valves, fire hydrants, alloy valves for the chemical and pulp industries, and Howard Furnaces & Foundries, Ltd. of Toronto, Ontario, makers of warm air furnaces, added to the line of Crane products manufactured in Canada.

ENGLAND

In England, three acquisitions were made during the year which added to the Crane line of products and to the company's manufacturing facilities in Great Britain: Lumbys Ltd., a boiler manufacturer in Halifax, Yorkshire; Tylors Holdings, Ltd., water meter manufacturers in Burgess Hill, Sussex; and Rhodes, Brydon & Youatt. Ltd., Stockport, Cheshire, manufacturers of pumps.

CONTINENT

On the Continent, controlling interests in four manufacturing businesses were acquired with a view toward participation in the Common Market.

These investments were made in a fittings plant in Holland, two valve manufacturing plants in France producing iron, brass and steel valves, and a manufacturer of iron and steel valves in Italy.

CRANE, S. A.— CRANE INTERNATIONAL

Your company formed Crane, S.A., Geneva, to handle foreign investments and sales on the European Continent, and Crane International (Nassau, B.W.I.) was established to handle sales in South and Central America.

The newly acquired companies in the United States, Canada and England, being wholly owned, are included in the consoli-

CRTX 0003

dated financial statements; however, the plants in Holland, France and Italy which were partially owned and acquired at various times during the year are carried as investments. Based on unaudited statements for the year 1960, the investment in these companies of $5,793,351 and dividends received amounting to $149,600 were equivalent to Crane's equity in their net assets and net income.

TERM BANK LOAN

In January 1960, a $45,000,000 seven-year credit agreement was made with seventeen banks, and $20,000,000 has been borrowed.

In spite of 1960's active acquisition program, the company maintained a strong financial position through consolidation of manufacturing facilities and resulting disposal of surplus properties. Net working capital stood at $89,560,647 compared to $84,626,580 in 1959. All acquisitions were financed from existing resources and term bank borrowing.

FINANCIAL HIGHLIGHTS

	1960(1)	*1959*(2)
Sales	$285,619,000	$310,173,000
Earnings	4,824,000	6,518,000
Earnings per Common Share	2.97	4.03
Current Assets	114,854,000	108,242,000
Current Liabilities	25,294,000	23,615,000
Working Capital	89,561,000	84,627,000
Current Ratio	4.5 to 1	4.6 to 1
Depreciation per Common Share	5.01	4.20
Cash Flow per Common Share	7.98	8.23
Dividends Paid per Common Share	2.00	1.10
Book Value per Common Share	90.80	89.15

Due to the high level of funding for the major pension plans, it was unnecessary to make any payments to the trustees in 1960.

On March 21, 1960, the Federal Trade Commission served a complaint on the company alleging certain violations of anti-trust laws in connection with acquisitions and the purchase of shares in Briggs Manufacturing Company. On April 25, 1960, Briggs filed a similar complaint asking for triple damages totaling $1,050,000. Crane counsel advises that no substantial contingent liability is involved in the F.T.C. allegation and that, in their opinion, Crane will be determined not liable for damages in the Briggs suit. A total of 231,674 common shares of Briggs Manufacturing Company was held on December 31, 1960, which were purchased at a cost of $2,658,325. Recent market quotations for these shares are substantially lower. Management feels, however, that quoted prices do not reflect the value of these holdings and that no adjustment in the carrying value is necessary at this time.

During the year 1960, the company paid four quarterly dividends of $.50 each or a total of $2.00 per share on the common stock outstanding.

T. M. Evans

T. M. Evans, Chairman

(1) Based upon 1,487,430 shares outstanding Dec. 31, 1960
(2) Based upon 1,515,840 shares outstanding Dec. 31, 1959

CRTX 0004

CRANE CO.

AND SUBSIDIARIES

consolidated statement of income

For the year ended December 31, 1960

Net sales		$285,618,712
Cost of sales, selling, administrative and general expenses		279,329,541
		6,289,171
Other income (deductions):		
Gain on disposals of fixed assets—net	$847,286	
Dividends received from foreign subsidiaries not consolidated	149,600	
Miscellaneous—net	905,564	
Interest on bank loan	(975,371)	927,079
Net income before income taxes (after depreciation of $7,457,676)		7,216,250
Provision for taxes on income		2,391,787
Net income		$ 4,824,463

CRANE CO. AND SUBSIDIARIES

ASSETS

Current assets:		
Cash		$ 19,031,635
Accounts receivable, less reserve for bad debts—$1,234,895		34,933,701
Inventories, at lower of cost or market (includes $31,184,371 at LIFO cost)—		
Raw materials and supplies	$10,414,636	
Work in process	20,652,110	
Finished goods	29,822,101	60,888,847
Total current assets		114,854,183
Investments:		
Investments in foreign subsidiaries not consolidated and foreign affiliate, at cost	5,793,351	
Mortgage notes receivable	1,740,870	
Other investments, at cost	2,938,987	10,473,208
Fixed assets, at cost:		
Land	6,320,579	
Buildings and improvements	48,894,574	
Machinery and equipment	84,327,117	
	139,542,270	
Less accumulated depreciation	80,344,384	59,197,886
Prepaid expenses and deferred charges		1,287,350
		$185,812,627

CRTX 0006

consolidated balance sheet December 31, 1960

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable		$ 9,014,207
Accrued payrolls, taxes and other liabilities		9,016,833
Accrued taxes on income		4,402,496
Current maturities of bank loan		2,860,000
Total current liabilities		25,293,536
Long-term bank loan, maturing February 1, 1967—due in quarterly instalments of $715,000 plus interest at varying rates, currently 4¼%		14,995,000
Shareholders' equity:		
Capital stock—		
Cumulative preferred shares, 3¾% par value $100 (redeemable at the option of the Company and subject to sinking fund requirements):		
Authorized—160,000 shares; outstanding—104,593 shares (after deducting 7,697 shares in treasury)	$10,459,300	
Common shares, par value $25 (147,690 shares reserved under stock option plan):		
Authorized—3,500,000 shares; outstanding—1,487,430 shares (after deducting 118,950 shares in treasury)	37,185,750	
	47,645,050	
Earned surplus ($3,232,826 is not restricted as to payment of common dividends under terms of the bank loan agreement)	97,879,041	145,524,091
		$185,812,627

CRTX 0007

CRANE CO. AND SUBSIDIARIES

consolidated statement of earned surplus

For the year ended December 31, 1960

Balance at beginning of year			$ 98,905,378
Adjustment resulting from restatement of treasury shares to par value			1,655,715
Balance at beginning of year, as adjusted			97,249,663
Add:			
Net income for the year			4,824,463
			102,074,126
Deduct:			
Cash dividends paid:			
On 3¾% cumulative preferred shares, $3.75 per share		$. 397,943	
On common shares, $2.00 per share		3,007,270	
		3,405,213	
Excess of cost over par value of reacquired shares—net:			
Cumulative preferred shares	$(84,245)		
Common shares	874,117	789,872	4,195,085
Balance at end of year			$ 97,879,041

STATUS OF STOCK OPTION PLAN ADOPTED IN 1951

	Number of shares	Price per share
Balance outstanding, January 1, 1960	53,700	$32.50 to $53.00
Options granted	24,700	39.00 to 58.25
Options canceled	(15,650)	37.00 to 54.50
Options exercised	(8,330)	32.50 to 37.00
Balance outstanding, December 31, 1960	54,420	$32.50 to $58.25

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF CRANE CO.:

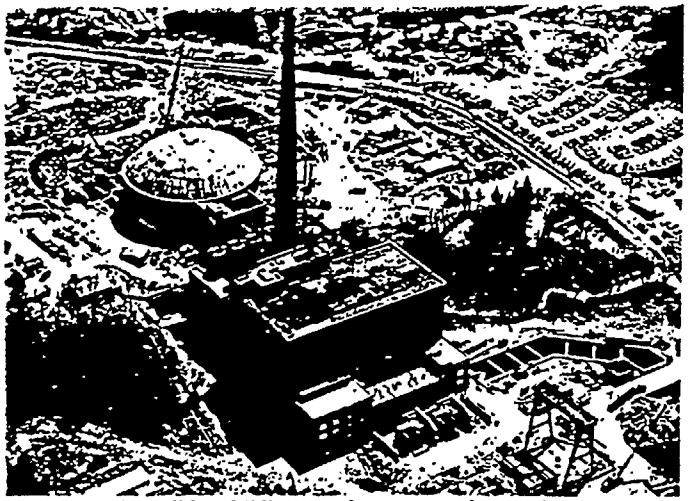
We have examined the consolidated balance sheet of Crane Co. and subsidiaries at December 31, 1960 and the related consolidated statements of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet, and consolidated statements of income and earned surplus present fairly the financial position of Crane Co. and subsidiaries at December 31, 1960 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

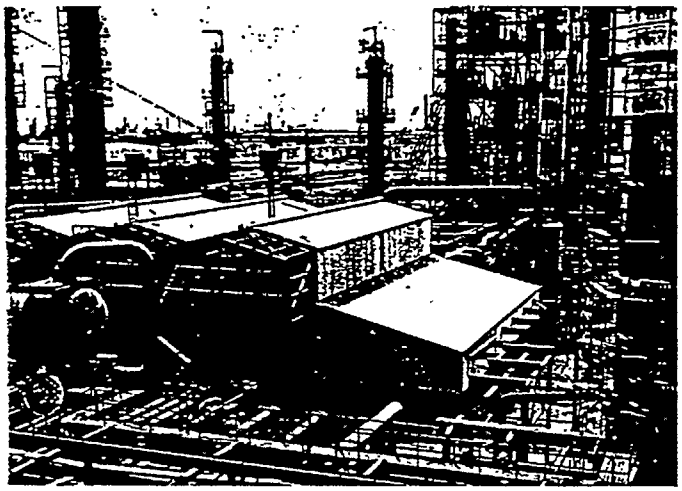
ARTHUR YOUNG & COMPANY

Chicago, Illinois, February 20, 1961.

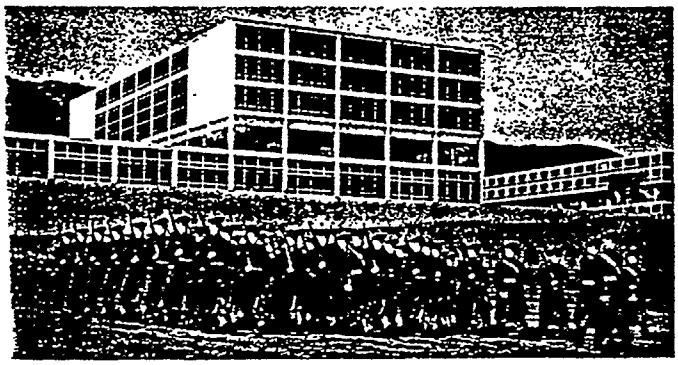
CRTX 0008



New Consolidated Edison nuclear power plant, Indian Point, N.Y.



Socony Mobil ethylene plant being erected in Beaumont, Texas



A section of the new U.S. Air Force Academy, Colorado Springs

Chicago's new Prairie Shores Apartments, nearing completion



Specification: Crane

During 1960 hundreds of major installations throughout the world called for superior equipment by Crane Co. Pictured here are four such installations, representing some of the important fields served by Crane products.

Crane atomic service valves control the flow of water in the "hot loop" of the nuclear power-generating plant being built by Consolidated Edison Co. near New York City. In Socony Mobil Oil Company's new ethylene plant in Texas, Crane valves were chosen to govern critical process flow. Crane plumbing fixtures, heating, piping and valves were selected for the giant new U.S. Air Force Academy in Colorado Springs, and for housing developments like Chicago's new five-unit Prairie Shores Apartments.

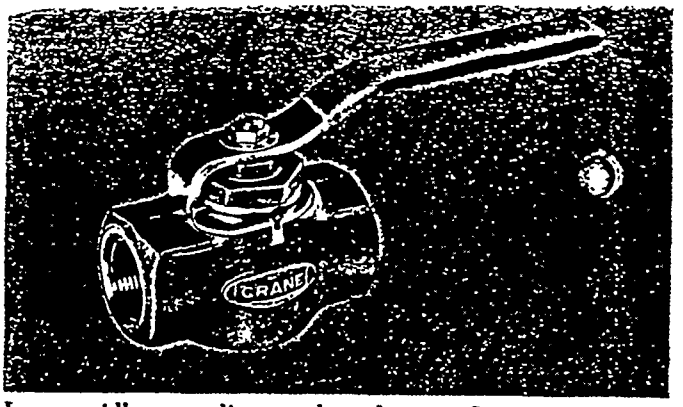
Some of the products added during the past year to Crane's expanding lines for industrial, residential and commercial use are shown on the following pages.

CRTX 0009

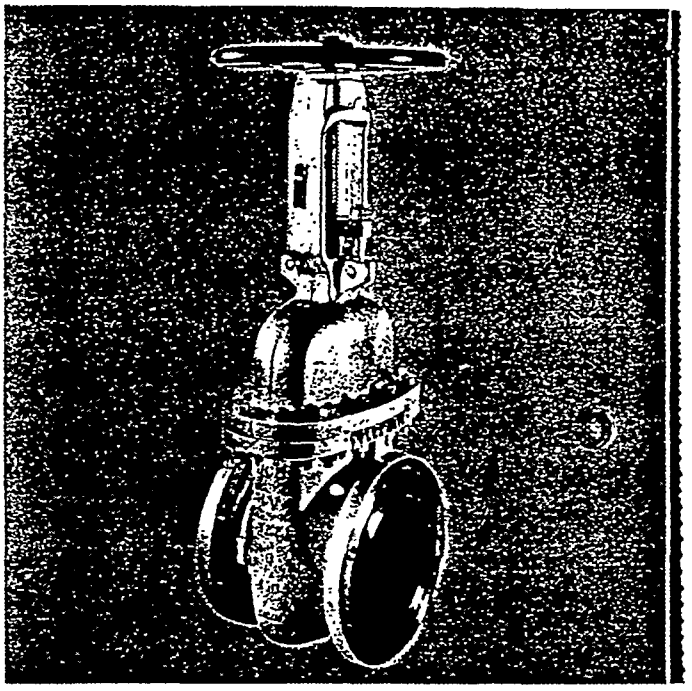
Expanding Crane's Line for Industry

During the past year, Crane Co. greatly expanded its line of products for industrial use. The expansion was accomplished in two ways: through the company's research and development activities and through a planned acquisition program in related fields.

Among the products added in this two-pronged program—some of which are pictured on these pages—were new and superior valve designs for broad industrial applications and for use in specific industries such as pulp and paper, nuclear energy, petroleum and public utilities. Also added were: a wide range of heating, heat transfer, steam and water-conditioning equipment for commercial and industrial use; new electronic controls for the aircraft and process industries; pumps and meters for water and industrial fluids.

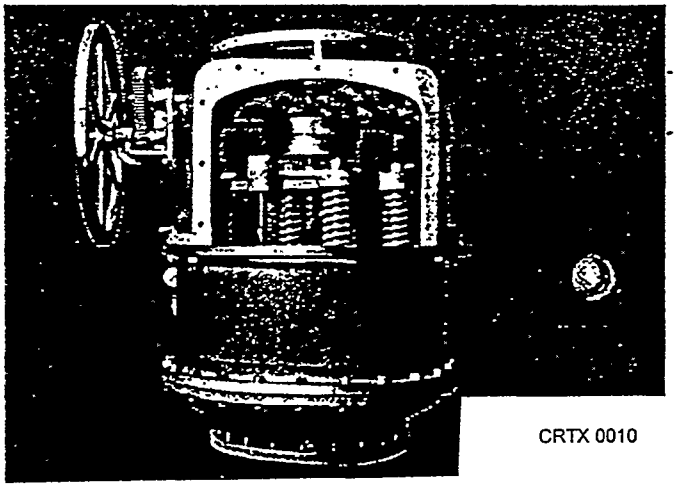


In a rapidly-expanding market, the new Crane Ball Valve offers advantages both in performance and in simple, on-the-line maintenance.

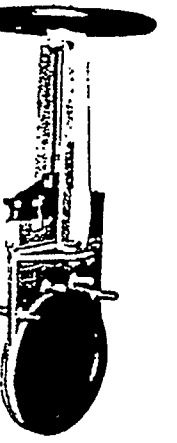


The unique design of Crane's new Flex-Gate valves permits easy opening and closing, with minimum wear, under extremes of pressure and temperature.

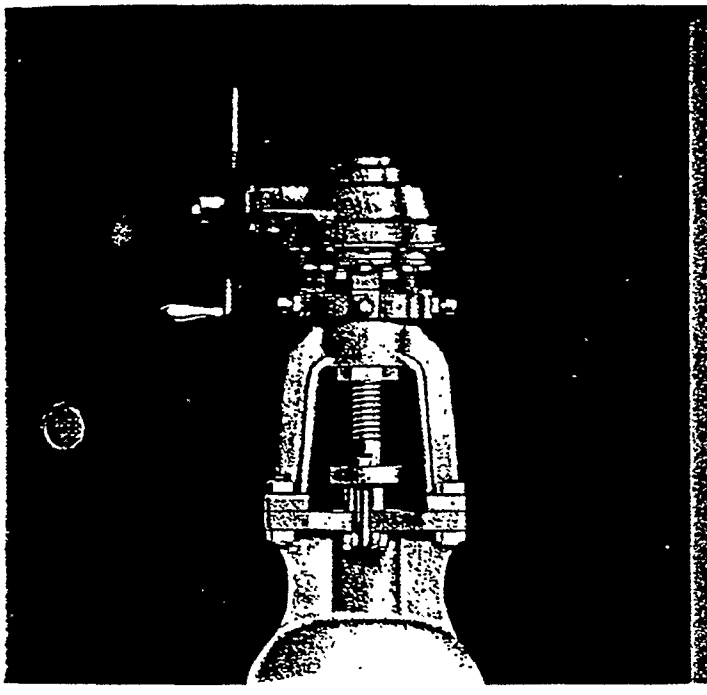
Multiport relief valves, a grouping of vapor-cushioned valves in a single housing, relieve pressure automatically, operating practically without maintenance.



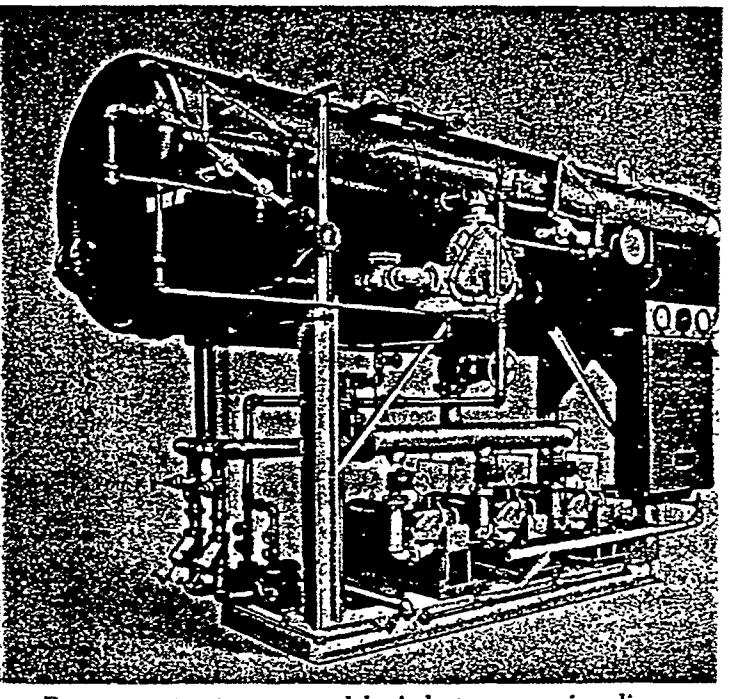
CRTX 0010



A broad range of specialized valves is now manufactured by Crane for the pulp and paper industry, including this lightweight "Inter-Flange" pulp stock valve for non-clogging service and quick installation.

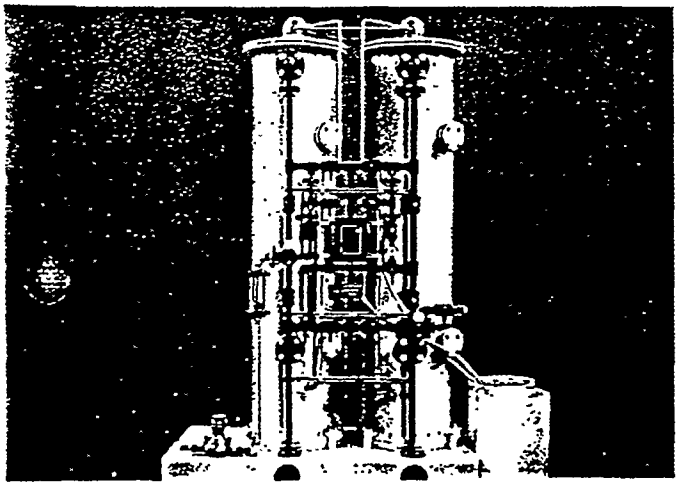


Crane's new Converto-Gear Operator is available on new valves and can convert those now in service to power-assisted operation easily and quickly.

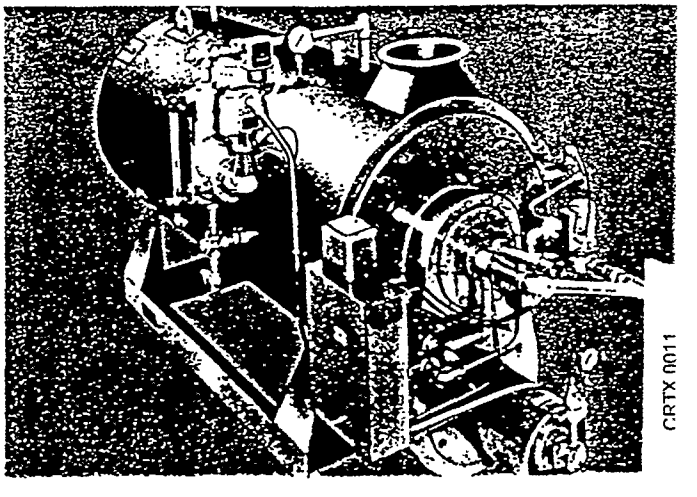


Deaerators treat water used by industry, removing dissolved gases and acids to reduce corrosion. A complete line is now available from Crane.

Crane now offers a full range of Demineralizers, which remove dissolved solids to produce water suitable for boilers and for process industries.



A range of six new "CE" boilers meets the steam requirements of a large variety of industries from food-processing to laundry, electroplating to rubber.



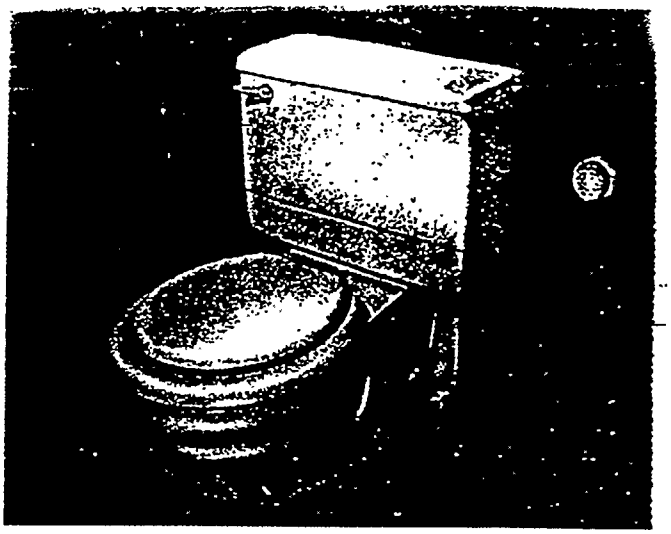
CRTX 0011

New Crane Products for Better Living

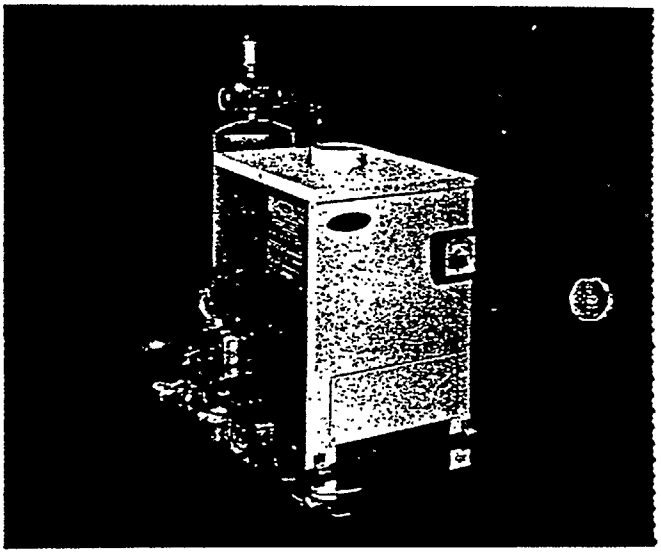
The range of Crane Co. products for residences, multiple dwellings and commercial installations was considerably enhanced during 1960 through development of new products and acquisitions in allied areas.

In the plumbing field, where the Crane name has been synonymous with superior quality for generations, 1960 saw the introduction of new designs in wall-hung water closets, plumbing brass, lavatories, service and kitchen sinks and other fixtures in a full range of price classifications.

Major expansion in heating and air conditioning equipment, including packaged and custom engineered units, makes it possible for Crane to fill the requirements of architects, builders and contractors.

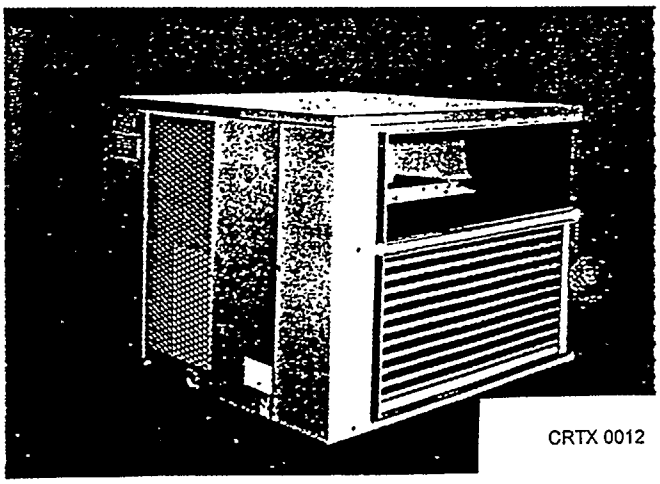


This new two-piece off-the-floor water closet in a full range of colors is designed for easy installation and cleaning, and to fit attractively into any bath decor.



Latest in Crane's line of modern home heating units is this Sunnyday 3 hydronic. Standing less than three feet high, it heats a seven-room house efficiently.

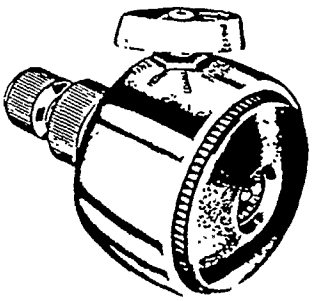
Heat pumps, now in two and three ton models and soon to include sizes up to five tons, provide ducted-air heating and cooling with extremely quiet operation



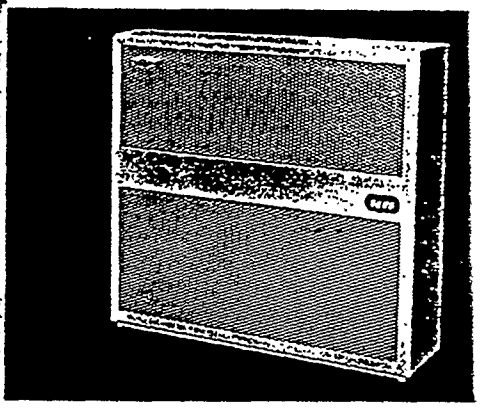
CRTX 0012



A complete kitchenette unit in eight square feet of floor space is Crane's new General Chef for apartments, offices and motels, incorporating refrigerator-freezer, sink and gas or electric cooking units.



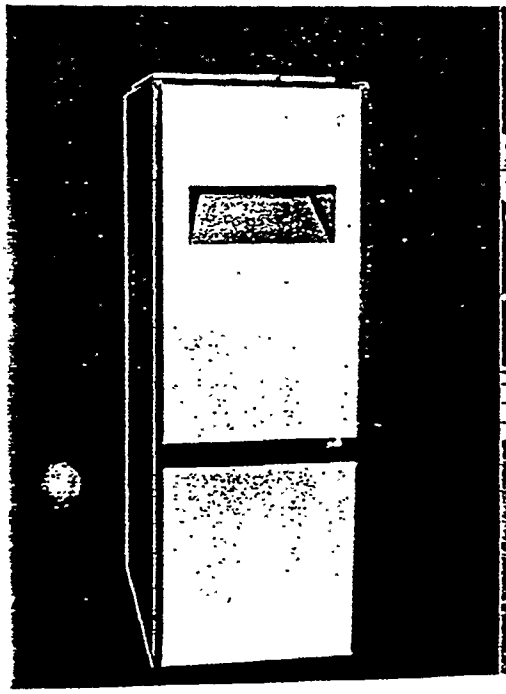
A recent addition to Crane's extensive selection of plumbing brass is the Criterion shower head: solid brass brushed chrome finish, fingertip control of exact spray desired.

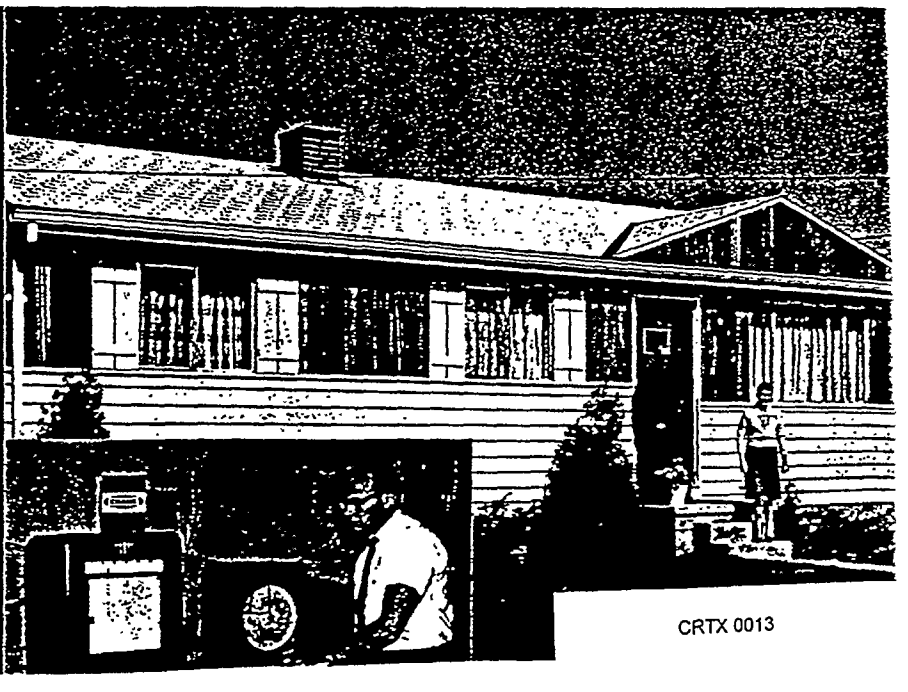


Spotaire fan-coil units permit push-button heating and air conditioning control with a single room unit.

A full line of gas, oil and electric warm-air furnaces, offering air conditioning as well as heating, is now available from Crane.

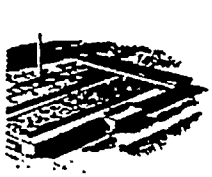
A major reason for Crane's leadership is its continuing emphasis on research and testing. To provide actual in-service tests of equipment for smaller homes, a Crane engineer and his family live in this prefabricated house, recording product performance.



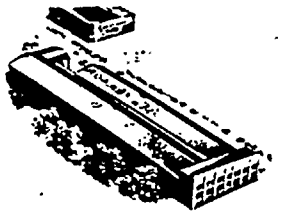


CRTX 0013

ANE ADDED THESE MANUFACTURING FACILITIES IN THE U.S. IN 1960



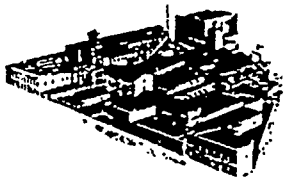
CANSVILLE, PA.



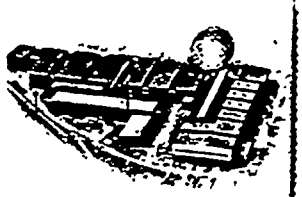
OSWEGO, N.Y.



NEW CASTLE, PA.



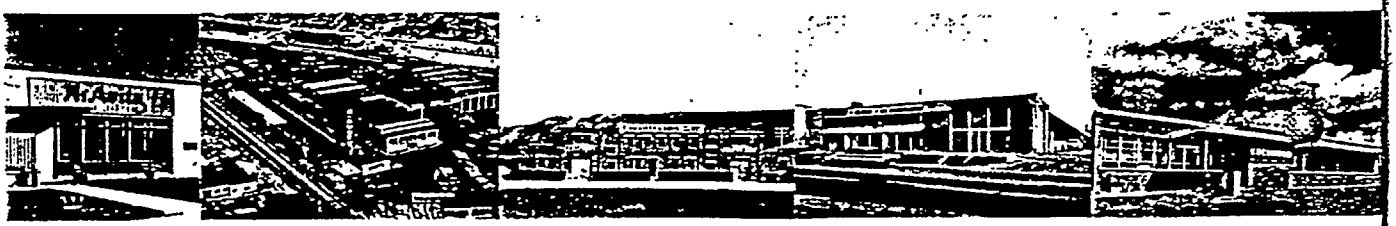
GENEVA, N.Y.



MIDDLETOWN, PA.



ND THESE IN CANADA



NTO, ONT.

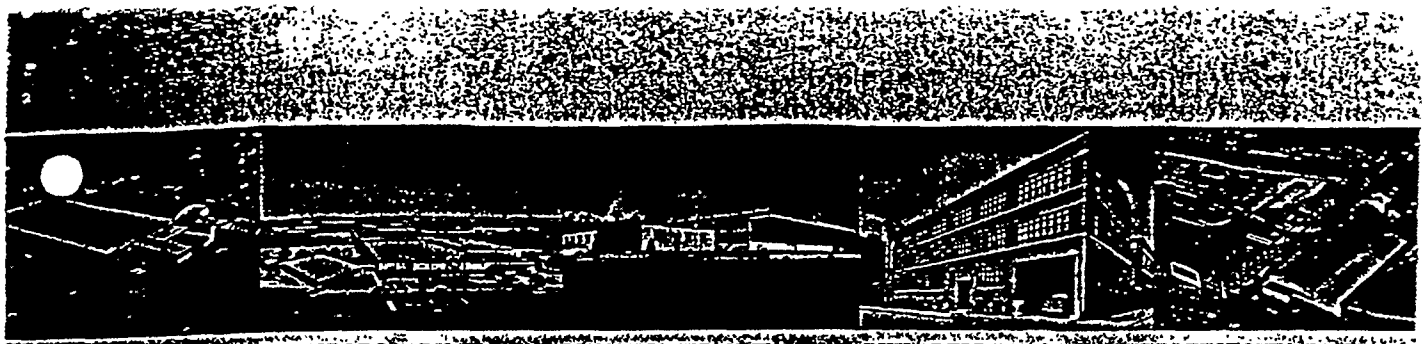
ST. JOHN, N.B.

MEDICINE HAT, ALTA.

TORONTO, ONT.

TORONTO, ONT.

CRTX 0014

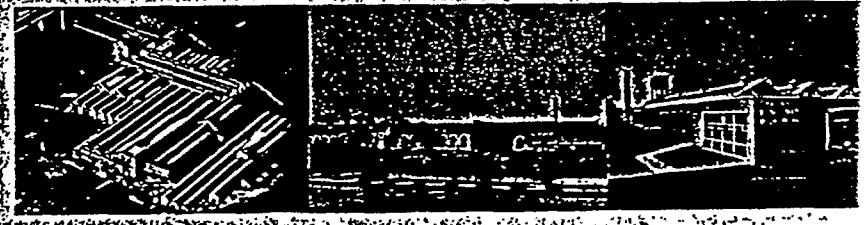


MIAMI, OKLA. JONESBORO, ARK. MANCHESTER, N.H. PHILADELPHIA, PA. POTTSTOWN, PA.

CRANE PLANTS IN THE UNITED STATES AND CANADA

1. Chicago, Ill. Bronze, iron, steel and alloy valves; steel fittings; valve repair
2. East Chicago, Ind. Pipe fabrication
3. Houston, Tex. Valve repair shop
4. Oswego, N.Y. Steam generators, heat transfer equipment
5. Chattanooga, Tenn. Steel valves and flanges, plumbing enamelware
6. Colton, Calif. Vitreous china plumbing fixtures
7. Duncansville, Pa. Non-ferrous baseboard radiation, connectors, fin-tube radiation, boiler jackets
8. Geneva, N.Y. Cast iron radiation products and boilers
9. Johnstown, Pa. Engineering and research, plumbing-heating-air conditioning
10. Jonesboro, Ark. Plumbing brass and supplies
11. Los Angeles, Calif. Plumbing brass
12. Miami, Okla. Air conditioning equipment
13. Middletown, Pa. Steel boilers and equipment
14. New Castle, Pa. Cast iron boilers, heat transfer equipment
15. Trenton, N.J. Vitreous china and porcelain plumbing fixtures
16. Burbank, Calif. Aircraft valves, fittings, actuators and other components; aircraft and truck braking systems
17. Indian Orchard, Mass. Bronze, iron and steel valves
18. Manchester, N.H. Electronic controls
19. Philadelphia, Pa. Steam specialties and water conditioning equipment
20. Pottstown, Pa. Steam specialties and water conditioning equipment
21. Toronto, Ont. Gas and oil-fired warm air furnaces
22. Saint John, N.B. Valves, hydrants and corporation brass
23. Montreal, Que. Valves, fittings and plumbing brass; boilers, radiation soil pipe, soil pipe fittings
24. St. John's, Que. Vitreous china plumbing fixtures and bathroom accessories
25. Port Hope, Ont. Porcelain-enamel-on-cast-iron plumbing fixtures
26. Hamilton, Ont. Fabricated piping and stress relieving
27. Medicine Hat, Alta. Industrial iron valves and hydrants
28. Vancouver, B.C. Porcelain-on-steel plumbing fixtures
29. New Westminster, B.C. Vitreous china plumbing fixtures

...AND IN ENGLAND



HALIFAX, YORKS. STOCKPORT, CHES. BURGESS HILL, SUSSEX

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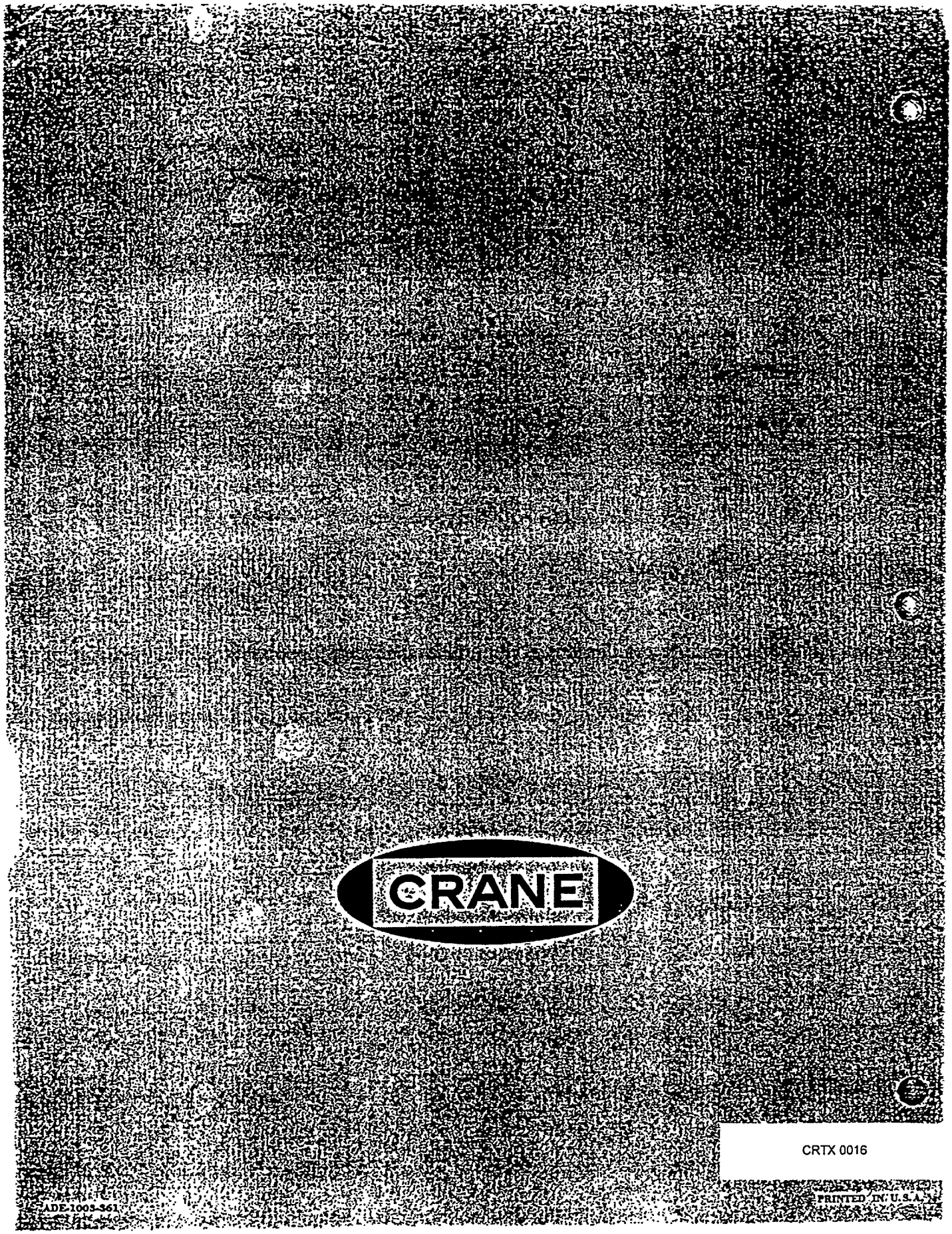

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