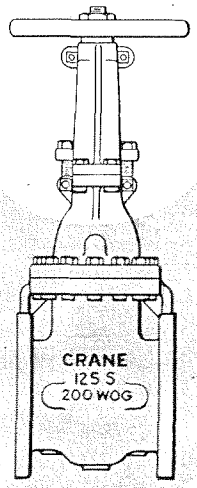
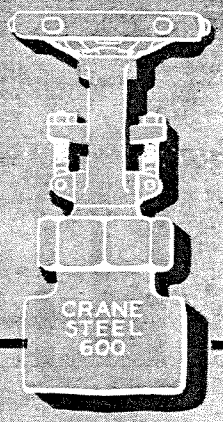
# ANNUAL REPORT 1957

# CRANE CO.



# 3 Years in Brief

## Crane Co. and Subsidiary Companies




| | 1957 | 1956 | 1955 |
|---|---|---|---|
| Net Sales | $378,948,173 | $394,132,662 | $346,709,527 |
| Net Earnings | 8,678,272 | 12,203,059 | 9,922,680 |
| Per Share of Common Stock | 3.46 | 4.94 | 3.98 |
| Percent of Net Sales | 2.2% | 3.0% | 2.8% |
| Dividends Paid— | | | |
| Preferred Shares | $ 454,005 | $ 466,848 | $ 483,246 |
| Common Shares | 4,745,248 | 4,744,413 | 4,736,088 |
| Per Common Share | 2.00 | 2.00 | 2.00 |
| Direct Taxes per Common Share | 5.77 | 6.66 | 5.15 |
| Wages, Salaries and Employee Benefits | 102,091,457 | 107,256,663 | 93,056,407 |
| Fixed Assets Less Accumulated Depreciation | $ 70,194,928 | $ 69,012,483 | $ 66,600,039 |
| Capital Expenditures | 8,230,962 | 9,987,196 | 7,801,799 |
| Depreciation Charged to Operations | 6,213,179 | 6,109,485 | 5,905,191 |
| Net Working Capital | 130,175,138 | 128,122,909 | 121,602,330 |
| Ratio Current Assets to Current Liabilities | 6.75 to 1 | 4.37 to 1 | 5.08 to 1 |
| Shareholders' Equities | 187,048,180 | 183,867,581 | 177,208,730 |
| Shareholders' Equity per Common Share | 73.82 | 72.32 | 69.38 |
| Number of Employees | 20,304 | 24,014 | 22,633 |
| Number of Shareholders— | | | |
| Preferred | 1,102 | 1,169 | 1,242 |
| Common | 20,839 | 21,079 | 20,528 |
| Number of Shares Outstanding— | | | |
| Preferred (net of treasury shares) | 118,893 | 122,643 | 126,693 |
| Common | 2,372,624 | 2,372,624 | 2,371,454 |

*The financial and statistical information set out above and in subsequent sections of this report is on the basis of consolidating the accounts of the Company and all of its subsidiaries including Crane, Limited (Canada) and its wholly-owned subsidiary, Crane, Limited (Great Britain).*

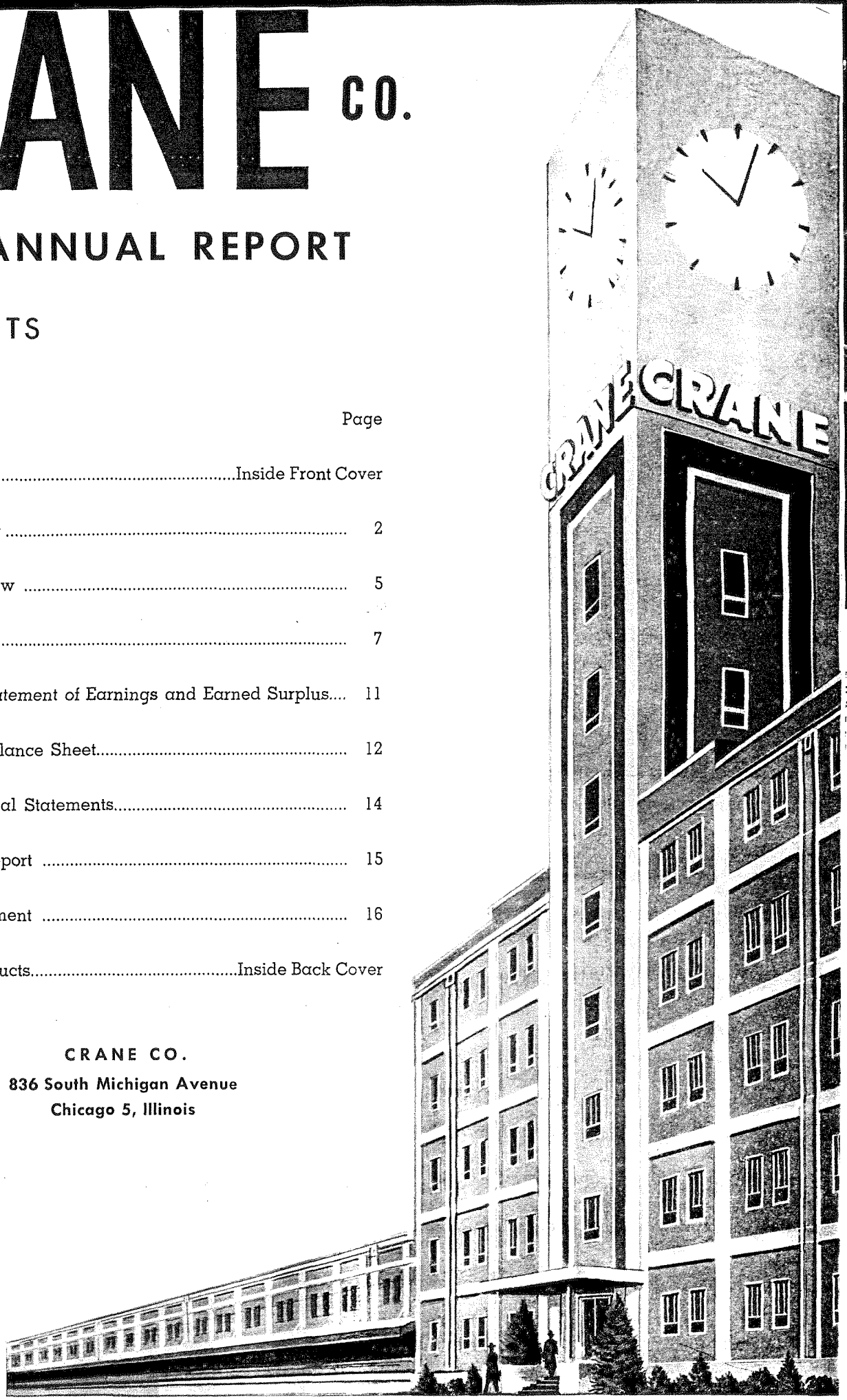
# CRANE CO.

# 1957 ANNUAL REPORT

## CONTENTS




**CRANE CO.**
**836 South Michigan Avenue**
**Chicago 5, Illinois**

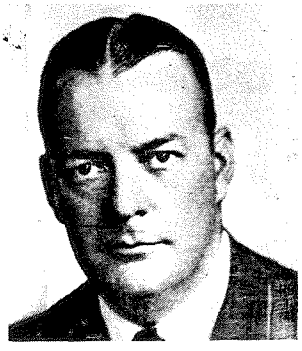
Neele E. Stearns
*President*

*MANAGEMENT TRANSITION in Crane Co. began with the installation of Neele E. Stearns as President on January 2, 1957. Three new Vice Presidents, men of wide experience in industry, joined the Company later in the year. The new General Manager for Sales has served 27 years in various sales capacities with the Company. Administrative revitalization is being accomplished by blending the skills of established executives, new to the Company, with the talents and experience of management personnel within the organization.*

Maurice Nelles,
*Vice President, Engineering*

Paul S. Kempf, *Vice President,*
*ersonnel and Industrial Relations*

*Seorge F. Burley, Vice President,*
*Purchasing and Traffic*



William O. Brown

## FELLOW SHAREHOLDERS:

The year 1957 was one of significant adjustment in Crane Co. Progressive changes were established in organization philosophy, executive direction, and program planning that will eventually affect all divisions of the Company and result in improvement in its financial and operating position.

This Annual Report is the first from the present operating management formed after the Board of Directors installed a new President on January 2, 1957. This portion is devoted to comments upon some of the pertinent matters which have been dealt with in 1957 and outlines major issues which will require concentrated attention in 1958.

Sales, earnings and other financial statistics are briefly stated on the inside front cover and are detailed on several pages following this letter.

### Organization and Personnel

Important progress has been made in revamping the executive structure of the Company in order to provide the needed leadership in specific areas of our business. The caliber of the management team has been enhanced through the addition in key positions of men with excellent qualifications and outstanding backgrounds.

The election as Vice Presidents of Maurice Nelles, Paul S. Kempf and George F. Burley, and the appointment of William O. Brown as General Manager for Sales, were the principal changes in the top administrative group.

Dr. Nelles is responsible for the engineering activities of the Company, including the related field of research and development. Prior to joining Crane Co. as Vice President for Engineering, he was Director of Diversification Research and Development and Divisional Manager for Technicolor, Inc. Before that he had been Director of Research and Vice President of the Petro-Mechanics Division of Borg-Warner Corporation.

Before his election as Vice President for Personnel and Industrial Relations, Mr. Kempf was Director of Industrial Relations for Hoffman Electronics Corporation of Los Angeles. He also served in similar capacities with Pacific Mercury Television Manufacturing Corporation and Inland Steel Products Company.

As Vice President for Purchasing and Traffic, Mr. Burley is responsible for all such activities of the Company. Mr. Burley most recently was Director of Purchases for Warwick Manufacturing Corporation of Chicago. His previous experience was in purchasing and traffic with Motor Products Corporation of Detroit and Hotpoint, Inc. of Chicago.

Preceding his appointment as General Manager for Sales, Mr. Brown was District Sales Manager responsible for the administration of all of our Pacific Coast Branches. In his new capacity, he will coordinate industrial, plumbing and heating sales together with the market research and advertising activities of the Company.

Our Manufacturing Division, particularly at the Chicago Works, has been strengthened administratively and technically through the addition, by the Vice President for Manufacturing, of a number of new executives in key positions.

### Manufacturing Facilities

A capital investment of approximately $4,200,000 was made during 1957 in Crane plants in the United States under the direction of the Manufacturing Division. These expenditures were directed principally toward achieving lower production costs, improved customer service, and better working conditions for our employees.

Nearly $3,400,000 was spent for new production equipment. This investment enabled us to obtain the advantage of line production methods in manufacture. Illustrative are conveyorized facilities for fabrication, assembly and testing of valves, and continuous annealing and galvanizing of fittings. The acquisition of other modern machine tools has increased our production capacity, reduced our manufacturing cycle and improved the quality of our product. Related to new products, these facilities have made it possible to meet the demands of expanding sales of special items, such as valves for atomic energy applications.

About $800,000 was invested for improvements to production services and general plant facilities. Important progress was made in the area of material handling technology involving the flow of process materials, finished stock warehousing, shipping and trucking facilities, and tighter control over physical inventories. Part of this investment applied to the systematic program of improvement to general plant facilities, air pollution problems and rehabilitation of parking facilities. The modernization of the Chicago Works office was essentially completed, providing space for more efficient management through consolidation of functions.

Investment in Crane plants in Canada totalled $2,100,000 in 1957. The major expenditure was $1,600,000 for a new pottery under construction near Vancouver, B.C., approved as a project in 1956. A new cast iron foundry sand system, and machine tools and equipment for the production of steel valves at the Calgary Plant, required investment of approximately $210,000. The remainder was used to acquire new machine tools and production and service equipment for the St. Patrick St. Plant in Montreal and at other factories.

Capital expenditures on manufacturing facilities in England amounted to $700,000. Approximately $300,000 of that amount was invested in buildings, machine tools and equipment to increase plant capacity for the production of both steel and brass valves. The remainder was invested in improvements in cupola melting practice and in cast iron foundry molding units, as well as in additional machine tools to improve output. Late in 1957, the first stage of a $1,600,000 project was approved for foundry buildings and facilities to increase malleable iron production capacity at the English plant.

### Engineering Facilities and Product Research

Because a rapid rate of technical development is essential to corporate growth in these days of scientific advancement and new materials, engineering will play a much more important role in Crane Co.'s operations in the future.

Initial plans have been formulated by the new Vice President for Engineering to rehabilitate on a scheduled basis the equipment and facilities of the Company's engineering laboratories. Reorganization of personnel for improved performance has been started.

New plans have already been inaugurated to simplify Crane's line of plumbing fixtures and heating products. The larger task of simplifying and standardizing the Company's wide variety of valves and fittings will be given primary attention by the Engineering Division during 1958 in close liaison with Sales and Manufacturing Division personnel.

Our work related to improving existing products and developing new uses for them naturally continues, but we expect to accelerate our research and new product development activities. New products are more fully discussed later in this report.

### Commercial Procedures

In April of 1957, a corporate policy committee, composed of members of the Company's executive staff, was established to facilitate evaluation of inter-divisional commercial procedures. This committee has pursued its work of carefully and critically assessing our commercial practices through a task force, and its results will re-orient our merchandising and production policies. Presently, it is dealing with major problems including:

1. Jobbed products simplification and standardization.
2. Manufactured products simplification and standardization.
3. Physical distribution, materials handling, and stocking of products.
4. Customer service and order handling procedures.
5. Inventory and production control.

During the year, progress has been made in gaining more effective control over these important commercial considerations. With respect to inventories, this program has resulted in a reduction of approximately $10,000,000 between January 1, 1957 and December 31, 1957. There are, of course, many elements that have contributed to this improvement. The result has been to completely eliminate the Company's bank loans at the end of the year from $8,500,000 on January 1, 1957 without impairing our trade service.

### Expense Reduction

Toward the middle of 1957, an expense reduction planning committee, consisting of selected officers of the Company's divisions, was created to reduce expenses for the balance of 1957 in all of the Company's activities.

It is difficult to calculate with exactness the results of this needed economy program, but it is estimated to represent an expense liquidation in excess of $4,000,000 on an annual basis. This program will be pursued with new diligence in 1958 in view of the probable economic outlook for the year.

### Outlook and Objectives for 1958

Presently our Company, in all of its areas of activity, is operating at substantially reduced rates as compared with the levels prevailing in recent years, due to the existing economic and business climate. We are in a period of intense competition and continuing inventory liquidation, the duration of which cannot be forecast with certainty. It is our expectation that through the year we will develop better control over our own operations which will offset to some extent the effects of an anticipated declining general business trend in 1958. For the current year our principal objectives will include:

1. Improving our organization and personnel planning in order to build a vigorous, well-trained and commercially-oriented company, capable of meeting the problems of the current and probable future market.

2. Planning effectively necessary facility improvements. Particular emphasis will be given to our manufacturing plants in Chicago and Montreal which will require investments on a carefully planned basis through a number of years.

3. Developing further improvements in our commercial procedures so that they will function properly both service-wise and expense-wise.

4. Strengthening our market, product and process research, so as to improve our future position in the commercial areas which the Company intends to serve.

This has been an interesting year of work and as we enter 1958, which in all likelihood will be a more difficult year economically than 1957, it appears that the path is clear for making additional progress in the general betterment plan which your management has developed.

The establishment of the general policies pursued by the Company during 1957 was, naturally, the responsibility of your Board of Directors. The individual and joint achievements of all of our employees was essential to the successful execution of these policies. It is in behalf of the Board members that I express appreciation to these loyal and capable Crane people. We are grateful to our customers for their patronage and cooperation and to our shareholders for their interest and helpful suggestions.

Neele Stearns

*President*

By Order of the
Board of Directors

# Operating Review

The financial and statistical information contained in this review is on the basis of consolidating the accounts of the Company and all of its subsidiaries including Crane, Limited (Canada) and its wholly-owned subsidiary, Crane, Limited (Great Britain).

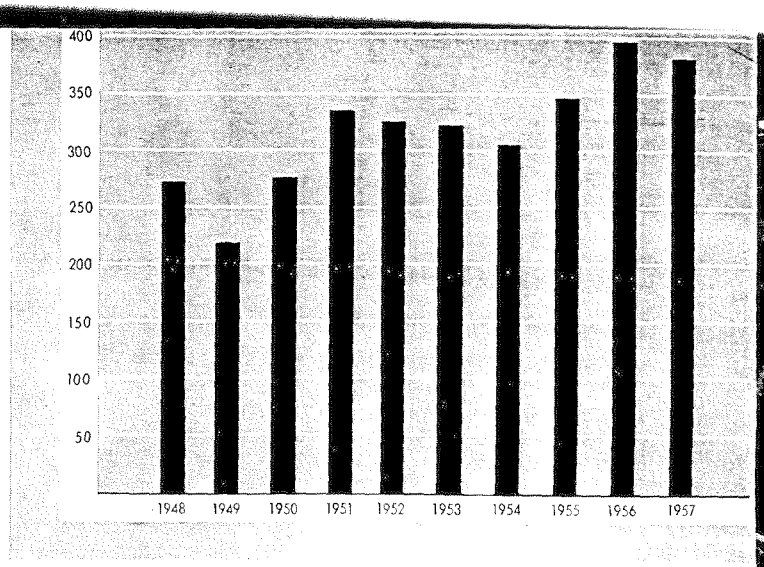
### Sales and Earnings

Sales of $378,948,173 and net earnings of $8,678,272 in 1957 reflect the general trend which persisted throughout the year for our entire industry. Compared with 1956 levels, sales decreased $15,184,489 or 3.9% and net earnings decreased $3,524,787 or 28.9%. After payment of dividends on preferred shares, the earnings were equal to $3.46 per common share as compared with $4.94 per common share in 1956.

The reduced rate of residential building throughout 1957 and a decline in the rate of industrial expansion in the last half of the year were the principal factors contributing to the lower sales volume. As a result, sales of our plumbing products showed substantial declines from the 1956 levels while sales in our industrial line of product were only slightly under the 1956 levels.

The greater drop in earnings is due primarily to the unfavorable margin conditions which existed in the industry throughout 1957. Improvements in the latter part of the year resulting from concentrated efforts to increase operating efficiencies, reduce costs and expenses throughout the entire organization, and adjust prices to more equitably reflect costs, were beneficial but not sufficient to entirely offset increases in labor rates, fringe benefits, material prices and service charges.

Fluctuations in rates of foreign exchange had a substantially adverse effect on net earnings for 1957. Adjustments for conversion of foreign net assets of our subsidiaries in Canada and Great Britain decreased earnings by $623,431 or $0.27 per share whereas in 1956 such adjustments increased earnings by $735,620 or $0.31 per share.




**Net Sales** *(in Millions of Dollars)*

### Dividends

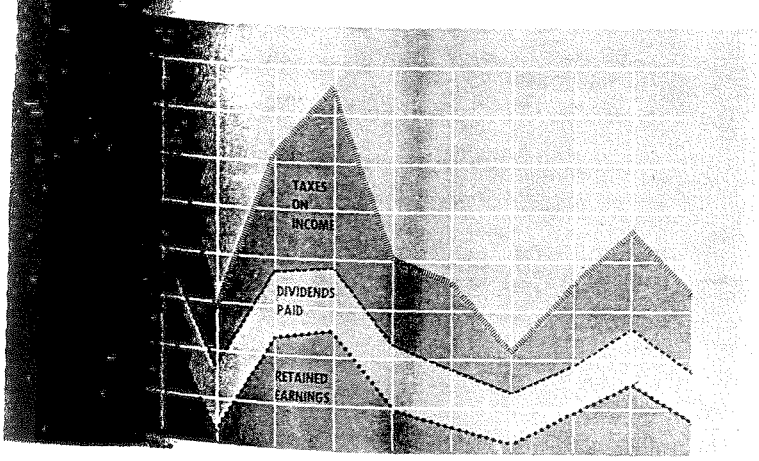
The regular quarterly dividends, both preferred and common, were paid last year. The annual rate was $3.75 per share on the preferred shares, amounting to $454,005, and $2.00 on the common shares, amounting to $4,745,248. Total dividends paid during 1957, of $5,199,253, represented 59.9% of net earnings as compared with 42.7% in 1956.

### Taxes

Federal, state and local taxes, amounting to $13,695,415, were equal to 157.8% of net earnings after such taxes or $5.77 per common share.

### Financial Position

The Company ended 1957 in a strong financial position. Total cash and marketable securities were $18,615,585 compared with $15,378,619 at the close of 1956. The year-end investment in receivables and inventories reflects a decrease of $16,560,737 from the December 31, 1956 comparable figure. Short-term loans from banks,




**Earnings** *(in Millions of Dollars)*

*Earnings before Taxes on Income*

*Net Earnings (after taxes)*

*Retained Earnings*

which amounted to $8,500,000 at December 31, 1956 and which reached a high of $11,500,000 during the year, were entirely repaid by the year-end. Net working capital as of December 31, 1957 amounted to $130,175,138, an increase of $2,052,229 during the year under review. The ratio of current assets to current liabilities was 6.75 to 1 as compared with 4.37 to 1 at the end of 1956.

In 1957 the Company redeemed $950,000 principal amount of its Twenty-Five Year 3⅛% Sinking Fund Debentures and $335,700 par value of its 3¾% Cumulative Preferred Shares. At the year-end the Company also owned an additional $678,000 principal amount of Debentures and $514,500 par value of Cumulative Preferred Shares.

### Capital Expenditures

In 1957 capital expenditures, the major items of which are described in the President's letter to shareholders, amounted to $8,230,962 compared with $9,987,196 in 1956. Depreciation charged to operations totalled $6,213,179 in 1957 compared with $6,109,485 in 1956.

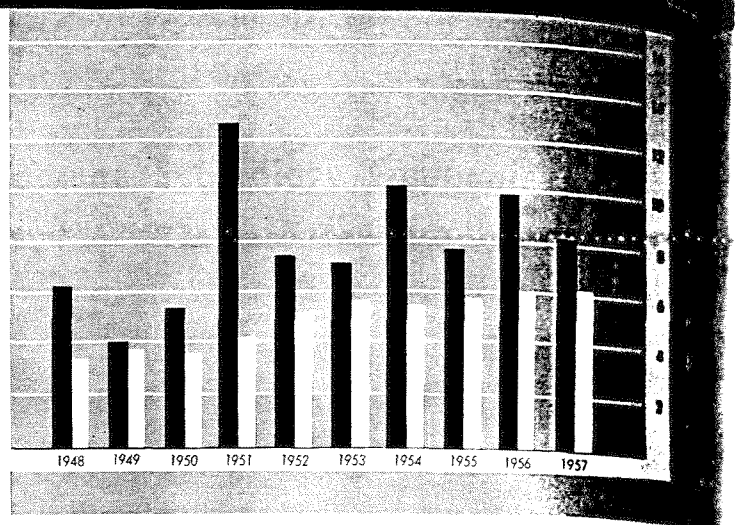
Of the total capital expenditures, approximately $4,900,000 was expended on expansion or modernization of facilities in the United States, $2,500,000 in Canada, and $800,000 in England.

Capital expenditures in 1958 are estimated at approximately $9,500,000.

### Associated Companies

Due to recent developments, the commercial market for titanium sponge has practically disappeared and, therefore, the operations of Cramet Inc., owned jointly with Republic Steel Corporation, are being brought to a conclusion. Negotiations are now in process for turning the facility back to the Government. It is anticipated that the amount to be realized on this investment will be in excess of the carrying value thereof.

The Heavy Minerals Co., which is owned jointly with Vitro Corporation of America and Société de Produits Chimiques des Terres Rares, commenced operations in January of 1957. The operating results have been adversely affected by several things, among them, the decline in the titanium market, for which rutile is a main ingredient, and the fact that a market for the Company's other products is slow in developing. At the present time it is impossible to state when the Company may be placed in a profit position, but it is anticipated that some time may be required.




**Capital Expenditures and Depreciation**
*(in Millions of Dollars)*
■ *Capital Expenditures*
□ *Depreciation Charged to Operations*

### Employee Relations

At the close of 1957 employees totalled 20,304 as compared with 24,014 at December 31, 1956. This substantial decrease in employees has resulted primarily from concentrated efforts to increase operating efficiencies and reduce costs, as well as from the reduced level of operations. Of the total employees at the year-end, 13,731 were in the United States, 3,570 in Canada and 3,003 in England.

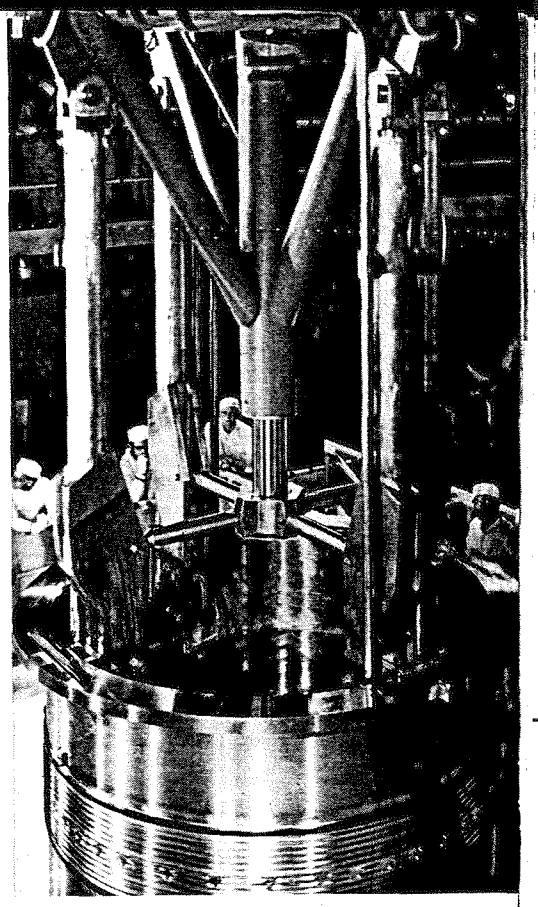
Effective January 1, 1958 the benefits under Crane Companies' Pension Plan, applicable to most of the employees in the United States, were increased. These increased benefits were extended not only to employees who would become pensioners subsequent to that date but to former employees who were already pensioned under this Plan. Pension and group insurance plans cost the Company $8,089,459, an average of $398.41 per employee in 1957.

Employee relations in our plants and offices were generally harmonious throughout the year.

### Shareholders

At the end of the year, there were 21,941 persons who were shareholders in Crane Co. Of this number 15,337 owned 1 to 99 shares, 6,338 owned 100 to 999 shares, and 266 owned 1,000 or more shares.

At the 1957 annual meeting of shareholders over 81% of shares entitled to vote were cast in person or by proxy. All shareholders are urged to exercise their right to vote.



*LOWERING REACTOR core in the nation's first commercial atomic power plant at Shippingport, Pennsylvania. Crane special design valves are in service on coolant loops.*

CRANE PRODUCTS serve industry, the nation, and the home.

Crane Co. is the world's largest manufacturer of valves and fittings and is a leading producer and distributor of plumbing fixtures, heating and air conditioning equipment and enamel-steel kitchen cabinets. The Company's total sales volume is about equally divided between products of its own manufacture and purchased items.

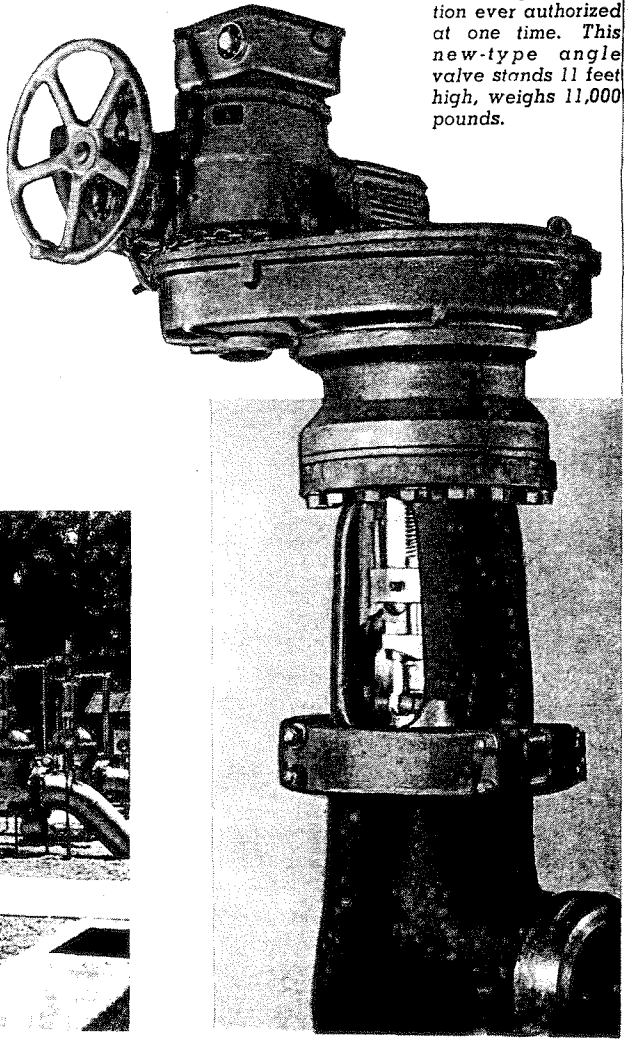
Crane products are manufactured in sixteen plants in the United States, Canada, and England. Distribution of both manufactured and jobbed products is made through an extensive system of Company sales branches located throughout the United States, Canada, and England. Hundreds of independent wholesalers also distribute products of Crane manufacture.

TO KEEP PACE with the changing needs of customers, Crane Co., during the past year, engineered and manufactured new products, standardized and simplified production of existing items, and expanded some product lines.

The continuing growth of the petro-chemicals industry, for example, created a need for valves of new design. A sizeable part of the annual expenditures for new plants by the chemical processing industry involves the purchase of piping materials, valves and fittings.

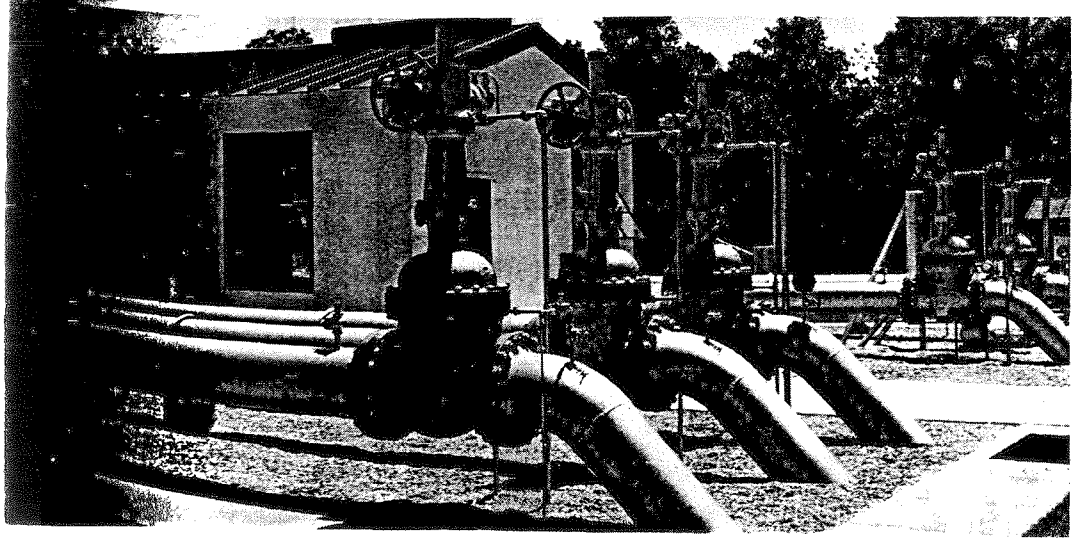
New demands for missile fuels place greater challenges before the chemical industry to produce them. In turn, Crane is called upon to design and manufacture new type valves necessary for producing these chemicals.

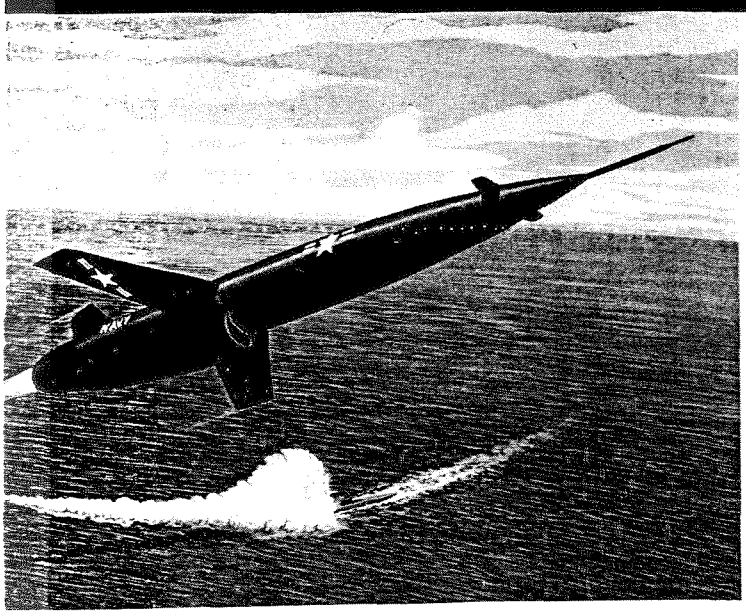
Valves of Crane manufacture for critical locations on rocket engine test stands and launching pads are already in operation. These valves are built to operate in liquid oxygen and



*FOR THE LARGEST electric power station ever authorized at one time. This new-type angle valve stands 11 feet high, weighs 11,000 pounds.*

**MANY** OF *THE country's gas transmission lines are controlled by* **valves** *of Crane manufacture.*





*THE REGULUS missile built by Chance-Vought leaves its submarine base at supersonic speeds. Several of its components are manufactured by HYDRO-AIRE, INC., Crane Co.'s aviation subsidiary. Crane Co. also serves a vital function in the overall missile program by supplying valves for launching pads and engine test stands.*

liquid nitrogen service (at 300 degrees below zero), helium, acids, and jet fuels, under severe operating conditions.

TO MEET the needs of the atomic power era, our special design valves are in service at the nation's first commercial atomic plant. This plant, at Shippingport, Pennsylvania, began producing power in December, 1957. Many of the large 18-inch main coolant valves for the reactor, along with numerous smaller valves that are a vital part of the plant's operation, are of Crane manufacture.

Further, Crane Co. is furnishing substantial valve and piping materials for the National Reactor Plant at Arco, Idaho. Stainless steel materials from our regular line are being used in a number of test reactors, many of them in foreign countries. Foreign markets in the nuclear power field are promising, especially in countries where diminishing supplies of coal, gas and oil demand new sources of power.

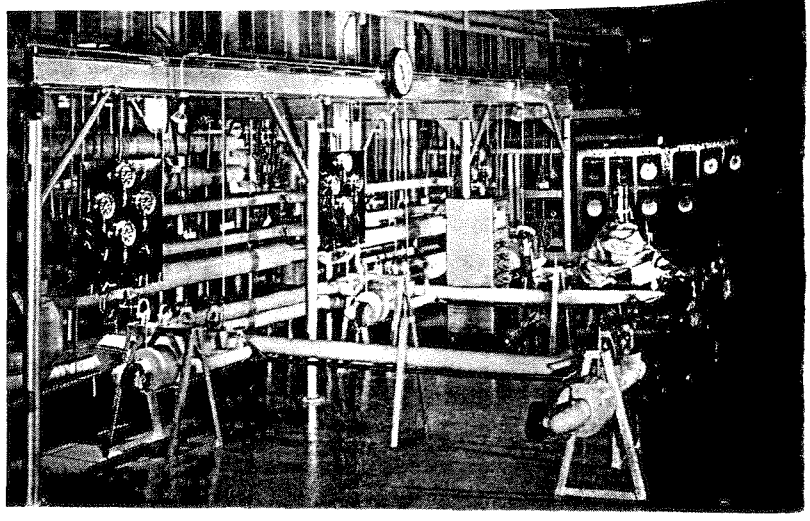
Currently, Crane is producing valves for the nation's first atomic aircraft carrier and a cruiser, now under construction. There is also need for valves on nuclear submarines, as well as other types of surface vessels now on the drawing boards. Another important segment of our valve business—both Naval and industrial—is supplying valves and valve parts as replacements on existing installations.

An important contribution of Crane Engineering Laboratories to the atomic program is the melting and rolling of hafnium metal for use in nuclear reactor systems. Hafnium is a preferred material for control rods because of its unique nuclear properties.

A NEW HOT TEST LOOP for testing and research of product used on reactor coolant systems, under simulated operating conditions, was further expanded during 1957 to help meet the needs of industry.

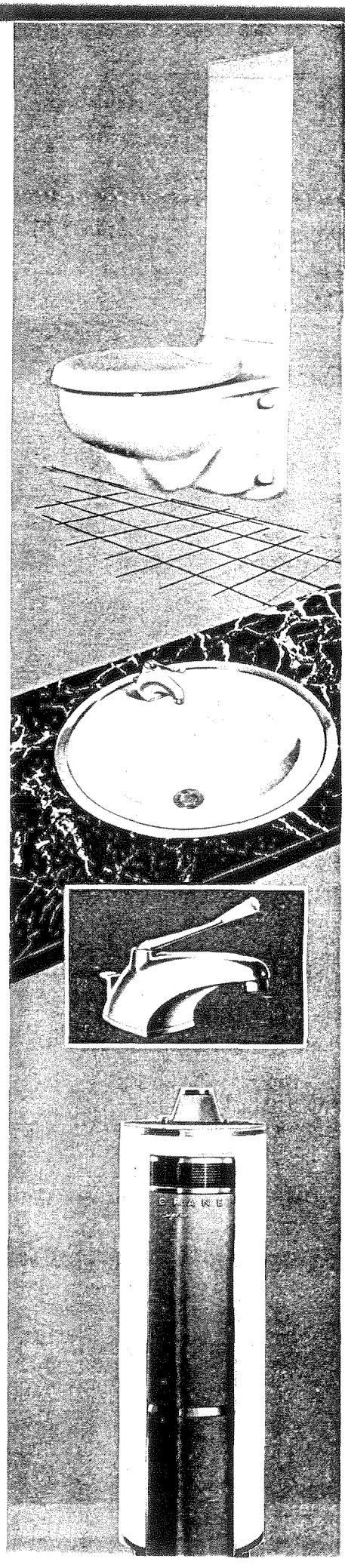
In the field of power generation, in addition to atomic work, the trend continues toward the use of steam at higher pressures and temperatures. In turn, new problems of design for valves and piping have been created. Crane engineers have developed steam valves for service at 5500 pounds per square inch and 1070°F, and feedwater valves in sizes to 14-inch for a pressure of 6600 pounds. These valves are now in production at the Chicago Works.

A new mark was reached during the past year in globe and angle valves when the first of an order for twenty-four 16-inch motor-operated angle valves was completed. These huge valves — each weighing over 11,000



*FURTHER EXPANSION of hot test loop facilities for testing and research of product used on atomic reactor systems was accomplished to meet the needs of industry.*

*FOUR NEW plumbing items—and a new color—were introduced at the 1958 National Home Builders' Show. Top to bottom: The WALSAN closet, CROWN round lavatory, SINGL-ESE trim, and SUPERIOR water heater.*




pounds — are for the largest power plant of its kind in the world ever authorized at one time by any community. An operating pressure of 2480 pounds per square inch required the development of a motor operator larger than any existing designs to provide the half million pounds of thrust required to close the valve. This immense new plant, now under construction at Memphis, will be almost entirely Crane equipped.

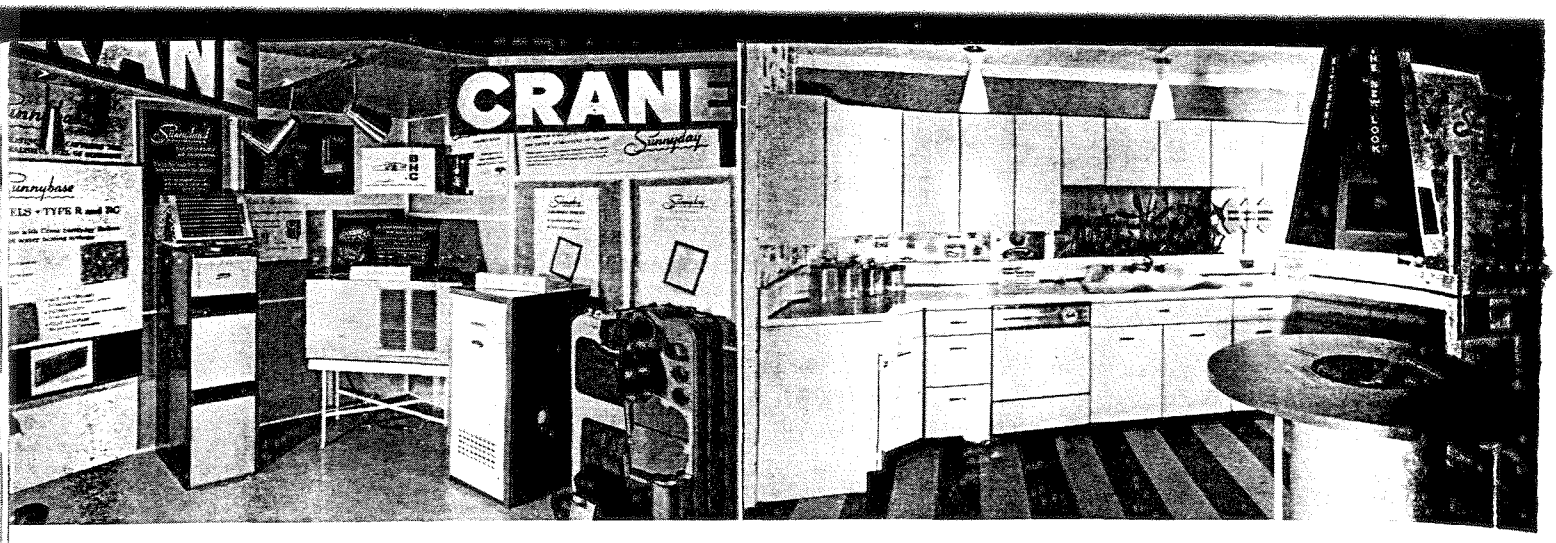
FOR THE OIL industry, a new line of plug gate valves is being developed for water flooding service in the oil fields. In addition—following nearly two years of field investigation, designing, and field testing—a new line of valves for producing high octane gasoline by hydrogen fluoride alkylation has been developed. Engineering on the soft-seated disc for this line represented a marked departure from the industry in design. The new-type HF valve has resulted in additional business in this field, along with having many other possible industrial applications.

The Engineering Division, working with other divisions, has intensified its efforts to reduce the complexities of our lines of products in the Valve and Fitting, Plumbing, and Heating Divisions. The foundation for strong gains along this line has been laid. The end result will be reduced costs through simplified manufacturing procedures.

FOR HOME, and industry, products of the Plumbing, and the Heating and Air Conditioning Divisions are being redesigned, restyled, and expanded to meet changing markets.

The builders section of the Plumbing Sales Division, formed in 1956, stepped up its activities during the year. Contacts with builders' associations were accelerated and much time was given to an intensive field sales training program for developing this specialized phase of selling. The increasing trend toward quality products in the home, and more plumbing facilities per unit, holds promise for more activity in the building industry. Coupled with this is Crane's intense concentration on the huge potential remodeling market in plumbing.

Five new plumbing items were introduced at the 1958 Home Builders' Show. Distribution of these new products is slated to begin during the summer of 1958. These include the strikingly new CROWN round lavatory for countertop installation. Of modern design by Henry Dreyfuss, the trim consists of a new Crane SINGL-ESE lavatory fitting, graceful and smartly styled. This new design trim—first of a series—permits effortless control of water at the touch of a single handle. A new Crane




*FOR THE HOME, and commercial applications, new products, along with those which have strengthened our position in the industry, were displayed at the Home Builders' Show. Included were heating, air conditioning, and kitchen cabinet units.*

SUPERIOR water heater, glass-lined and with many additional features, made its debut at the Builders' Show. This handsome heater—with "sweep front" styling by Dreyfuss—is being offered in four model sizes.

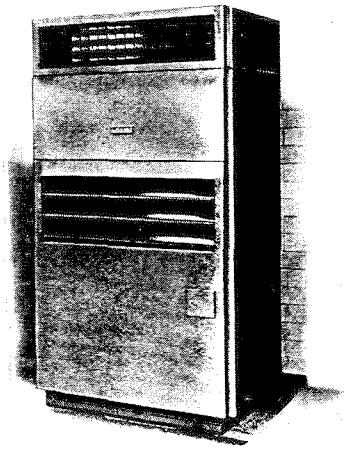
The new WALSAN—an off-the-floor, reverse trap, closet for residential installation—meets the demands of builders and home owners alike. This new "off-the-floor" closet features a concealed tank installed between the wall studdings. An attractive and functional fixture, it fulfills the requirements of modern builders and home owners in its attractiveness, space saving, and ease of cleaning.

A beautiful new pastel color—DESERT TURQUOISE—was created by a group of color experts, designers, and housewives. All Crane plumbing fixtures will be available in this new Desert Turquoise, an ideal color to complement the most contemporary decorating ideas.

IN HOME and commercial heating and air conditioning, new products were introduced, others standardized, to strengthen our position in the industry. The Sunnyday 26 home boiler established a new standard of excellence in heating engineering. Designed especially for economical gas operation, and with a 20-year guarantee, the Sunnyday 26 has become a leader in the industry. Our East Coast market has been greatly increased, since this boiler has capacities to meet the needs of that area. A tankless heater, and a ribbon burner suited to all types of gas, have further increased its sales volume. In addition to the home heating field, new sales emphasis is being placed on our commercial line of boilers.

A completely packaged central cooling system for homes, the Crane Stowaway, was marketed during 1957. The Stowaway unit, combining lower initial cost with ease of installation, makes it a strong contender in the relatively untapped home air conditioning field.

A new entrant in the air conditioning field, a packaged unit in three to fifteen ton capacities, was designed for places where a free standing unit is needed. Designed for use in churches, offices, stores, or shops, the new unit widens the line and opens new markets for air conditioning.



*NEW ENTRANT in air conditioning—a packaged conditioner designed for places where a free-standing unit is needed.*

MEETING requirements of ever-changing market demands for new and improved products is a challenge which calls for continuing, cooperative action of the Sales, Manufacturing, Engineering and Marketing Research divisions of the Company.

# Consolidated Statement of Earnings and Earned Surplus*

*for the year ended December 31, 1957*

| | | |
|---|---|---|
| Net sales | | $378,948,173 |
| Cost of sales, selling, administrative and general expenses | $354,187,441 | |
| Provision for depreciation | 6,213,179 | 360,400,620 |
| Earnings from operations | | $ 18,547,553 |
| Other (income) and deductions: | | |
| Interest on debentures, notes, etc. | $ 912,898 | |
| Loss on foreign exchange conversion | 623,431 | |
| Miscellaneous—net | (338,397) | 1,197,932 |
| | | $ 17,349,621 |
| Minority stockholders' interest in net earnings of subsidiaries | | 131,009 |
| Earnings before taxes on income | | $ 17,218,612 |
| Provision for United States and foreign taxes on income | | 8,540,340 |
| Net earnings for the year | | $ 8,678,272 |
| Earned surplus, at beginning of the year | $100,863,448 | |
| Undistributed earnings of Crane, Limited (Great Britain) at beginning of the year | 9,536,547 | |
| Excess of par value over cost of 3¾% cumulative preferred shares cancelled in connection with sinking fund requirements | 14,103 | 110,414,098 |
| | | $119,092,370 |
| Deduct: | | |
| Cash dividends paid: | | |
| On 3¾% cumulative preferred shares, $3.75 per share | $ 454,005 | |
| On common shares, $2.00 per share | 4,745,248 | 5,199,253 |
| Earned surplus, at end of the year | | $113,893,117 |

See accompanying notes.

* *The consolidated financial statements include the accounts of the Company and all of its subsidiaries including Crane, Limited (Canada) and its wholly-owned subsidiary, Crane, Limited (Great Britain).*

# Crane Co. and Subsidiary Companies

## ASSETS

| | | | |
|---|---|---|---|
| CURRENT ASSETS: | | | |
| Cash | | | $ 16,490,415 |
| U. S. Government and other marketable securities, at cost which approximates market value | | | 2,125,170 |
| Accounts receivable | | $ 47,365,401 | |
| Less: Allowance for losses | | 1,774,693 | 45,590,708 |
| Inventories— | | | |
| Raw materials and supplies | | $ 12,811,324 | |
| Work in process | | 19,818,372 | |
| Finished goods | | 55,971,002 | 88,600,698 |
| Total current assets | | | $152,806,991 |
| INVESTMENTS: | | | |
| Investments in and advances to associated companies, at cost | | $ 4,218,155 | |
| Other investments at cost or nominal value (less reserve, $117,288) | | 540,409 | 4,758,564 |
| FIXED ASSETS: | | | |
| Land | | $ 7,810,937 | |
| Buildings | $ 47,677,580 | | |
| Less: Accumulated depreciation | 23,726,246 | 23,951,334 | |
| Machinery and equipment | $ 88,342,993 | | |
| Less: Accumulated depreciation | 53,280,993 | 35,062,000 | |
| Unfinished construction | | 3,370,657 | 70,194,928 |
| DEFERRED CHARGES: | | | |
| Prepaid expenses and other deferred charges | | $ 1,112,049 | |
| Unamortized pension expense | | 1,155,557 | 2,267,606 |
| | | | $230,028,089 |

See accompanying notes.

# Consolidated Balance Sheet* —December 31, 1957

## LIABILITIES

| | | |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts payable, accrued payrolls, etc. | | $ 16,480,438 |
| United States and foreign taxes on income | $ 9,474,023 | |
| Less: Tax notes | 5,811,907 | 3,662,116 |
| Accrued general taxes | | 2,217,299 |
| Current maturity of debentures | | 272,000 |
| Total current liabilities | | $ 22,631,853 |
| TWENTY-FIVE YEAR 3⅛% SINKING FUND DEBENTURES, DUE MAY 1, 1977 (current portion included above) | | 18,100,000 |
| MINORITY STOCKHOLDERS' INTEREST IN SUBSIDIARY COMPANIES | | 2,248,056 |
| CAPITAL STOCK AND SURPLUS: | | |
| Capital Stock— | | |
| Cumulative preferred shares, 3¾%, par value $100: | | |
| Authorized —160,000 shares | | |
| Outstanding—124,038 shares (including 5,145 shares in treasury) | $ 12,403,800 | |
| Common shares, par value $25: | | |
| Authorized —3,500,000 shares | | |
| Outstanding—2,372,624 shares | 59,315,600 | |
| | $ 71,719,400 | |
| Surplus— | | |
| Capital surplus | $ 1,856,281 | |
| Earned surplus | 113,893,117 | 115,749,398 |
| | $187,468,798 | |
| Less: Cost of 5,145 shares of 3¾% cumulative preferred shares purchased in connection with sinking fund requirements | 420,618 | 187,048,180 |
| | | $230,028,089 |

* *The consolidated financial statements include the accounts of the Company and all of its subsidiaries including Crane, Limited (Canada) and its wholly-owned subsidiary, Crane, Limited (Great Britain).*

# Notes to Financial Statements

**Principles of Consolidation:**

The consolidated financial statements include the accounts of the Company and all subsidiaries, whereas in prior years the accounts of Crane, Limited (Great Britain) were not included. The effect of this change is to increase reported consolidated earnings of the year 1957 by $1,748,635 after deducting dividends paid by the subsidiary of $1,176,557.

Net assets of Crane, Limited (Great Britain) included in the consolidated balance sheet are as follows:

| | |
|---|---|
| Net current assets | $ 8,275,554 |
| Fixed and other assets | 5,144,209 |
| Net assets | $13,419,763 |

**Inventories:**

Inventories amounting to $46,078,489 are valued on the "last-in, first-out" (LIFO) basis. The balance of the inventories are priced at the lower of cost or market on a "first-in, first-out" basis.

**Twenty-Five Year 3⅛% Sinking Fund Debentures, Due May 1, 1977:**

Each year through 1976 the Company is obligated to redeem $950,000 principal amount of debentures. At December 31, 1957 the Company had acquired a principal amount of $678,000 which has been deducted from the amount outstanding. The balance of $272,000 for which the Company is liable prior to November 1, 1958 is shown in current liabilities.

Under the provisions of the indenture relating to the debentures, earned surplus at December 31, 1957 in the amount of $96,766,519 is not available for the payment of dividends on the Company's common shares.

There was no change in the amount of capital surplus during the year 1957.

**3¾% Cumulative Preferred Shares:**

These shares are redeemable at the option of the Company at $104.50 per share, an aggregate amount of $12,424,319.

Under sinking fund provisions the Company is required to pay over to the sinking fund agent for the redemption or purchase of such shares a determinable amount of cash, but not in excess of $320,000 with respect to any fiscal year. Against its obligation to make a cash sinking fund payment

in any year the Company may, at its election, take credit for shares purchased by it otherwise than through the sinking fund.

At December 31, 1957 the Company held 5,145 reacquired shares with a cost of $420,618. A sufficient number of these reacquired shares will be deposited on or before April 30, 1958 with the sinking fund agent in satisfaction of the sinking fund requirements.

**Stock Option Plan:**

Pursuant to a stock option plan adopted in 1951, 187,670 of the Company's unissued common shares are reserved for issuance to officers and employees of the Company and its subsidiaries. Under the plan, the Stock Option Committee may grant ten-year options to purchase shares at a price not less than 85% of the quoted market value on the date the option is granted. At December 31, 1957 options were outstanding to 86 officers and employees for 101,710 shares. This is composed of 81,710 shares at a price of $37 per share and 20,000 shares at a price of $32.75 per share. During the first five years after an option is granted, the optionee may not acquire the optioned shares at a rate greater than 20% annually, such percentage being cumulative.

During the year 1957 the options previously given on 14,350 shares were cancelled.

## Report of Certified Public Accountants

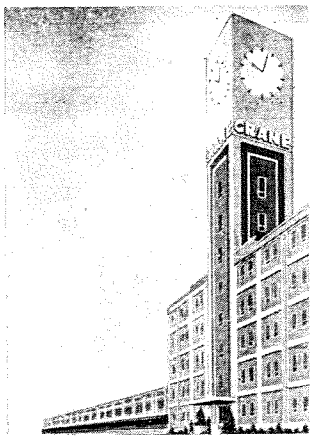
TO THE SHAREHOLDERS OF CRANE CO.:

We have examined the consolidated balance sheet of Crane Co. and subsidiary companies at December 31, 1957 and the related consolidated statement of earnings 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 statement of earnings and earned surplus present fairly the financial position of Crane Co. and subsidiary companies at December 31, 1957 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, except for the inclusion of Crane, Limited (Great Britain) in the consolidation, as covered by the note on principles of consolidation, which change has our approval.

ARTHUR YOUNG & COMPANY

*Chicago, Illinois, March 7, 1958*



# CRANE MANAGEMENT

## Board of Directors

FRANK F. ELLIOTT, *Chairman*

LEE N. BLUGERMAN, *Vice President, Manufacturing*

LESLIE H. T. CLEGG, *President,*
Crane, Limited (Canada)

MARK W. LOWELL, *Vice President,*
Continental Illinois National Bank and Trust Company of Chicago

EDWARD H. McDERMOTT, *Partner,*
McDermott, Will & Emery, Chicago

WILLIAM L. McKNIGHT, *Chairman of Board,*
Minnesota Mining & Manufacturing Company, St. Paul

PETER V. MOULDER, *President* (Retired),
International Harvester Co., Chicago

SHEPHERD M. ROBERTS, *President,*
C. A. Roberts Co., Chicago

NEELE E. STEARNS, *President*

ANTHONY VON WENING, *Chairman of Board,*
Froedtert Corporation, Milwaukee

R. ARTHUR WILLIAMS, *President,*
Standard Railway Equipment Manufacturing Co., Chicago

## Executive Committee

MARK W. LOWELL, *Chairman*
FRANK F. ELLIOTT
ANTHONY VON WENING
R. ARTHUR WILLIAMS
NEELE E. STEARNS

## Officers

NEELE E. STEARNS, *President and Chief Executive Officer*

LEE N. BLUGERMAN, *Vice President, Manufacturing*

GEORGE F. BURLEY, *Vice President, Purchasing and Traffic*

PAUL S. KEMPF, *Vice President, Personnel and Industrial Relations*

MAURICE NELLES, *Vice President, Engineering*

CARTER T. POLLOCK, *Vice President, Plumbing Sales*

WILLIAM O. BROWN, *General Manager, Sales*

PAUL L. YATES, *Comptroller*

KENNETH L. KARR, *Secretary*

EDWARD H. PETERSEN, *Treasurer*

EARL WYATT, *Executive Assistant*

ROBERT F. McDONALD, *Ass't Treasurer*

NORMAN I. PICKLES, *Ass't Treasurer*

HENRI A. TACON, *Ass't Treasurer*

C. CLIFFORD MARKS, *Ass't Comptroller*

WILLIAM R. STEAD, *Ass't Secretary*

## Stock Transfer Agents

J. P. MORGAN & CO. INCORPORATED, *New York 8, New York*
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, *Chicago 90, Illinois*

## Registrars of Stock

THE CHASE MANHATTAN BANK, *New York 15, New York*
THE FIRST NATIONAL BANK OF CHICAGO, *Chicago 90, Illinois*

## Auditors

ARTHUR YOUNG & COMPANY, *Chicago 2, Illinois*

# PLANTS AND PRODUCTS

## In the United States . . .

**Chicago Works,**
Chicago, Illinois
*Valves, Fittings, Plumbing Brass Trim, Pipe Fabrication*
N. F. Garrett, *General Manager*

**Chattanooga Division,**
Chattanooga, Tennessee
*Enameled Iron Plumbing Fixtures, Bathtubs, Sinks, Lavatories, Iron Heating Boilers and Radiation*
W. M. Hamilton, *Manager*

**Crane-Pacific Division,**
Colton, California
*Vitreous China Plumbing Fixtures, Water Closets and Lavatories*
S. A. Peer, *General Superintendent*

**The Trenton Potteries Company,**
a Division of Crane Co.,
Trenton, New Jersey
*Vitreous China and Duraclay Plumbing Fixtures, Water Closets, Lavatories, Urinals, Tubs, Fountains, Hospital Fixtures*
A. E. Bennett, *President*

**Hydro-Aire, Inc.,**
Burbank, California
*Aircraft Valves, Filters and Actuators*
D. A. Lichty, *President*

**Toledo Desk & Fixture Co.,**
a Division of Crane Co.,
Maumee, Ohio
*Enameled Steel Kitchen Cabinets*
C. W. Nelson, *Plant Manager*

## In Great Britain . . .

**Crane, Limited (Great Britain)**
J. E. Bennett, *Chairman of the Board*
R. E. Dunnett, *Managing Director*

**Ipswich Works,**
Ipswich, Suffolk, England
*Valves, Fittings, Boilers, Radiation*
J. B. Webster, *Works Manager*

## In Canada . . .

**Crane, Limited (Canada)**
Montreal
L. H. T. Clegg, *President*
G. R. Gustin, *Vice President*
F. D. MacNaughton, *Vice President*
F. H. Meyer, *Vice President*

**St. Patrick St. Plant,**
Montreal, Quebec
*Valves, Fittings, Plumbing Brass Trim, Pipe Fabrication*
J. D. Walker, *Works Manager*

**Canadian Potteries Limited,**
St. Johns, Quebec
*Vitreous China Plumbing Fixtures, Water Closets, Lavatories*
A. G. Lennon, *Manager*

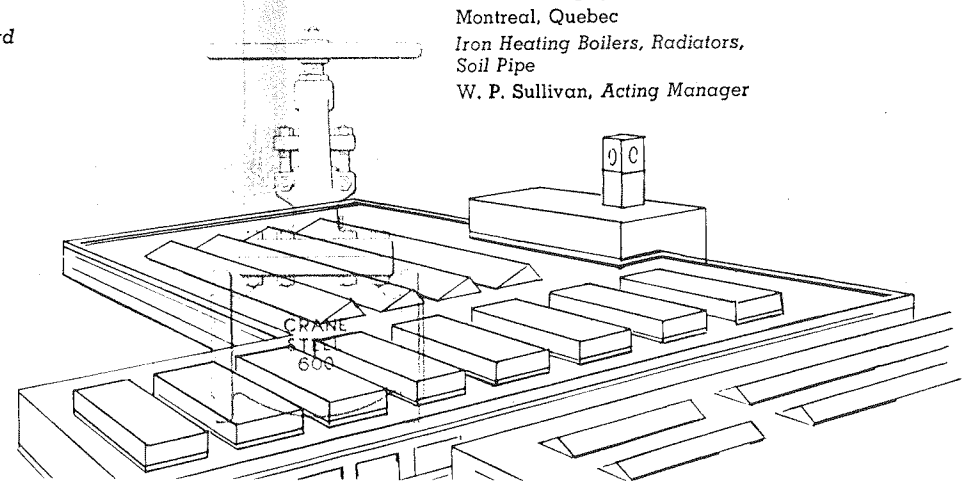
**Port Hope Sanitary Manufacturing Co. Ltd.,**
Port Hope, Ontario
*Enameled Iron Plumbing Fixtures, Bathtubs, Sinks and Lavatories*
William Armstrong, *Manager*

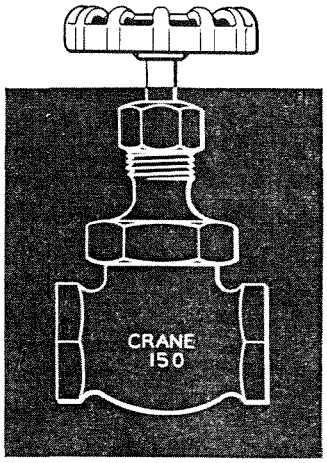
**Calgary Plant,**
Calgary, Alberta
*Valves and Fittings*
G. M. Young, *Manager*

**Allianceware Ltd.,**
Vancouver, B. C.
*Enameled Steel Plumbing Fixtures*
R. E. Strain, *Vice President*

**Crane Steelware, Limited,**
Quebec, Quebec
*Enameled Steel Plumbing Fixtures*
E. A. Thompson, *Manager*

**Warden King (Limited),**
Montreal, Quebec
*Iron Heating Boilers, Radiators, Soil Pipe*
W. P. Sullivan, *Acting Manager*






CRANE CO.

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