CROWN CORK & SEAL COMPANY, INC.
1996 Annual Report

WE CORDIALLY INVITE YOU to attend the next Annual Meeting of Shareholders of Common and Preferred Stock being held at 11:00 A.M., on Thursday, April 24, 1997, at the new headquarters of the Corporation, One Crown Way, Philadelphia, Pennsylvania. A formal notice of this Meeting, together with the Proxy Statement and Proxy Card will be mailed to each Shareholder of Common and Preferred Stock of record as of the close of business on March 14, 1997, and only holders of record on said date will be entitled to vote. Management of the Corporation will request the holders of Common and Preferred Shares to sign proxies for this meeting.

BOARD OF DIRECTORS

WILLIAM J. AVERY [a,d,e]
Chairman of the Board and Chief Executive Officer

HENRY E. BUTWEL [a,b]
Executive Vice President (Retired)

CHARLES F. CASEY [b]
Chairman of the Board of CONSTAR International Inc. (Retired)

FRANCIS X. DALTON
Treasurer (Retired)

GUY de WOUTERS [b,e]
Director of CGIP, Marine-Wendel, Eurotunnel and Valeo

RICHARD L. KRZYZANOWSKI [a]
Executive Vice President, Secretary and General Counsel

JOSEPHINE C. MANDEVILLE
President and Chief Executive Officer
of the Connelly Foundation

MICHAEL J. McKENNA [a]
President and Chief Operating Officer

FELIX G. ROHATYN [e]
Managing Director of Lazard Frères & Co. LLC,
also a Director of Pfizer and General Instruments

JEAN-PIERRE ROSSO [c]
Chairman, President and CEO, Case Corporation;
also a Director of Inland Steel, Ryerson Tull,
ADC Telecommunications and Principal Mutual Life Insurance Co.

ALAN W. RUTHERFORD [e]
Executive Vice President
and Chief Financial Officer

J. DOUGLASS SCOTT
President and CEO, Crown Cork & Seal Canada Inc. (Retired)

ERNEST-ANTOINE SEILLIÈRE [a,c,d,e]
Chairman and CEO of Compagnie Générale d'Industrie
et de Participations (CGIP); Chairman and CEO of
Marine-Wendel; also a Director of Peugeot, Cap Gemini,
Société Générale and Valéo

ROBERT J. SIEBERT
Retired President of CRC Chemicals, Inc.
Management Consultant

HAROLD A. SORGENTI [b,c,e]
General Partner of Sorgenti Investment Partners;
also a Director of Freedom Chemical and
Provident Mutual Life

EDWARD P. STUART
Emeritus

[a] Member of Executive Committee [b] Member of Audit Committee [c] Member of Executive Compensation Committee
[d] Member of Nominating Committee [e] Member of Strategic Committee

CORPORATE MANAGEMENT
CORPORATE OFFICERS

WILLIAM J. AVERY	Chairman of the Board and Chief Executive Officer
MICHAEL J. McKENNA	President and Chief Operating Officer
RICHARD L. KRZYZANOWSKI	Executive Vice President, Secretary and General Counsel
ALAN W. RUTHERFORD	Executive Vice President and Chief Financial Officer
IAN B. CARMICHAEL	Executive Vice President-Corporate Technologies
JOHN W. CONWAY	Executive Vice President and President-Americas Division
B. NIGEL GILSON	Executive Vice President-Global Customer Business
MARK W. HARTMAN	Executive Vice President-Office of the Chairman
TOMMY H. KARLSSON	Executive Vice President and President-European Division
RONALD R. THOMA	Executive Vice President-Procurement and Traffic
WILLIAM H. VOSS	Executive Vice President and President-Asia-Pacific Division
CRAIG R. L. CALLÉ	Senior Vice President-Finance and Treasurer
WILLIAM R. HOWARD	Senior Vice President-Corporate Operations
REDA H. AMIRY	Vice President-Taxes
GARY L. BURGESS	Vice President-Human Resources
MICHAEL B. BURNS	Vice President-Treasury Management
GREGORY L. COWAN	Vice President-Internal Audit
TIMOTHY J. DONAHUE	Vice President and Controller
MICHAEL F. DUNLEAVY	Vice President-Business Development
CHARLES E. FINNEGAN	Vice President-Metal Purchasing
MURIEL FONTUGNE	Vice President-Risk Management
WILLIAM T. GALLAGHER	Assistant Corporate Secretary and Assistant General Counsel
B. DOUGLAS GOODELL	Vice President and President-Packaging Systems Division
MICHAEL J. HARDING	Vice President-Finance, Transition Team
EDWARD J. HATTER	Vice President-Traffic and Transportation
PETER J. JULIAN	Chief Information Officer
E.C. NORRIS ROBERTS	Vice President-Corporate Administration
ROBERT G. VATISTAS	Vice President-Environment, Health & Safety
EDWARD C. VESEY	Vice President-Purchasing

CORPORATE MANAGEMENT
DIVISION OFFICERS

AMERICAS DIVISION

JOHN W. CONWAY
Executive Vice President and President-Americas Division

FRANK J. MECHURA
Senior Vice President and
President - CONSTAR

ROBERT J. TRUITT
Senior Vice President-
Manufacturing

CLINTON J. WARING
Senior Vice President-
Sales and Marketing

JAMES T. BENNETT
Vice President-
Manufacturing

JAMES C.T. BOLTON
Vice President-
Finance - CONSTAR

EDWARD J. BOYLE, JR.
Vice President-
Sales, Eastern Division

FORREST K. EASON
Vice President-
Sales, Southwest Division

MICHAEL W. FELDSER
Vice President-
2 Piece Manufacturing

JOHN M. GAHAN
Vice President-
Production Planning

ARTHUR J. HOCEVAR
Vice President-
Business Development,
Latin America

MICHAEL J. HOFFMAN
Vice President-
Manufacturing - CONSTAR

WILLIAM R. KEITH
Vice President-
Sales, Southern Division

ROBERT G. LELACHEUR
Vice President-
Sales, Northeast Division

DAVID MACBURNIE
Vice President-
Total Quality

GARY A. MUNSON
Vice President-
Sales, Western Division

JOSEPH R. PIERCE
Vice President-
3 Piece Manufacturing - Aerosol,
General Line, Crowns & Closures

E. JOHN PYSAR
Vice President-
3 Piece Food and Open Top
Can Manufacturing

JOHN E. ROYCROFT
Vice President-
Sales, Central Division

JAMES H. SADLER
Vice President-
International Manufacturing and Project Management

PATRICK D. SZMYT
Vice President
and Chief Financial Officer

ASIA-PACIFIC DIVISION

WILLIAM H. VOSS
Executive Vice President and President-Asia-Pacific Division

KHONG HENG KIN
Vice President-
Operations & Business Development

MICHEL MOUSSELON
Chief Financial Officer

ANDY CARLTON
Director-
Manufacturing

EUROPEAN DIVISION

TOMMY H. KARLSSON
Executive Vice President and President-European Division

MIKE FRENCH
Executive Vice President-
Beverage & Engineering Sector

JACQUES LÉGER
Executive Vice President-
Food Europe

BERNARD ROLLEY
Executive Vice President
and Chief Financial Officer

MARC SZULEWICZ
Executive Vice President-
Plastics

PETER CALDER
Vice President-
Human Resources & Communications

ALAN CLARK
Vice President-
Sourcing

CLIVE GRIFFITHS
Vice President-
Manufacturing & Quality

FRANCIS LABBÉ
Vice President-
Specialty Packaging and Aerosol Europe

PACKAGING SYSTEMS DIVISION

B. DOUGLAS GOODELL
Vice President and President-Packaging Systems Division

JAMES W. PARKER
Executive Vice President - Packaging Systems Division

JERRY EAST
Vice President-Sales

SUBSIDIARY DIVISION

WILLIAM J. BRAYER
Vice President-Tool Subsidiaries

CORPORATE TECHNOLOGIES

IAN B. CARMICHAEL
Executive Vice President-Corporate Technologies

MIKE G. ALDERSON
Vice President-
New Technologies

DANIEL J. DONAGHY
Vice President-
Engineering Systems

TOD F. EBERLE
Vice President-
Plastic Technologies

WILLIAM C. HOYLE
Vice President-
Materials and Packaging Services

TERENCE A. TURNER
Vice President-
Engineering-Metals

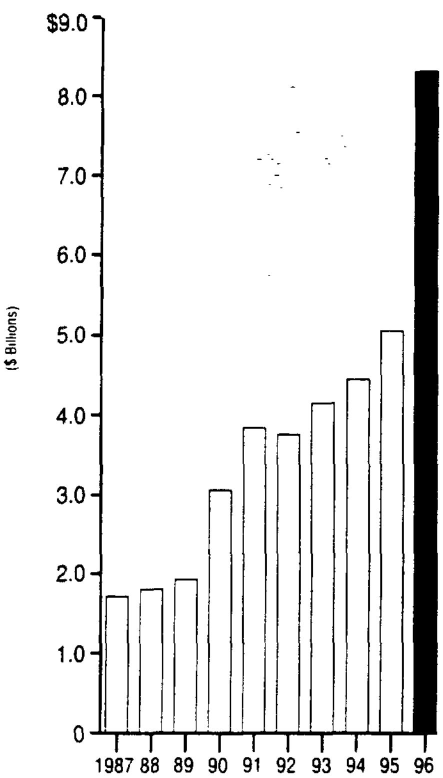
Contents

Corporate Highlights

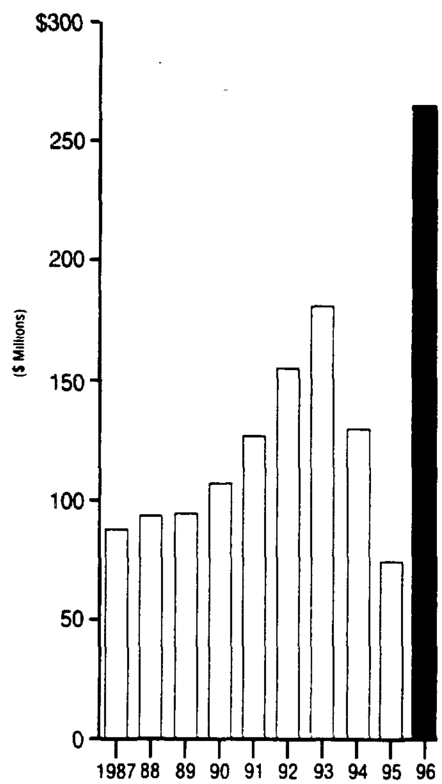
(in millions, except per share, employee, shareholder and statistical data)

	1996†	1995	% Change
Net sales	$ 8,331.9	$ 5,053.8	64.9
Net income available to common shareholders	264.2	74.9	252.7
Per common share			
Earnings	$ 2.16	$ .83	160.2
Cash dividends	1.00		
Book value	23.69	16.12	47.0
Market price (closing)	54.375	41.75	30.2
Total assets	$ 12,590.2	$ 5,051.7	149.2
Capital expenditures	631.2	433.5	45.6
Depreciation and amortization	495.9	256.3	93.5
Cash flow from operations	911.2	164.6	453.6
Return on average shareholders' equity	10.5%	5.3%	98.1
Total debt to total capitalization	56.4%	56.2%	.4
Number of employees	44,611	20,409	118.6
Number of common shareholders (on record)	5,736	5,976	(4.0)
Average common shares outstanding	122,468,206	90,233,518	35.7
Preferred stock outstanding	12,432,622		

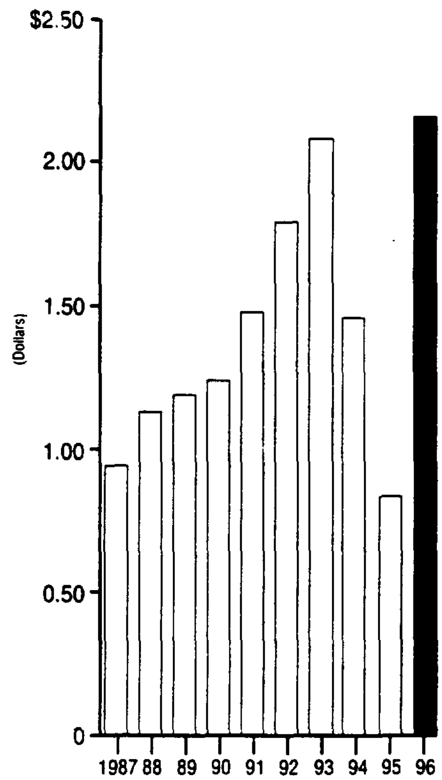
NET SALES



NET INCOME*



EARNINGS PER SHARE†**



†1996 data includes amounts for CarnaudMetalbox, acquired on February 22, 1996
*1993 figures exclude the cumulative effect of accounting changes for SFAS Nos. 106, 109 and 112
**Earnings per share for years prior to 1992 have been restated for comparative purposes to reflect the 3 for 1 common stock split declared in 1992

Dear Fellow Shareholders:

The year 1996 saw our Company establish itself as the premier global packaging company.

Following the acquisition of CarnaudMetalbox in February 1996, we organized the company into five operating divisions supported by a Corporate Technologies department. Good progress has been made in planning and implementing the restructuring of the two companies' operations and the plans made in 1996 will continue to be acted upon during 1997 and, in some cases, early in 1998.

In the Americas Division, we integrated the Anchor Hocking metal closure subsidiary into the US operations and divested Davies Can following a decision to exit the US paint and oblong can business. We had a satisfactory year in the US market (after substantial restructuring in 1994 and 1995) and our Canadian operations performed well. We completed the restructuring of our Mexican operations and began commercial production of beverage cans at a new plant in Cabreuva, Brazil. We closed our facility in Ecuador and, near the end of the year, signed an agreement to build a beverage can plant in Colombia with the Ardila Lülle organization as our partner.

In the Asia-Pacific Division, we centralized the management of the new combined operations in Singapore and, in July 1996, initiated a major restructuring program. Much of this program has been implemented and the operations are expected to better serve our customers in this large market which has tremendous future potential.

The newly created European Division, which includes the Middle East and Africa, had a successful year considering all of the distractions associated with planning and implementing the restructuring program. All operations were reviewed and the necessary re-alignments were initiated, irrespective of whether these involved Crown or CMB operations. The European Division administration was centralized into one office facility in Paris. We also initiated a new computer-based shared service center program in the UK to provide improved management information and to better serve our customers. The UK shared service center will later be used as a pilot for global implementation elsewhere in the Company.

The Packaging Systems Division, operating as Crown Simplimatic, was formed in 1996 by combining the former Crown Machinery Division with the CMB Simplimatic Engineering business. The combination created one of only a few companies that are well-qualified to manufacture complete integrated beverage filling lines.

The Subsidiary Division continued to provide support, primarily in the US, in both tooling and machine overhaul and was profitable.

Corporate Technologies, which is based in Alsip, Illinois and Wantage, England, was consolidated to ensure a world class service capability of commercial value to customers and remains at the forefront of new product and process development.

The Company is increasing its already considerable emphasis on total quality management to better serve our customers worldwide and to improve productivity. The Company also continues to be in the forefront of environmental compliance and is extending this expertise globally.

The net debt of the Company, at December 31, 1996, was $4.9 billion. Capital expenditures in the year totaled $631 million, down considerably from the pro-forma combined Company $870 million in 1995. Projected capital expenditures for 1997 are $520 million. The Company generated $911 million of cash flow from operations in 1996 compared to $165 million in 1995.

Our intention is to dedicate the majority of management resources in 1997 to integrating the acquired companies to ensure the realization of all possible synergies and to improve and strengthen the operations and our financial position.

The Company was involved in two large capital market transactions. In October a significant shareholder CGIP, successfully sold half of its holdings in Crown common and preferred stock in a secondary offering in order to diversify its investment portfolio. In December, the Company successfully completed the refinancing of $1.2 billion of acquisition debt, with maturities ranging from seven to 100 years at interest rates near historical lows.

Mr. Jean-Pierre Rosso, Chairman, President and CEO of Case Corporation, agreed to join the Board of Directors in July of 1996 and has already proven to be a substantial contributor. Mr. Felix G. Rohatyn, who joined the Board in February 1996, has decided not to stand for re-election due to various other business and personal commitments. In the short time Felix served on the Board, we appreciated his sound advice and regret his decision. We wish him well in the future. Mr. Chester Hilinski, who has served on the Board since 1984, retired in December 1996. We will miss Chet's counsel and his wonderful ability to put the most difficult problems into proper perspective.

We welcome the CMB employees to the ever-growing Crown family and thank all our employees for their continuing efforts on behalf of the Company.

On March 1, 1997 we completed the purchase of Golden Aluminum Company from ACX Technologies Inc. We are excited about the potential of this mini-mill technology and believe it will contribute to profits in the future.

After almost forty years at Ashton Road, in Philadelphia, we finally recognized that we had outgrown our Corporate Headquarters and have now moved into a new more functional building.

Every year brings new opportunities and challenges and 1997 will be no different. We are confident that your Company is equal to the task.

Sincerely,

William J. Avery

William J. Avery
Chairman of the Board
and Chief Executive Officer

Michael J. McKenna

Michael J. McKenna
President
and Chief Operating Officer

March 21, 1997

Consolidated Statements of Income

(in millions, except per share amounts)

	1996	1995	1994
Net sales	$ 8,331.9	$ 5,053.8	$ 4,452.2
Costs, expenses and other income			
Cost of products sold (excluding depreciation and amortization)	6,732.5	4,319.4	3,706.2
Depreciation and amortization	495.9	256.3	218.3
Selling and administrative expense	387.2	139.3	135.4
Provision for restructuring . . *Note I*	39.8	102.7	114.6
Gain on sale of assets	(23.8)	(8.4)	(6.7)
Interest expense, net of interest income	305.8	136.1	91.6
Translation and exchange adjustments	(36.5)	(1.1)	10.1
	7,900.9	4,944.3	4,269.5
Income before income taxes	431.0	109.5	182.7
Provision for income taxes . . *Note O*	134.4	24.9	55.6
Income from operations	296.6	84.6	127.1
Minority interests, net of equity earnings . . *Notes P and D*	(12.6)	(9.7)	3.9
Net income	284.0	74.9	131.0
Preferred stock dividends . . *Note M*	19.8		
Net income available to common shareholders	$ 264.2	$ 74.9	$ 131.0
Average common share data:			
Earnings	$ 2.16	$ .83	$ 1.47
Dividends	$ 1.00		

The accompanying notes are an integral part of these financial statements.

Certain reclassifications of prior years' data have been made to improve comparability.

Consolidated Balance Sheets

(in millions, except share data)

December 31	1996	1995
Assets		
Current assets		
Cash and cash equivalents	$ 160.4	$ 68.1
Receivables . . *Note B*	1,349.3	744.3
Inventories . . *Note C*	1,423.8	811.9
Prepaid expenses and other current assets	358.4	84.6
Total current assets	3,291.9	1,708.9
Long-term notes and receivables	82.2	63.5
Investments . . *Note D*	90.3	57.5
Goodwill, net of amortization	4,809.9	1,095.7
Property, plant and equipment . . *Note E*	3,717.3	2,005.9
Other non-current assets	598.6	120.2
Total	$12,590.2	$5,051.7
Liabilities & Shareholders' Equity		
Current liabilities		
Short-term debt . . *Note J*	$ 1,105.8	$ 537.9
Current portion of long-term debt . . *Note J*	48.5	70.2
Accounts payable and accrued liabilities . . *Note F*	2,460.9	668.2
United States and foreign income taxes	47.3	2.7
Total current liabilities	3,662.5	1,279.0
Long-term debt, excluding current maturities . . *Note J*	3,923.5	1,490.1
Other non-current liabilities . . *Note G*	458.2	112.2
Postretirement and pension liabilities . . *Note N*	738.9	590.6
Minority interests . . *Note P*	243.8	118.6
Shareholders' equity		
Preferred stock, 4.5% cumulative convertible, par value:$41.8875 per share; authorized: 12,432,622; issued and outstanding: 1996 - 12,432,622; 1995 - None . . *Note M*	520.8	
Additional preferred stock, authorized: 30,000,000; none issued. . *Note M*		
Common stock with $5.00 par value per share; 1996 - Authorized 500,000,000; issued 155,791,632 1995 - Authorized 120,000,000; issued 118,490,814 . . *Note M*	779.0	592.5
Additional paid-in capital	1,567.3	182.7
Retained earnings	1,185.0	1,049.0
Minimum pension liability . . *Note N*	(14.8)	(32.1)
Cumulative translation adjustment	(337.1)	(191.7)
Treasury stock (1996 - 27,380,835 shares; 1995 - 27,840,000 shares)	(136.9)	(139.2)
Total shareholders' equity	3,563.3	1,461.2
Total	$12,590.2	$5,051.7

The accompanying notes are an integral part of these financial statements.

Certain reclassifications of prior years' data have been made to improve comparability.

Consolidated Statements of Cash Flows

(in millions)

	1996	1995	1994
Cash flows from operating activities			
Net income	$ 284.0	$ 74.9	$131.0
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	495.9	256.3	218.3
Provision for restructuring	31.7	67.0	73.2
Foreign currency gain	(42.1)		
Gain on sale of assets	(15.5)	(5.5)	(4.4)
Deferred income taxes	91.7	(3.2)	(14.0)
Minority interests in earnings of subsidiaries	5.4	13.6	12.4
Equity in earnings of joint ventures, net of dividends	14.5	1.5	(9.0)
Other, net	(6.9)	(4.2)	4.1
Changes in assets and liabilities, net of businesses acquired:			
Receivables	247.2	(24.7)	(185.5)
Inventories	20.3	(55.1)	(37.8)
Accounts payable, accrued and other liabilities	(193.8)	(172.5)	(162.8)
Other, net	(21.2)	16.5	(18.7)
Net cash provided by operating activities	911.2	164.6	6.8
Cash flows from investing activities			
Capital expenditures	(631.2)	(433.5)	(439.8)
Acquisition of businesses, net of cash acquired	(1,537.5)	(14.2)	(65.7)
Proceeds from sale of property, plant and equipment	32.6	26.8	7.7
Proceeds from sale of businesses	107.9		
Other, net	(6.5)	(17.1)	(1.5)
Net cash used for investing activities	(2,034.7)	(438.0)	(499.3)
Cash flows from financing activities			
Proceeds from long-term debt	2,075.1	365.4	154.8
Payments of long-term debt	(303.3)	(209.0)	(186.5)
Net change in short-term debt	(423.3)	99.8	495.6
Dividends paid	(145.4)		
Common stock:			
Repurchase for treasury		(.3)	(12.7)
Issued under various employee benefit plans	11.0	21.2	16.3
Minority contributions, net of dividends paid	3.7	21.5	9.0
Net cash provided by financing activities	1,217.8	298.6	476.5
Effect of exchange rate changes on cash and cash equivalents	(2.0)	(.6)	5.3
Net change in cash and cash equivalents	92.3	24.6	(10.7)
Cash and cash equivalents at January 1	68.1	43.5	54.2
Cash and cash equivalents at December 31	$ 160.4	$ 68.1	$ 43.5

The accompanying notes are an integral part of these financial statements.
Certain reclassifications of prior years' data have been made to improve comparability.

Consolidated Statements of Shareholders' Equity

(in millions, except share data)

	Preferred Stock	Common Stock	Paid-In Capital	Retained Earnings	Minimum Pension Liability	Cumulative Translation Adjustment	Treasury Stock	Total
Balance December 31, 1993 . .		**$592.5**	**$ 167.4**	**$ 843.1**	**($46.3)**	**($156.5)**	**($148.4)**	**$1,251.8**
Net income - 1994				131.0				131.0
Stock repurchased: 347,360 shares			(10.9)				(1.8)	(12.7)
Stock issued under stock option and employee savings plans: 892,867 shares			11.9				4.4	16.3
Minimum pension liability adjustment					(1.8)			(1.8)
Translation adjustments						(19.4)		(19.4)
Balance December 31, 1994 . .		**592.5**	**168.4**	**974.1**	**(48.1)**	**(175.9)**	**(145.8)**	**1,365.2**
Net income - 1995				74.9				74.9
Stock repurchased: 7,401 shares			(.3)					(.3)
Stock issued under stock option and employee savings plans: 1,298,175 shares			14.6				6.6	21.2
Minimum pension liability adjustment					16.0			16.0
Translation adjustments						(15.8)		(15.8)
Balance December 31, 1995 . .		**592.5**	**182.7**	**1,049.0**	**(32.1)**	**(191.7)**	**(139.2)**	**1,461.2**
Net income - 1996				284.0				284.0
Stock issued in business combination:								
Common: 37,300,818 shares		186.5	1,375.9					1,562.4
Preferred: 12,432,622 shares	$520.8							520.8
Dividends declared:								
Common:				(128.2)				(128.2)
Preferred:				(19.8)				(19.8)
Stock issued under stock option and employee savings plans: 459,165 shares			8.7				2.3	11.0
Minimum pension liability adjustment					17.3			17.3
Translation adjustments						(145.4)		(145.4)
Balance December 31, 1996 . .	**$520.8**	**$779.0**	**$1,567.3**	**$1,185.0**	**($14.8)**	**($337.1)**	**($136.9)**	**$3,563.3**

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

(in millions, except per share, employee, shareholder and statistical data)

A. Summary of Significant Accounting Policies

Business and Principles of Consolidation

The consolidated financial statements include the accounts of Crown Cork & Seal Company, Inc. (the "Company") and its wholly-owned and majority-owned subsidiary companies. The Company manufactures and sells metal and plastic containers, aluminum and plastic closures and crowns as well as manufactures filling, packaging and handling machinery. These products are manufactured in the Company's plants both within and outside the United States and are sold through the Company's sales organization to the soft drink, food, citrus, brewing, household products, personal care and various other industries. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect management estimates and assumptions. Actual results could differ from those estimates, impacting reported results of operations and financial position. All significant intercompany accounts and transactions are eliminated in consolidation. Investments in joint ventures and other companies in which the Company does not have control, but has the ability to exercise significant influence over operating and financial policies (generally greater than 20% ownership), are accounted for by the equity method. Other investments are carried at cost.

Foreign Currency Translation

For non-U.S. subsidiaries which operate in a local currency environment, assets and liabilities are translated into U.S. dollars at year-end exchange rates. Income and expense items are translated at average rates prevailing during the year. Translation adjustments for these subsidiaries are accumulated in a separate component of Shareholders' Equity. For non-U.S. subsidiaries which operate in U.S. dollars (functional currency) or whose economic environment is highly inflationary, local currency inventories and plant and other property are translated into U.S. dollars at approximate rates prevailing when acquired; all other assets and liabilities are translated at year-end exchange rates. Inventories charged to cost of sales and depreciation are remeasured at historical rates; all other income and expense items are translated at average exchange rates prevailing during the year. Gains and losses which result from remeasurement are included in earnings.

Cash and Cash Equivalents

Cash equivalents represent investments with maturities of three months or less from the time of purchase, and are carried at cost which approximates fair value because of the short maturity of those instruments.

Inventory Valuation

Inventories are carried at the lower of cost or market, with cost for domestic metal, plastic container, crown and closure inventories principally determined under the last-in, first-out (LIFO) method. Machinery Division and non-U.S. inventories are principally determined under the average cost method.

Goodwill

Goodwill, representing the excess of the cost over the net tangible and identifiable intangible assets of acquired businesses, is stated at cost and is amortized, principally on a straight-line basis, over the estimated future periods to be benefited (primarily 40 years). On an annual basis the Company reviews the recoverability of goodwill based primarily upon an analysis of undiscounted cash flows from the acquired businesses. Accumulated amortization amounted to $221.6 and $117.8 at December 31, 1996 and 1995, respectively.

Property, Plant and Equipment

Property, plant and equipment (PP&E) is carried at cost and includes expenditures for new facilities and those costs which substantially increase the useful lives of existing PP&E. Cost of significant assets includes capitalized interest incurred during the construction and development period. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed, the related costs and accumulated depreciation are eliminated from the respective accounts and any profit or loss on disposition is reflected in income. Costs assigned to PP&E of acquired businesses are based on estimated fair value at the date of acquisition.

Depreciation and amortization are provided on a straight-line basis for financial reporting purposes and an accelerated basis for tax purposes over the estimated useful lives of the assets. The range of estimated economic lives assigned to each significant fixed asset category are as follows: Land Improvements—25; Buildings and Building Improvements—25 to 40; Other Depreciable Assets—3 to 14.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the cost of long-lived assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine whether a write-down to market value is required.

Treasury Stock

Treasury stock is reported at par value and constructively retired. The excess of fair value over par value is first charged to paid-in capital, if any, and then to retained earnings.

Research and Development

Research, development and engineering expenditures which amounted to $51.5, $22.3 and $21.1 in 1996, 1995 and 1994, respectively, are expensed as incurred. Substantially all engineering and development costs are related to developing new products or designing significant improvements to existing products.

Earnings Per Share

Primary earnings per average common share is computed by dividing net income available to common shareholders by primary weighted average common shares. Primary weighted average common shares equal weighted average common shares plus dilutive common share equivalents. Fully diluted earnings per share is computed assuming the conversion of the Company's 4.5% cumulative convertible preferred stock.

Reclassifications

Certain reclassifications of prior years' data have been made to improve comparability.

B. Receivables

	1996	1995
Accounts and notes receivable	$1,266.2	$660.9
Less: allowance for possible losses	(92.0)	(10.0)
Net trade receivables	1,174.2	650.9
Miscellaneous receivables	175.1	93.4
	$1,349.3	$744.3

The Company has agreements to sell certain of its non-U.S. trade accounts receivable. At December 31, 1996 approximately $134 (none in 1995) of receivables had been sold with limited recourse under these arrangements and are reflected as a reduction of trade accounts receivable. Fees and discounting expense related to these arrangements amounted to $5 in 1996 and are included in interest expense.

C. Inventories

	1996	1995
Finished goods	$ 529.8	$305.3
Work in process	210.7	94.3
Raw materials	550.1	331.3
Supplies and repair parts	133.2	81.0
	$1,423.8	$811.9

Approximately 34% and 45% of worldwide inventories at December 31, 1996 and 1995, respectively, were stated on the last-in, first-out (LIFO) method of inventory valuation. Had average cost (which approximates replacement cost) been applied to such inventories at December 31, 1996 and 1995, total inventories would have been $18.5 and $45.4 higher, respectively.

D. Investments

	1996	1995
January 1	$ 57.5	$ 47.7
Acquisition of CMB	35.6	
Acquisition of equity and investments in joint ventures	12.6	13.3
Equity in earnings of joint ventures	(7.2)	3.9
Dividends received from equity affiliates	(7.3)	(5.4)
Change in cumulative translation on net assets of equity affiliates	(.9)	(1.0)
Change in reporting entity		(1.0)
December 31	$ 90.3	$ 57.5

E. Property, Plant and Equipment

	1996	1995
Buildings and improvements	$ 886.4	$ 511.6
Machinery and equipment	3,744.0	2,434.8
	4,630.4	2,946.4
Less: accumulated depreciation and amortization	(1,537.9)	(1,239.8)
	3,092.5	1,706.6
Land and improvements	258.2	84.2
Construction in progress	366.6	215.1
	$3,717.3	$2,005.9

F. Accounts Payable and Accrued Liabilities

	1996	1995
Trade accounts payable	$1,377.0	$387.5
Interest	78.2	21.3
Salaries, wages and other employee benefits	214.5	154.6
Environmental	6.7	4.2
Restructuring	243.3	14.9
Deferred taxes	101.5	9.1
Other	439.7	76.6
	$2,460.9	$668.2

G. Other Non-Current Liabilities

	1996	1995
Postemployment benefits	$ 36.3	$ 14.8
Restructuring	16.4	10.3
Deferred taxes	304.0	40.4
Environmental	46.9	16.5
Other	54.6	30.2
	$458.2	$112.2

Other non-current assets includes $16.6 and $15.5 at December 31, 1996 and 1995, respectively, for estimated recoveries related to environmental liabilities.

H. Acquisitions

Effective February 22,1996 the Company acquired CarnaudMetalbox (CMB) for approximately $3,986; including $1,903 in cash, $1,562 in Crown common stock and $521 in Crown 4.5% cumulative convertible preferred stock. The cash portion of the consideration was financed through a Revolving Credit and Term Loan facility. This facility was subsequently refinanced. See Note J and Management's Discussion and Analysis for further details on the refinancing. The Company also acquired, in separate transactions, the assets of a tooling company in Pennsylvania for approximately $1 in cash and the assets of a coil cutting and coating facility in California for approximately $5 in cash. Both transactions were financed through cash from operations.

During 1995, the Company acquired, in separate transactions, the assets of a plastics recycling company in Florida for approximately $3 in cash and the assets of a beverage can manufacturer in Huizhou, China for approximately $11 in cash. Both transactions were financed through cash from operations.

On June 27, 1994, the Company acquired the can manufacturing facilities of Tri-Valley Growers for approximately $61 in cash, which was financed principally through cash from operations. The Company also acquired the stock of a tooling company in Pennsylvania for approximately $3 in cash.

For financial reporting purposes, all of the acquisitions above were treated as purchases. An excess purchase price of approximately $3,800 has been determined, based upon the fair values of assets acquired and liabilities assumed in connection with the above acquisitions. The operating results of each acquisition are included in consolidated net income from the date of acquisition.

The following represents the non-cash impact of the acquisitions noted above:

	1996	1995	1994
Fair value of assets acquired, including goodwill	$7,995.2	$14.2	$89.1
Liabilities assumed	(4,003.5)		(25.1)
Issuance of common stock	(1,562.4)		
Issuance of 4.5% cumulative convertible preferred stock	(520.8)		
Cash paid	$1,908.5	$14.2	$64.0

The following represents the unaudited pro forma results of operations as if the above noted business combinations had occurred at the beginning of the respective year in which the companies were acquired as well as at the beginning of the immediately preceding year:

(unaudited)	1996	1995
Net sales	$8,939.8	$10,013.7
Income before income taxes (1)	401.1	134.6
Net income	267.3	124.4
Net income available to common shareholders	243.9	101.0
Earnings per average common share	$ 1.90	$ .79

(1) Includes minority interests, net of equity in earnings of affiliates.

Adjustments made in arriving at the pro forma unaudited results of operations include increased interest expense on acquisition debt, amortization of goodwill, adjustments to the fair value of assets acquired and depreciable lives, preferred stock dividends and related tax adjustments.

The pro forma information given above does not purport to be indicative of the results that actually would have been obtained if the operations were combined during the periods presented, and is not intended to be a projection of future results or trends.

I. Restructuring

During 1996, the Company provided $39.8 ($31.7 after taxes or $.26 per share) for the costs associated with exiting certain lines of business in its South African operations, the closure of a South American operation and costs associated with restructuring existing businesses in Europe. The Company anticipates that the restructuring actions referred to above, when complete, will generate approximately $10.7 in after-tax cost savings on an annualized basis. Except for the restructuring costs associated with the acquisition of CMB discussed below, the Company records restructuring charges against operations and provides a reserve or writes down assets, as appropriate, based on the best information available at the time that the decision is made to restructure. The balance of these reserves (excluding the write-down of assets which are reflected as a reduction of the related asset account) is included within accounts payable and accrued liabilities and other non-current liabilities.

The Company has made an assessment of the restructuring and exit costs to be incurred relative to the acquisition of CMB. Affected by the plan of restructuring are thirty-four regional administrative offices and plants to be closed and approximately thirty-eight plants to be reorganized. The plan of restructuring which commenced at the end of the first quarter of 1996 is expected to be substantially completed during 1997. Since commencement of the plan of restructuring, the Company has determined alternative sites for manufacture and qualified the new manufacturing sites with customers. As of December 31, 1996, the Company had accrued approximately $503 for the costs associated with restructuring CMB operations and allocated such costs to the purchase price of CMB in accordance with purchase accounting requirements. These costs comprise severance pay and benefits, write-down of assets, lease termination and other exit costs. The cost of providing severance pay and benefits for the reduction of approximately 6,800 employees is estimated at approximately $269 and is primarily a cash expense. Employees to be terminated include most, if not all, employees at each office or plant to be closed and selected employees at those plants to be reorganized including salaried employees and employees of the respective unions represented at each plant site. The write-down of assets (principally property, plant and equipment) is estimated at approximately $185 and has been reflected as a reduction in the carrying value of the Company's assets. Lease termination and other exit costs, primarily repayments of government grants and subsidies, are estimated at approximately $49 and are primarily cash expenses. The $503 million in restructuring costs recorded in connection with the CMB acquisition includes the $95 million restructuring charge previously announced by CarnaudMetalbox Asia Ltd., a subsidiary of the Company.

The Company estimates that the plan of restructuring CMB operations, when complete, will generate annual cost savings of approximately $160 ($105 after-tax)on a full year basis. It is also estimated that capital expenditures of approximately $125 will be made to expand and upgrade other facilities to minimize the adverse effects of the restructuring on existing business and customer relationships.

During 1995 and 1994, the Company recorded pre-tax restructuring charges of $102.7($67.0 after taxes or $.74 per share)and $114.6 ($73.2 after taxes or $.82 per share), respectively, as part of a two-phase restructuring plan outlined in March 1994. The combined plan was implemented to streamline the Company's North American operations, to improve productivity and to enhance competitiveness.

The components of restructuring are as follows:

	Balance at December 31, 1995	Provisions for existing businesses	Provisions for CMB businesses	1996 activity	Transfer against assets	Balance at December 31, 1996
Employee costs	$11.5	$18.6	$268.9	($ 76.9)		$222.1
Writedown of assets		15.3	185.2		($200.5)	
Lease termination and other exit costs	13.7	5.9	48.6	(30.6)		37.6
	$25.2	$39.8	$502.7	($107.5)	($200.5)	$259.7

The foregoing restructuring charges and related cost savings represent the Company's best estimates, but necessarily make numerous assumptions with respect to industry performance, general business and economic conditions, raw materials and product pricing levels, the timing of implementation of the restructuring and related employee reductions and facility closings and other matters many of which are outside the Company's control. The Company's estimate of cost savings is not necessarily indicative of future performance, which may be significantly more or less favorable than as set forth above and is subject to the considerations described in Management's Discussion and Analysis under "Forward-Looking Statements". Shareholders are cautioned not to place undue reliance on the estimate and the assumptions and should appreciate that such information may not necessarily be updated to reflect circumstances existing after the date hereof or to reflect the occurrence of unanticipated events.

J. Short-Term Borrowings and Long-Term Debt

	1996	1995
Short-term borrowings (1)		
Commercial paper (2)(6)	$ 232.1	$ 461.2
U.S. dollar bank loans/overdrafts (6)	164.9	17.9
Other currency bank loans/overdrafts (6)	708.8	58.8
Total short-term borrowings	$1,105.8	$ 537.9
Long-term debt (7)		
U.S. Dollars:		
Commercial Paper (2) (6)	$ 700.0	$ 300.0
Private placements: average 1996 rate 7.3% due 2000 through 2005	205.0	50.0
Senior notes and debentures:		
5.88% due 1998	100.0	100.0
7.00% due 1999	100.0	100.0
6.75% due 2003 (3)	400.0	
6.75% due 2003	200.0	200.0
8.38% due 2005	300.0	300.0
7.00% due 2006 (3)	300.0	
8.00% due 2023	200.0	200.0
7.38% due 2026 (3)	350.0	
7.50% due 2096 (3)	150.0	
Other indebtedness: rates in 1996 ranging from 6.1% to 10.1%, due 1996 through 2015	188.0	106.8
	3,193.0	1,356.8
Other currencies (average interest rate at December 31, 1996 in parentheses):		
German Mark borrowings (5)		104.0
Perpetual notes in French Francs (8.0%) (4)	232.5	
Preference shares in French Francs (8.5%), due 1998	283.9	
Other French Franc indebtedness (4.5% to 12.4%), due 1997 through 2001	147.9	
Capital lease obligations in various currencies	40.0	
Other indebtedness in various currencies, rates in 1996 ranging from 6.5% to 15.1%, due 1997 through 2003	74.7	99.5
Total long-term debt	3,972.0	1,560.3
Less: current maturities	(48.5)	(70.2)
Total long-term debt	$3,923.5	$1,490.1

(1) The weighted average interest rates for commercial paper outstanding during 1996, 1995 and 1994, were 5.5%, 6.1% and 4.8%, respectively. The weighted average interest rates for notes and overdrafts outstanding during 1996, 1995 and 1994, were 6.3%, 8.6% and 6.9%, respectively.

(2) At December 31, 1996 and December 31, 1995, $700 and $300, respectively, of commercial paper was reclassified as long term, reflecting the Company's intent and ability to refinance these borrowings on a long-term basis through committed credit facilities.

(3) On November 26, 1996, the Company filed with the Securities and Exchange Commission a shelf registration statement for the possible offering and sale of up to $1,300 aggregate principal amount of debt securities of the Company. This amount was combined with the remaining $200 from a December 1994 Registration Statement, providing an aggregate $1,500 funding availability. On December 12, 1996, the Company sold $1,200 of these public debt securities in five separate tranches, with maturities ranging from seven to 100 years. The issuers included the Company and two wholly-owned finance subsidiaries located in the United Kingdom and France, whose borrowings are fully guaranteed by the Company. The face value of the notes bear interest rates ranging from 6.75% to 7.38%. The offerings by the subsidiaries, amounting to $700, were simultaneously converted into fixed rate, 8.28% Sterling and 5.75% French Franc obligations through interest rate and currency swaps with various counterparties. Proceeds from the offering were used to repay acquisition indebtedness arising from the CMB acquisition.

(4) On January 31, 1997, the perpetual notes were terminated and refinanced by the Company's committed long-term credit facilities.

(5) At December 31, 1995, the German Mark borrowing, a LIBOR-based facilitiy, was classified as long-term, reflecting the Company's intent and ability to refinance this borrowing on a long-term basis through committed credit facilities.

(6) On February 4, 1997, the Company's $1,000 multicurrency credit facility and FRF 13,700 credit agreement were replaced with a new multicurrency revolving credit agreement with a group of domestic and foreign banks. The new agreement makes available $2,500 through 2002. Borrowings under the new agreement are unsecured and bear interest at variable market rates. The agreement contains certain financial covenants related to leverage and interest coverage. Borrowings outstanding under the prior FRF 13,700 credit agreement, amounting to $493.1 at December 31, 1996, were refinanced under this new agreement.

(7) The Company is also party to other interest rate swap agreements, with remaining terms of between one to five years. The notional amounts of these agreements do not represent amounts exchanged by the parties and are not a measure of the Company's exposure to credit or market risks. At December 31, 1996 and December 31, 1995 the notional amounts of these swaps were $1,219 and $34, respectively.

Aggregate maturities of total long-term debt for the five years subsequent to December 31, 1996 are $48.5, $441.1, $152.8, $140.8 and $229.9, respectively. Cash payments for interest were $ 290.5 in 1996, $113.4 in 1995 and $107.1 in 1994 (including amounts capitalized of $7.7 in 1996, $5.8 in 1995 and $5.5 in 1994, respectively.)

The estimated fair value of the Company's long-term borrowings, including interest rate financial instruments, based on quoted market prices for the same or similar issues or on current rates offered to the Company for debt of the same remaining maturities, did not differ materially from carrying values at December 31, 1996 and 1995, respectively.

K. *Financial Instruments*

In the normal course of business, operations of the Company are exposed to fluctuations in currency values, interest rates, commodity prices and other market risks. The Company addresses these risks through a program that includes the use of financial instruments. The Company controls the credit risks associated with these financial instruments through credit approval, investment limits and centralized monitoring procedures and systems. The Company uses only liquid investments from creditworthy institutions and does not enter into leveraged, tiered or illiquid contracts. Further, the Company does not enter into financial instruments for trading purposes.

Foreign Currency Management

With respect to balance sheet exposures, the Company has an internal netting strategy to match foreign currency assets and liabilities wherever possible. This is achieved through the individual capital structure of overseas subsidiaries complemented by the use of financial instruments. The Company also enters into various types of foreign exchange contracts, principally forward exchange contracts and swaps, in managing the foreign exchange risk arising from certain foreign currency transactions. At December 31, 1996 the Company had outstanding forward exchange contracts, principally in European currencies, Singapore dollars, and US dollars, both buy and sell, for an aggregate notional amount of $2,311 (1995 $237). Based on year-end exchange rates and the maturity dates of the various contracts, the aggregate contract value of these items approximated fair value at December 31, 1996 and December 31, 1995. Gains and losses resulting from contracts that are designated and effective as hedges are recognized in the same period as the underlying hedged transaction.

Interest Rate Risk Management

The Company uses interest rate swaps, interest rate caps, and currency swaps to manage interest rate risk related to borrowings. Interest rate and currency swap agreements which hedge third party debt issues are described in Note J. Costs associated with these financial instruments are generally amortized over the lives of the instruments and are not material to the Company's financial results. Differences in interest, which are paid or received, are recognized as adjustments to interest expense from the debt obligations.

Commodities

The Company's basic raw materials for products in its metal and plastic packaging segments are subject to significant price fluctuations. In terms of commodity risks, the Company uses a combination of commercial supply contracts and financial instruments, including forwards and options, to minimize these exposures. The maturity of the commodity instruments correlates to the actual purchases of the commodities. Commodity instruments are accounted for as hedges, with any gains or losses included in inventory, to the extent that they are designated and are effective as hedges of anticipated commodity purchases. At December 31, 1996 and December 31,1995 the fair value of the outstanding commodity contracts was not material to the Company's earnings, cash flows or financial position.

L. Stock Options

At December 31, 1996, the Company has four stock-based compensation plans under which the Company has granted outstanding options to executives and key employees to purchase common stock: the 1983 and 1984 Stock Option Plans, the 1990 Stock-Based Incentive Compensation Plan and the 1994 Stock-Based Incentive Compensation Plan. The number of shares authorized for issuance were 9,180,000 under the 1983 and 1984 plans, 6,000,000 under the 1990 plan and 4,000,000 under the 1994 plan. Awards can be made in the form of stock options, deferred stock, restricted stock or stock appreciation rights ("SARs") and may be subject to the achievement of certain performance goals as determined by the Plan Committee as designated by the Board of Directors. There have been no issuances of deferred stock, restricted stock or SARs under any of the plans. Under all plans, the option exercise price equals the fair market value of the common shares on the date of the grant. Under the 1983, 1984 and 1990 plans, options generally become exercisable in installments of 25% per year on each of the first through the fourth anniversaries of the grant date and have a maximum term of five to ten years. Options under the 1994 plan are exercisable in accordance with the terms of each grant but in no event may the term be less than six months or greater than ten years.

In 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation". Under the provisions of SFAS No. 123, companies can elect to account for stock-based compensation plans using a fair-value-based method or continue measuring compensation expense for those plans using the intrinsic value method prescribed in APB No. 25, "Accounting for Stock Issued to Employees". The Company applies APB No. 25 and related interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for those plans. Had compensation cost for the Company's stock-based compensation plans been determined based upon the fair value of the awards at the grant dates, pro forma net income and earnings per share would have been $260.5 or $2.13 per share in 1996 and $74.7 or $.83 per share in 1995. These results include the effects of options granted after January 1, 1995, as required in SFAS No. 123. The pro forma results may not be representative of the effects on reported income for future years (once the impact of SFAS No. 123 has been fully implemented). The fair values of options granted during 1996 and 1995 were $11.01 and $13.01, respectively. The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: (i) expected dividend yield of 2.2% in 1996 and none in 1995; (ii) expected stock price volatility of 20.7% in 1996 and 1995; (iii) risk-free interest rate of 6.2% in 1996 and 5.4% in 1995 and (iv) expected life of options of 4.9 years in 1996 and 1995.

Stock option transactions were:

	1996		1995		1994	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding at January 1	1,836,452	$33.30	2,970,225	$25.67	3,622,315	$22.33
Granted	3,544,750	44.35	326,600	40.32	357,196	37.57
Exercised	(516,100)	25.58	(1,385,309)	17.56	(836,286)	17.29
Canceled	(239,394)	39.94	(75,064)	36.87	(173,000)	31.52
Options outstanding at December 31	4,625,708	$42.28	1,836,452	$33.30	2,970,225	$25.67
Options exercisable at December 31	709,115		591,351		819,790	
Options available for grant at December 31	1,303,833		4,609,189		860,725	

The following table summarizes information concerning currently outstanding and exercisable options:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$10 44 to $37.50	550,072	4.4	$32.11	250,503	$30.85
37.63 to 43.13	624,636	4.5	39.69	316,612	39.28
44.13 to 47.50	3,329,750	5.4	44 14	142,000	44.13
47.63 to 51.50	121,250	9.0	50.99		
	4,625,708	5.3	$42.28	709,115	$37.27

M. Capital Stock

The purchase of CMB resulted in the issuance of approximately 37.3 million shares of the Company's common stock and 12.4 million shares of Crown 4.5% cumulative convertible preferred stock (acquisition preferred) to tendering CMB shareholders. Generally, each share of acquisition preferred stock is entitled to the number of votes equal to the number of shares of common stock into which such share of acquisition preferred is convertible as of the applicable record date. Dividends on shares issued accrue and are paid quarterly in arrears on February 20, May 20, August 20 and November 20 each year. The acquisition preferred ranks senior to the Company's common stock as to dividends and liquidation rights. Each share of acquisition preferred is convertible into common stock at a rate equal to the $41.8875 par value of such acquisition preferred divided by the applicable conversion price of $45.9715, subject to adjustment in certain events. The Company will at all times reserve and keep available, out of its authorized and unissued common stock, sufficient amounts of its common stock to effect any future conversions. The acquisition preferred is mandatorily convertible February 26, 2000. The acquisition preferred has a liquidation value equivalent to its par value plus accrued and unpaid dividends.

The Board of Directors have the authority to issue, at any time or from time to time, up to a maximum of 30 million shares of additional preferred stock in one or more classes or series of a class. The additional preferred stock would rank on a parity with or junior to the acquisition preferred in respect of dividend and liquidation rights and such shares would not be entitled to more than one vote per share when voting as a class with holders of the Company's common stock. The voting rights and such designations, preferences, limitation and special rights are, subject to the terms of the Company's Articles of Incorporation, determined by the Board of Directors.

In 1996, the Company for the first time since 1956 paid dividends on its common stock. Dividends paid on the outstanding common stock, amounting to $1 per share, and on the outstanding acquisition preferred were $145.4. In conjunction with the new dividend policy on common stock, the Company registered 10 million shares of common stock with the Securities and Exchange Commission in May 1996 for the implementation of a Dividend Reinvestment and Stock Purchase Plan ("Plan"). The Plan covers all registered shareholders of the Company's common stock as well as those beneficial owners who have either become shareholders of record by having shares transferred into their name or by making arrangements with their broker or other nominees to participate on their behalf. The Plan allows for full or partial dividend reinvestment in the Company's common stock.

The Board of Directors adopted a Shareholder Rights Plan in 1995 and declared a dividend of one right for each outstanding share of common stock. Such rights only become exercisable, or transferable apart from the common stock, after a person or group acquires beneficial ownership of, or commences a tender or exchange offer for, 15% or more of the Company's common stock; except that the Rights Plan provides that CGIP's acquisition of shares of the Company pursuant to the Company's acquisition of CMB does not cause the rights to become exercisable. Each right then may be exercised to acquire one share of common stock at an exercise price of $200, subject to adjustment. Alternatively, under certain circumstances involving the acquisition by a person or group of 15% or more of the Company's common stock, each right will entitle its holder to purchase a number of shares of the Company's common stock having a market value of two times the exercise price of the right. In the event the Company is acquired in a merger or other business combination transaction after a person or group has acquired 15% or more of the Company's common stock, each right will entitle its holder to purchase a number of the acquiring company's common shares having a market value of two times the exercise price of the right. The rights may be redeemed by the Company at $.01 per right at any time until the tenth day following public announcement that a 15% position has been acquired. The rights will expire on August 10, 2005.

N. Pensions and Other Retirement Benefits

Pensions

The Company sponsors various pension plans, covering substantially all U.S., Canadian and some non-U.S. and non-Canadian employees and participates in certain multi-employer pension plans. The benefits for these plans are based primarily on years of service and the employees' remuneration near retirement. Contributions to multi-employer plans in which the Company and its subsidiaries participate are determined in accordance with the provisions of negotiated labor contracts or applicable local regulations. The Company's objective in funding its pension plans is to accumulate funds sufficient to provide for all accrued benefits. In certain countries the funding of pension plans is not a common practice as funding provides no economic benefit. Consequently, the Company has several pension plans which are not funded.

Plan assets of company-sponsored plans of $3,294.5 consist principally of common stocks, fixed income securities and other investments, including $312.0 of the Company's common stock.

The 1996, 1995 and 1994 components of pension cost for company-sponsored plans were as follows:

	1996	1995	1994
Service cost—benefits earned during the year	$ 42.0	$ 11.3	$ 14.1
Interest cost on projected benefit obligations	200.3	96.9	94.6
Return on assets:			
–actual	(353.9)	(200.7)	31.0
–deferred gain/(loss)	66.4	79.3	(163.5)
Amortization of net unrecognized loss at January 1, 1986	.1	.1	.1
Amortization of net unrecognized loss	2.8	2.2	.7
(Income)/cost attributable to plant closings	(.8)	8.3	17.1
Total pension (income)	($ 43.1)	($ 2.6)	($ 5.9)

The funded status of company-sponsored plans, including the assets and liabilities assumed in connection with acquisitions, at December 31, 1996 and 1995 was as follows:

	1996				1995			
	U.S. Plans		Non-U.S. Plans		U.S. Plans		Non-U.S. Plans	
	Overfunded	Underfunded	Overfunded	Underfunded	Overfunded	Underfunded	Overfunded	Underfunded
Actuarial present value of:								
Vested benefit obligation	($1,138.1)	($17.7)	($1,476.1)	($155.6)	($370.2)	($781.7)	($16.4)	($88.9)
Non-vested benefits	(8.2)	(1.5)	(4.0)	(15.2)	(3.8)	(21.3)	(1.9)	(4.8)
Accumulated benefit obligation	($1,146.3)	($19.2)	($1,480.1)	($170.8)	($374.0)	($803.0)	($18.3)	($93.7)
Actuarial present value of projected benefit obligation	($1,170.7)	($20.5)	($1,484.9)	($200.5)	($398.8)	($811.9)	($21.7)	($93.7)
Plan assets at fair value	1,331.0	5.8	1,907.2	50.5	404.7	716.1	25.4	67.4
Plan assets in excess of (less than) projected benefit obligation	160.3	(14.7)	422.3	(150.0)	5.9	(95.8)	3.7	(26.3)
Unrecognized net (gain)/loss since 1986	(99.5)	(1.8)	(131.2)	(.6)	34.2	41.1	(3.2)	29.5
Unrecognized (gain)/loss at January 1, 1986	(3.2)	11.0	(.4)		(4.3)	12.5	(.7)	
Unrecognized prior service cost	5.4		(1.5)	3.1	2.6	4.3	4.7	.9
Minimum liability		(10.8)		(25.8)		(48.9)		(30.5)
Prepaid (Accrued) pension cost at December 31	$ 63.0	($16.3)	$ 289.2	($173.3)	$ 38.4	($ 86.8)	$ 4.5	($26.4)

Other non-current assets include $340.3 of prepaid pension cost at December 31, 1996.

The Company recognizes a minimum pension liability for underfunded plans. The minimum liability is equal to the excess of the accumulated benefit obligation over plan assets. A corresponding amount is recognized as either an intangible asset, to the extent of previously unrecognized prior service cost and previously unrecognized transition obligation, or a reduction of shareholders' equity. The Company had recorded additional liabilities of $36.6 and $79.4 as of December 31, 1996 and 1995, respectively. An intangible asset of $13.7 and $17.7 and a shareholders' equity reduction, net of income taxes, of $14.8 and $32.1 was recorded as of December 31, 1996 and 1995, respectively.

The weighted average actuarial assumptions for the Company's pension plans are as follows:

	U.S. Plans			Non-U.S. Plans		
	1996	1995	1994	1996	1995	1994
Discount rate	8.0%	7.4%	8.5%	8.8%	8.5%	9.8%
Compensation increase	3.5%	5.0%	5.0%	6.5%	5.5%	7.0%
Long-term rate of return	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%

Other Postretirement Benefit Plans

The Company and certain subsidiaries sponsor unfunded plans to provide health care and life insurance benefits to pensioners and survivors. Generally, the medical plans pay a stated percentage of medical expenses reduced by deductibles and other coverages. Life insurance benefits are generally provided by insurance contracts. The Company reserves the right, subject to existing agreements, to change, modify or discontinue the plans.

The net postretirement benefit cost was comprised of the following:	1996	1995	1994
Service cost—benefits earned during the year	$ 4.2	$ 4.0	$ 5.5
Interest cost on accumulated postretirement benefit obligation	38.8	36.5	39.1
Amortization of net unrecognized (gain)	(1.4)	(5.0)	
Cost attributable to plant closings		4.2	10.8
Net postretirement benefit cost	$ 41.6	$ 39.7	$ 55.4

Health care claims and life insurance benefits paid totaled $40.9 in 1996, $42.5 in 1995 and $36.3 in 1994.

The following provides a reconciliation of the accumulated postretirement benefit obligation to the liabilities recognized in the Company's balance sheet as of December 31:

	1996	1995
Retirees	($406.2)	($418.2)
Fully eligible active plan participants	(50.3)	(41.7)
Other active plan participants	(47.8)	(47.0)
Total accumulated obligation	(504.3)	($506.9)
Unrecognized net (gain)	(103.6)	(56.1)
Accrued postretirement benefit obligation	($607.9)	($563.0)

The health care accumulated postretirement benefit obligation was determined at December 31, 1996 and 1995 using health care trend rates of 9.2% and 9.9%, respectively, decreasing to 4.9% over nine years. The assumed long-term rate of compensation increase used for life insurance was 3.5% and 5.0% at December 31, 1996 and 1995, respectively. The discount rate was 8.0% and 7.4% at December 31, 1996 and 1995, respectively. Changing the assumed health care cost trend rate by one percentage point in each year would change the accumulated postretirement benefit obligation by $40.8 and the net postretirement benefit cost by $3.3.

Employee Savings Plan

The Company sponsors a Savings Investment Plan which covers substantially all domestic salaried employees who are 21 years of age with one or more years of service. The Company matches with equivalent value of Company stock, up to 1.5% of a participant's compensation.

Employee Stock Purchase Plan

The Company also sponsors an Employee Stock Purchase Plan which covers all domestic employees with one or more years of service who are non-officers and non-highly compensated as defined by the Internal Revenue Code. Eligible participants contribute 85% of the quarter ending market price towards the purchase of each common share. The Company's contribution is equivalent to 15% of the quarter-ending market price. Total shares purchased under the plan in 1996 and 1995 were 78,051 and 84,309, respectively, and the Company's contributions were approximately $.6 and $.5 respectively.

O. Income Taxes

Pretax income for the years ended December 31 was taxed under the following jurisdictions:

	1996	1995	1994
Domestic	$ 66.8	$ 30.8	$ 88.5
Foreign	364.2	78.7	94.2
	$431.0	$109.5	$182.7

	1996	1995	1994
The provision for income taxes consists of the following:			
Current tax provision:			
U.S. Federal	$ 15.0	$ 16.2	$ 50.9
State and foreign	27.7	11.9	18.7
	42.7	28.1	69.6
Deferred tax provision:			
U.S. Federal	17.5	(3.1)	(17.7)
State and foreign	74.2	(.1)	3.7
	91.7	(3.2)	(14.0)
	$134.4	$ 24.9	$ 55.6

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as a result of the following differences:

	1996	1995	1994
U.S. Statutory rate	35.0%	35.0%	35.0%
Non-U.S. operations at different rates	(7.7)	(14.5)	(8.4)
Amortization of acquisition adjustments	8.5	8.0	4.7
Valuation allowance	(4.0)	(1.8)	(2.6)
Other items, net	(.6)	(4.0)	1.7
Effective income tax rate	31.2%	22.7%	30.4%

The Company paid federal, state, local and foreign (net) income taxes of $41.4 for 1996, $28.0 for 1995 and $88.9 for 1994. The components of deferred tax assets and liabilities at December 31, follow:

	1996		1995	
	Asset	Liability	Asset	Liability
Depreciation		$421.5		$227.1
Postretirement and postemployment benefits	$208.3		$206.5	
Pensions		46.9	19.7	
Inventories		32.6		34.2
Tax loss and credit carryforwards	275.0		31.1	
Restructuring	90.0		16.6	
Accruals and other	85.6	16.8	46.6	10.8
	658.9	517.8	320.5	272.1
Valuation allowance	(139.0)		(22.8)	
	$519.9	$517.8	$297.7	$272.1

Prepaid expenses and other current assets includes $237.1 and $47.2 of deferred tax assets at December 31, 1996 and 1995, respectively. Other non-current assets includes $170.5 and $27.9 of deferred tax assets at December 31, 1996 and 1995, respectively.

The Company has recorded $34.3 of deferred tax assets arising from tax loss and credit carryforwards, which will be realized through future operations and an additional $127.0 which will be realized through the reversal of existing temporary differences. Future recognition of the remaining $113.7 will be made either when the benefit is realized or when it has been determined that it is more likely than not that the benefit will be realized through future earnings. Carryforwards of $34.4 expire over the next five years, $79.9 in years six through fifteen and $160.7 can be utilized over an indefinite period.

The valuation allowance of $139.0 includes $121.6 which, if reversed in future periods, will reduce goodwill.

The cumulative amount of the Company's share of undistributed earnings of non-U.S. subsidiaries for which no deferred taxes have been provided was $607.2, $467.3 and $432.2 as of December 31, 1996, 1995 and 1994, respectively. Management has no plans to distribute such earnings in the foreseeable future.

P. Minority Interests

	1996	1995
January 1	$118.6	$ 75.4
Aquisition of CMB	125.1	
Investment by minority shareholders	22.6	23.5
Formation of new jointly-owned subsidiaries		8.3
Minority interest in net income of consolidated subsidiaries	5.4	13.6
Dividends paid to minority shareholders	(18.9)	(2.0)
Change in cumulative translation adjustment	(2.5)	(.2)
Purchase of minority interests	(6.5)	
December 31	$243.8	$118.6

Q. Commitments and Contingent Liabilities

The Company has various commitments to purchase materials and supplies as part of the ordinary conduct of business. In the aggregate, such commitments are not at prices in excess of current market.

The Company is subject to various lawsuits and claims with respect to matters such as governmental regulations and other actions arising out of the normal course of business. While the impact on future financial results is not subject to reasonable estimation because considerable uncertainty exists, management believes, after consulting with counsel, that the ultimate liabilities resulting from such lawsuits and claims will not materially affect the consolidated results or financial position of the Company.

The Company's basic raw materials for the products in its Metals and Plastics packaging segments are tinplate, aluminum and resins, all of which are purchased from multiple sources. The Company is subject to material fluctuations in the cost of these raw materials and has previously adjusted its selling prices to reflect these movements. There can be no assurance, however, that the Company will be able to recover fully any increases or fluctuations in raw material costs from its customers.

R. Lease Commitments

The Company and its subsidiaries lease manufacturing, warehouse and office facilities and certain equipment, a significant portion of these obligations having been assumed with the acquisition of CMB. Certain non-cancelable leases are classified as captial leases, and the leased assets are included in "Property, plant and equipment." Other long-term non-cancelable leases are classified as operating leases and are not capitalized. The amount of capital leases reported as capital assets, net of accumulated amortization, at December 31, 1996 was $50.3.

Under long-term operating leases, minimum annual rentals are $37.1 in 1997, $29.9 in 1998, $21.4 in 1999, $14.2 in 2000, $10.4 in 2001, and a total of $48.1 for 2002 and thereafter. Under long-term capital leases, minimum annual rentals are $13.5 in 1997, $13.2 in 1998, $11.7 in 1999, $5.9 in 2000, $4.7 in 2001, and a total of $11.7 for 2002 and thereafter. The present value of future minimum payments on capital leases is $40.0 with the current portion of the obligation being $8.8. Rental expense (net of sub-lease rental income of $5.5 in 1996, $.8 in 1995 and $1.1 in 1994) amounted to $35.1 in 1996, $22.7 in 1995 and $19.6 in 1994.

S. Segment Information by Industry Segment and Geographic Area

A. Industry Segment

	Net Sales	Operating Income	% To Net Sales	Identifiable Assets	Depreciation & Amortization	Capital Expenditures
1996						
Metal Packaging & Other (1)	$6,619.7	$457.8 (2)	6.9	$ 9,877.1	$367.0	$534.1
Plastic Packaging	1,712.2	218.7	12.8	2,552.7	128.9	97.1
Consolidated	$8,331.9	$676.5 (5)	8.1	$12,429.8 (6)	$495.9	$631.2
1995						
Metal Packaging & Other (1)	$3,811.1	$159.2 (3)	4.2	$ 3,688.9	$177.9	$287.7
Plastic Packaging	1,242.7	76.9 (3)	6.2	1,294.7	78.4	145.8
Consolidated	$5,053.8	$236.1 (5)	4.7	$ 4,983.6 (6)	$256.3	[illegible]33.5
1994						
Metal Packaging & Other (1)	$3,494.3	$201.3 (4)	5.8	$ 3,453.3	$157.0	$232.7
Plastic Packaging	957.9	76.4	8.0	1,284.5	61.3	207.1
Consolidated	$4,452.2	$277.7 (5)	6.2	$ 4,737.8 (6)	$218.3	$439.8

B. Geographic Area

	Net Sales	Operating Income	% To Net Sales	Identifiable Assets	Depreciation & Amortization	Capital Expenditures
1996						
United States	$3,327.1	$205.1	6.2	$ 3,843.8	$204.0	$199.2
Europe	3,745.2	427.8 (2)	11.4	6,884.9	219.0	232.3
Asia-Pacific	383.9	5.9	1.5	619.8	34.6	90.9
Other	875.7	37.7 (2)	4.3	1,081.3	38.3	108.8
Consolidated	$8,331.9	$676.5 (5)	8.1	$12,429.8 (6)	$495.9	$631.2
1995						
United States	$3,376.2	$140.6 (3)	4.2	$ 3,372.6	$175.4	$260.5
Europe	785.2	58.3	7.4	606.1	38.6	50.9
Asia - Pacific	151.9	22.5	14.8	222.7	7.4	61.9
Other	740.5	14.7 (3)	2.0	782.2	34.9	60.2
Consolidated	$5,053.8	$236.1 (5)	4.7	$ 4,983.6 (6)	$256.3	$433.5
1994						
United States	$2,969.6	$168.7 (4)	5.7	$ 3,291.1	$150.1	$335.1
Europe	640.0	45.0	7.0	571.8	31.4	54.8
Asia-Pacific	110.3	24.7	22.4	109.0	3.9	22.3
Other	732.3	39.3 (4)	5.4	765.9	32.9	27.6
Consolidated	$4,452.2	$277.7 (5)	6.2	$ 4,737.8 (6)	$218.3	$439.8

(1) Within "Metal Packaging & Other" is the Company's machinery operation which, along with other non-metal packaging domestic affiliates, is not significant.

(2) Operating income for 1996 includes restructuring charges of $30.1 for Europe Metal Packaging and $9.7 for Other Metal Packaging.

(3) Operating income for 1995 includes restructuring charges of $81.4 for U.S. Metal Packaging, $3.9 for U.S. Plastic Packaging, $4.4 for Other Plastic Packaging and $13.0 for Other Metal Packaging.

(4) Operating income for 1994 included restructuring charges of $102.3 for U.S. Metal Packaging and $12.3 for Other Metal Packaging.

(5) The following reconciles operating income to pre-tax income:

	1996	1995	1994
Operating income*	$676.5	$236.1	$277.7
Interest and other corporate expense**	(245.5)	(126.6)	(95.0)
Pre-tax income	$431.0	$109.5	$182.7

*Has been restated for prior years to conform with the 1996 presentation of operating income.
**Includes interest expense net of interest income, gain on sale of assets and translation and exchange adjustments.

(6) The following reconciles identifiable assets to total assets:

	1996	1995	1994
Identifiable assets	$12,429.8	$4,983.6	$4,737.8
Corporate assets	160.4	68.1	43.5
Total assets	$12,590.2	$5,051.7	$4,781.3

Figures for 1996 are generally not comparable to earlier years due to the February 1996 acquisition of CarnaudMetalbox.

Included in "Other" are affiliates in Canada, Central and South America, Africa and the Middle East.

For the years ended December 31, 1996, 1995 and 1994, respectively, no one customer accounted for more than 10% of the Company's net sales.

Total non-U.S. liabilities were $4,772.0, $822.4 and $777.7 at December 31, 1996, 1995 and 1994, respectively.

Certain reclassifications of prior years' data have been made to improve comparability.

T. Quarterly Data (unaudited)

	1996				1995			
	First	Second	Third	Fourth	First	Second	Third	Fourth
Net sales	$1,551.2	$2,353.7	$2,462.1	$1,964.9	$1,126.7	$1,385.8	$1,427.1	$1,114.2
Gross profit*	170.8	294.2(1)	343.5	255.2(2)	129.9	142.4(3)	24.5(4)	78.6
Net income available to common shareholders	29.1	98.3(1)	103.5	33.3(2)	36.5	52.2(3)	(19.9)(4)	6.1
Average common shares outstanding (in millions):	105.1	128.1	128.5	128.3	89.6	90.2	90.5	90.6
Earnings(loss)per average common share**:								
Primary	.28	.77(1)	.81	.26(2)	.41	.58(3)	(.22)	.07
Fully diluted	†	.75(1)	.78	†	.41	.58(3)	(.22	.07
Dividends per common share	.25	.25	.25	.25				
Common stock price range***								
High	51	49⅛	49½	55½	45	50¼	50⅝	44⅝
Low	40⅝	43⅝	41	45½	37¾	41⅜	36⅞	34½
Close	48¾	45	46⅛	54⅜	43⅞	50⅛	38¾	41¾

The results in 1996 include the operations of CarnaudMetalbox from the acquisition date of February 22,1996.

† Fully diluted earnings per share are not presented for the first and fourth quarters because the effects would have been anti-dilutive.

* Net sales less cost of products sold, depreciation and amortization and the provision for restructuring.

** The sum of the quarters' earnings per share does not equal the year-to-date earnings per share due to the effect of shares issued during the year.

*** Source: New York Stock Exchange – Composite Transactions.

(1) Includes pre-tax restructuring charges of $29.6, $21.9 after taxes or $.17 per share. Excluding the effects of the restructuring charges, net income was $120.2 or $.94 per primary share and $.90 per fully diluted share. See Note I for additional details.

(2) Includes pre-tax restructuring charges of $10.2, $9.8 after taxes or $.08 per share. Excluding the effects of the restructuring charges, net income was $43.1 or $.34 per share. See Note I for additional details.

(3) Includes net pre-tax restructuring charges of $20.2, $12.8 after taxes or $.14 per share. Excluding the effects of the restructuring charges, net income was $65.0 or $.72 per share. See Note I for additional details.

(4) Includes pre-tax restructuring charges of $82.5, $54.2 after taxes or $.60 per share. Excluding the effects of the restructuring charges, net income was $34.3 or $.38 per share. See Note I for additional details.

Five Year Summary Of Selected Financial Data

(in millions. except shares, per share, ratios and other statistics)	1996	1995	1994	1993	1992
Summary of Operations					
Net sales (3)	$ 8,331.9	$ 5,053.8	$ 4,452.2	$ 4,162.6	$ 3,780.7
Cost of products sold	6,732.5	4,319.4	3,706.2	3,474.7	3,203.0
Depreciation and amortization	495.9	256.3	218.3	191.7	142.4
Selling and administrative expense	387.2	139.3	135.4	126.6	112 1
% to net sales	4.6%	2.8%	3.0%	3.0%	3.0%
Provision for restructuring	39.8	102.7	114.6		
Gain on sale of assets	(23.8)	(8.4)	(6.7)	(.7)	(5.6)
Interest expense, net of interest income	305.8	136.1	91.6	79.7	63.9
Translation and exchange adjustments	(36.5)	(1.1)	10.1	10.8	10.2
Income before income taxes and cumulative effect of accounting changes	431.0	109.5	182.7	279.8	254.7
% to net sales	5.2%	2.2%	4.1%	6.7%	6.7%
Provision for income taxes	134.4	24.9	55.6	97.4	101.0
Minority interests, net of equity earnings	(12.6)	(9.7)	3.9	(1.5)	1.7
Net income before cumulative effect of accounting changes	284.0	74.9	131.0	180.9	155.4
% to net sales	3.4%	1.5%	2.9%	4.3%	4.1%
Cumulative effect of accounting changes (1)				(81.8)	
Net income (2)	284.0	74.9	131.0	99.1	155.4
Preferred stock dividends	19.8				
Net income available to common shareholders	$ 264.2	$ 74.9	$ 131.0	$ 99.1	$ 155.4
Return on average shareholders' equity	10.5%	5.3%	10.0%	8.3%	13.9%
Financial Position at December 31					
Working capital	($ 370.6)	$ 429.9	$ 122.6	$ 43.8	$ 174.5
Total assets	12,590.2	5,051.7	4,781.3	4,236.3	3,825.1
Short-term debt plus current long-term debt maturities	1,154.3	608.1	735.8	474.8	379.4
Long-term debt	3,923.5	1,490.1	1,089.5	891.5	939.9
Total debt to total capitalization	56.4%	56.2%	55.3%	50.1%	52.1%
Minority interests	243.8	118.6	75.4	53.7	45.6
Shareholders' equity	3,563.3	1,461.2	1,365.2	1,251.8	1,143.6
Common Share Data (dollars per share)					
Earnings per average common share before cumulative effect of accounting changes	$ 2.16	$ .83	$ 1.47	$ 2.08	$ 1.79
Earnings per average common share	2.16	.83	1.47	1.14	1.79
Cash dividends	1.00				
Market price on December 31	54.38	41.75	37.75	41.88	39.88
Book value (based on year-end outstanding shares)	23.69	16.12	15.28	14.09	13.24
Number of shares outstanding at year-end	128,410,797	90,650,814	89,360,040	88,814,533	86,348,180
Average shares outstanding	122,468,206	90,233,518	89,086,999	87,086,553	86,895,574
Shareholders (on record)	5,736	5,976	6,011	6,168	4,193
Other Statistics					
Capital expenditures	$ 631.2	$ 433.5	$ 439.8	$ 271.3	$ 150.6
Number of Employees	44,611	20,409	22,373	21,254	20,378
Actual preferred shares outstanding	12,432,622				

Notes:

Total capitalization includes total debt (net of cash and cash equivalents), minority interests and shareholders' equity.

Certain reclassifications of prior years' data have been made to improve comparability. The Company has completed a number of acquisitions during the periods presented. Such acquisitions were accounted for using the purchase method and may affect the comparability of data on a year-to-year basis.

(1) In 1993, the Company adopted SFAS No's 106, 109 and 112 which resulted in an after-tax charge from the cumulative effect of adopting these pronouncements

(2) Figures for 1996, 1995 and 1994 include after-tax adjustments for restructuring, $31 7 or $.26 per share, $67.0 or $ 74 per share and $73.2 or $.82 per share, respectively, and for 1993 the cumulative effect of accounting changes of $81 8 or $ 94 per share. Without these adjustments, the return on average shareholders' equity in 1996, 1995, 1994 and 1993 would have been 11 7%, 9.6% 14 7% and 14.6%, respectively

(3) The significant sales growth since 1992 is attributed primarily to the acquisitions of CMB (2/96) Van Dorn Company (4/93) and CONSTAR International (10/92)

Management's Report to Crown Shareholders

The accompanying financial statements of Crown Cork & Seal Company, Inc. and its consolidated subsidiaries were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's best judgments and estimates. The other financial information included in this Annual Report is consistent with that in the financial statements.

The Company maintains accounting and reporting systems supported by an internal accounting control system, which management believes are adequate to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and financial records are reliable for preparing financial statements.

The adequacy of the Company's [illegible] and the accounting [illegible] are under the general [illegible] the Board of Directors. This Committee [illegible] for employing the [illegible] this Committee is an Officer or [illegible] Company or any subsidiary.

W. J. Avery
Chairman of the Board
and Chief Executive Officer

[illegible]
Executive [illegible]
and [illegible]

Report of Independent Accountants

To the Shareholders and Board of Directors of Crown Cork & Seal Company, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows appearing on pages 7 to 26 of this report, present fairly, in all material respects, the financial position of Crown Cork & Seal Company, Inc. and its subsidiaries at December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the [illegible] in the financial [illegible] used and significant [illegible] evaluating the overall [illegible] believe our audits provide a [illegible] expressed above.

Price Waterhouse LLP
Thirty South Seventeenth Street
Philadelphia, Pennsylvania 19103
March 17, 1997

Management's Discussion and Analysis

(in millions, except per share, employee, shareholder and statistical data)

INTRODUCTION

This discussion summarizes the significant factors affecting the results of operations and financial position of Crown Cork & Seal Company, Inc. (the "Company") during the three-year period ended December 31, 1996. This discussion should be read in conjunction with the Letter to Shareholders and the Consolidated Financial Statements included in this annual report.

Effective February 22, 1996, the Company completed its acquisition of CarnaudMetalbox (CMB). The consolidated financial statements include the results of CMB operations from this date.

The financial results for 1996 were impacted by restructuring charges totaling pre-tax $39.8 ($31.7 after taxes or $.26 per share).

The financial results for 1995 and 1994 were impacted by a two-phase restructuring plan outlined by the Company in March 1994. Pre-tax income was charged for $102.7 ($67.0 after taxes or $.74 per share) and $114.6 ($73.2 after taxes or $.82 per share), in 1995 and 1994, respectively.

Further information concerning the details of the restructuring plan, including a reconciliation of the restructuring accrual, is included in Note I of the Consolidated Financial Statements and under Restructuring as provided later in this discussion.

RESULTS OF OPERATIONS

NET SALES

Net sales during 1996 were $8,331.9, an increase of $3,278.1 or 64.9% versus 1995 net sales of $5,053.8. Net sales during 1994 were $4,452.2. Sales from domestic operations decreased 1.5% in 1996 compared with a 13.7% increase in 1995. Foreign sales increased 198.3%, in 1996 following a 13.2% increase in 1995. Domestic sales accounted for 39.9% of consolidated sales in 1996, 66.8% in 1995 and 66.7% in 1994.

	Net Sales			% Increase/ (Decrease)	
DIVISION	1996	1995	1994	1996/1995	1995/1994
Americas	$3,625.9	$3,903.8	$3,479.7	(7.1)	12.2
Europe	4,165.9	914.3	758.1	355.6	20.6
Asia-Pacific	376.2	151.9	126.5	147.7	20.1
Other	163.9	83.8	87.9	95.6	(4.7)
	$8,331.9	$5,053.8	$4,452.2	64.9	13.5

The decrease in 1996 Americas Division net sales is a result of (i) decreased raw material prices which forced decreases in selling prices, primarily in PET bottles and aluminum beverage cans and ends, (ii) a seven week work stoppage at eight plants and (iii) weaker economic conditions in Argentina and Brazil; partially offset by (i) the inclusion of Anchor Hocking Packaging acquired as part of the CMB transaction and (ii) sales unit volume increases in aluminum beverage ends, food cans, aerosol cans and plastic closures. The increase in 1995 Americas Division net sales is a result of (i) increased raw material prices which forced increases in selling prices, primarily in PET bottles and aluminum cans and ends (ii) sales unit volume increases in PET bottles and food cans and (iii) a full year's sales from the Company's food can plants acquired from Tri-Valley Growers in June 1994; partially offset by (i) sales unit volume decreases in aerosol cans and aluminum beverage cans and ends and (ii) the weakening of the Mexican peso against the U.S. dollar during 1995. U.S. sales accounted for approximately 84.2% of division net sales in 1996, 85.4% in 1995 and 83.9% 1994.

Net sales in the European Division, which includes Europe, Africa and the Middle East, increased in 1996 over 1995 due to the acquisition of CMB. Net sales for the Company's existing European Division operations were down 18.4% in 1996 compared to 1995 due primarily to: (i) decreased PET resin prices which were passed on to customers in the form of lower selling prices, (ii) lower sales unit volumes of PET bottles, (iii) aggressive pricing from competition for beverage closures, (iv) the closure of an aluminum beverage end plant and (v) the divestiture of aerosol operations in Italy and the United Kingdom as required by the European Commission in connection with the CMB acquisition. Comparable sales from CMB's historical operations were marginally lower than 1995 due to: (i) lower volumes and selling prices for plastic packaging, (ii) soft

Management's Discussion and Analysis

market conditions for specialty packaging led by the shift from metal to plastic [illegible] required divestiture of CMB aerosol operations in France, Germany and Spain. [illegible] most European and African currencies decreased division sales by $121 compared to [illegible] on sales and the impact of the aerosol divestiture, sales in aerosol and beverage [illegible] packaging sales were down compared to 1995. Food can sales in 1996 were up [illegible] United Kingdom and Belgium offset declines in Germany and Italy. Pricing [illegible] lines. The increase in 1995 European Division net sales is primarily a result of (i) [illegible] passed on to customers in the form of increased selling prices, (ii) continued [illegible] beverage can and plastic cap operations in the United Arab Emirates, (iii) [illegible] dedicated aerosol plant in Mijdrecht, The Netherlands, (iv) plastic closure [illegible] many European currencies against the U.S. dollar which increased division [illegible]

Net sales in the Asia-Pacific Division have increased due to the addition of CMB [illegible] net sales in the division were adversely impacted by the Company's decision [illegible] acquired as part of the CMB acquisition. Additionally, excess beverage can [illegible] depressed volumes and eroded selling prices in China. These factors were [illegible] Company beverage plants in Beijing and Shanghai. Net sales outside of China [illegible] of beverage cans and food cans were strong in Thailand and increased [illegible] offset lower sales in Malaysia and Singapore. The increase in 1995 Asia-Pacific [illegible] the start-up of beverage can operations in Shanghai, China, the acquisition of [illegible] China, plastic closure expansion in Thailand and the increase in aluminum can [illegible] in selling prices.

COST OF PRODUCTS SOLD

Cost of products sold, excluding depreciation and amortization for 1996 was [illegible] 1995, following increases of 16.5% and 8.5% in 1995 and 1994, respectively. [illegible] directly attributable to the increased net sales level in 1996 partially offset by [illegible] aluminum and PET resin. The increase in 1995 cost of products sold primarily [illegible] particularly aluminum and PET resin, (ii) increased unit sales in PET bottles in [illegible] sales in aluminum beverage cans and ends in South America, the Middle East and China. [illegible] products sold was primarily a result of increased sales levels offset by lower [illegible] containment programs.

As a percentage of net sales, cost of products sold was 80.8% in 1996 as compared to [illegible]

SELLING AND ADMINISTRATIVE

Selling and administrative expenses for 1996 were $387.2, an increase of 178.0% [illegible] for 1995 and 7.0% for 1994. The large increase in 1996 is directly attributable to [illegible] administrative activities are highly decentralized and which operates many [illegible] are very high. As a percentage of net sales, selling and administrative expenses [illegible] in 1994.

OPERATING INCOME

The Company views operating income as the principal measure of performance [illegible] expenses. Operating income, after restructuring charges, was $676.5, $238.1 and [illegible] respectively. Operating income of $716.3 in 1996, before the restructuring charge of [illegible] than in 1995. Operating income of $338.8 in 1995, before the restructuring charge [illegible] 1994. Operating income, before restructuring, as a percentage of net sales was [illegible] and 8.8% in 1994.

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An analysis of operating income, before restructuring, by operating division follows:

	Operating Income			% Increase/ (Decrease)	
DIVISION	1996	1995	1994	1996/1995	1996/1995
Americas	$200.3	$227.1	$295.6	(11.8)	(23.2)
Europe	490.0	70.7	64.2	593.1	10.1
Asia-Pacific	10.7	31.0	25.8	(65.5)	20.2
Other	15.3	10.0	6.7	53.0	49.3
	$716.3	$338.8	$392.3	111.4	(13.6)

Operating income in the Americas Division was 5.5% of net sales in 1996 versus 5.8% in 1995 and 8.5% in 1994. The decrease in 1996 operating margins was due to: (i) continued pricing pressures in both metal and plastic beverage containers, (ii) a seven week work stoppage at eight plants; (iii) lower sales unit volumes of PET bottles and (iv) weaker economic conditions in Argentina and Brazil, partially offset by; (i) the benefits accruing from the restructuring programs initiated in the U.S. in 1995 and 1994, (ii) sales unit volume increases in aluminum beverage ends, food cans, aerosol cans and plastic closures, (iii) increased sales volumes and improved productivity in Canada and Mexico and (iv) the inclusion of Anchor Hocking Packaging, acquired as part of the CMB transaction. Operating income in 1995 decreased compared to 1994 due to increases in raw material costs, principally steel and aluminum, which were not fully passed through to customers, and sales unit volume declines in aerosol cans and aluminum beverage cans and ends; partially offset by sales unit volume increases in food cans, as the division benefited from a full year of operations of the Tri-Valley container plants acquired in June 1994 and the benefits associated with the Company's three-piece steel food and aerosol plant restructuring program initiated in 1994. The Company's suppliers of aluminum can and end sheet implemented a new pricing structure for 1995 which, by formula, is directly tied to the price of ingot on the London Metal Exchange (LME). The formula takes the LME spot price of aluminum ingot and adds other costs to convert and transport aluminum, thereby effectively transferring the volatility in the commodity markets to the Company. This pricing formula remained in effect during 1996. During 1996, the Company entered into contracts with its suppliers of aluminum can and end sheet which, by formula, guarantees prices for a period of six months. This pricing structure is directly tied to a rolling average of the prior six months' market price of aluminum on the LME. Further, "ceiling" prices have been established under these contracts which set maximum prices that the Company would pay for aluminum.

European Division operating income was 11.8% as a percentage of net sales in 1996 compared to 7.7% in 1995 and 8.5% in 1994. The increase in operating income in 1996 is directly attributable to the addition of CMB operations, primarily its food, beverage and aerosol can businesses. Operating margins for the Company's existing facilities in Europe were lower than 1995 levels due primarily to competitive pressures resulting in reduced volumes and prices for metal and plastic packaging. Comparable operating margins for acquired CMB operations were ahead of 1995 levels due to (i) sales unit volume gains in food, beverage and aerosol cans and (ii) cost reduction programs in which the Company began streamlining (a) inefficient plants, (b) excess administrative overheads and (c) negative contribution products. Partially offsetting these gains were (i) increased prices for tinplate and (ii) volume erosion and pricing pressure from soft markets in specialty packaging and plastics. Operating income in 1995 increased over 1994 as a result of (i) increased sales unit volumes in beverage cans, aerosol cans, plastic closures and plastic bottles and (ii) the strengthening of many European currencies against the U.S. dollar. As a percentage of net sales, operating income in 1995 decreased compared to 1994 due primarily to product mix and increased raw material costs.

Operating income in the Asia-Pacific Division was 2.8% of net sales in 1996 versus 20.4% in 1995 and 20.4% in 1994. The decrease in 1996 operating margins was due primarily to the addition of CMB operations as excess beverage can capacity and competitive pricing has significantly eroded profits in China. Other factors affecting operating margins were (i) lower sales volumes and competitive pricing in Malaysia (ii) competitive beverage can pricing in Singapore, (iii) sales unit volume declines in three-piece cans in Singapore and (iv) new plant start-ups in China, Singapore and Vietnam; partially offset by (i) strong beverage and food can volumes in Thailand and (ii) increased efficiencies in Shanghai. Operating income in 1995 increased over 1994 due to plastic closure expansion in Thailand and increased efficiencies at beverage plants in China.

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FOREIGN EXCHANGE

During 1996 the Company recorded a foreign exchange gain of $42.1 due to the impact of a stronger U.S. dollar on the Company's CMB acquisition financing, denominated in French Francs. This French Franc acquisition debt was subsequently refinanced into several functional currencies during 1996. Unfavorable adjustments of $5.6 resulted primarily from the remeasurement of the Company's operations in highly inflationary economies.

NET INTEREST EXPENSE/INCOME

Net interest expense was $305.8 in 1996, an increase of $169.7 when compared to 1995 net interest expense of $136.1. Net interest expense was $91.6 in 1994. The increase in 1996 net interest expense is directly attributable to borrowings which funded the acquisition of CMB. The increase in 1995 net interest expense was due primarily to (i) higher interest rates, (ii) acquisition financing for recent companies acquired and (iii) the substantial capital investment program that the Company had entered into during 1993 through 1995. Specific information regarding acquisitions is found in Note H to the Consolidated Financial Statements, while information specific to Company financing is presented in the Liquidity and Capital Resources section of this discussion and Notes J and K to the Consolidated Financial Statements.

TAXES ON INCOME

The effective tax rates on income were 31.2%, 22.7% and 30.4% in 1996, 1995, and 1994, respectively. The effective rate is lower than the U.S. statutory rate of 35% as a result of lower effective rates in non-U.S. operations, higher non-U.S. income as a percentage of consolidated income and the continuing re-evaluation of reserve and valuation allowance requirements; partially offset by non-deductible amortization of goodwill and other intangibles. A reconciliation of the Company's effective tax rate from the U.S. statutory rate is presented in Note O to the Consolidated Financial Statements.

MINORITY INTERESTS, NET OF EQUITY IN EARNINGS OF AFFILIATES

Minority interests in net income of affiliates were $5.4, $13.6, and $12.4 in 1996, 1995, and 1994, respectively. The decrease in minority interests primarily relates to restructuring losses in South Africa and start-up losses in Brazil, Vietnam and Beijing partially offset by increased sales volumes and earnings in the United Arab Emirates, Hong Kong, Turkey and from CMB operations in Greece, Thailand and Singapore.

Equity in (losses)/earnings of affiliates was a loss of $7.2, and earnings of $3.9 and $16.3 for 1996, 1995, and 1994, respectively. The decrease in equity earnings in 1996 is due primarily to decreased sales volumes in the Company's non-consolidated affiliates in Korea and Brazil. Additionally, start-up losses in Jordan and the devaluation of the bolivar which resulted in losses in the Company's Venezuelan joint venture were partially offset by increased sales volume and earnings in Saudi Arabia and CMB operations in Morocco. The decrease in equity earnings in 1995 was due to both rising aluminum costs and decreased volumes in Saudi Arabia and Korea. The late 1995 devaluation of the bolivar, which eliminated profits in the Company's Venezuelan joint-venture, and slow start-ups in the Company's new ventures in Jordan and Brazil also contributed to the decrease in equity earnings.

The Company continues to invest in emerging market projects which offer substantial rewards as well as exposure to sometimes volatile economies. These markets provide excellent future growth potential for the Company's products and services. The Company believes that the use of business partners in many overseas locations presents another means of entering new markets.

The Company has presented minority interests, net of equity in earnings of affiliates (the components of which can be found in Notes D and P to the Consolidated Financial Statements), as a separate component of net income. Management believes that presenting such earnings as a component of pre-tax income would distort the Company's effective tax rate, and as such, has presented minority interests after the provision for income taxes.

NET INCOME AND EARNINGS PER SHARE

Net income for 1996 was $264.2 compared with $74.9 for 1995 and $131.0 in 1994. Earnings per share for 1996 were $2.16 compared with $.83 and $1.47 in 1995 and 1994, respectively. Excluding the provision for restructuring, 1996 net income increased 108.5% to $295.9 and 1996 earnings per share increased 54.1% to $2.42 compared to 1995. Excluding the provision for restructuring, 1995 net income and earnings per share decreased 30.5% and 31.4%, respectively compared to 1994 while 1994 increased 12.9% and 10.1%, respectively over 1993. The sum of per share earnings by quarter does not

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equal earnings per share for the years ended December 31, 1996, 1995 and 1994 due to the effect of shares issued during 1996, 1995, and 1994.

INDUSTRY SEGMENT PERFORMANCE

This section presents individual segment results for the last three years. The after-tax charge of $31.7 or $.26 per share related to 1996 restructuring is included in the Metal Packaging segment (Metals) and is excluded in making comparisons to 1996 results. The after-tax charge of $67.0 or $.74 per share related to the 1995 restructuring charge is included as an after-tax charge in Metals of $60.1 or $.67 per share and an after-tax charge of $6.9 or $.07 per share in the Plastics Packaging segment (Plastics) and is excluded in making comparisons to 1995 results. The after-tax charge of $73.2 or $.82 per share related to the 1994 restructuring charge is included as an after-tax charge in Metals and is excluded in making comparisons to 1994 results.

Net sales for Metals in 1996 were $6,619.7, an increase of 73.7% compared to 1995 net sales of $3,811.1. Net sales in 1994 were $3,494.3. Metals sales in 1996 increased over 1995 due to the CMB acquisition, partially offset by decreased aluminum prices which were passed on to customers in the form of lower selling prices. Metals sales in 1995 increased over 1994 as a result of (i) increased raw material prices, particularly aluminum, which were partially passed on to customers in the form of higher selling prices, (ii) increased sales unit volumes in food cans in the U.S. and (iii) increased sales unit volumes in Argentina, China, The Netherlands and the United Arab Emirates.

Metals operating income in 1996 was $497.6, before restructuring charges of $39.8 or 7.5% of net sales compared to 1995 operating income of $253.6 or 6.7% of net sales, before restructuring charges of $94.4. Operating income in 1994 was $315.9 or 9.0% of net sales, before restructuring charges of $114.6. The increase in Metals operating income in 1996 is directly attributable to the European food, beverage and aerosol businesses acquired with CMB and increased margins in the North American food and beverage businesses due to improved manufacturing efficiencies, a result of prior restructuring and capital expenditure programs.

Net sales for Plastics increased $469.5 or 37.8% in 1996 from $1,242.7 in 1995. The increase in 1996 Plastics net sales is due entirely to Plastic businesses acquired with the CMB transaction offset by decreased PET prices which were passed on to customers in the form of lower selling prices. Net sales for 1995 increased $284.8 or 29.7% against 1994 net sales of $957.9. The increase in 1995 was primarily a result of the increased unit capacity in the Company's CONSTAR plants. The increased capacity had been generated through significant capital investments during the three years ending December 31, 1995.

Plastics operating income in 1996 was $218.7 or 12.8% of net sales as compared to 1995 operating income of $85.2 or 6.9% of net sales, before restructuring charges of $8.3. Operating income in 1994 was $76.4 or 8.0% of net sales. The increase in Plastics operating income in 1996 is due to the CMB acquisition as profits in all sectors of Plastics but PET beverage bottles offset increasing price competition in PET beverage bottles. Additionally, as a percentage to net sales, Plastics operating income increased in 1996 due to the effect of PET resin price decreases. The decrease in Plastics operating income in 1995 was a result of increased PET resin costs not fully recovered due to competitive pressures in the PET beverage bottle market.

FINANCIAL POSITION

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remains strong. Cash and cash equivalents totaled $160.4 at December 31, 1996 compared to $68.1 and $43.5 at December 31, 1995 and 1994, respectively. The Company's primary sources of cash in 1996 consisted of (i) funds provided from operations $911.2; (ii) the sale of businesses $107.9; and, (iii) proceeds from long-term borrowings $2,075.1. The Company's primary uses of cash in 1996 consisted of (i) the acquisition of CMB $1,537.5; (ii) capital expenditures of $631.2; (iii) net change in short-term debt $423.3; and, (iv) dividends paid $145.4. Improved cash from operations has resulted from (i) growth in net income before non-cash charges for depreciation and amortization, (ii) the portion of the seasonal buildup of CMB's inventories occurring before the acquisition date and (iii) reduced working capital requirements due to lower raw material costs.

The Company funds its working capital requirements on a short-term basis primarily through issuances of commercial paper. At December 31, 1996 the commercial paper program was supported by a $1,000 multi-currency credit facility which was formalized in February 1995, maturing in February 2000 with interest at market rates. The Company's use of the facility was not restricted. At December 31, 1996 and December 31, 1995, there were no funds drawn against this facility. Based on the Company's intention and ability to maintain its credit facility beyond 1997 and 1996, respectively, $700 and $300 of commercial

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paper borrowings were classified as long-term at December 31, 1996 and 1995, respectively. There was $932.1 and $761.2 in commercial paper outstanding at December 31, 1996 and 1995, respectively.

On February 4,1997, the Company's $1,000 multicurrency credit facility and FRF 13,700 credit agreement were replaced with a new multicurrency revolving credit agreement with a group of domestic and foreign banks. The new agreement makes available $2,500 through 2002. Borrowings under the new agreement are unsecured and bear interest at variable market rates. Borrowings outstanding under the prior FRF 13,700 credit agreement, amounting to $493.1 at December 31,1996, were refinanced under this new agreement.

On December 1, 1995, the Company entered into a Revolving Credit and Term Loan Agreement (Credit Agreement) with a syndicate of financial institutions. Pursuant to the Credit Agreement, the lenders made available to the Company French Francs (FRF) 13,700 in a multi-currency revolving credit facility to fund the cash portion of the consideration to be paid in connection with the Company's proposed Offer (see Acquisition of CarnaudMetalbox below for description of the Offer) to purchase all of the outstanding shares of CMB, to fund the costs and expenses of the Offer, to repurchase shares of capital stock of the Company, or, following the Offer, to be used for general corporate purposes. Borrowings under the facility were permitted in FRF, U.S. Dollars and British Pound Sterling and bear interest at variable market rates. There were no borrowings under this facility at December 31, 1995. A total of FRF 9,100 (approximately $1,800) was drawn on February 22, 1996 to fund the purchase of shares from those CMB shareholders electing cash (approximately 40.1 million CMB shares at FRF 225 per share).

On November 26,1996, the Company filed with the Securities and Exchange Commission a shelf registration statement for the offer and sale of up to $1,300 aggregate principal amount of debt securities of the Company. This amount was combined with the remaining $200 from the December 1994 shelf registration, providing an aggregate $1,500 funding availability. On December 12,1996, the Company sold $1,200 of these public debt securities in five separate tranches, with maturities ranging from seven to 100 years. The issuers were the Company and two wholly-owned finance subsidiaries located in the United Kingdom and France, whose borrowings are fully guaranteed by the Company. The face value of the notes bear interest rates ranging from 6.75% to 7.38%.The offerings by the subsidiaries were simultaneously converted into fixed rate, 8.28% Sterling and 5.75% French Franc obligations through interest rate and currency swaps with various counterparties. Proceeds from the offering were used to repay acquisition indebtedness arising from the CMB acquisition.

On December 20, 1994, the Company filed with the Securities and Exchange Commission a shelf registration statement for the possible offering and sale of up to $500 aggregate principal amount of debt securities of the Company. On January 15, 1995, the Company sold $300 of public debt securities. This first tranche of the shelf registration includes $300 of 8.38% notes due 2005, priced at 99.79% to yield 8.4%. Net proceeds from the issue were used to reduce short-term indebtedness. The Company's long-term debt securities are rated Baa1 by Moody's Investors Service and BBB+ by Standard & Poor's Corporation.

The Company has, when considered appropriate, hedged its currency exposures on its foreign denominated debt through various agreements with lending institutions. The Company also utilizes a corporate "netting" system which enables resources and liabilities to be pooled and then netted. The Company also enters into interest rate and currency swaps and forward exchange contracts in its management of interest rate and foreign currency exposure. These financial instruments are more fully described in Notes J and K to the Consolidated Financial Statements.

The Company's ratio of total debt (net of cash and cash equivalents) to total capitalization was 56.4%, 56.2% and 55.3% at December 31, 1996, 1995 and 1994, respectively. Total capitalization is defined by the Company as total debt, minority interests and shareholders' equity. The increase in the Company's total debt in recent years is due to acquisition activity, particularly the 1996 acquisition of CMB and the significant capital expenditure program which the Company has committed to in the last three years. As of December 31, 1996, $48.5 of long-term debt matures within one year.

Management believes that, in addition to current financial resources (cash and cash equivalents and the Company's commercial paper program), adequate capital resources are available to satisfy the Company's ongoing investment programs. Such sources of capital would include, but not be limited to, bank borrowings. Management believes that the Company's cash flow is sufficient to maintain its current operations.

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ACQUISITION OF CARNAUDMETALBOX

On February 26, 1996, the Company completed settlement of its previously announced Exchange Offer (the "Offer") to acquire all of the outstanding shares of common stock, par value FRF 10 per share, of CMB, a French société anonyme. Under the terms of the Offer, the Company offered to exchange or purchase each CMB share validly tendered in the Offer for, at the election of the holder, either (1) 1.086 Units, each Unit consisting of .75 shares of Crown common stock, par value $5.00 per share and .25 shares of Crown 4.5% Convertible Preferred Stock, par value $41.8875 per share (acquisition preferred) or (2) FRF 225 in cash. The Offer was made pursuant to the terms of the Exchange Offer Agreement dated May 22, 1995, as amended, between the Company and Compagnie Générale d'Industrie et de Participations (CGIP), a French société anonyme and the principal shareholder of CMB. A description of the Exchange Offer Agreement was previously reported in the Company's Current Report on Form 8-K dated May 22, 1995 and the Company's Proxy Statement/Prospectus, dated November 14, 1995 forming a part of the Company's Amendment No. 1 to its Registration Statement on Form S-4 filed with the Securities and Exchange Commission on November 14, 1995.

85,932,200 CMB shares, representing approximately 98.7% of the outstanding CMB shares, were validly tendered into the Offer. Of the CMB shares tendered, 40,125,325 were tendered for cash (aggregating approximately FRF 9,000 or approximately $1,800) and 45,797,825 were exchanged for Units (resulting in the Company issuing 37,300,818 shares of common stock and 12,432,622 shares of acquisition preferred). Pursuant to the terms of the Exchange Offer Agreement, CGIP exchanged its CMB shares for Units and received 21,330,903 shares of common stock and 7,110,300 shares of acquisition preferred. The Company acquired the remaining outstanding shares of CMB during the second quarter of 1996. On October 24, 1996, the Company announced that CGIP had sold a portion of its investment in the Company to a group of underwriters. CGIP sold 10,637,500 shares of the Company's common stock and 3,450,000 shares of the Company's 4.5% convertible preferred stock, resulting in total gross proceeds to CGIP of $644.6 million, before underwriting discounts, commissions and expenses. Upon completion of the offering, CGIP owned common and convertible preferred stock representing approximately 10.1% of the Company's voting power versus 19.9% previously. The Company did not receive any of the proceeds from these secondary offerings. CGIP's shares of common stock and acquisition preferred are held pursuant to the Shareholders Agreement more fully described below.

The financing for the cash portion of the consideration paid in the Offer was obtained pursuant to the Credit Agreement as more fully described earlier in this discussion.

In accordance with the terms of the Exchange Offer Agreement, the Company has adopted Amended and Restated Articles of Incorporation and the terms of preferred stock and has amended and restated its Bylaws.

Pursuant to the Exchange Offer Agreement, the Company and CGIP entered into a Shareholders Agreement dated as of February 22, 1996. Subject to the terms of the Shareholders Agreement, CGIP has agreed to certain standstill provisions which prohibit CGIP from acquiring beneficial ownership of voting securities representing more than 19.95% of the outstanding total voting power of the Company, making a takeover proposal of the Company or its subsidiaries and taking certain other actions.

The Shareholders Agreement provides that CGIP is entitled to designate up to three persons to be nominated for election as directors of the Company at each annual meeting of Company shareholders, depending on the amount of Company voting securities beneficially owned by CGIP. On February 22, 1996, the Company's Board of Directors elected Ernest-Antoine Seillière, Guy de Wouters and Felix G. Rohatyn, who is not standing for reelection in 1997, to the Company's Board in accordance with this provision.

CGIP has also agreed to vote any Company voting securities beneficially owned by CGIP during the standstill period (as defined in the Shareholders Agreement), in the manner recommended by the Company's Board of Directors in connection with the election of directors of the Company and any question relating to a takeover proposal. The standstill period began on February 22, 1996 and terminates under certain circumstances upon the earliest to occur of (i) the later of February 22, 1999 and the date on which CGIP beneficially owns voting securities of the Company representing less than 3.5% of the outstanding total voting power of the Company, (ii) the date the Company breaches certain provisions relating to CGIP's board representation or the Company's dividend policy or debt rating, (iii) the date the Company agrees to recommend (or ceases to oppose) the consummation of a specified event (as defined in the Shareholders Agreement) or enters into, or takes material steps to solicit, an agreement with respect to certain fundamental corporate transactions involving the Company or its subsidiaries, (iv) the date a person other than CGIP acquires 25% of the total voting power of the Company, or (v) the date any CGIP Designee fails to be elected to the Company's Board of Directors.

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The Shareholders Agreement also contains provisions relating to the Company's dividend policy and debt rating, certain restrictions on CGIP's sale or transfer of Company stock and CGIP's registration rights with respect to its shares of Company stock.

PROVISION FOR RESTRUCTURING

During 1996, the Company provided $39.8 ($31.7 after taxes or $.26 per share) for the costs associated with exiting certain lines of business in its South African operations, the closure of a South American operation and costs associated with restructuring existing businesses in Europe. The Company anticipates that the restructuring actions referred to above, when complete, will generate approximately $10.7 in after-tax cost savings on an annualized basis.

The Company has made an assessment of the restructuring and exit costs to be incurred relative to the acquisition of CMB. Affected by the plan of restructuring are thirty-four regional administrative offices and plants to be closed and approximately thirty-eight plants to be reorganized. The cost of providing severance pay and benefits for the reduction of approximately 6,800 employees (approximately 3,100 positions eliminated by the end of 1996) is approximately $269 and is primarily a cash expense. Actual expenditures for severance pay and benefits through December 31, 1996 amounted to approximately $70. Employees to be terminated include most, if not all, employees at each plant to be closed or reorganized including salaried employees and employees of the respective unions represented at each plant site. The cost associated with the writedown of assets (principally property, plant and equipment) is approximately $185 and has been reflected as a reduction in the carrying value of the Company's assets at December 31, 1996. Lease termination and other exit costs, primarily repayments of government grants and subsidies approximates $49 of the provision and is primarily a cash expense of which $25 had been expended as of December 31, 1996. Details of the restructuring are also presented in Note I to the Consolidated Financial Statements.

The Company estimates that the plan of restructuring CMB operations when complete, will generate annual costs savings of approximately $160 ($105 after-tax) on a full year basis. It is also estimated that capital expenditures of approximately $125 will be made to expand and upgrade other facilities to minimize the adverse effects of the restructuring on existing business and customer relationships.

During 1995 and 1994, the Company recorded pre-tax restructuring charges of $102.7 ($67.0 after taxes or $.74 per share) and $114.6 ($73.2 after taxes or $.82 per share), respectively, as part of a two-phase restructuring plan outlined in March 1994. The combined plan was implemented to streamline the Company's North American operations to improve productivity and to enhance competitiveness. The 1995 and 1994 restructuring plans have been completed as of December 31, 1996.

CAPITAL EXPENDITURES

Consolidated capital expenditures totaled $631.2 in 1996 as compared with $433.5 in 1995. Minority partner contributions to consolidated capital expenditures were approximately $88 and $51 in 1996 and 1995, respectively. During the past five years, capital expenditures totaled $1,926.4.

Expenditures in the Americas Division totaled $201 including ongoing projects to convert beverage can and end lines in the U.S. to the 202 diameter from the 206 diameter, the construction of a beverage can and end plant in Brazil and several single-serve PET preform and bottle lines in the U.S.

Investments of $296 were made in the European Division. The Company began construction of a new beverage can and end plant in South Africa as well as installation of additional beverage can lines in existing facilities in Spain and Turkey. The Company also began conversion of 206 diameter lines to the 202 diameter in France, Greece and the UK. The Company also began the first phase of a PET preform center in Italy as well as investing in several easy open food can end lines.

Spending in the Asia-Pacific Division for 1996 totaled $90 as the Company completed the construction of beverage can plants in Hanoi, Vietnam; Beijing, China and Tuas, Singapore. The Company also began the expansion of its beverage can and end plant in Huizhou, China as well as construction of a PET plant in Beijing, China.

The Company expects its capital expenditures in 1997 to approximate $520 including joint-venture partner contributions estimated at approximately $20. The Company plans to continue capital expenditure programs designed to take advantage of technological developments which enhance productivity and contain costs, as well as those that provide growth opportunities. Capital expenditures, exclusive of potential acquisitions, during the five-year period 1997 through 2001 are expected to approximate $2,500, including $300 being contributed from joint-venture partners. Cash flow from operating activities will provide support for these expenditures; however, depending upon the Company's evaluation of growth opportunities and other existing market conditions, external financing may be required from time to time.

ENVIRONMENTAL MATTERS

The Company has adopted a Corporate Environmental Protection Policy. The implementation of this Policy is a primary management objective and the responsibility of each employee of the Company. The Company is committed to the protection of human health and the environment, and is operating within the increasingly complex laws and regulations of national, state, and local environmental agencies or is taking action aimed at assuring compliance with such laws and regulations. Environmental considerations are among the criteria by which the Company evaluates projects, products, processes and purchases, and, accordingly, does not expect compliance with these laws and regulations to have a material effect on the Company's competitive position, financial condition, results of operations or capital expenditures.

The Company is dedicated to a long-term environmental protection program and has initiated and implemented many pollution preventing programs with the emphasis on source reduction. The Company continues to reduce the amount of metal and plastic used in the manufacture of steel, aluminum and plastic containers through "lightweighting" programs. The Company not only recycles nearly 100 percent of scrap aluminum, steel, plastic and copper used in its manufacturing processes, but through its Nationwide Recyclers subsidiary, is directly involved in post-consumer aluminum, steel and plastics recycling. Additionally, the Company has exceeded the United States Environmental Protection Agency's (EPA) 1995 goals for its 33/50 program which called for companies, voluntarily, to reduce toxic air emissions by 33% by the end of 1992 and by 50% by the end of 1995, compared to the base year of 1988. The cost to accomplish this reduction did not materially affect operating results. Many of the Company's programs for pollution prevention lower operating costs and improve operating efficiencies.

The Company has been identified by the EPA as a potentially responsible party (along with others, in most cases) at a number of sites. Estimated remedial expenses for active projects are recognized in accordance with generally accepted accounting principles governing probability and the ability to reasonably estimate future costs. Actual expenditures for remediation were $6.0 during 1996 and $3.3 in 1995. The Company's balance sheet reflects estimated gross remediation liabilities of $53.6 and $20.7 at December 31, 1996 and 1995, respectively, and estimated recoveries related to indemnification from the sellers of acquired companies and the Company's insurance carriers of $16.6 and $15.5 at December 31, 1996 and 1995, respectively.

Environmental exposures are difficult to assess for numerous reasons, including the identification of new sites, advances in technology, changes in environmental laws and regulations and their application, the scarcity of reliable data pertaining to identified sites, the difficulty in assessing the involvement of and the financial capability of other potentially responsible parties and the time periods (sometimes lengthy) over which site remediation occurs. It is possible that some of these matters (the outcome of which are subject to various uncertainties) may be decided unfavorably against the Company. It is however, the opinion of Company management, after consulting with counsel, that any unfavorable decision will not have a material adverse effect on the Company's financial position, cash flows or results of operations.

COMMON STOCK AND OTHER SHAREHOLDERS' EQUITY

Shareholders' equity was $3,563.3 at December 31, 1996, as compared with $1,461.2 at December 31, 1995. The increase in 1996 equity represents the retention of $264.2 of earnings in the business, a $17.3 minimum pension liability adjustment as more fully described in Note N to the Consolidated Financial Statements, the issuance of 37,300,818 common shares (common) and 12,432,622 shares of 4.5% cumulative convertible preferred stock (acquisition preferred) in connection with the acquisition of CMB and the issuance of 459,165 common shares for various stock purchase and savings plans offset by dividends declared on common of $128.2 and equity adjustments for currency translation in non-U.S. subsidiaries of $145.4. The book value of each share of common stock at December 31, 1996 was $23.69 as compared to $ 16.12 at December 31, 1995.

In 1996, the return on average shareholders' equity before restructuring was 11.7% as compared to 9.6% in 1995. Including the restructuring charges, the return on average shareholders' equity was 10.5% in 1996 compared to 5.3% in 1995.

The Board of Directors has approved resolutions authorizing the Company to repurchase shares of its common stock to meet the requirements for the Company's various stock purchase and savings plans. The Company acquired 7,401 shares and 347,360 shares of common stock in 1995 and 1994 for $.3 and $12.7, respectively. There were no stock repurchases during 1996.

DIVIDENDS/ISSUANCE OF STOCK IN CONNECTION WITH CMB ACQUISITION

During 1996, the Company declared cash dividends totaling $128.2 representing a quarterly dividend of $.25 per common share.

During 1995, the Company, pursuant to a shareholder rights plan, authorized the distribution of one right per common share held, to be exercisable in certain events involving the acquisition of 15 per cent or more of the Company's outstanding common stock. Upon the completion of the CMB acquisition, the Company's shareholders also authorized the Company to issue up to an additional 380 million shares of its common stock, up to 30 million shares of additional preferred stock (additional preferred) and up to 50 million shares of acquisition preferred. In connection with the completion of the CMB acquisition, the Company, on February 26, 1996, issued approximately 37.3 million shares of its common stock and 12.4 million shares of its acquisition preferred. Subsequent to the issuance of the acquisition preferred, the number of authorized shares of acquisition preferred was reduced and no further shares of acquisition preferred shall be issued. The acquisition preferred, additional preferred, and shareholder rights plan are more fully described in Note M to the Consolidated Financial Statements.

During 1996 the Company filed a Registration Statement to register 10 million shares of its common stock for implementation of a Dividend Reinvestment and Stock Purchase Plan ("Plan"). The Plan covers all registered shareholders of the Company's common stock as well as those beneficial owners who have either become shareholders of record by having shares transferred into their name or by making arrangements with their broker or other nominees to participate on their behalf. During 1996, 3,527 shares of common stock were issued under the Plan.

At December 31, 1996, common shareholders of record numbered 5,736 compared with 5,976 at the end of 1995. Total common shares outstanding were 128,410,797 at December 31, 1996 compared to 90,650,814 at December 31, 1995. Total acquisition preferred shares outstanding were 12,432,622 at December 31, 1996.

INFLATION

General inflation has not had a significant impact on the Company over the past three years due to strong cash flow from operations. The Company continues to maximize cash flow through programs designed for cost containment, productivity improvements, and capital spending. Management does not expect inflation to have a significant impact on the results of operations or financial condition in the foreseeable future.

FORWARD LOOKING STATEMENTS

Statements included in Management's Discussion and Analysis of Results of Operations and Financial Condition and the discussion of the restructuring plan in Note I to the Consolidated Financial Statements included in this Annual Report, which are not historical facts (including any statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto), are "forward-looking statements", within the meaning of the federal securities laws. In addition, The Company and its representatives may from time to time make other oral or written statements which are also "forward-looking statements".

These forward-looking statements are made based upon management's expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. Management cautions that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

Important factors that could cause the actual results of operations or financial condition of the Company to differ include, but are not necessarily limited to, the Company's ability to integrate CMB's operations into its existing operations and to realize synergistic benefits from the CMB acquisition (including effective raw material procurement, elimination of redundant selling, general and administrative functions, and global product offerings) and the consolidation and restructuring of the combined operations; ability to realize cost savings from its restructuring programs; changes in raw material pricing (including aluminum can sheet, steel tinplate, plastic resin, inks and coatings) and the Company's ability to pass raw material price increases through to its customers or to otherwise manage these commodity pricing risks; the Company's ability to generate significant free cash flow to invest in its business and to maintain appropriate debt levels; the Company's ability to realize efficient capacity utilization and inventory levels and to innovate new designs and technologies for its products in a cost-effective manner; changes in consumer preferences for different packaging products; competitive pressures, including new product developments or changes in competitors' pricing for products; changes in governmental regulations or enforcement practices, especially with respect to environmental, health and safety matters and restrictions as to foreign investment or operation; changes in U.S. or international economic or political conditions, such as, inflation or fluctuations in interest or foreign exchange rates; the costs and other effects of legal and administrative cases and proceedings, settlements and investigations; and changes in labor relations and costs. Some of the factors noted above are discussed elsewhere in this Annual Report and prior Company filings with the Securities and Exchange Commission (the "SEC"). In addition, other factors have been or may be discussed from time to time in the Company's SEC filings.

While Crown periodically reassesses material trends and uncertainties affecting the Company's results of operations and financial condition in connection with the preparation of Management's Discussion and Analysis of Results of Operations and Financial Condition and certain other sections contained in the Company's quarterly, annual or other reports filed with the SEC, the Company does not intend to review or revise any particular forward-looking statement in light of future events.

FABRICATED PRODUCTS

METAL PACKAGING
CANS

PRODUCTS	PROCESSES	MARKETS
Steel & aluminum cans Straight wall & shaped Printed, coated, decorated, necked, embossed, etc.	2-Piece drawn and ironed 2-Piece draw and redraw 2-Piece draw 3-Piece welded 3-Piece soldered 3-Piece cemented & fabricated	Aerosol Beer and beverage Processed food Powdered foods Industrial chemicals Automotive Paint Specialized products of many types

CLOSURES

Steel & aluminum Printed, coated, decorated	Crowns Can ends Easy open ends (EOLE) Vacuum closures Roll on pilfer proof	Beer and beverage Powdered food Water products

PLASTIC PACKAGING

PRODUCTS	PROCESSES	MARKETS
Caps Bottles Preforms Tubes Lipstick Eye care Pumps Sprays Valves	Blow molding Injection molding Injection blow molding Compression molding Fabricated metal & plastic	Automotive Beer & beverage Cosmetics Food Juice Water products Industrial and household Specialty and chemicals

COMPOSITE PACKAGING

PRODUCTS	MARKETS
Spiral wound Laminated products	Food Household Specialized products of many types

MACHINERY

PRODUCTS:

Wide range of can, end and cap making equipment; conveyor systems for cans, plastic and glass bottles; process and filling equipment for metal, plastic and glass packaging; and industrial systems and equipment.

Investor Information

COMPANY DESCRIPTION

Crown Cork & Seal is the world's leading manufacturer of packaging products for consumer goods. The Company's products include metal cans and plastic containers for food, beverage, household, personal care and other products; packaging for health and beauty care applications; closures, pumps and dispensing systems; composite containers; and machinery for beverage filling, material handling and can making. The Company operates 282 plants located in 59 countries, employing 44,611 people.

CORPORATE HEADQUARTERS
One Crown Way
Philadelphia, PA 19154-4599
(215) 698-5100

ANNUAL MEETING
Thursday, April 24, 1997, 11:00 a.m.
Location: Corporate Headquarters

SHAREHOLDER SERVICES
Registered shareholders needing information concerning stock holdings, transfer requirements, registration changes, account consolidations, dividends, lost certificates or address changes should contact the Company's stock transfer, dividend paying agent and registrar:

Mailing Address:
First Chicago Trust Company of New York
Shareholder Services Group
P.O. Box 2500
Jersey City, NJ 07303-2500

Telephone Response Center:
1-800-317-4445
Outside U.S. & Canada
(201) 240-8800

Private Courier Delivery Address:
First Chicago Trust Company of New York
14 Wall Street
Mail Suite 4680 - 8th Floor
New York, NY 10005
(212) 240-8800

Internet address: http://www.fctc.com
E-Mail address: FCTC@delphi.com
Telecommunications Device for the Hearing Impaired
(TDD): (210) 222-4955

Owners of shares held in street name (shares held by any broker in the name of the brokerage house) should direct communications or administrative matters to their stockbroker.

FRENCH FINANCIAL AGENT
Société Générale
Tour Société Générale
17 Cours Valmy
92987 Paris La Défense Cedex.
France
(33-1) 42 13 78 29

DIVIDENDS
Quarterly dividends on the Company's Common Stock, when and if declared, are customarily paid in February, May, August and November. Dividends on the Company's 4.5% Convertible Preferred Stock are payable quarterly in arrears in February, May, August and November.

DIVIDEND REINVESTMENT AND
STOCK PURCHASE PLAN
The Plan is available to all registered holders of the Company's Common Stock as well as those beneficial owners who have either become shareholders of record by having shares transferred into their name or by making arrangements with their broker or other nominees to participate on their behalf. Details of the Plan are contained in a Prospectus which is available upon request from First Chicago Trust Company of New York, the Plan Administrator.

FORM 10-K
The Company will provide without charge to its shareholders a copy of its 1996 Annual Report on Form 10-K, excluding exhibits, as filed with the Securities and Exchange Commission. Requests should be addressed to the Office of Corporate Communications.

INDEPENDENT ACCOUNTANTS
Price Waterhouse LLP
Philadelphia, PA

INTERNET
Visit the Company's Home Page on the Internet at http://www.crowncork.com

STOCK EXCHANGE LISTINGS
The Company's Common Stock and 4.5% Convertible Preferred Stock are listed on the New York Stock Exchange and the Paris Bourse.

CCK
Listed
NYSE

INCORPORATED—STATE OF PENNSYLVANIA

The pages of this report are printed on recycled paper.

CROWN CORK & SEAL COMPANY, INC.

Corporate Headquarters
One Crown Way
Philadelphia, PA 19154-4599

Incorporated under the laws of New York

CAPITAL STOCK $2,500,000. SHARES $100 EACH

No. 95

2203 Shares

MUNDET CORK CORPORATION

This Certifies that Crown Cork & Seal Company, Inc is the owner of Two thousand two hundred three (2203) fully paid and non-assessable Shares of the Capital Stock of

MUNDET CORK CORPORATION

transferable on the books of the Corporation in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof the Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this 13th day of November 1962

Bernard Cuddon Willis Kindle

Asst Secretary Treasurer ~~Vice President~~ President