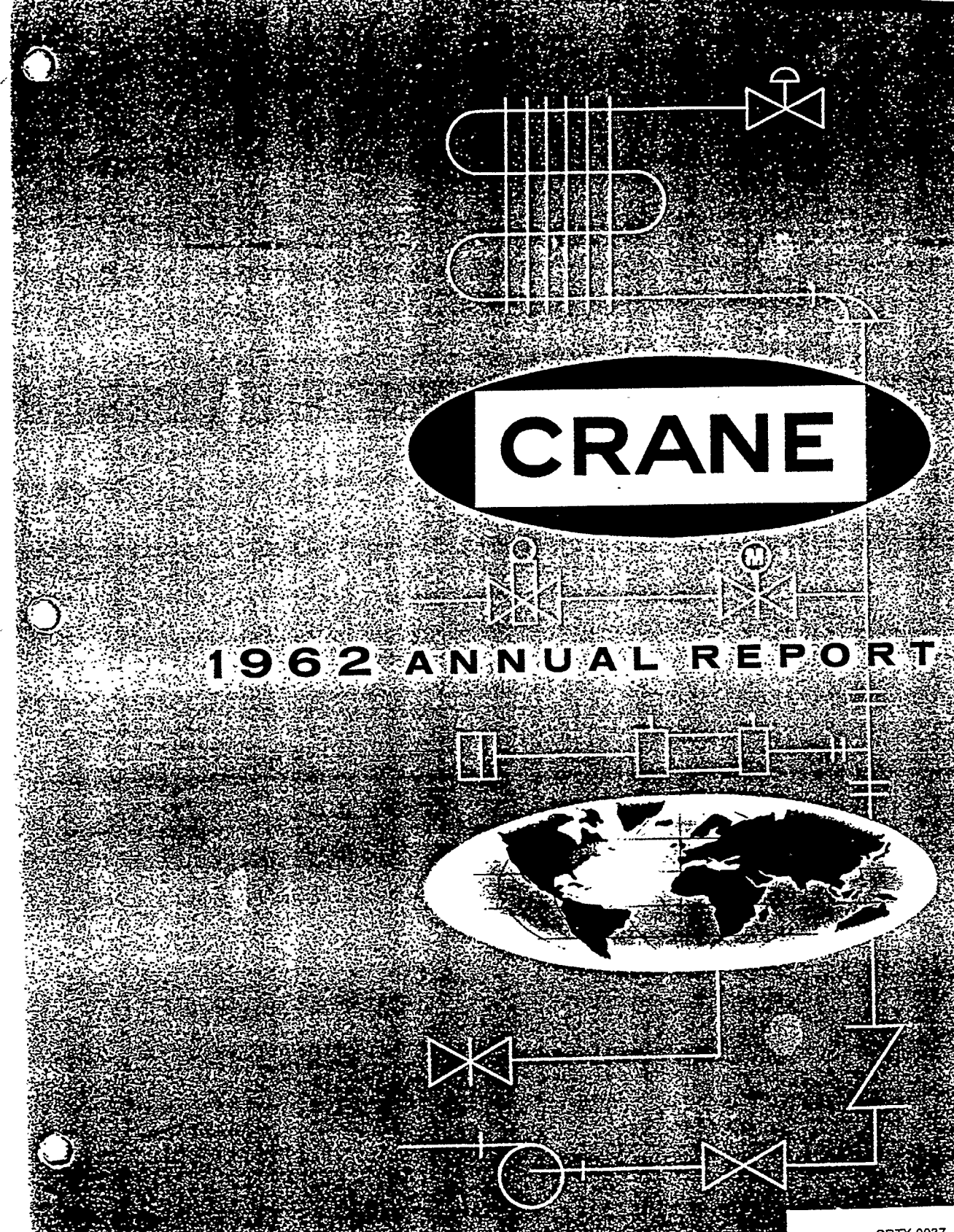




CRANE

1962 ANNUAL REPORT



Directors

Thomas M. Evans, *Chairman*
Dante C. Fabiani
John D. Garrison
Robert Heller
P. Blair Lee
Mark W. Lowell
A. Varick Stout
Charles W. Veatch
R. Arthur Williams

Officers

Thomas M. Evans, *Chairman*
Dante C. Fabiani, *President*
Robert E. Casner, *Vice President, Plumbing, Heating and Air Conditioning Group*
Donald R. DeVeaux, *Vice President, Engineered Products Group*
Charles R. Eble, *Vice President, Customer Relations*
Dale A. Lichty, *Vice President, Hydro-Aire Division*
Charles H. Lovelace, *Vice President, Industrial Products Group*
Horace R. Riggs, *Vice President, Crane Supply Company*
Frank L. Luce, *Secretary and General Counsel*
Allen M. Harrelson, *Treasurer and Chief Financial Officer*
William E. McCoy, *Executive Vice President, Crane Canada Limited*
Robert E. Dunnett, *Managing Director, Crane Limited (Great Britain)*

Stock Transfer Agents

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

Registrars of Stock

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

Auditors

Arthur Young & Company, New York 6, New York

Executive Offices

Crane Co., 300 Park Avenue, New York 22, New York
Crane Canada Ltd., 620 Dorchester Street, W.,
Montreal, Canada
Crane Limited (Great Britain), 15-16 Red Lion Court,
Fleet Street, London E.C. 4, England

The Cover:

New manufacturing and engineering facilities overseas, with a stronger emphasis on international marketing, provide the theme for Crane Co.'s 1962 annual report cover. The background diagram is an engineer's schematic drawing for a hypothetical piping installation.



1962 ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31



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FINANCIAL HIGHLIGHTS

	1962 ⁽¹⁾	1961 ⁽²⁾
Sales:	\$333,767,000	\$319,556,000
Earnings:	3,194,000	5,676,000
Earnings per common share:	2.21	3.83
Depreciation per common share:	6.52	5.79
Cash Flow per common share:	8.73	9.62
Current Assets:	127,603,000	135,307,000
Current Liabilities:	39,376,000	35,935,000
Total Assets:	197,978,000	209,286,000
Book Value per common share:	96.18	94.50
Dividends paid per common share:	2.00	2.00

(1) Based on 1,285,270 shares outstanding December 31, 1962

(2) Based on 1,382,570 shares outstanding December 31, 1961

To the Shareholders:

The particular problems which continued to beset the building materials industry in the United States in 1962 have been well publicized in the press and are reflected in Crane's reduced earnings. Nevertheless, progress was made during the year in improvements and additions to your Company's line of products. Also, consolidation and integration of the acquisitions made during recent years were carried forward.

Today, Crane Co. has a stronger and more competitive position in markets in the United States and overseas than it has ever had before.

Sales and Profits

In 1962, net sales were \$333,767,000 compared with \$319,556,000 the previous year. Consolidated net income was \$3,194,000 compared with \$5,676,000 in 1961, or \$2.21 per share of common stock outstanding at the end of the year, compared with \$3.83 per share a year earlier. Charges for depreciation were \$8,383,000 in 1962, or \$6.52 per share, compared with \$8,000,000, or \$5.79 per share in 1961. Cash flow (earnings plus depreciation) for 1962 totaled \$8.73 per share, compared with \$9.62 in 1961.

Accumulated funds of the major pension plans continue to be in excess of the estimated pension rights vested in pensioners and employees. Therefore, as in 1961, no payments were made to the trustees in the United States. Your Company paid other costs amounting to \$734,000 — about 30% less than 1961 — under unfunded plans and as a result of voluntary payments to retired employees.

The Federal Trade Commission dismissed charges, filed in 1960, against Crane Co. for alleged anti-trust violations.

International

To supply the growing Southwest Pacific market, construction of a Crane valve manufacturing facility was completed in Australia and the plant was in production in early 1963.

In Canada, a new enamel and steel plumbing ware plant replaced one which had been demolished by fire in 1961.

Crane Limited (Great Britain) acquired the D.E.V. Engineering Company Limited, manufacturers of butterfly valves, thereby adding a new product.

Crane Co. operations outside the Western Hemisphere accounted for 9.3% of shareholders' equity at year end and 78.3% of consolidated net income for the year. Substantially all of these operations were conducted in the European area, which continues its general economic improvement.

Financial

On February 20, 1963 a \$35,000,000 nine-year credit agreement was entered into with a group of 16 leading banks. Approximately \$28,700,000 will be used to repay the present balance of the existing term loan entered into in 1960 in an original amount of \$45,000,000. The additional funds, under the new loan, will be added to working capital. The new agreement provides interest at the same rate as the prior agreement.

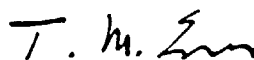
During 1962, 100,900 shares of your Company's common stock were acquired at a total cost of \$5,023,000 or an average cost of \$49.78 per share.

3,600 shares of common stock were issued under option agreements at an average cost of \$41.83 per share, resulting in a net reduction of 97,300 common shares. Also, 9,000 shares of your Company's preferred stock were acquired at a total cost of \$728,000, or an average cost of \$80.89 per share.

During the year, your Company provided from consolidated earned surplus a \$2,500,000 reserve for foreign contingencies for its international operations and, following the establishment by the Canadian Government of a new stabilized exchange rate, charged against this reserve \$2,017,848 representing the unrealized loss arising from the restatement as at January 1, 1962 of all the assets, except fixed assets and long-term investments, of its Canadian subsidiaries. The remaining balance in the reserve for foreign contingencies is available for possible future exchange fluctuations.

Four quarterly dividends, totaling \$3.75 per share, were paid on preferred shares in 1962, and a total of \$2.00 was paid on each share of common stock during the same period.

Respectfully submitted,



T. M. Evans
Chairman



D. C. Fabiani
President

February 21, 1963

REVIEW OF 1962 OPERATIONS

A review of your Company's operations during the past year showed progress in building sales volume, the addition of new plants and facilities in Australia, Canada and England, continuing heavy emphasis on research and development, improvements and economies in manufacturing techniques.

United States

Engineered Products Group (Chapman, Cochrane, Deming, Midwest Piping, Swartwout Divisions)

Organized in 1961, the Engineered Products Group is an integrated source of supply whose function is the development of major components for engineered fluid handling systems in the chemical, petroleum, process, power and other industries. Its aim is to provide better customer service and a comprehensive responsibility for related products in a systems concept, all from one source of manufacture.

This Group's major product line consists of valves (Chapman), fluid treatment equipment (Cochrane), pumps (Deming), piping fabrication and erection (Midwest), electronic controls and instrumentation (Swartwout).

The total integration of the extensive engineering and research facilities of the group has strengthened its ability to develop flow control systems which use the multiple products of the entire group. At one recent installation (the San Diego Municipal Sewage System) Chapman valves and Swartwout instrumentation, together with the Hydro-Aire Division's engineering and technological training coordination, combined to supply a single customer with a complete "package" of Crane-made products and services.

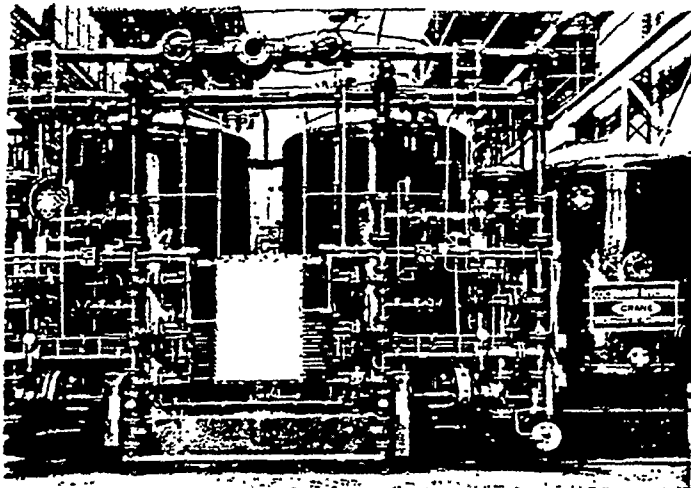
The marketing of these products was strengthened early in 1962 by the formation of the Engineered Products Sales Division, which brought together five separate field sales organizations under a single administration, to permit broader, more intensive market cultivation and deeper market penetration.

Headquartered in Philadelphia, this Group has available extensive engineering staff and facilities and a large research and development function. The latter was established to coordinate inter-divisional product development.

At the *Chapman Division*, the complete line was technologically analyzed and a modifications program initiated, in a continuing dedication to the improvement of all products. Chapman continues to serve customers around the world with highly-engineered special service valves for the defense, power, petroleum and water works industries. An outstanding example was the production of the world's largest two-port slide valve, weighing 52,000 pounds, for a major United States oil company's huge refinery.

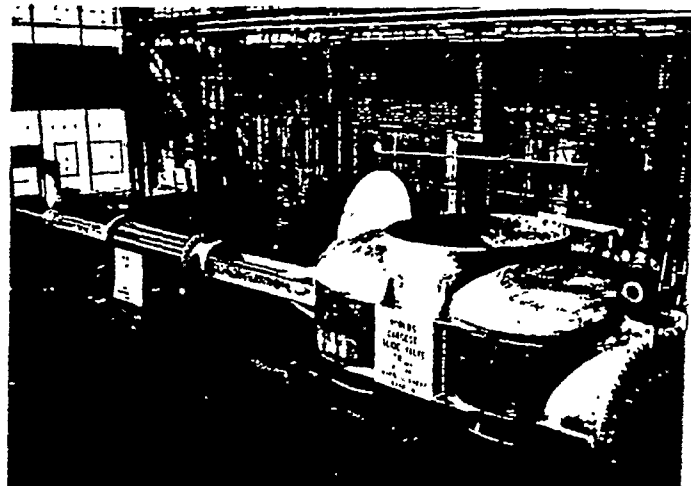


Research and development and quality control facilities were extended throughout Crane Co., even to the installation of a dust-free "Clean Room" at the Hydro-Aire Division.



Comprehensive demineralizing water treatment plant, designed and manufactured by the Cochrane Division, was installed at Consolidated Edison's Ravenswood Electric Generating Station in Queens, New York.

World's largest slide valve (26 tons, 66 feet long) was built by the Chapman Division for Sun Oil Company's huge new refinery at Marcus Hook, Pennsylvania (above, right).



After an intensive review of its present and future markets, the *Cochrane Division* determined that water treating, mechanical equipment and chemical processing are of significant importance and warrant major emphasis. At the same time, the division is continuing its emphasis on research and development, with modifications and improvements of existing products. Among these are an ion exchange process and two new waste treatment systems. Additional developmental research is continuing on new filtration processes, new water treatments permitting successful detergent removal and fabricated auxiliary equipment for steam generators. An example of the latter is the packaged boiler feedwater system.

Developments at the *Deming Division* were largely in the areas of new product introduction and modification. New models introduced during the year included two split-case double-suction pumps, nine sewage pumps, two (a submersible and an upright) sump pumps, a single improved pump consolidating two small sump pumps and an all-plastic centrifugal pump. Among many important orders was one for 15 Deming vertical immersion type pumps installed in a huge new plant at Fort Smith, Arkansas.

Outstanding among the major contracts awarded to the *Midwest Piping Division* was the piping fabrication and erection for a new liquid hydrogen plant for Air Products & Chemicals, Inc., at Long Beach, California, for which the Industrial Products Group supplied 120 stainless steel valves. Most of the plant's liquid hydrogen output will be designated for the National Aeronautics and Space Administration's Saturn rocket program.

The *Swartwout Division* introduced a new ServoRecorder, which incorporates the latest solid state electronic components in its motor-operated, transistorized miniature amplifier design. Similar advanced designs were in the planning stage for other Swartwout products.

Industrial Products Group (Chicago Division, Chattanooga Division, Midwest Fitting Division)

Cost reductions, new product development, product redesign and new manufacturing equipment and methods set the pace in the Industrial Products Group during the year. The Midwest Fitting Division's fitting and flange sales and manufacturing activities were transferred to the Industrial



Chapman foundry, largest in the valve industry, casts bodies for many of the world's largest valves, has a melting capacity of more than 100 tons of alloy steel per day.

Products Group from the Engineered Products Group, in order to take advantage of the broad deployment of the Industrial Products Group's distributor-oriented organization. A new line of welding fittings for use in the plumbing and heating industry was introduced in 1962. Among other new products which entered the market were low cost ball valves, butterfly valves, large thru-conduit pipeline valves, an additional model of the Crane Teledyne motor operator and venturi pattern gate valves.

Plumbing-Heating-Air Conditioning Group (11 plants)

A new \$3 million plumbing fixture plant was under construction for Crane Co. at Somerset, Kentucky, and will be in operation later in 1963.

Due to the further obsolescence of cast-iron radiators, the manufacturing plant at Geneva, New York, was closed and production of its remaining business, which has been declining, was transferred to the plant at New Castle, Pennsylvania.

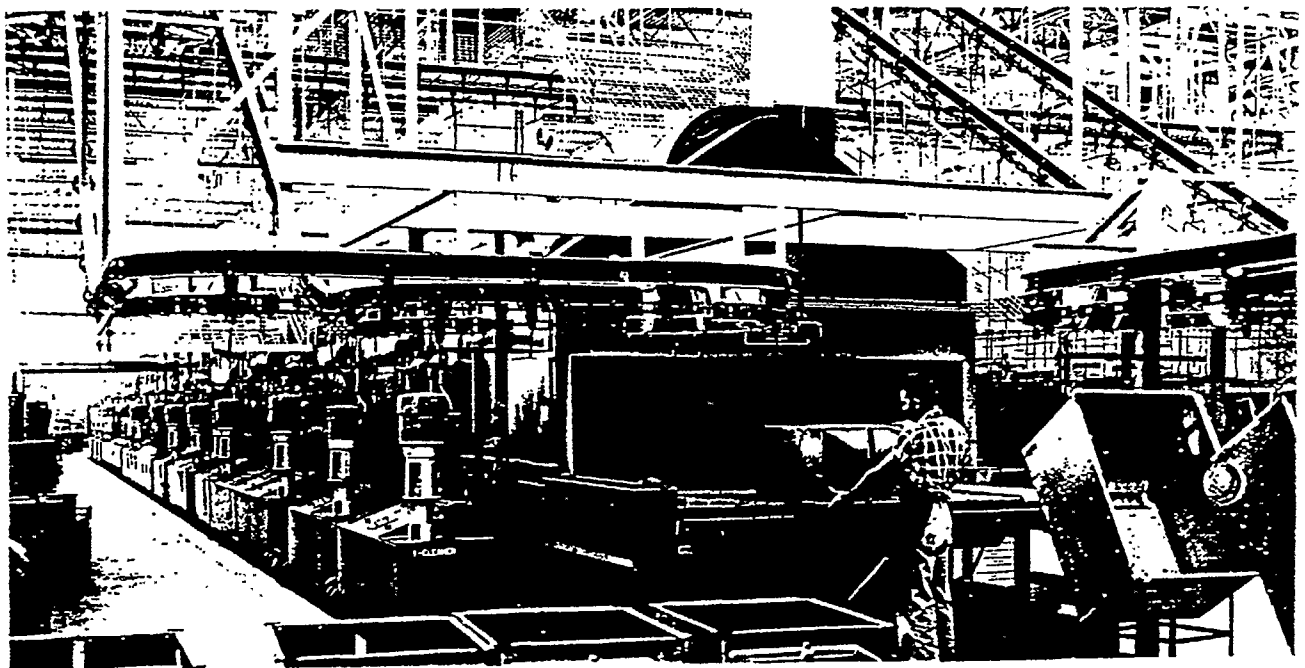
As part of a revamped marketing program, additional emphasis was placed on selling to the trade level, and seventy-two distributors were added during the year. Promotion and advertising to distributors was increased, as were exhibits for the trade. A color motion picture, titled "Crane: The Complete Line", was completed and has been shown to hundreds of audiences throughout the United States and Canada.

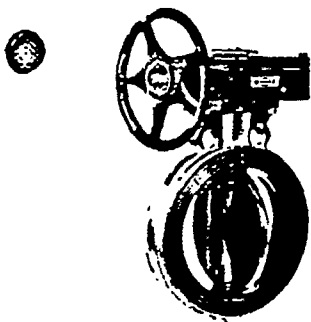
Among new products introduced were the Celette and Neu Beverly lavatories, along with a new line of medicine cabinets, the Oxford and the Criterion Siphon Jet water closets and the Neu-Tarnia diagonal bath tub.

The *AllianceWare Division*, one of the nation's largest facilities for the production of enameled steel plumbing ware, accomplished major production economies, facilities improvements and a stronger marketing operation.

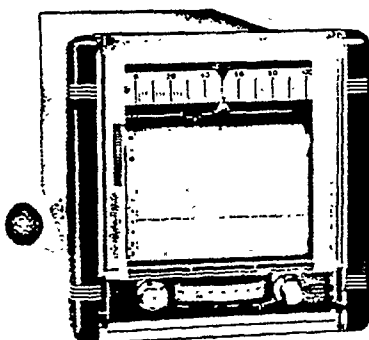
A new \$20 million plant in Fort Smith, Arkansas, utilizes 15 Deming vertical immersion type pumps (left in picture) to keep a giant pickling machine humming.

CRTX 0044



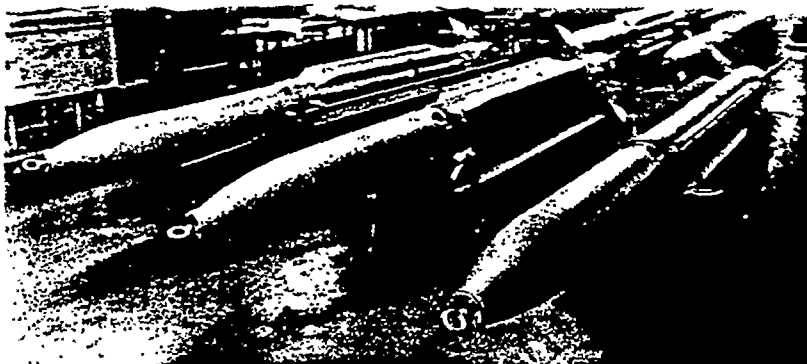


One of several new products entering the market from the Industrial Products Group was the Monarch butterfly valve.



Transistor-powered ServoRecorder was designed and manufactured by the Swartwout Division, incorporates latest solid state electronic components.

On display, at our New York showroom, is this selection of some of the Plumbing-Heating-Air Conditioning Group's newest top line plumbing fixtures: a 6-foot Fathom tub, a Hygiene bidet, a Rexmont water closet and Marcia and Celeste lavatories.



This simulated Blast/Launch Test Missile was developed by the Hydro-Aire Division for the U. S. Navy. The training device costs 93% less than an actual missile.

During 1962 AllianceWall, Inc. was established as a separate subsidiary to manufacture and sell AllianceWall, a new insulated porcelain enamel on aluminum or steel building panel. This product is presently receiving wide acceptance in the fields of both remodeling and new construction.

Research in the heating field resulted in new boilers and other heating units by the Cyclotherm Division, which produced, with the Cochrane Division, six of the largest heat exchangers it had ever built, for use in the oil industry.

The Marine Products Division fulfilled several major contracts during the year. Outstanding among them were 21 automatic hydraulic hatch covers for the world's first nuclear cargo ship, the *N.S. Savannah*, which also is fitted with Crane primary gate valves, Cochrane primary demineralizers, a Cyclotherm emergency package boiler, a Chapman main ejector and overboard discharge valves, and Crane plumbing fixtures. Hydraulic hatch covers were supplied to other large vessels as well, and 14 hydraulic sideports were completed for four new passenger-cargo ships. Of eighteen new vessels (completed in the United States during the past eighteen months) that are considered outstanding by marine engineers, nine are fitted with products from one or more Crane divisions.



The Hydro-Aire Division's Hytrol Mark II Anti-Skid Control Systems are installed in McDonnell F-110 fighter planes, enabling them to land with maximum braking control on any runway and in any weather.

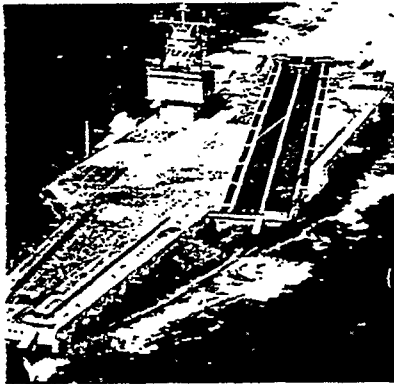


Hydro-Aire Division

Notable among the new products developed during the year was the Hydro-Aire Division's Blast/Launch Test Missile (Tartar), selected by the U. S. Navy as an economical method to test blast/launch effects and reliability, and to provide training for personnel under simulated combat conditions. The B/LTM, a "throw-away" simulated weapon system, has the same conformation, width, center of gravity and thrust at launch as the TARTAR tactical missile with which it is interchangeable in almost all respects. It provides the government with practice missiles at a saving of 93% of actual missile cost.

Another new Hydro-Aire product is the Multiple Input Temperature Alarm System, designed to warn pilots of excessive temperatures in their aircrafts' braking systems.

The new Air Turbine Driven Fuel Booster Pump, designed and produced by Hydro-Aire in 1962, averages 80% less in weight than competing products, in a market where component weight is of great importance.



U.S.S. Enterprise, atomic aircraft carrier, the largest ship ever built, carries Crane and Chapman valves throughout, as well as Cochrane deaerating feedwater heaters and drain regulators.

Crane Supply Company

With the distribution of Crane-manufactured products as its primary function, Crane Supply Company continued its "rehousing" program: 14 of its 61 branches have been relocated thus far, and plans call for relocating 16 more in 1963. Decisions on these relocations were influenced by the opportunity to reduce operating costs, to service major customers more efficiently, and their accessibilities to transportation facilities.

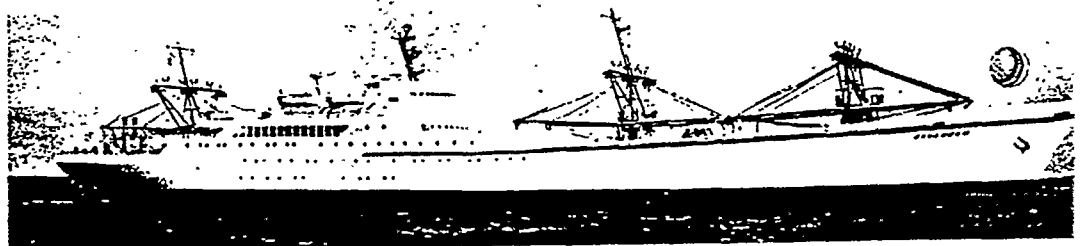
International

Crane Co.'s 1962 operations reflect a strong emphasis on product and marketing improvements in order to compete more favorably in the growing international marketplace.

New valve manufacturing facilities in Australia, England and the Netherlands enabled Crane Co. in 1962 to offer customers overseas a more complete and diversified product line, and more services, than any other manufacturer in this field.

N.S. Savannah, world's first nuclear-powered merchant ship, is completely fitted with Crane Co.'s hydraulic hatch covers, Crane gate valves, Cochrane demineralizers, Cyclotherm boiler, Chapman main ejector and discharge valves, and Crane plumbing fixtures.

CRTX 0046



Crane Canada Limited (13 plants — Valves; pumps; fittings; fluid treatment; piping; plumbing; heating; air conditioning).

New products and modifications were introduced, a new plant was completed and a general improvement in servicing the important Canadian market was realized. The Engineered Products Group became firmly established in Canada during the fourth quarter, operating similarly to the Engineered Products Group's marketing activities in the United States.

In September, a new 200,000 square foot steel plumbing ware plant at Stratford, Ontario, was officially opened, replacing the one destroyed by fire at Quebec City in 1961. This plant houses up-to-date and efficient production equipment for forming and enameling steel products. Additional machinery and equipment installations are planned here for early 1963.

A Canadian preference for domestically-manufactured products, the tariff situation and the establishment of a fixed exchange rate combine to make the Canadian operations extremely important to your Company.



New plants in 1962: valve manufacturing in Sydney, Australia; steel plumbing ware in Stratford, Ontario.

Crane S.A. (France) (2 plants — Valves; fittings).

New equipment, including an annealing furnace and a number of machine tools, was installed.

A line of small, bronze, light-weight, gate valves and various types of cryogenic valves were developed. Malleable fittings were redesigned to conform to international standards. Petroleum valves were modified to reduce their weight.

Crane, Limited (Great Britain) (5 plants — Valves; pumps; fittings; fluid treatment; heating).

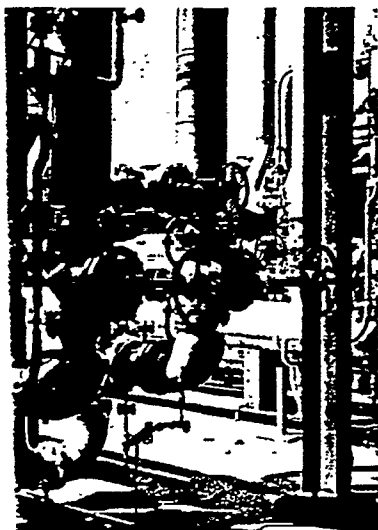
In April, this company acquired all of the share capital of D.E.V. Engineering Company Limited, of Leeds, England, designers and manufacturers of butterfly valves, adding a new product to the existing line.



Annealing furnaces were installed at plants in England and France to insure quality annealing of castings. This pair of electric elevator furnaces, and four more like them, are now at work in the Ipswich, England, plant.



Crane products are exhibited internationally. This display at the Lille International Fair in France attracted industry representatives from Belgium, France, Holland, and Luxembourg.



In Great Britain, Crane is the main valve contractor for the country's Lurgi plants, part of Britain's new high pressure gas distribution systems. These valves were installed at Westfield, Scotland.

At the Ipswich Works, three additional pairs of electric elevator (annealing) furnaces were installed to insure quality annealing of malleable iron castings. Foundries were extended, new machines were added and offices were expanded.

Crane (Great Britain) supplied a large number of the valves installed at the Coleshill plant of the West Midland Gas Board, which began gas production early in 1963. These valves are similar to the Crane valves installed previously at Britain's first Lurgi plant at Westfield, Scotland.

Crane Australia Pty. Limited (1 plant — Valves).

Your Company's newest manufacturing facility, situated on a 21-acre site in Sydney (Australia's largest city), was ready at year's end to begin production. Consisting of more than 50,000 square feet of plant and office space, the factory will produce a variety of valves which for 50 years have been imported into Australia, thereby providing Crane products and services to the rapidly-expanding industrial growth of Australia and the entire Southwest Pacific region. Production of additional industrial products is planned for Australia.

Crane-Orion S.p.A. (Italy) (1 plant — Valves).

Improvements in the foundry and machine shops helped to attain new production records, despite a prolonged strike. New machinery for manufacturing valves and components reduced production costs, and a new testing system was designed and put to use for the automatic (hydraulic and air) testing of valves.

New sales offices were opened in Rome, Genoa and Venice-Marghera, broadening the scope of the principal sales office in Milan.

Deming de Mexico, S.A. (1 plant — Valves; pumps).

New machinery and patterns made possible the manufacture of valves, in addition to the production of water pumps. Your Company's line of centrifugal water pumps was also expanded. New valves and pumps in the test stages of development will be ready for full production in 1963.

Each of the overseas facilities manufactures and supplies Crane products within its own geographical marketplace. At the same time, the International Sales Department in New York functions as a clearing house for customers in foreign countries, marketing products manufactured at Crane plants in the U.S. or overseas, or both. Customers can purchase identical products from the Crane source most advantageous to them from the standpoint of price, volume, delivery, currency preference, geography and job needs.

CONSOLIDATED STATEMENT OF INCOME*Year ended December 31, 1962 with comparative figures for 1961*

	1962	1961
Net sales	\$333,766,863	\$319,556,202
Cost of sales, selling, administrative and general expenses	326,026,910	309,729,127
Operating profit	<u>7,739,953</u>	<u>9,827,075</u>
Other income (deductions):		
Interest — net	(1,656,574)	(1,433,686)
Gain on disposal of fixed assets — net	401,955	501,419
Miscellaneous	440,758	226,445
	<u>(813,861)</u>	<u>(705,822)</u>
Income before income taxes:		
(after depreciation of \$8,383,196 in 1962 and \$8,000,070 in 1961)	6,926,092	9,121,253
Provision for foreign income taxes:		
(less U. S. carryback refund in 1961)	<u>3,732,060</u>	<u>3,445,483</u>
Net income	<u>\$ 3,194,032</u>	<u>\$ 5,675,770</u>

CONSOLIDATED BALANCE SHEET

Assets

	1962	1961
Current assets:		
Cash	\$ 18,015,180	\$ 21,436,608
Marketable securities, at cost which approximates market	201,897	4,087,214
Accounts receivable, less allowance for doubtful accounts \$1,021,101 in 1962; \$792,568 in 1961	44,396,570	41,325,503
Inventories, at lower of cost or market (after deducting \$25,693,012 in 1962 and \$25,811,288 in 1961 to state the principal inventories in the U. S. on a LIFO basis):		
Raw materials and supplies	9,278,625	10,181,400
Work in process	24,998,554	26,217,672
Finished goods	30,711,743	32,058,806
	<u>64,988,922</u>	<u>68,457,878</u>
Total current assets	127,602,569	135,307,203
Investments at cost:		
Investment in foreign affiliate	1,497,382	1,497,382
Mortgage notes receivable	942,326	1,965,112
Other	388,694	236,273
	<u>2,828,402</u>	<u>3,698,767</u>
Property, plant and equipment at cost:		
Land	5,993,328	6,114,646
Buildings and improvements	54,976,222	53,609,765
Machinery and equipment	100,592,555	99,388,968
	<u>161,562,105</u>	<u>159,113,379</u>
 Less accumulated depreciation	 <u>95,697,829</u>	 <u>90,707,004</u>
	<u>65,864,276</u>	<u>68,406,375</u>
 Prepaid expenses and deferred charges	 <u>1,682,367</u>	 <u>1,873,384</u>
	<u>\$197,977,614</u>	<u>\$209,285,729</u>

December 31, 1962 with comparative figures for 1961

Liabilities and Shareholders' Equity

	1962	1961
Current liabilities:		
Current maturity of long-term bank loan	\$ 7,180,000	\$ 7,180,000
Payable to banks by foreign subsidiaries	5,406,127	1,435,752
Accounts payable	11,736,030	11,569,462
Accrued payrolls, taxes and other liabilities	9,808,346	11,353,703
Accrued taxes on income	5,245,987	4,396,327
Total current liabilities	39,376,490	35,935,244
Long-term debt:		
Bank loan, payable \$1,795,000 quarterly from February 1, 1964 through November 1, 1966 and \$1,765,000 on February 1, 1967 plus interest, currently at 4¾ %	23,305,000	30,485,000
Miscellaneous — payable by foreign subsidiaries	866,159	884,446
	24,171,159	31,369,446
Minority interest in foreign subsidiaries	1,215,370	1,321,756
Reserve for foreign contingencies — \$2,500,000 provided in 1962, less \$2,017,848 unrealized exchange loss arising from restatement of certain assets of Canadian subsidiaries	482,152	—
Shareholders' equity:		
Capital stock —		
Cumulative preferred shares, 3¾ % par value \$100 (redeemable at the option of the Company and subject to sinking fund requirements): Authorized — 160,000 shares; outstanding — 91,093 shares in 1962 and 100,093 shares in 1961 (after deducting 13,159 shares in treasury in 1962 and 8,398 shares in 1961)	9,109,300	10,009,300
Common shares, par value \$25: Authorized — 3,500,000 shares; outstanding — 1,285,270 shares in 1962 and 1,382,570 shares in 1961	32,131,750	34,564,250
Earned surplus — \$10,664,032 in 1962 (\$7,535,280 in 1961) is not restricted as to payment of common dividends	91,491,393	96,085,733
Total shareholders' equity	132,732,443	140,659,283
	\$197,977,614	\$209,285,729

CONSOLIDATED STATEMENT OF EARNED SURPLUS*Year ended December 31, 1962 with comparative figures for 1961*

	1962	1961
Balance at beginning of year	\$96,085,733	\$ 97,879,041
Net income	3,194,032	5,675,770
	<u>99,279,765</u>	<u>103,554,811</u>
Dividends:		
Preferred shares — \$3.75 per share	348,168	379,668
Common shares — \$2.00 per share	2,671,840	2,870,215
Excess of cost over par value of reacquired shares — net:		
9,000 preferred shares (4,500 in 1961)	(171,891)	(108,355)
97,300 common shares (104,860 in 1961)	2,440,255	4,327,550
Provision for foreign contingencies	2,500,000	—
	<u>7,788,372</u>	<u>7,469,078</u>
Balance at end of year	<u>\$91,491,393</u>	<u>\$ 96,085,733</u>

Status of Stock Option Plan Adopted in 1951

	Number of shares	Price per share
Balance outstanding January 1, 1962	42,830	\$32.50 to \$65.75
Options granted	3,500	39.50 to 63.25
Options cancelled	(7,000)	32.50 to 60.00
Options exercised	(3,600)	32.50 to 57.25
Balance outstanding December 31, 1962	<u>35,730</u>	<u>\$32.50 to \$65.75</u>

Of the options outstanding at December 31, 1962, 18,670 shares were exercisable, and additional options for 92,520 shares could be granted (compared with 89,020 shares at December 31, 1961).

Report of Certified Public Accountants

To the Shareholders of Crane Co.:

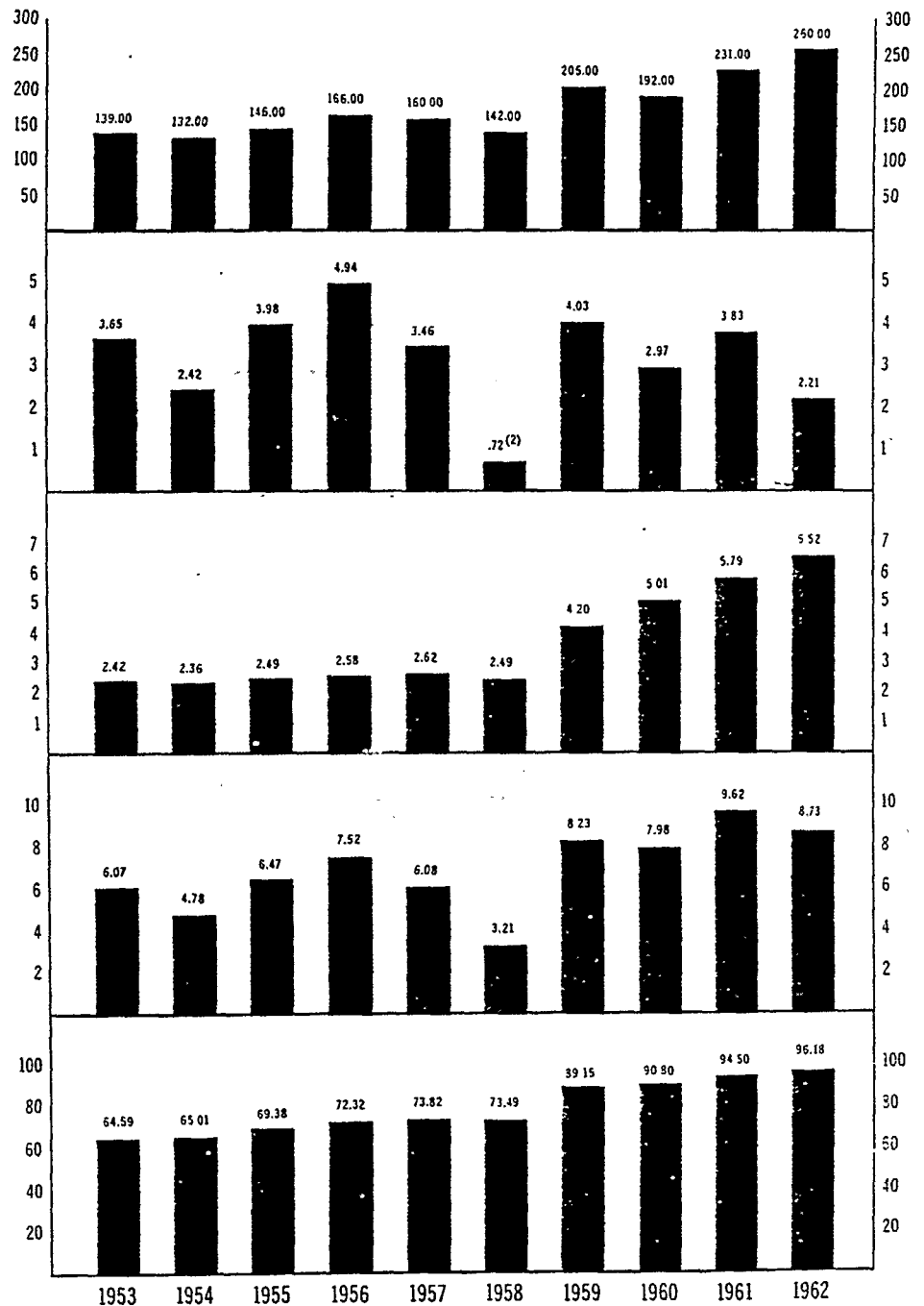
We have examined the accompanying consolidated balance sheet of Crane Co. and subsidiaries at December 31, 1962 and the related consolidated statements of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements mentioned above present fairly the consolidated financial position of Crane Co. and subsidiaries at December 31, 1962 and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Young & Company

New York, N. Y., February 8, 1963

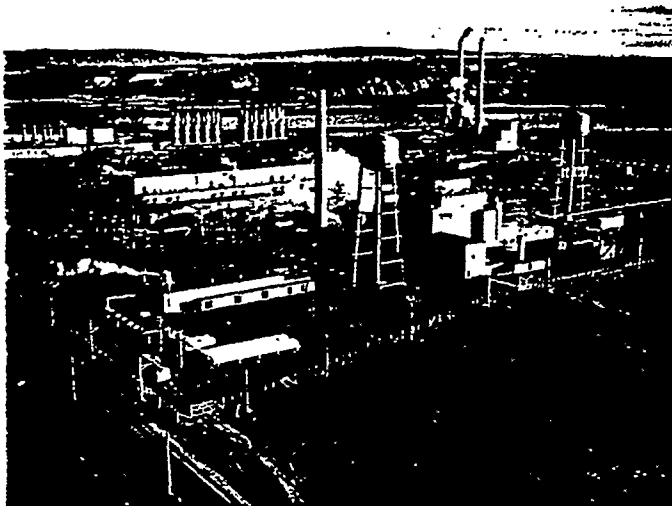
Ten-year summary of CRANE operations



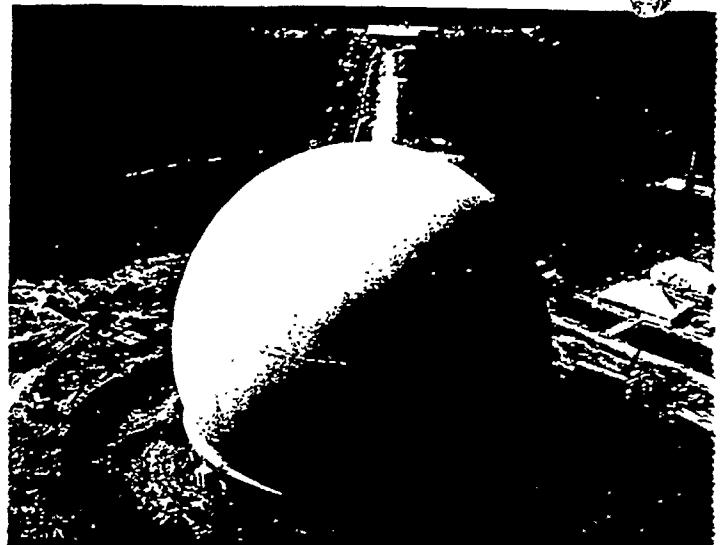
(1) Years 1953 to 1956 have been recalculated to provide comparability with later years.

(2) After deducting extraordinary loss, net of income tax refund \$3,308,000 or \$1.40 per share.

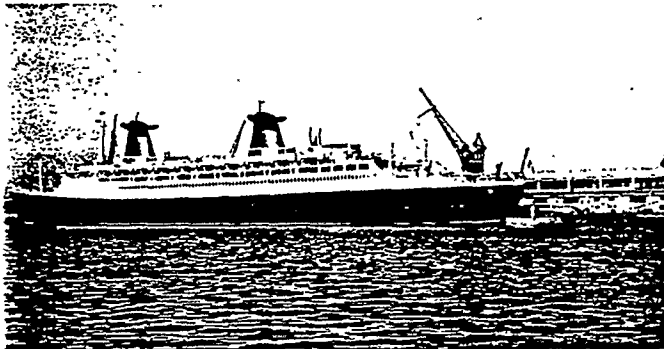
Among Outstanding Crane-Equipped Installations in 1962 . . .



Hanford, Washington, Atomic Project produces vital plutonium and radioisotopes. The plant is equipped with Chapman and Crane valves, Cochrane deaerators, Deming pumps, and a Hydro-Aire flow control monitor system.



American Telephone & Telegraph Company's first space satellite communications center at East Andover, Maine; nylon radome houses huge antenna to maintain contact with orbiting Telstar. Crane valves, fittings and plumbing fixtures are installed here.

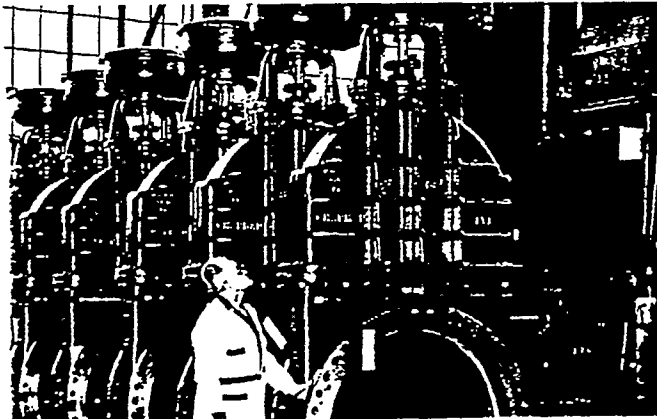


Luxury liner France has Crane pipelines for boilers and steam turbines and hundreds of valves, produced by Crane S.A. (France).



Crane display at Mobile Trade Fair, Bombay, India, one of several U. S. Department of Commerce exhibitions in which Crane participates.

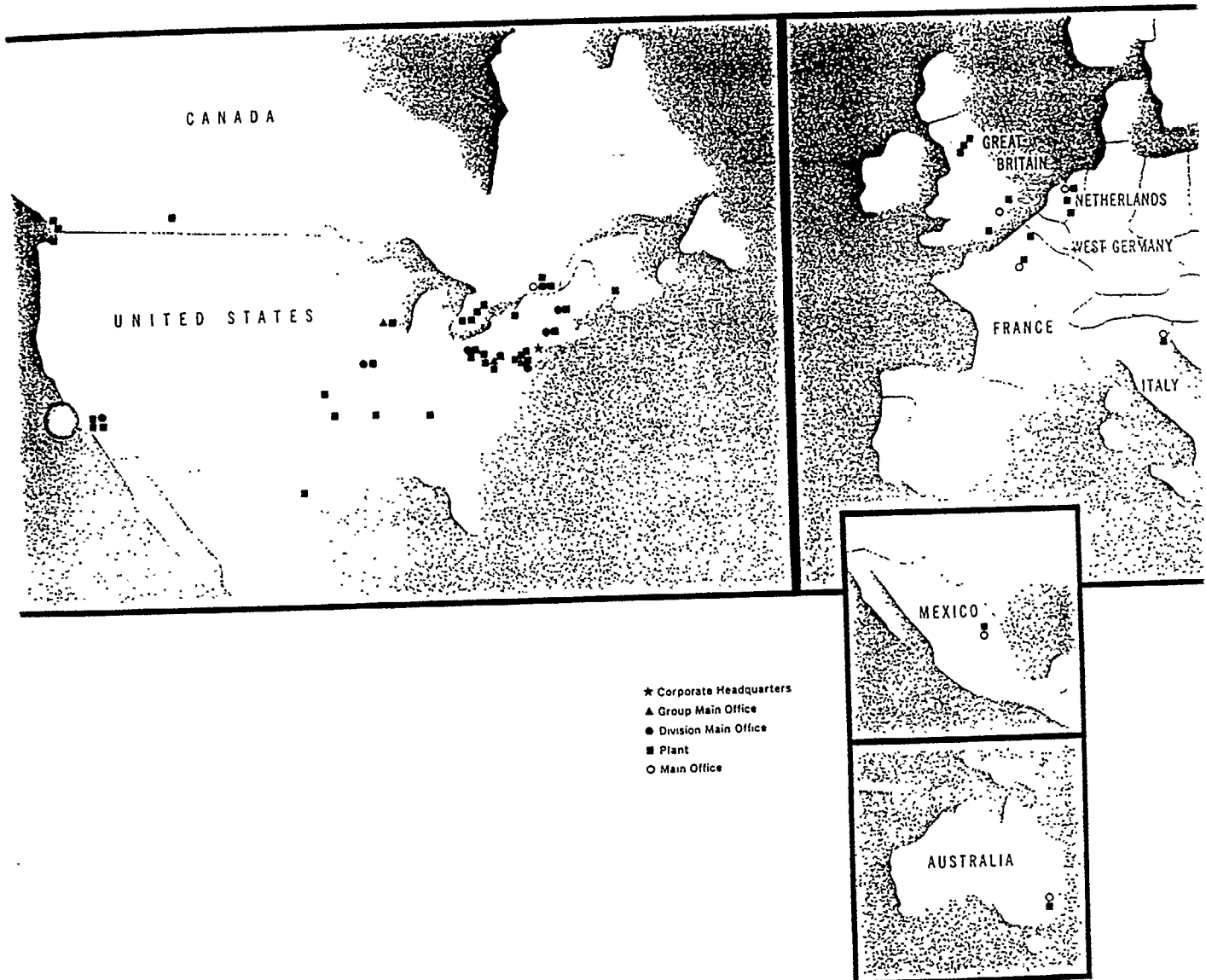
New Brazilian steel mill, Cia Siderurgia Paulista, is equipped with Chapman double disc gate valves and swing check valves, both specially-designed to fit the plant's particular needs.



Fine plumbing fixtures by Crane are installed in apartments, housing projects, offices, factories and public buildings around the world. These new apartments are in Puerto Rico.



Crane Co. Facilities — U.S. and Other Countries



CRANE

1986 ANNUAL REFERENCE

Valves • Pumps • Fittings •
Water Treatment • Piping •
Plumbing • Heating • Air •
Conditioning • Electronic Controls