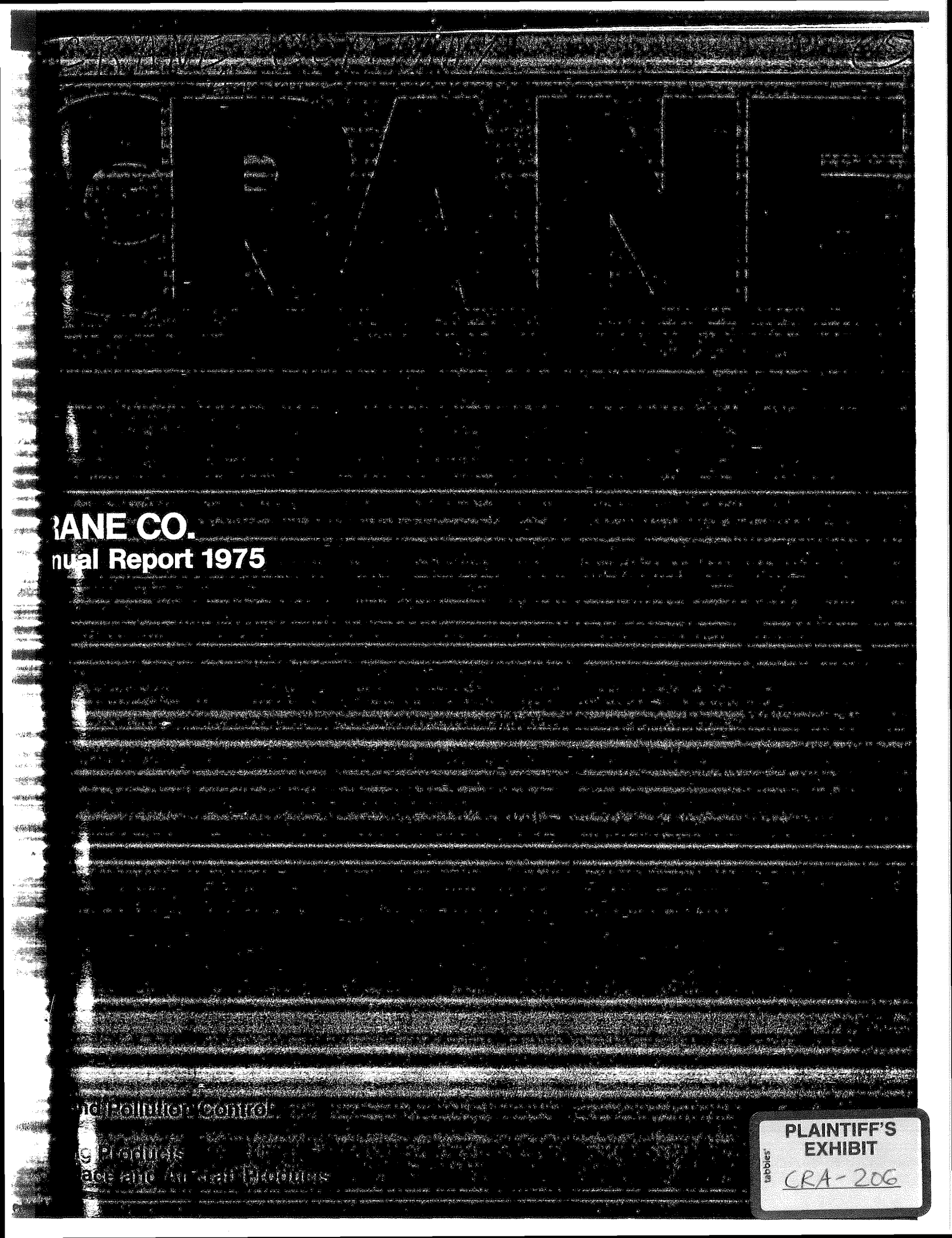

CRANE CO.
Annual Report 1975

Pollution Control

Products

Aerospace and Aircraft Products

PLAINTIFF'S EXHIBIT
CRA-206

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Analysis of summary of operations
Review of operations

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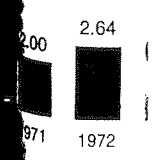


l Highlights

	1975	1974
. . . . .	**$1,119,494,000**	$1,144,031,000
before income taxes	**114,202,000**	97,354,000
me	**63,608,000**	56,133,000
idends	**10,183,000**	7,221,000
king capital	**223,076,000**	180,717,000
sets	**722,201,000**	607,947,000
shareholders' equity	**262,898,000**	219,556,000
shares outstanding at year end	**5,019,512**	5,030,491

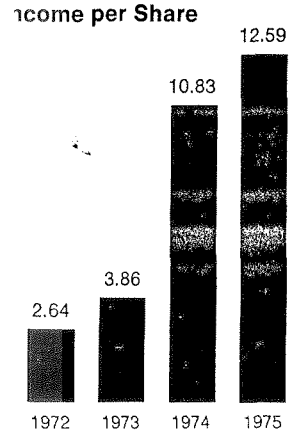
year end:

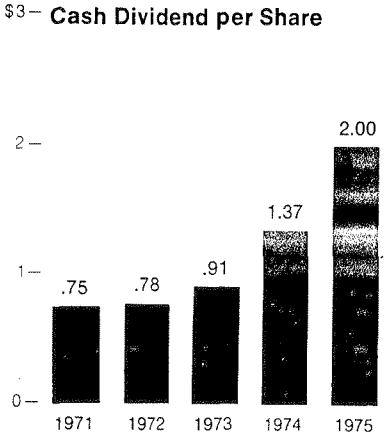
come to sales	**5.7%**	4.9%
nt ratio	**2.3**	2.1

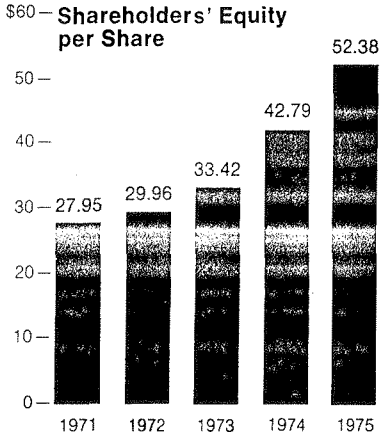
mon Share:

come	**$12.59***	$10.83†
dividends	**2.00**	1.37†
on shareholders' equity	**52.38**	42.79†

e per common share would amount to $11.09 ($8.54 in 1974)
ng conversion of subordinated debentures.
for 2% stock dividend in February, 1975.







To our Shareholders:

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

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

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

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

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

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

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

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

Respectfully submitted,

D. C. Fabiani
President

T. M. Evans
Chairman

February 20, 1976



T. M. Evans, Chairman



D. C. Fabiani, President

dated Statement of Income
rs Ended December 31

	1975	1974
es	**$1,119,493,984**	$1,144,030,532
ng Costs and Expenses including depreciation of 84,198 ($34,879,959 in 1974):		
of sales	**888,594,766**	921,266,824
ıg, general and administrative	**105,161,503**	101,878,527
	993,756,269	1,023,145,351
ng Profit	**125,737,715**	120,885,181
ıcome (Deductions):		
est—net	**(11,153,219)**	(14,280,565)
or (loss) on disposal of capital assets—net	**1,732,981**	(8,159,582)
end income on investments	**389,329**	1,181,285
ellaneous—net	**(2,505,357)**	(2,271,713)
	(11,536,266)	(23,530,575)
Before Income Taxes	**114,201,449**	97,354,606
ɔn for Income Taxes	**50,593,656**	41,221,204
ome	**$ 63,607,793**	$ 56,133,402
ıcome per common share:		
erage shares outstanding	**$12.59**	$10.83
suming conversion of debentures	**11.09**	8.54

dated Statement of Earned Surplus
rs Ended December 31

	1975	1974
e at Beginning of Year	**$ 144,593,494**	$ 104,083,802
ome	**63,607,793**	56,133,402
	208,201,287	160,217,204
ds:		
rred shares—$3.75 per share	**92,260**	97,073
mon shares:		
sh—$2.00 per share ($1.37 in 1974)	**10,091,206**	7,123,585
ɔck—2%, market value of 100,055 shares (99,944 in 1974)	**2,991,645**	1,764,011
of Cost Over Par Value of Reacquired Shares—Net:		
preferred (1,081 in 1974) and 470,611 common (433,888 in 1974)		
cquired, less 28,587 issued under stock options (36,324 in 1974)	**13,583,602**	6,639,041
	26,758,713	15,623,710
at End of Year	**$ 181,442,574**	$ 144,593,494

See Financial Review.

o. and subsidiaries

Consolidated Balance Sheet
at December 31

	1975	1974
ASSETS		
Current Assets:		
Cash	$ 21,093,617	$ 14,369,1
Short-term investments, at lower of cost or market	87,934,270	37,470,2
Accounts receivable, less allowances of $2,477,014 ($2,550,489 in 1974)	126,709,491	131,293,6
Inventories, less LIFO reserves of $58,117,563 ($47,307,087 in 1974), at lower of cost or market:		
Finished goods	83,807,441	71,018,2
Work in process	47,872,510	54,678,8
Raw materials and supplies	24,958,282	34,730,3
	156,638,233	160,427,4
Prepaid expenses	1,946,678	3,112,3
Total current assets	394,322,289	346,672,8
Investments and Other Assets:		
The Anaconda Company, cost of 3,282,401 common shares	57,105,259	—
Unamortized debt discount on 8% debentures (see page 7)	11,711,644	—
Southern Pacific Company, cost of 300,000 common shares	—	13,173,1
Outlying lands	1,239,854	1,241,8
Miscellaneous	2,123,553	2,727,8
	72,180,310	17,142,9
Property, Plant and Equipment at Cost:		
Land	18,713,012	18,198,0
Buildings and improvements	126,863,312	124,993,9
Machinery and equipment	432,770,948	401,248,3
	578,347,272	544,440,3
Less accumulated depreciation	322,649,045	300,308,8
	255,698,227	244,131,4
	$722,200,826	$607,947,1

	1975	1974
TIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
ɪnt maturities of long-term debt	**$ 13,134,891**	$ 4,768,981
ɜ payable to banks	**11,564,805**	18,991,121
unts payable	**65,526,357**	55,111,853
ɹed payrolls, taxes and other liabilities	**58,801,501**	48,669,613
ɜnd foreign taxes on income	**22,218,441**	38,414,115
Total current liabilities	**171,245,995**	165,955,683
ɜrm Debt (see details on page 7)	**239,112,445**	175,150,939
d Income Taxes	**26,613,269**	7,001,044
ɜs and Other Liabilities	**6,894,705**	24,641,434
/ Interest in Subsidiaries	**10,997,305**	10,745,496
ɔlders' Equity:		
rence stock of Glenfield & Kennedy Holdings Limited, 5½%	**2,020,000**	2,320,000
ılative preferred shares, 3¾%, par value $100 (redeemable): :horized—50,919 shares (55,144 in 1974); outstanding—24,189 shares :5,761 in 1974) after deducting 26,730 shares in treasury (29,383 in 1974)	**2,418,900**	2,576,100
preferred shares, par value $5: horized—600,000 shares	—	—
non shareholders' equity: mmon shares, par value $12.50: Authorized—20,000,000 shares; ɔutstanding—5,019,512 shares (5,030,491 in 1974) after deducting ,714,847 shares in treasury (1,244,236 in 1974)	**62,743,900**	62,881,138
ɔital surplus	**18,711,733**	12,081,834
ɪned surplus—$66,177,514 ($33,163,027 in 1974) is not restricted ınder a long-term debt indenture	**181,442,574**	144,593,494
Total common shareholders' equity	**262,898,207**	219,556,466
Total shareholders' equity	**267,337,107**	224,452,566
	$722,200,826	$607,947,162

See Financial Review.

Consolidated Statement of Capital Surplus for Years Ended December 31

	1975	1974
Balance at Beginning of Year	$ 12,081,834	$ 7,428,9
Excess of subordinated debentures converted over par value of 330,990 common shares issued (320,146 in 1974)	4,888,942	4,138,1
Excess of market value over par value of common shares issued as 2% stock dividend	1,740,957	514,7
Balance at End of Year	$ 18,711,733	$ 12,081,8

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

	1975	1974
Source of Funds:		
Operations:		
Net income	$ 63,607,793	$ 56,133,4
Depreciation	35,784,198	34,879,9
Other, net	11,722,093	4,035,8
	111,114,084	95,049,3
Reduction in investments and other assets	13,779,508	8,678,9
Increase in long-term debt, less original issue discount	85,090,163	1,740,0
Conversion of debt to common stock	9,032,700	8,140,9
Disposals of property, plant and equipment	5,107,365	30,574,1
	224,123,820	144,183,3
Application of Funds:		
Additions to property, plant and equipment	52,458,375	45,827,9
Investment in The Anaconda Company	57,105,259	–
Reduction in long-term debt	32,840,301	38,476,8
Reacquisition of shares, less options exercised	19,572,486	11,717,5
Cash dividends	10,183,466	7,220,6
Reduction in reserves, minority interest and other	9,604,788	7,165,6
	181,764,675	110,408,6
Net Source of Funds	$ 42,359,145	$ 33,774,6
Increase (Decrease) in Components of Working Capital:		
Current assets:		
Cash and short-term investments	$ 57,188,502	$ 13,878,6
Accounts receivable	(4,584,169)	4,844,3
Inventories	(3,789,218)	29,792,5
Prepaid expenses	(1,165,658)	470,5
	47,649,457	48,985,9
Current liabilities:		
Current maturities of long-term debt	8,365,910	(1,543,0
Loans payable to banks	(7,426,316)	(6,098,2
Accounts payable	10,414,504	(11,191,7
Accrued payrolls, taxes and other liabilities	10,131,888	(1,324,4
U.S. and foreign taxes on income	(16,195,674)	35,368,7
	5,290,312	15,211,3
Increase in Working Capital	$ 42,359,145	$ 33,774,6

See Financial Revie

of Long-Term Debt
mber 31

	1975	1974
o.:		
Sinking fund debentures due 1992, $2,000,000 due annually, r deducting $5,795,000 in treasury in 1975	**$ 28,205,000**	$ 30,754,000
Bank term loan due 1980, $1,875,000 due quarterly commencing vember 30, 1976, fluctuating with minimum commercial lending rate	**28,125,000**	—
llaneous	**158,424**	317,167
	56,488,424	31,071,167
rdinated debentures:		
inking fund debentures due 1985, 10% due annually nmencing December 1, 1976 (see page 4):	**59,083,200**	—
inking fund debentures due 1993, 5% due annually, r deducting $4,357,000 in treasury in 1975	**13,886,400**	15,307,400
ebentures due 1994, after deducting $3,717,000 in treasury in 1975	**48,360,000**	52,077,000
onvertible debentures due 1993, convertible at $25 per share 3,164 common shares reserved in 1975), after deducting 991,000 in treasury in 1975	**3,829,100**	7,240,400
onvertible debentures due 1994, convertible at $28.75 per share 4,814 common shares reserved in 1975), after deducting ,213,000 in treasury in 1975	**12,500,900**	19,105,300
	137,659,600	93,730,100
	194,148,024	124,801,267
eel Corporation:		
irst mortgage and collateral trust bonds, sinking fund series 1983, $1,000,000 due quarterly	**29,000,000**	33,000,000
ash & Door Company:		
Notes payable, $175,800 due annually commencing tember 1, 1976	**703,251**	—
Subsidiaries:		
Canada Limited sinking fund debentures: % (collateralized by a general claim on property and assets), ue 1985, $431,000 due annually, after deducting $584,000 in easury in 1975	**5,883,920**	6,600,000
Ltd. (England):		
¼% Bank term loan due 1977, fluctuating with bank rate	**3,636,000**	4,176,000
¼% Bank term loan due 1978, fluctuating with bank rate	**1,022,860**	1,740,000
eld & Kennedy Holdings Limited:		
% Unsecured loan stock due 1982	**2,527,769**	2,931,021
llaneous	**2,190,621**	1,902,651
	15,261,170	17,349,672
	$239,112,445	$175,150,939

onsolidation

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

Subsidiaries operating outside the United States and anada had net sales of $98,372,000 in 1975, compared with 82,367,000 in 1974. In 1975 net income from foreign oprations amounted to $3,415,000, compared with $42,000 in 974. These subsidiaries represented 11.9 per cent of hareholders' equity in 1975, down from 12.9 per cent in 974.

lant Improvement

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

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

ensions

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

In connection with a CF&I Steel plant closing during 974, $11,500,000 of vested pension liability was charged o "Gain or (loss) on disposal of capital assets—net." This harge was partially offset by $3,033,000, representing the xcess of equity over cost of minority shares purchased.

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

Miscellaneous Deductions

Components are as follows:

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

Long- and Short-Term Financing

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

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

Covenants contained in instruments under which th Company has outstanding indebtedness: (i) require th Company to maintain consolidated working capital of least $150,000,000; (ii) require the Company to mainta consolidated tangible net worth of at least $200,000,00 (iii) restrict payment of cash dividends; and (iv) restrict th issuance of additional senior funded debt (as of Decemb 31, 1975 the Company could issue no additional seni funded debt).

At December 31, 1975, the principal amounts of lon term debt repayments required for the next five years we $13,135,000 in 1976, $22,531,000 in 1977, $20,117,000 in 197 $20,885,000 in 1979, and $18,830,000 in 1980.

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

Reserves and Other Liabilities

A summary of reserves and other liabilities follows:

	1975	197
	(in thousands	
Pension and wage benefits	$3,774	$20,7
Relining and rebuilding of blast furnaces	1,018	1,4
Future foreign currency valuation	—	6
Miscellaneous	2,103	1,7
	$6,895	$24,6

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

e Taxes

reconciliation of consolidated income before in-axes to the provision for income taxes (federal, state reign) is as follows:

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

e provision for income taxes is composed of the ng:

	1975	1974
	(in thousands)	
ct of timing differences:		
ciation	$ 2,577	$ 3,983
on expenses	5,968	—
closing costs	—	(2,946)
	1,231	(60)
ferred taxes	9,776	977
income taxes paid or payable	40,818	40,244
on for income taxes	$50,594	$41,221

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

1975, subsequent to the issuance of the 1974 annual the Company received approval from the Internal e Service to accelerate funding of its pension obli- with respect to one of its pension plans and to be to an income tax deduction. Therefore, the Com- ontributed $20,000,000 as a result of this ruling dur- 5, but was permitted to take a deduction in its 1974 tax return. The income tax effect was accounted for 974 annual report as a deferred income tax benefit, sequent to that time it was accounted for as a cur- ome tax benefit.

United States income taxes have not been provided on undistributed earnings of foreign subsidiaries, since foreign tax credits available on any portion of these earnings not required for indefinite reinvestment are such that no significant tax would be payable upon distribution.

Leases

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

	1975	1974
	(in thousands)	
Rentals on noncapitalized financing leases:		
Minimum	$ 4,759	$ 4,847
Contingent	617	701
Rentals on operating leases:		
Minimum	9,009	8,137
Contingent	338	311
	$14,723	$13,996

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

Financing leases are defined as those in which the initial term of the lease substantially covers the useful economic life of the property or assures recovery of the lessors' investment. All others are considered operating leases.

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

		Financing Leases		Operating Leases	
	Total	Buildings	Machinery and Equipment	Buildings	Machinery and Equipment
		(in thousands)			
1976	$ 8,212	$1,037	$ 3,695	$1,877	$1,603
1977	7,203	1,239	3,492	1,553	919
1978	6,298	1,344	3,243	1,290	421
1979	5,785	1,518	3,093	1,007	167
1980	5,171	1,486	2,759	891	35
1981-85	21,296	6,421	12,578	2,285	12
1986-90	19,160	5,736	12,592	832	—
1991-95	12,637	2,289	10,330	18	—
1996-beyond	2,111	2,111	—	—	—

The above amounts have been reduced for rental income from noncancelable subleases by approximately $1,103,000 in 1976 and lesser amounts thereafter (total reduction $4,722,000).

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

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

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

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

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

Stock Options

A summary of option transactions under all plans follows:

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

At December 31, 1975, after amendment to the 1970 plan, options for 28,773 shares were exercisable and 30,064 shares were available for grant. In 1974 options for 47,685 shares were granted and options for 36,324 shares were exercised. All shares and per share statistics have been adjusted for the 2 per cent stock dividend in 1975. None of these are compensatory plans requiring charges to income.

Subsequent Events

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

Litigation

Crane's lawsuit against American Standard, Inc. a Blyth & Company, Inc., arising out of the merger of Westi house Air Brake Company in 1968, remains pending. T case is presently before the federal district court for assessment of Crane's damages and other appropriate lief, but the Company is unable to predict the outcome the matter.

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

ort of Independent Accountants

the Shareholders of Crane Co.

We have examined the consolidated balance sheet Crane Co. and subsidiaries as of December 31, 1975 and 4, and the related consolidated statements of income, ned surplus, capital surplus and changes in financial ition for the years then ended. Our examinations were de in accordance with generally accepted auditing ndards and, accordingly, included such tests of the ac- unting records and such other auditing procedures as considered necessary in the circumstances. We did examine the financial statements of CF&I Steel Cor- ation, a consolidated subsidiary, which statements e examined by other independent certified public ac- ntants whose reports thereon have been furnished to Total assets and net sales of CF&I Steel Corporation stituted approximately 43% and 38%, respectively, of related consolidated totals in 1975 (47% and 38% in 4). Our opinion expressed herein, insofar as it is related to the amounts included for the foregoing subsidiary, is based solely upon the reports of the other independent certified public accountants.

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

Ernst & Ernst

New York, N.Y.
January 26, 1976

terly Results for the Year

housands)

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

et and Dividend Information—Common Shares

rter	New York Stock Exchange Price per Share				Dividends per Share	
	1975		1974		1975	1974*
	High	Low	High	Low		
	$41¼	$26½	$19⅝	$15	$ .40	$ .25
	52½	39⅛	26	18⅝	.40	.25
	52¼	41½	34	21½	.50	.34
	48¾	41½	33	24¼	.70	.53
					$2.00†	$1.37†

led for 2% stock dividend in February, 1975.
des a special dividend of $0.20 in the 4th quarter ($0.20 in 1974).

sis of Summary of Operations

n 1975 consolidated sales
ased 2.1 per cent from the 1974
Crane Domestic sales declined
oximately 5.8 per cent, which
ttributable to a decrease in build-
roducts sales combined with the
t of sales from terminated oper-
s included in the 1974 figure.
luid and pollution control portion
s operation showed significant
ases over the 1974 period.
CF&I Steel Corporation's Pueblo
t, whose principal market is in the
y Mountain area, was able to
ase 1975 sales 6.0 per cent due to
ong demand for rails and oil field
g and casing. Overall, CF&I Steel
oration showed a decrease of
oximately 2.5 per cent in total
s volume; the 1974 figure included
s from operations that have been
inated.
Huttig Sash & Door sales
ined approximately 10.3 per cent,
cting the overall decline in
ding construction. Huttig's strong
ition in nonurban areas helped
per the effect of the overall
ding decline.
Crane Canada's sales increased
per cent, with no significant varia-
s in either building products or
l and pollution control products
1974. International sales in-
ased approximately 19.4 per cent,
ecting strong demand for steel
es during the year.
In 1974 consolidated sales
reased 20.8 per cent over 1973, due
ncipally to the cessation of price
ntrols on valve and steel products
l strong demand for other industrial
ducts manufactured and dis-
uted by Crane.
Depreciation expense increased
per cent between 1974 and 1975,
and 15.6 per cent between 1973 and 1974. This reflects, in part, the Company's $52,500,000 capital program in 1975 and approximately $166,000,000 that was spent in the steel business over the prior five years.

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

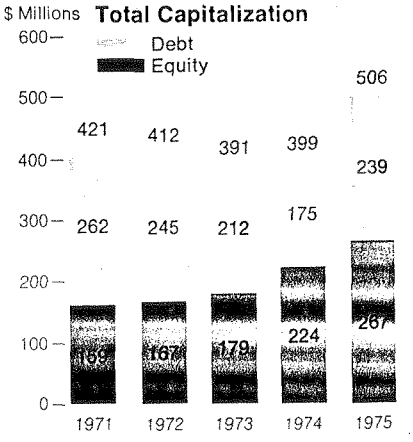
CF&I Steel Corporation's operating profit decline of approximately 10 per cent was attributable to higher employment and material costs, which were not offset by price increases. The decline in sales at Huttig Sash & Door Company made it impossible for Huttig to maintain profit margins and, therefore,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

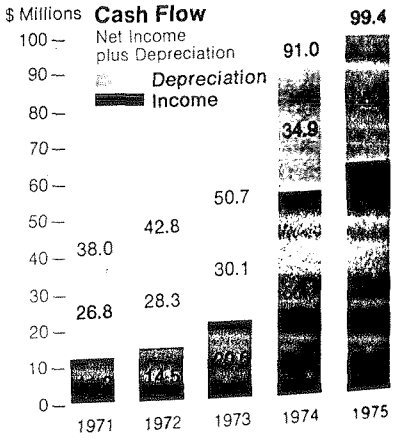
Improvement in the 1974 consolidated operating profit was primarily due to the elimination of price controls, combined with heavy demand for valve and steel products by energy related and other heavy industries and elimination of unprofitable and marginal operations. The decline in building products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

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

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

Income taxes increased 22.7 pe cent between 1974 and 1975 and 244 per cent between 1973 and 1974. Income taxes for 1975 were at an effec tive rate of 44.3 per cent and for 1974 were 42.3 per cent of income before taxes. The effective tax rate is higher essentially due to greater income before taxes being subject to the maximum income tax rates and lowe investment credits.





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Operating P

·ar Summary of Operations

sands)

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

d for 2% stock dividends.

is of Net Sales and Operating Profit

sands)

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

Cochrane Environmental Systems has ıed its range of products for pollution ol applications. Demand for this ›ment is expected to remain quite g as industry continues to meet gov- ental requirements. After extensive ıg, last year Cochrane introduced a aged treatment system designed to le industrial wastewater which con- toxic metals. The unit has impor- applicability in the metal plating, elec- cs and wire products industries.

Crane Supply Company, with 56 ches throughout the United States, ates as Crane's company-owned dis- tion network. The Division offers in- rial markets a full line of Crane valves, ps and fittings plus related products hased from other manufacturers.

Although recessionary conditions ed industry as a whole to lower 1975 tal expenditures from original esti- s, capital spending remained strong ane's primary industrial markets— oleum, chemical, power, and pulp and r. Once again, these sectors are pro- ng capital spending above the indus- average for 1976. Pollution abatement irements alone will necessitate siz- capital investments, and Crane is well tioned to supply both pollution control pment and the valves and pumps ssary for such systems.

ıe Canada

Canadian operations performed well 975 despite a generally slack economy. ıe Canada's primary fluid and pollution trol markets are the pulp and paper, mical and petrochemical industries. latter two should be strong growth ıs as industry expands its refining chemical feedstock capacity. Such abilities are vital to promote the devel- ıent of secondary industry—a stated nomic goal of the Canadian govern- ıt. The Company's stainless steel slurry es, with primary application for the and paper industry, are now being oduced for municipal sewage and in- trial effluent handling.

ne International

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

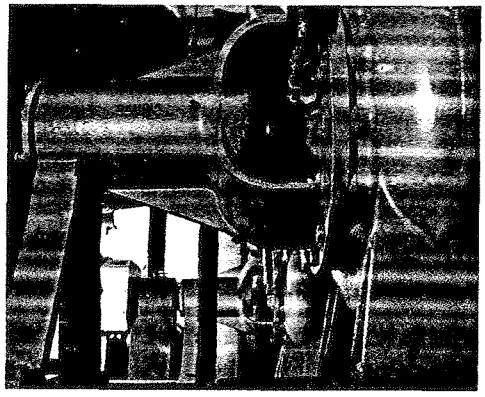
French and Spanish operations performed well in 1975, largely due to a continuing need for steel valves by petroleum processors. Results at Crane's facility in The Netherlands also showed improvement last year despite that country's depressed economy.

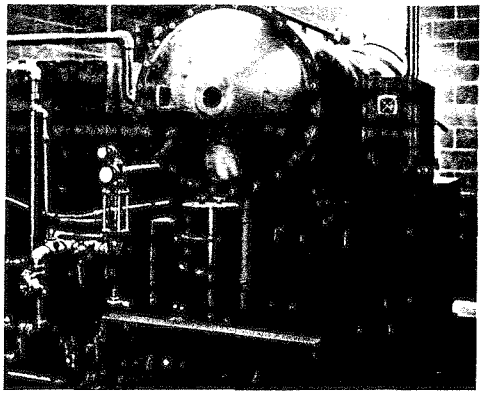
A strong demand for steel valves plus greater efficiencies resulted in an improved 1975 performance for Crane Ltd. During the year the Company placed greater emphasis on developing its more profitable product lines. With an improving British economy, 1976 should be a good year.

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

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

1





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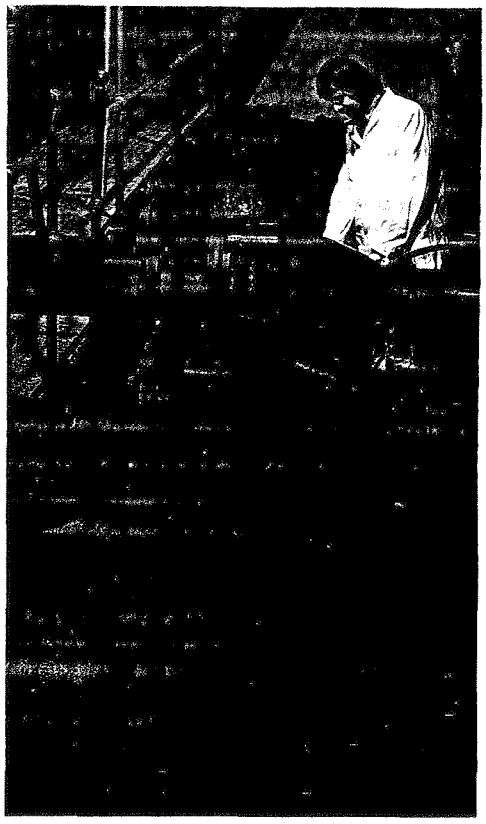

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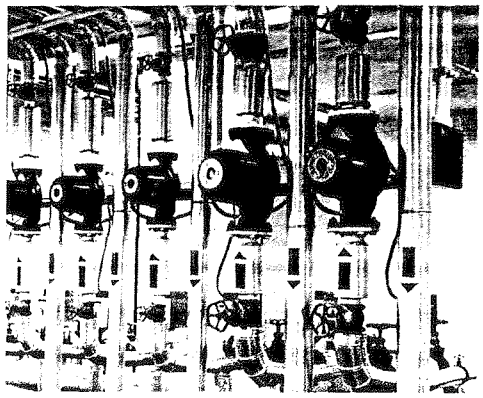

4

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

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

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

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