

UNIV. OF ALABAMA

APR 9 1956

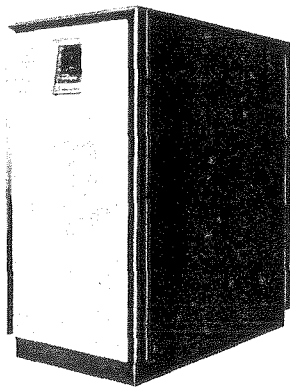
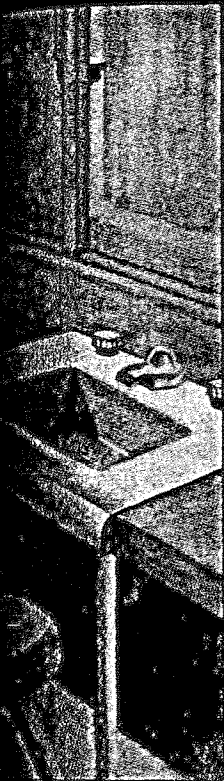
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ANNUAL REPORT

CRANE CO. 1955

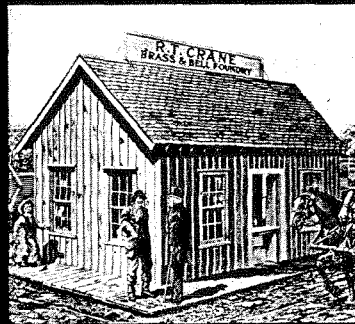
PLAINTIFF'S
EXHIBIT

CRA-186



CRANE CO. 1951

ANNUAL REPORT TO THE



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year ended December 31, 1955

1955

in brief

	1955	1954
Fixed Assets Less Reserve for Depreciation	\$ 62,265,037	\$ 62,233,276
Capital Expenditures	7,117,557	9,480,713
Depreciation Charged to Operations	5,546,384	5,317,807
Net Working Capital	115,602,124	112,553,115
Ratio Current Assets to Current Liabilities	5.09 to 1	7.75 to 1
Shareholders' Equities	168,976,171	159,126,097
Shareholders' Equity per Common Share	65.91	61.90
Net Sales	\$331,421,289	\$300,378,545
Net Earnings including Dividends from English Subsidiary	9,030,206	5,807,906
Per Common Share	3.60	2.25
Per Common Share if English Subsidiary were consolidated	3.98	2.42
Direct Taxes per Common Share	4.52	3.14
Dividends Paid—		
Preferred Shares	\$ 483,246	\$ 492,934
Common Shares	4,736,088	4,720,588
Per Common Share	2.00	2.00
Number of Employees	19,781	19,363
Wages, Salaries and Employee Benefits	\$ 89,470,058	\$ 84,528,541
Number of Shareholders—		
Preferred	1,242	1,314
Common	20,528	19,740

*Financial and statistical information set out above and in subsequent sections of this report is on the basis of consolidating the accounts of the company and all of its subsidiaries with the exception of Crane, Limited (Great Britain), Cramet Inc. and three other subsidiaries (see Note 1 to Financial Statements).

The year covered by this report was the one-hundredth in Crane Co.'s existence and it was appropriately celebrated. Yet there is no single moment of success; a company has to earn success every day, every week, every month, every year. There probably is enough appeal in round numbers to make the public wish a company well on its hundredth anniversary—or even its seventy-fifth or fiftieth—but that public benevolence is delicate and quickly withers if the company doesn't deserve well of the public in its odd numbered years like the one-hundred first, or any other.

A company's progress, it seems to me, depends not so much upon physical plant and procedures and the choice of product as upon the personnel of the organization. Just as our company was the work of one man for many years—Richard Teller Crane, the founder—now it is the work of many people. However, the composite of all those people make up a single corporate personality with character, experience, skill, integrity and enthusiasm.

Other pages of this report speak about investments, income, and earnings; new plants, new processes, new products and new procedures. I speak of one of the most important things on both the debit and the credit side, and that is the human element—the worker—the Crane Co. personality.

The most vital element in *all of industry* is people. The factories must be built well, the machines must be modern and efficient but these are still only the physical parts of a company. They are the arms and legs, hands and feet of the company and should be strong and skilled. But to carry the analogy further, it is a man's mind—his attitude, his enthusiasm and his integrity—that controls his performance. And it is the mind and attitude and character and integrity of a company that shape its progress.

This all depends upon the personnel of the organization. You can buy machines with money but you hire people not just with salaries and wages but with encouragement, appreciation and other intangible facets of human relations. So I say again, people are more important than machines.

The President's Letter

This is why a company which has survived one hundred years is rich in human assets. Its traditions are a constant challenge; its experience is a potent balance wheel; its prestige is an incentive; its reputation assures its morality; its very age lends character and dignity.

As new people come to Crane Co. they are guided by these factors, yet they contribute not only new blood but new thinking to the organization. And the influx of new people is as important as the long training of those who have preceded them. It is another reason for the paradox that in such a highly technological and mechanical age, people are still more important than machines. But it is the very fast pace of modern technology that requires quick and clear thinking people to keep up with the trends. That is why

we need the new thinking along with the old. And that is why our one hundred years of experience is such a tremendous asset—the personnel of today are superimposing their talents and abilities upon the experience of several preceding generations.

Today, the problem of a well established business is to take advantage of all that has been learned and yet remain alert. To solve it, the overall philosophy of Crane Co. is to maintain the enthusiasm of youth tempered by the strength and wisdom of experience.

Here at Crane we are truly reliant upon every employee in every type of position for assistance. We appreciate everybody's help—everybody's thinking. From the many years of experience we have created a team of loyal and capable people in every department and phase of the business whose specific assignment is to contribute something toward rendering better service to our customers. This makes everyone alert to the changing needs and desires of our customers and the advances of our competitors.

Now it becomes more apparent that a Centennial is truly a significant achievement. The fact that a company has survived one hundred years is at least a tribute to its ability to adapt itself to changing times. As Crane closes its first century, it is an important factor in aviation, atomic energy, and titanium production, as well as valves, fittings, pipe, kitchens, plumbing and heating. During the past decade the company has entered several fields of diversification, each closely related to the valve and fitting field and helpful in furthering its position in that industry.

Always a growth company, Crane in its Centennial year, is still pioneering in its second century. Its further success is assured with the continuing support of all the people concerned—the shareholders, employees, suppliers, customers and general public—people to whom this company will be eternally indebted.

Frank Keenist

PRESIDENT



The company obtained the largest dollar volume of sales in its history in 1955 and all major product lines made substantial contributions to this record. Net sales of Crane manufactured products and jobbed goods totaled \$331,421,289. This was an increase of 10.3% over 1954.

This larger sales volume, cost reductions and increased margins in the primary and secondary market resulted in greater earnings than the year before. Net earnings for the year amounted to \$9,030,206, an increase of 55.4% over the 1954 level of earnings in the amount of \$5,807,906. After provision for preferred dividend requirements, the earnings were equal to \$3.60 per common share compared with \$2.25 the previous year.

The regular quarterly dividends, both preferred and common, were paid last year. The annual rate was \$3.75 per share on the preferred shares, amounting to \$483,246 and \$2.00 on the common shares, amounting to \$4,736,088. All dividends paid during 1955 totaled \$5,219,334, and represented 57.7% of net earnings. Retained earnings and bank loans of \$3,000,000 helped to finance the increase in accounts receivable and inventories required to service our additional sales volume.

PROGRESS IN TITANIUM

Among the significant developments in 1955 was our decision to shorten the experimental period and hasten the profitable stage of operation for our titanium project. To this end, we entered into an agreement with Republic Steel Corporation which provides for joint ownership and operation of Cramet Inc. This agreement is subject to clearance by appropriate federal agencies.

Among several advantages Republic brings to Cramet are its experience in alloying and fabricating metal and its marketing know-how and distribution facilities in the metals field. Republic was a pioneer in

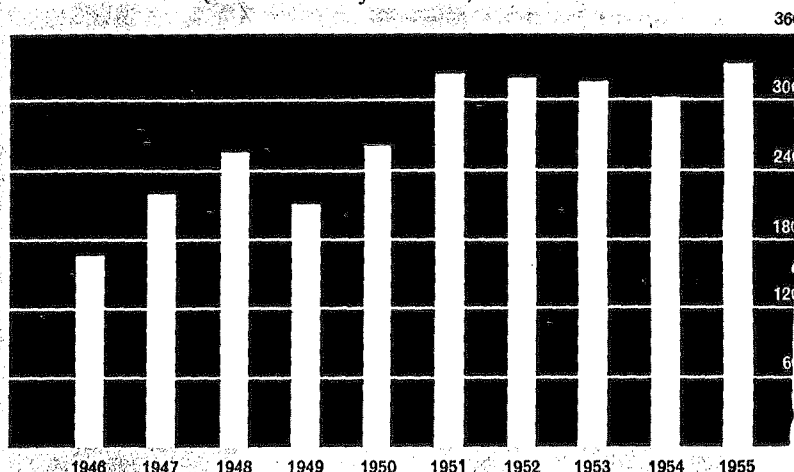
the development of stainless steel and is the third largest steel producer in the United States.

This agreement, when consummated, will hasten the availability and utilization of titanium and cut down the development and promotional period. Republic already is producing titanium ingots and processing titanium into mill shapes, but does not manufacture titanium sponge. Although Cramet sponge will become available to Republic, as well as Crane Co., for further processing, part of the output of Cramet sponge and ingot will also be available to other users. All three corporations remain free to conduct their own separate operations.

Cramet's main sponge plant facility has been in operation for some time and has already turned out sponge of a quality equal to that produced by those who have been in the business for from four to five years. The quality of the material is unusually good.

Prospects for profits from Crane Co.'s titanium operations are excellent on a long term basis. How-

Net Sales (in Millions of Dollars)



ever it is not expected that Cramet's operation will contribute substantially to Crane Co.'s profits in the near future.

DEVELOPMENTS IN HEAVY MINERALS

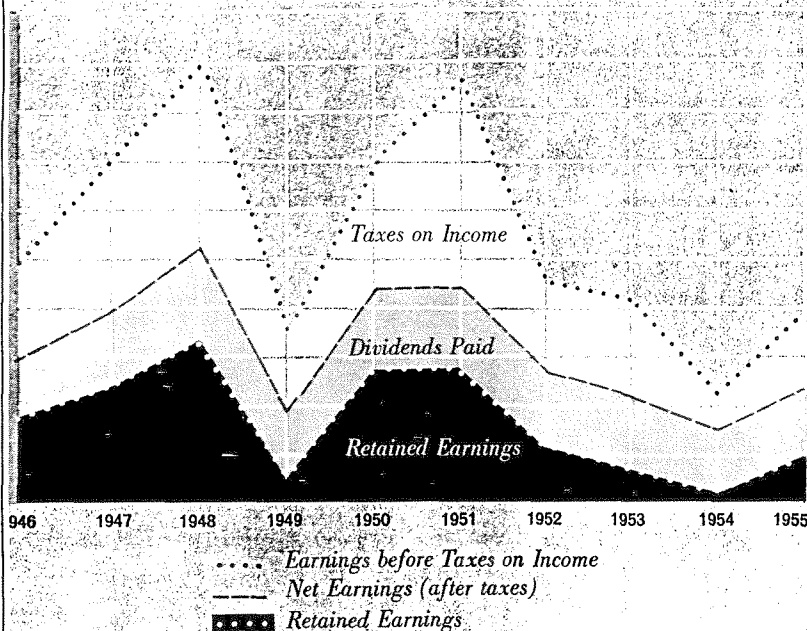
In order to bring Crane Co.'s rare earths and heavy minerals project into accelerated development, an agreement was consummated on February 27, 1956 with Vitro Corporation of America under which the two companies assumed equal ownership of Heavy

end of 1956, the combined investment in the entire operation will approximate \$6,000,000.

Vitro Corporation of America is a diversified industrial organization heavily engaged in the atomic energy program, operating across-the-board in that field, from research and mining through engineering and design of production facilities. Vitro's extensive background in uranium, rare metals and nuclear processing have given the corporation highly qualified experience for the new rare earths operations.

Under the new joint operation, Mr. Frank F. Elliott becomes chairman of the board of directors of Heavy Minerals Co. with J. Carlton Ward, Jr., as president. Other directors, in addition to Mr. Elliott and Mr. Ward, are William H. Denne, Jr., K. L. Karr, John P. Magos, E. E. Wyatt, and P. F. C. Gregory.

Earnings (in Millions of Dollars)



MORE IMPROVEMENTS

The new relationships with Republic Steel in our titanium operations and with Vitro Corporation in heavy minerals and rare earths are expected to develop these operations more quickly. At the same time this will enable Crane Co. to direct more capital and emphasis to the further development of its existing manufacturing enterprises. With business in general expanding, the management believes that additional improvements and plant facilities are necessary not only to retain our present position in the industry but to obtain a higher percentage of the current available business.

To this end, capital expenditures for 1956 are estimated at \$12,000,000, a portion of which is for an additional pottery to be located in the Middle West. Present facilities for producing bathroom fixtures have proven inadequate and our research has indicated that the market will continue to expand. The additional pottery will increase our capacity from 25% to 30% over what we are able to produce with present facilities.

The company has also adopted a program for relocating or rehabilitating the older of our branch buildings. It is expected that in most cases of reloca-

Minerals Co., its mining subsidiary Marine Minerals Inc. and associated operations.

Heavy Minerals Co. was organized by Crane Co. in 1953 for the purpose of processing rare earths. Marine Minerals Inc., located near Aiken, S. C., is now mining rutile for sale as a raw material in the production of titanium metal; ilmenite for sale as a raw material in the production of titanium pigments; zircon for sale and for processing by Heavy Minerals Co.; and monazite, which is also to be processed by Heavy Minerals Co.

Heavy Minerals Co. will build a processing plant on ground already purchased near Chattanooga. By the

To the right is the titanium tetrachloride production facility at the Cramet plant just outside Chattanooga, Tenn.

tion present buildings will be sold and replaced with new buildings on a leaseback arrangement.

To meet the cost of present proposed capital expenditures, it appears that some additional financing may be necessary.

MANAGEMENT CHANGES

In May 1955, Mr. Frank F. Elliott was elected President of the company to succeed Mr. J. L. Holloway who resigned. Mr. Elliott joined Crane Co. in 1922 as sales engineer at our Los Angeles branch. In 1925 he became sales manager at that location and from 1930 to 1943 served as assistant manager and then manager of our San Francisco branch. In 1943 he was appointed district manager of our Pacific Coast branches, a position which he held until 1951 when he was elected vice-president of branches. Mr. Elliott became senior vice-president of sales in 1953, a position he held at the time of his election as President.

It is with deep regret that we report the deaths, on July 27, 1955 of Mr. John H. Collier, who retired as Chairman of the company in 1951; and of Mr. Leo L. Daugherty, assistant treasurer, who died February 11, 1956.

SIDE LIGHTS

At December 31, 1955, 21,770 individuals were shareholders in Crane Co. Of this number, 15,223 owned 1 to 99 shares, 6,355 owned 100 to 999 shares, and 192 owned 1,000 or more shares.

At the close of 1955, employees in the entire Crane organization (excluding Cramet Inc. and Heavy Minerals Co.) totaled 22,633 of whom 15,834 were in the United States, 3,947 in Canada and 2,852 in England.

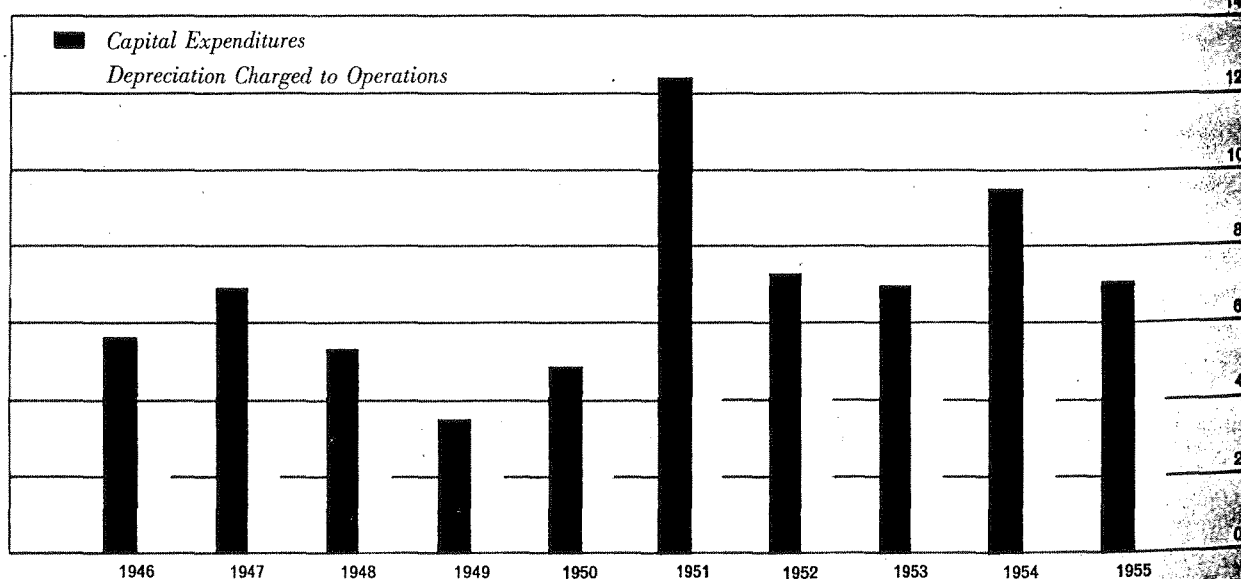
Also at the year's end, there were 1,100 wholesale establishments in the United States and Canada carrying stocks of Crane products.

Federal, state and local taxes amounted to \$10,734,618, or 118.8% of our net earnings after such taxes. These taxes represented \$4.52 per common share or \$542.67 per employee.

Pension plans and group insurance plans covering life insurance, hospitalization and surgical benefits for employees cost the company \$6,483,529, an average of \$327.76 per employee in 1955.

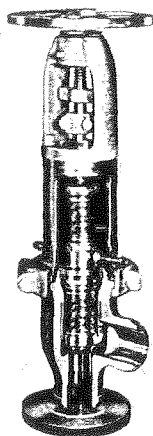
At the 1955 annual meeting of shareholders more than 76% of the shares entitled to vote were voted in person or by proxy. All shareholders are urged by the management to exercise their right to vote.

Capital Expenditures and Depreciation (in Millions of Dollars)



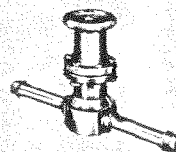
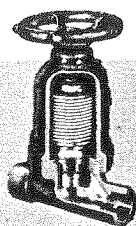
These Crane valves control the flow of radioactive materials, the one just below in high-temperature liquid metal service. It has double bellows seal in tandem.

Pioneering in the atomic age



Use of atomic energy to produce power has gone far beyond military requirements and has already reached the stage of practical commercial use. Since the beginning of the Atomic Energy Commission program, Crane has successfully pitted its knowledge, resources and skill against problems in flow control that never before challenged man's ingenuity.

The control of radioactive materials requires valves of utmost dependability and efficiency. Ever since Crane Co. was called in to assist on the Manhattan project at Oak Ridge in 1942, the name Crane has been most prominent in this field so that today Crane leads in the development of valves and controls for harnessing nuclear power.



This valve is used in chemical processing of radioactive material. It is a globe valve, all stainless steel with bellows seal and plastic seat.

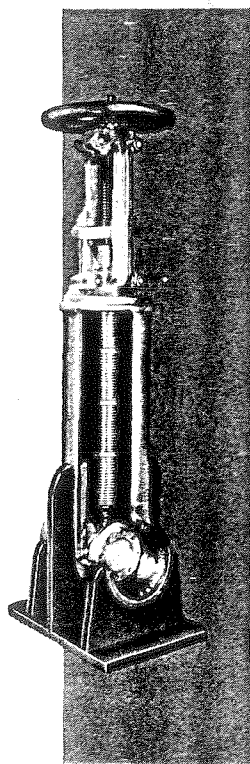
This valve has monel and bellows for use in high-temperature, radioactive service. Seat is all-metal for high-temperature, low-pressure use.

Aboard the atomic submarine Nautilus and in every nuclear reactor plant in this country, Crane equipment is being specified. One project alone which makes fuel for atomic plants required several million dollars worth of our materials. At the Atomic Exposition in Cleveland late last year as in every other important Atomic Energy Exposition held throughout the world, Crane—and Crane alone—exhibited tried and proven valves that were especially suitable to control of radioactive materials.

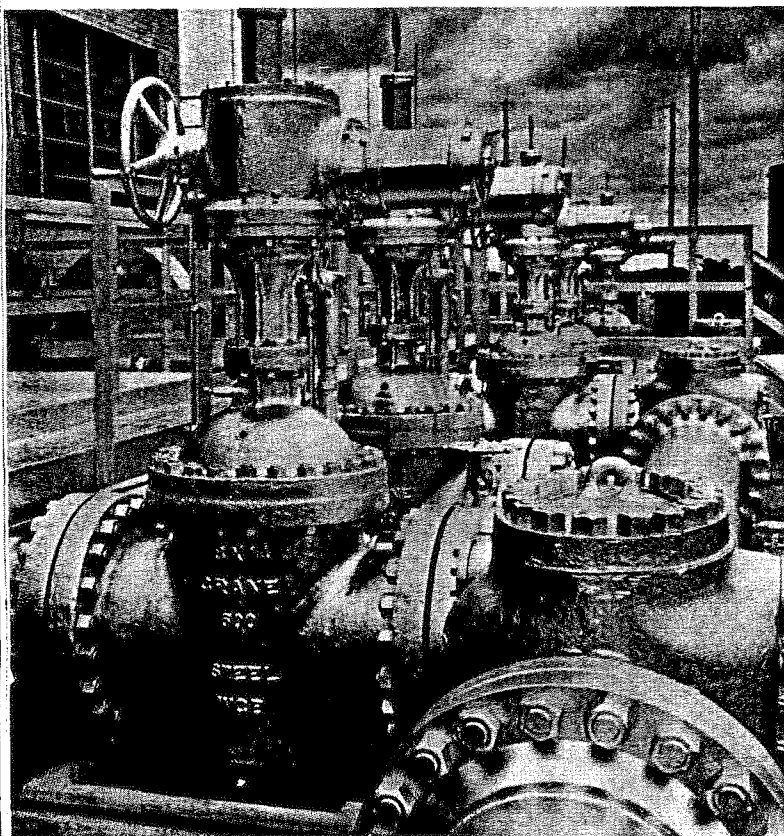
The time is not far away when atomic energy will be widely used to produce power and to do hundreds of other important peacetime jobs. The space between laboratory theory, experiment and commercial use of radioactive materials is growing less as each day passes.

This new but tremendously important and potentially widespread industry provides an ever expanding future field for products produced by Crane skill and experience.

This angle valve is of all stainless steel construction and is used for high-temperature liquid metal service. It has double bellows seal in tandem.



Foremost in the valve and fitting field



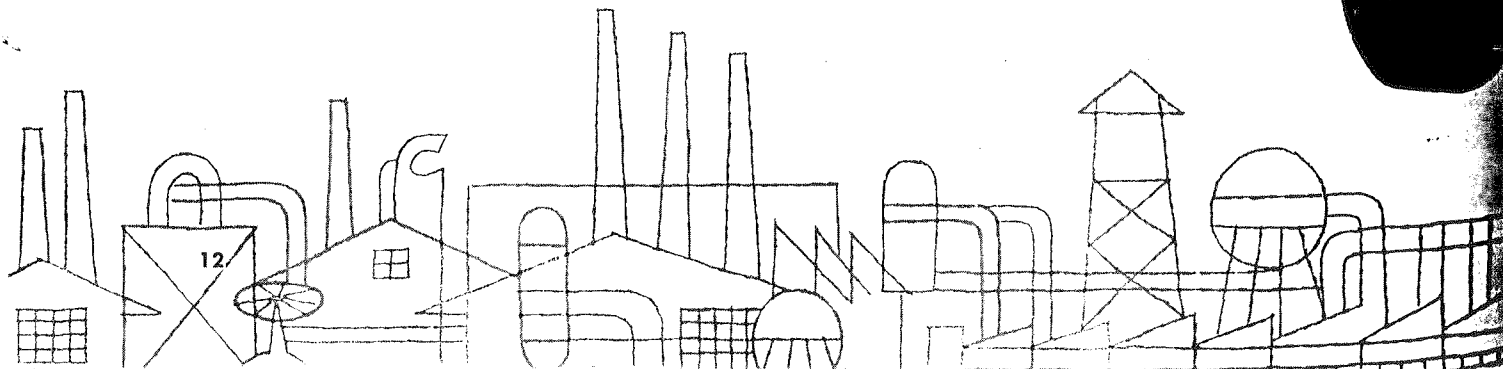
Above are Crane new, solid one-piece disc conduit pipeline gate valves on a cross-country petroleum transmission line. Increasing growth of pipeline transmission presents a good field for Crane industrial sales.

CRANE VALVES, FITTINGS AND PIPING control the flow of gases, liquids and semi-solids in every industry from the large diameter pipe-lines of gas and oil transmission to the precise and minute chemical and physical processes required in the pharmaceutical industry. The broad scope of Crane skill includes providing resistance to corrosion in the chemical industry, to high temperature and pressure in the electric power industry and prevention of clogging of pulp by the manufacturers of paper. For many generations Crane Co. has been foremost in metallurgy, engineering, quality manufacture, and service to customers in the valve and fitting field.

The latest basic development in increasing the versatility in Crane valves is the use of a new metal, titanium. Crane Co. is a pioneer in finding industrial uses for this metal through the valve, piping and fitting field just as it was the first to make steel castings for valves and to introduce new alloys as they became available.

Two firms have already started a new commercial process that would not have been possible without the use of titanium valves. The hot acid bath used in the process is so corrosive that no valve could stand it until titanium valves were tried. In the chemical process of another industry, valves of common materials last ten days—those of special materials, two months. Now Crane valves with titanium discs and seats last eighteen months. Titanium samples introduced into the pipe-lines of many industries operating with corrosive fluids are showing up remarkably well and are resulting in requests for special valves of titanium for further experiment.

Although offering more valves of varied types than any other manufacturer, Crane Co. continues to improve its line and introduce new valves. Last year a new conduit valve for use in the oil and gas industry was marketed. A new line of double disc iron body gate valves for water works use also was brought into service last year. The disc assembly of this new valve consists of only four parts compared to thirteen on the



old style. By a new method of rotating the discs, a new Crane gate valve introduced in 1955 prevents friction wear to a degree never before possible.

Crane ingenuity is also well illustrated in a new and improved sanitary frost-proof water hydrant suitable for use in railroad yards, on farms, in commercial plants and wherever hydrant freezing is a problem. This self de-icing hydrant not only operates efficiently in the coldest weather but is the only completely sanitary hydrant of this type. The entire unit below and above the ground is completely sealed off against possible water contamination.

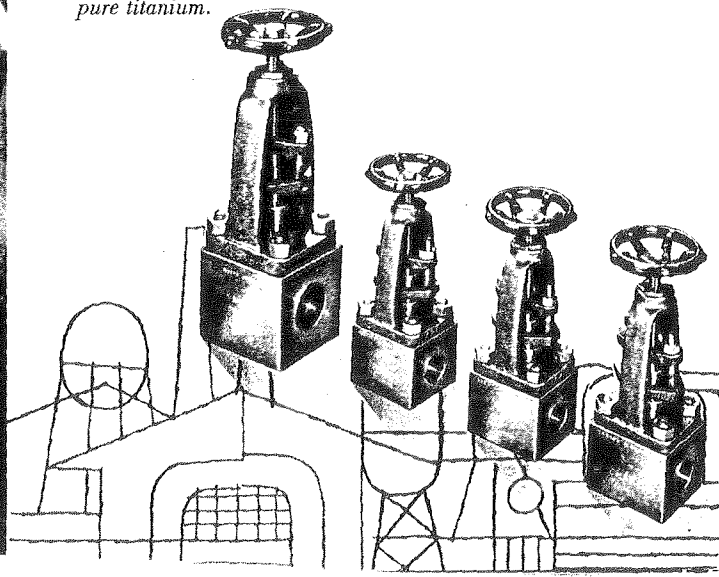
Pioneering in the manufacture of plastic pipe and fittings is another way Crane Co. maintains product leadership. Only one year after we first announced our production of polyethylene plastic pipe, the facilities for its manufacture are being expanded. Early in 1956, 75 to 100 pound pressure rated plastic pipe was added to the line.

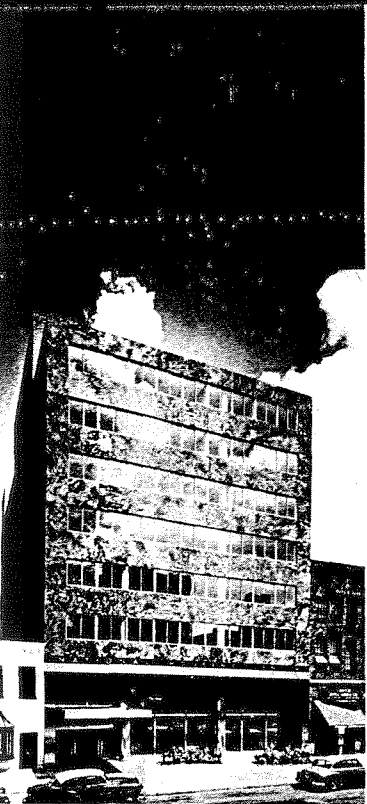
By far the largest use for this new product is in water supply and distribution lines for farms, ranches and homes. It can be used to connect an extra faucet in the rear of the lawn or for lawn sprinkling systems.

In the industrial market plastic pipe is gaining acceptance in such installations as mine drainage, chemical transmission, sewage and food processing lines, and it is ideal for temporary water or air lines on construction or evacuation projects because of its rapid installation and easy recovery.

In plastic pipe, in titanium valves, in constantly improved design, Crane engineering and improved manufacturing techniques each year make new flow control processes possible, improve the efficiency of old ones and reduce operating and maintenance costs for industry.

At the left is the main coolant valve designed for the first land based atomic energy power plant to be built in this country. It was shipped from the Chicago Works on the 100th anniversary of the company's founding. Below are four titanium valves to be used in a pilot plant of a new industry where all equipment for the process liquor, including piping, will be commercially pure titanium.





The National Association of Home Builders composed of designers, builders, financial organizations, manufacturers—everyone interested in providing better homes—completed this building late last year in Washington, D. C., to exhibit the most modern, efficient building materials and equipment. This showcase of home building is itself equipped entirely with Crane products.

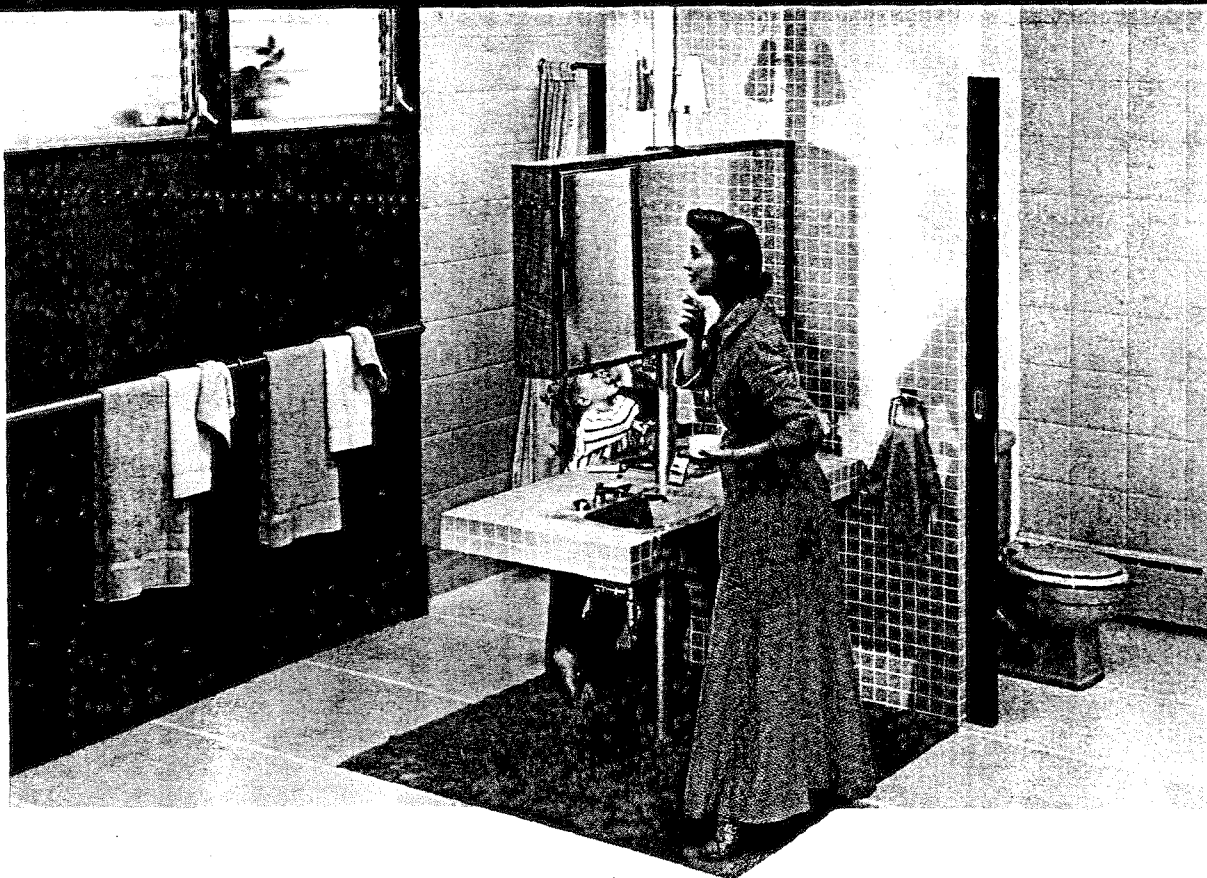
BY THE TWENTIES, led by Crane Co., the plumbing industry boldly suggested that the bathroom should become not only as pleasant a place as any other in the house but every bit as glamorous. By 1940, one bath for every house was a minimum, regardless of how small or low priced the house. Today a bath and a half is a must in almost every new home being built, including even the most modest. The coming trend is toward one bath for every bedroom plus a powder room, plus basement facilities. With utility room and increased kitchen facilities, this means much more plumbing in a home than ten years or more ago.

Even if home building were to level off, the potential market for Crane plumbing would still be large. With the need for home modernization, backed by a national promotional campaign, the potential market for Crane plumbing is obvious.

The trend toward better homes not only increases the amount but upgrades the type of plumbing—all a boon to Crane. We have the greatest selection of product. There is vitreous china, enameled iron,

The trends are in our favor





These are examples of Crane quality in the modern home; to the left, a Crane equipped kitchen, on this page, the "peninsular" type bathroom designed by Crane.

enameled steel and Duraclay. Our products range from the deluxe, distinctive Criterion line to the regular competitive types in the least expensive categories, but still well designed and quality made.

For commercial and industrial buildings the Norwich lavatory has been the leader. In furtherance of Crane policy to keep not abreast but ahead of the times, this line has again been restyled to keep it modern for years to come. The trend toward commercial fixtures being as modern and attractive as home equipment finds the Norwich line especially desirable.

Almost every name train in the country has Crane plumbing. The trend there is to the same first-class chinaware as in the home. Two of the most modern trains designed last year, which were mildly sensational for their forward look, will have all Crane plumbing fixtures. Many large ocean going and lake liners are all Crane equipped. Crane has recently developed shock mounted fixtures that are ideally suited to Navy combat vessels. They will withstand shock caused by gunfire—near hits and near misses.

More different kinds of plumbing fixtures go into modern schools and hospitals than are used in any other type of building. Nowhere else are plumbing

fixtures subject to more wearing use. And nowhere else is possible breakdown a matter of more importance. Crane makes a complete line of both hospital and school plumbing fixtures, specifically designed to stand up under the most severe service.

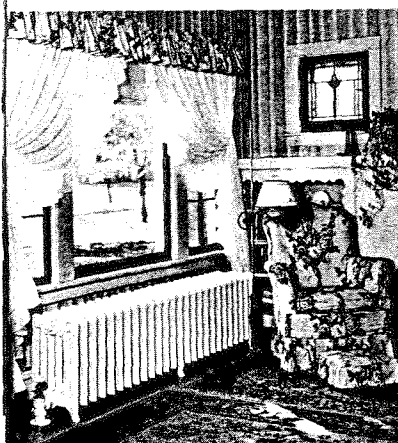
All tendencies in the home building field and the recent awakening to the need for more and better schools and hospitals will continue to provide an excellent market for Crane plumbing.

Crane's position as manufacturer of "The Preferred Plumbing" is reacting to our advantage even for large volume distribution. Those who build homes on a speculative basis are specifying Crane plumbing because of the selling point of the Crane name.

Crane kitchens are becoming as famous and desirable as Crane bathrooms. By continuing to accent quality in this field as well as in plumbing, Crane has anticipated the trend toward upgrading in home building. The period of quick, cheap construction that followed the war, when the motive was to provide as much small housing as possible as quickly as possible, has ended. We are now entering a period of discrimination where the Crane name means as much in the kitchen as it does in the bathroom.

Sunnyday

*... a prestige name
in heating*



The trend toward better homes with modern interior design, makes Crane radiant baseboard heating equipment a favored product. Crane Co. is a leader in the manufacture and sale of baseboard which is not only in good demand in new homes but provides a wide latitude in home modernization planning.

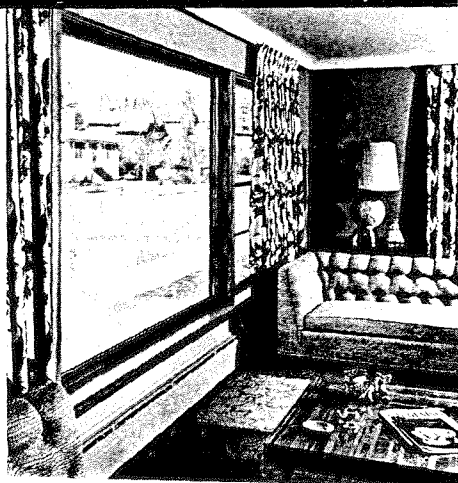
CRANE CO.'S OUTSTANDING PRODUCT in the residential field is the Sunnyday line of boilers. They were introduced with good success in 1954 and their leadership position was enhanced in 1955.

With modern basements being used for recreation, hobbies and general utility, the Sunnyday boiler was planned to be attractive, compact, clean, quiet and a good looking piece of furniture, designed by Henry Dreyfuss. In addition it is economical, versatile and priced competitively. Last year installation costs were cut considerably by shipping the boiler to dealers with all wiring and piping attached ready to install.

The outstanding feature of the Sunnyday boilers for 1956 is a twenty year guarantee. Nothing like it to emphasize high quality and long life has ever been made by a manufacturer of a cast iron boiler. It is another first for Crane in the heating field.

In a further bid to expand heating sales, a number of new Crane heating products were announced in 1955. One was the Series 60 gas fired boiler—a large capacity boiler for schools, institutions and other commercial uses. Another is Sunnywall—a new radiant heating baseboard designed for schools, churches and commercial and industrial buildings. Sunnywall is equal in appearance to the residential type of baseboard which is noted for being adaptable to any kind of interior decoration.

Another was an addition to the warm-air furnace line—a new line of gas fired horizontal furnaces which can be suspended from the ceiling or placed in the attic when space in a home is at a premium. New two and three ton air-cooled year 'round air-conditioners and a new five ton water-cooled year 'round air-conditioner were added to the line last year. Year 'round air-conditioning and baseboard radiation are the two outstanding modern trends in residential heating. The window type room air-conditioner which became so popular in recent years created a desire for air-conditioning. As a result, builders of new homes in practically every part of the country are now installing central year 'round heating and cooling systems. In a good number of homes already built, cooling systems are being installed.

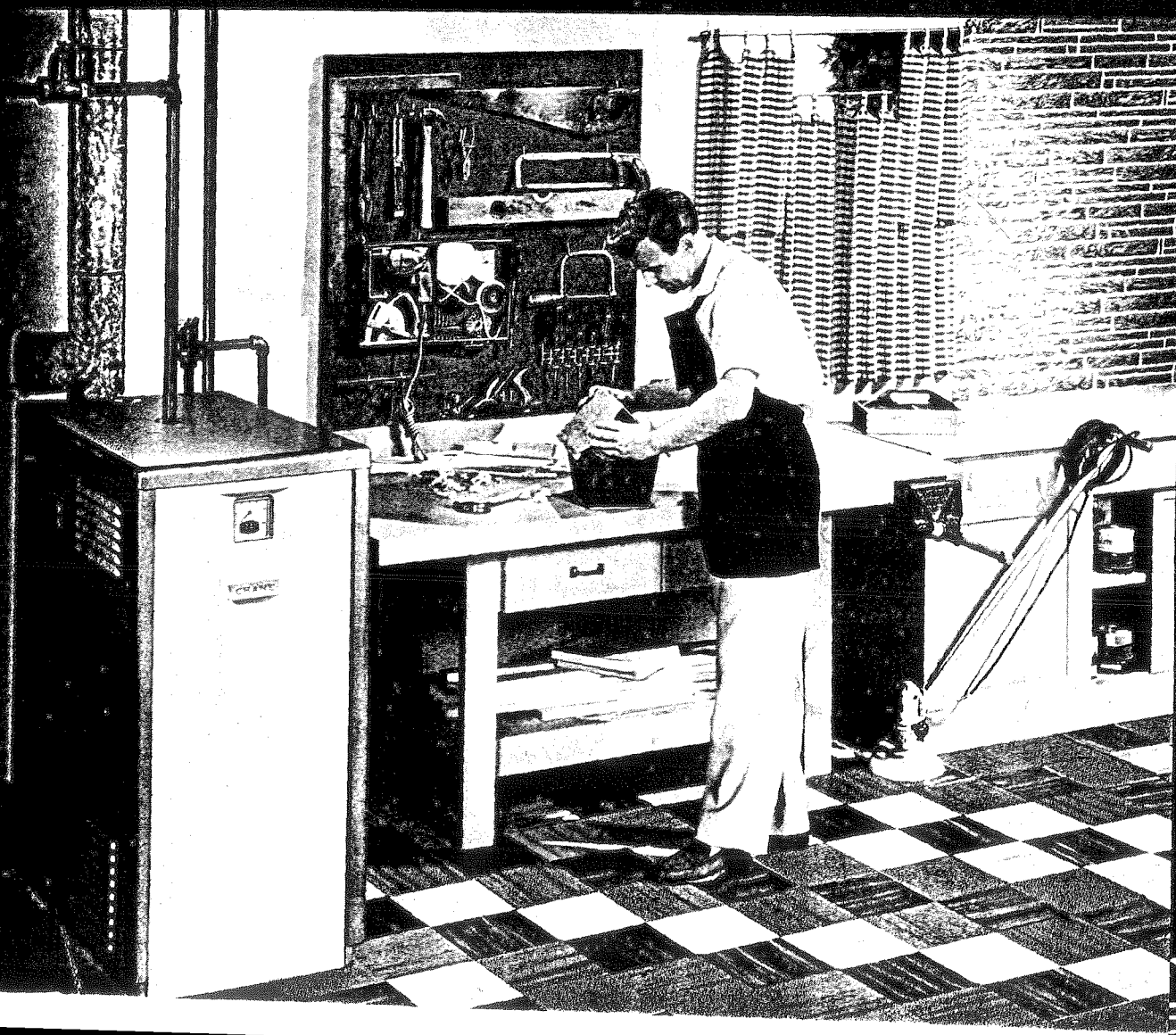
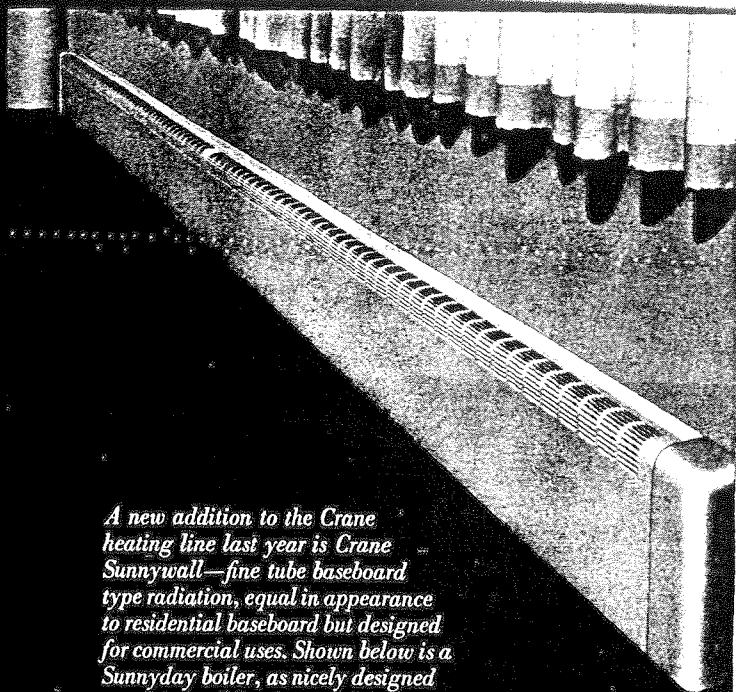


The trend toward radiant baseboard in place of radiators has also helped Crane's heating business. Our company was a pioneer in the development of this modern way of distributing heat. Radiant baseboard heating is used efficiently not only in homes, but in schools, churches, hospitals, offices, hotels and many other commercial buildings where space is at a premium and the use of radiators and vents is objectionable.

With products well suited to obtaining a larger percentage of the heating business, both advertising and sales promotion are being stepped up during 1956. Full color pages of heating advertising will appear for the first time in Life magazine and half pages in color in Better Homes & Gardens.

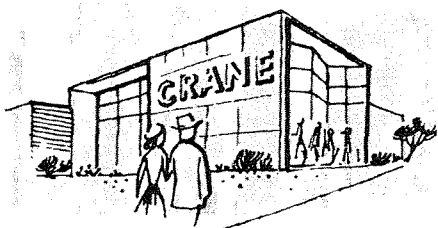
Potentially the market for heating equipment is as great as it is for plumbing and efforts to expand the company's activities in heating are already showing good results.

A new addition to the Crane heating line last year is Crane Sunnywall—fine tube baseboard type radiation, equal in appearance to residential baseboard but designed for commercial uses. Shown below is a Sunnyday boiler, as nicely designed as a piece of furniture and at home in basements that are lived in.

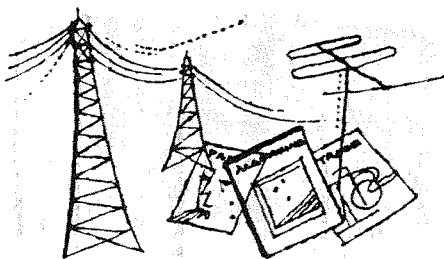


Crane and the public

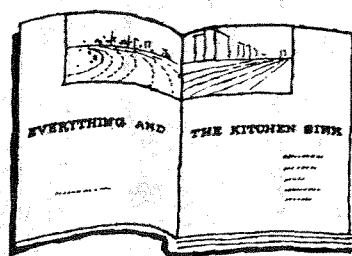
THE PRESTIGE of the Crane name, built by a century of quality and manufacture and unfailing attention to the needs and desires of its customers and the public, is being preserved and enhanced by every means available to management. Crane Co. has long recognized that a sense of responsibility to its several publics is a basic element of success.



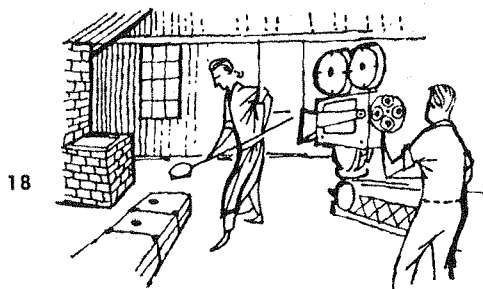
Dedication to that important principle has resulted not only in making the Crane name synonymous with quality of product, but with integrity in business and with corporate good citizenship.



During 1955 — Crane's one hundredth year — our communications with the public were considerably broadened. Our Centennial inspired an integrated program that placed more information about Crane Co. in the minds of more people than in any other single year in its history. All divisions of the company and hundreds of people in the organization participated in the planning and development of the Centennial observance.

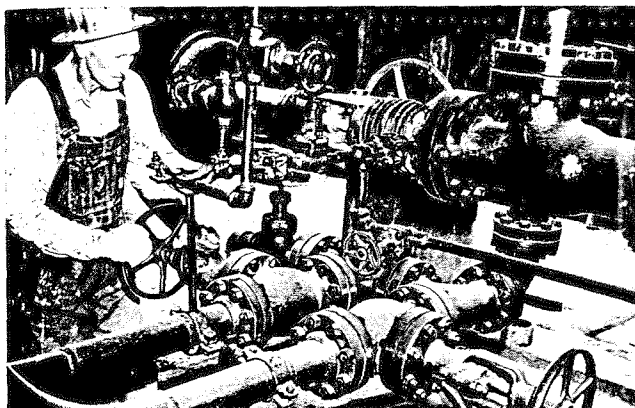


The Centennial book, "*Everything and the Kitchen Sink*" has been praised by business associates, government officials, publishers and the general public as an outstanding contribution to the literature of industry and an excellent means of enhancing Crane Co. goodwill. Crane's sound and color film, "*The Second Hundred Years*" has received enthusiastic response not only from industrial organizations allied with Crane Co. but from heads of women's and service clubs, educators, publishers, the clergy and other opinion leaders who viewed it.

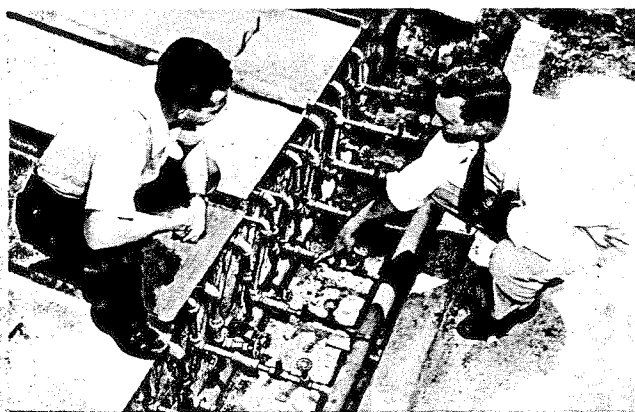
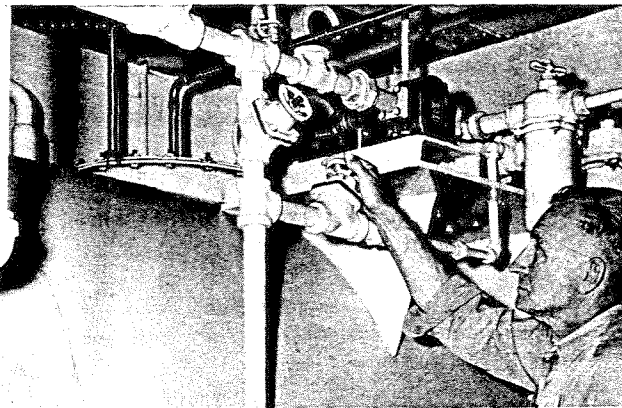


The avenues of contact and communication opened up through the picture, the book and trade paper and other publicity during the Centennial celebration are valuable additions to our company's assets. Sustaining the impact created by the Centennial through a continuing expansion of our program of public communications will be a prime objective in 1956 and the years ahead.

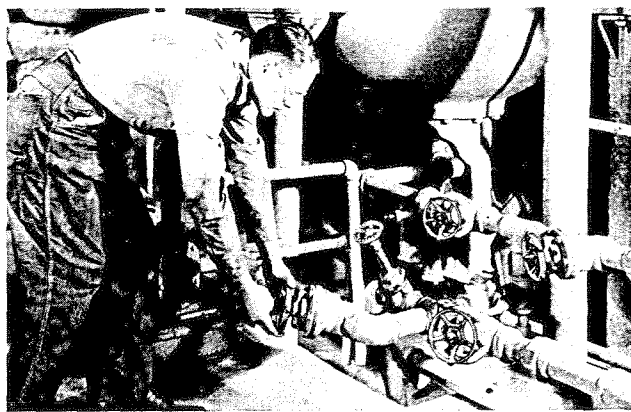
The 3-inch, 600 pound cast steel valves shown below were installed in 1954 on draw-off lines from the reaction chamber of an oil refinery. They handle oil at 850 degrees Fahrenheit. In nine years' continuous service, they have shown no leakage, have given no trouble of any kind and are still as dependable as new.



The valves used by a pharmaceutical house on a very light baby oil line were almost impossible to keep tight at the stuffing box even after repacking every four to eight weeks. Crane valves were installed in 1951 and they have removed the cause of leakage and stopped all the trouble and costs.



Valves that leaked beyond repair after as little as six months' service were hindering operations in a chemical plant until the Crane valves shown above were installed in January of 1953. Eighteen months later they were repacked and put back in the lines—that was all the maintenance they needed in this severe service.



A firm had a costly problem in piping heavy enamels for paper coating—the heavy liquid would build up on seating surfaces, in stem threads and working parts. Replacing with Crane valves stopped the trouble completely. After more than four years, all valves are still seating tightly with no maintenance whatever.

Cashing in on experience

LONG LIFE with minimum maintenance is a deeply rooted characteristic of Crane valves. The company's wide successful experience over many years and its reputation in the field of metallurgy and engineering place it in an excellent position to fill even the most exacting needs of industry for every type of valves and fittings.

Only a company with as diversified and experienced an engineering staff as Crane Co.'s would be capable of solving so many of industry's valve problems as illustrated with only a few typical examples on this page.

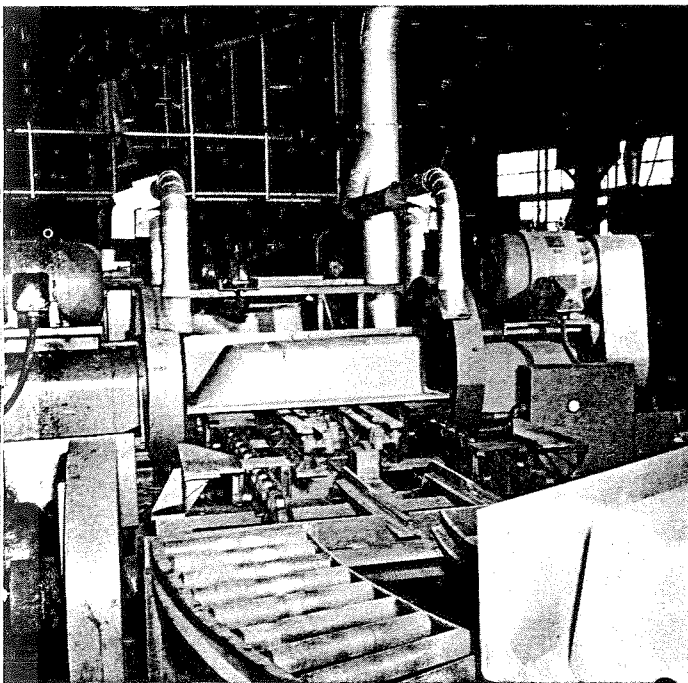
IMPROVEMENT of manufacturing efficiency through better equipment and advanced procedures is a constant project. The continuing modernization program of the foundry operations in the Chattanooga Division included revamping foundry and cleaning room operations last year and the addition of high speed molding equipment. In the boiler foundry the installation of a high speed rotary conveyor has already resulted in increased production, better quality and greater control of the product with improved working conditions. Two new molding units were installed in the enamel foundry and have been producing at a steadily improved rate.

At the Chicago Works there were not only considerable physical improvements but procedures were revamped as well. All major activities there that pertained to customer service were consolidated into one factory sales service division which included all departments having to do with orders, shipping, claims, traffic and storage of finished products. The purpose was to give better customer service by putting under one head the over-all responsibility for serving customers. At the General Office a new systems and procedures department was created to expedite operations that relate to customer service.

Other improvements at the Chicago Works ranged from complete revamping of the nipple manufacturing shop, through better warehousing and more efficient use of accumulation areas for shipping, to the addition of more modern office machinery and the placement of many more records on keypunch machines. Even the method of packaging small items in cartons is receiving special study. They are shipped from the factory boxed in lots that contain the usual number and kind of items dealers order at one time rather than shipping only items of one kind in each package.

Important to operating efficiency and economy is the stress placed upon employee safety and comfort. Through constant improvement of procedures and processes and engineering revision, many hazards have been entirely eliminated or materially lessened. The disabling accident frequency rate (number of disabling injuries per one million man hours) has been brought down to the almost irreducible minimum.

Efficient production and economical profit making operation is dependent also upon up-to-date market information. Increased emphasis has been given to the use of scientific marketing practices in the selection and distribution of the products the company sells. A division of the company specializing in this sort of activity presents factual information that enables department managers to appraise our present and proposed product lines, as well as our distribution policies.



This new machine grinds bath tub castings to exact dimensions at both edges simultaneously. It is one of many new pieces of equipment installed at Crane factories last year.

IRANE CO. CONSOLIDATED EARNINGS and earned surplus statement

For the year ended December 31, 1955

Net sales		\$331,421,289
Cost of sales, selling, administrative and general expenses (Notes 4 and 6)	\$311,129,400	
Provision for depreciation	<u>5,546,384</u>	<u>316,675,784</u>
Earnings from operations		\$ 14,745,505
Other income and (deductions):		
Dividends received from English subsidiary (Note 3)	\$ 932,371	
Loss on foreign exchange conversion (Note 2)	(646,787)	
Interest on debentures	(625,000)	
Profit on sale of securities and fixed assets	988,706	
Miscellaneous—net	<u>186,342</u>	<u>835,632</u>
		\$ 15,581,137
Minority stockholders' interest in net earnings of subsidiaries		<u>232,548</u>
Earnings before taxes on income		\$ 15,348,589
Provision for taxes on income:		
Federal normal tax and surtax (Note 9)	\$ 4,230,506	
Canadian income tax	<u>2,087,877</u>	<u>6,318,383</u>
Net earnings for the year		\$ 9,030,206
Earned surplus, at beginning of the year		85,399,555
Reserves deducted from inventories at December 31, 1954, restored to earned surplus		5,948,796
Excess of par value over cost of 3¾% cumulative preferred shares cancelled in connection with sinking fund requirements		<u>7,856</u>
		\$100,386,413
Deduct:		
Cash dividends paid:		
On 3¾% cumulative preferred shares, \$3.75 per share	\$ 483,246	
On common shares, \$2.00 per share	<u>4,736,088</u>	<u>5,219,334</u>
Earned surplus, at end of the year		\$ 95,167,079

Consolidated Capital Surplus Statement For the year ended December 31, 1955

Capital surplus, at beginning of the year	\$ 1,708,321
Excess of cash received over par value of common shares sold under Stock Option Plan (Note 8)	<u>133,920</u>
Capital surplus, at end of the year	\$ <u>1,842,241</u>

See accompanying notes

CRANE CO. CONSOLIDATED BALANCE SHEET *December 31, 1955*

Assets

CURRENT ASSETS:

Cash		\$ 14,476,859
U. S. Government securities, at cost, which approximates market value		1,602,970
Accounts receivable	\$ 45,235,484	
Less: Reserve for doubtful accounts	<u>2,502,284</u>	42,733,200
Inventories (Note 4) —		
Raw materials and supplies	\$ 12,852,468	
Work in process	15,596,830	
Finished goods	<u>56,565,619</u>	85,014,917
Total current assets		<u>\$143,827,946</u>

INVESTMENTS:

Investment in English subsidiary, at cost (Note 3)	\$ 2,134,581	
Investments in and advances to associated companies (Note 1)	8,591,000	
Other investments at cost or nominal value (less reserve, \$117,288) ..	<u>389,853</u>	11,115,434

FIXED ASSETS:

Land		\$ 8,167,275
Buildings	\$ 44,495,842	
Less: Reserve for depreciation	<u>21,648,874</u>	22,846,968
Machinery and equipment	\$ 74,413,580	
Less: Reserve for depreciation	<u>44,206,135</u>	30,207,445
Unfinished construction	<u>1,043,349</u>	62,265,037

DEFERRED CHARGES:

Prepaid expenses and other deferred charges	\$ 911,883	
Deferred pension expense	<u>1,291,625</u>	2,203,508
		<u>\$219,411,925</u>

See accompanying notes

Liabilities

CURRENT LIABILITIES:

Notes payable to banks		\$ 3,000,000
Accounts payable, accrued payrolls, etc.		17,563,529
Accrued Federal and Canadian taxes on income	\$ 5,713,503	
Less: U. S. Treasury tax notes	<u>211,762</u>	5,501,741
Accrued general taxes		<u>2,160,552</u>
Total current liabilities		\$ 28,225,822

TWENTY-FIVE YEAR 3½% SINKING FUND DEBENTURES, DUE MAY 1, 1977 (Note 5)		20,000,000
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MINORITY STOCKHOLDERS' INTEREST IN SUBSIDIARY COMPANIES		2,209,932
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CAPITAL STOCK AND SURPLUS:

Capital Stock—

Cumulative preferred shares, 3¾%, par value \$100 (Note 7):		
Authorized —160,000 shares		
Outstanding—130,696 shares (including 4,003 shares in treasury)	\$ 13,069,600	
Common shares, par value \$25 (Note 8):		
Authorized —3,500,000 shares		
Outstanding—2,371,454 shares	<u>59,286,350</u>	
	\$ 72,355,950	

Surplus—

Capital surplus (Note 8)	\$ 1,842,241	
Earned surplus (Note 5)	<u>95,167,079</u>	97,009,320
		\$169,365,270

Less: Cost of 4,003 shares of 3¾% cumulative preferred shares purchased in connection with sinking fund requirements (Note 7)	<u>389,099</u>	<u>168,976,171</u>
		<u>\$219,411,925</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Principles of Consolidation and Investments in and Advances to Associated Companies:

Four subsidiaries, which were in the development stage at December 31, 1954, were included in the consolidated balance sheet at that date. Because of the imminent sale of a substantial portion of Crane Co.'s interest therein, these companies have been removed from consolidation at December 31, 1955 and are carried as investments at cost.

Crane Co. has agreed to sell, at its cost on the closing date, a one-half interest in Cramet Inc. (a 100% owned subsidiary) to Republic Steel Corporation. At December 31, 1955 Crane Co.'s total investment amounted to \$6,280,000. The consummation of this transaction is subject to approval by appropriate Federal agencies. A condensed balance sheet at December 31, 1955 of Cramet Inc. is as follows:

Assets	
Total current assets	\$ 4,908,006
Plant (subject to mortgage) (depreciation and amortization under 90% necessity certificate to start in 1956)	27,918,684
Deferred operating expenses (to be written off over production)	591,960
	<u>\$33,418,650</u>
Liabilities	
Total current liabilities	\$ 960,163
Long-term mortgage and accrued interest payable to U. S. Government based on poundage produced	26,398,127
Non-interest bearing demand notes payable to Crane Co.	4,780,000
Capital stock	1,500,000
Deficit	(219,640)
	<u>\$33,418,650</u>

At December 31, 1955, Crane Co.'s total investment in the other three companies amounted to \$2,311,000. On February 27, 1956, Crane Co. sold to Vitro Corporation of America one-half of its interest for \$1,576,785 at which time its total investment amounted to \$2,621,570.

The appended financial statements contain Crane Co. and all subsidiaries except the above and Crane, Limited (Great Britain).

NOTE 2. Conversion of Items Carried in Canadian Currency:

In converting the items carried in Canadian currency, fixed assets were converted at U. S. dollar cost at dates of

acquisition, less accrued depreciation. Net current assets were converted at the current rate of exchange at the year end and the net loss on conversion is included in the consolidated earnings statement under other deductions.

NOTE 3. Investment and Operations in England:

The investment in Crane, Limited (Great Britain), a wholly-owned subsidiary, is carried in the consolidated balance sheet at cost, \$2,134,581, and dividends received from that company are reflected in the consolidated earnings statement.

The net assets of Crane, Limited (Great Britain) stated at equivalent U. S. dollars, are summarized as follows:

Fixed assets at U. S. dollar cost at dates of acquisition, less accrued depreciation	\$ 4,335,002
Net current assets at current rate of exchange	6,032,137
	<u>\$10,367,139</u>

The results of operations of Crane, Limited (Great Britain) for the year ended December 31, 1955, stated at equivalent U. S. dollars, are summarized below:

Net sales	\$15,288,238
Cost of sales, selling, administrative and general expenses and provision for depreciation	12,100,770
Earnings from operations	\$ 3,187,468
Provision for taxes on income	1,362,623
Net earnings for the year	<u>\$ 1,824,845</u>

NOTE 4. Inventories:

The major portion of the inventories is valued on a "last-in, first-out" (LIFO) basis. Other inventories aggregating \$32,693,204 are priced at the lower of cost or market on a "first-in, first-out" basis.

NOTE 5. 25 Year 3½% Sinking Fund Debentures, Due May 1, 1977:

Beginning with September 15, 1957 and annually thereafter through 1976, the Company is obligated to pay to the Trustee an amount sufficient to redeem, at the sinking fund redemption price in effect on the November 1 following, \$950,000 principal amount of debentures. Under the provisions of the indenture relating to the debentures, Earned Surplus at December 31, 1955 in the amount of \$79,517,358 is not available for the payment of dividends on the Company's common shares.

NOTE 6. Pensions:

The cost of the pension plans for 1955 charged to operations, based upon actuarial estimates, was \$4,598,242

of which \$1,718,267 related to past service on the basis of amortizing past service liability over a period of approximately twenty-four years for employees in the United States and approximately twenty-seven years for employees in Canada. The estimated actuarial cost not provided for at December 31, 1955 was approximately \$30,700,000.

NOTE 7. 3¾% Cumulative Preferred Shares:

These shares are redeemable at the option of the Company at \$104.50 per share, an aggregate amount of \$13,239,418.

Under the sinking fund provisions the Company is required to pay over to the sinking fund agent for the redemption or purchase of such shares a determinable amount of cash, but not in excess of \$320,000 with respect to any fiscal year. Against its obligation to make the cash sinking fund payment in any year the Company may, at its election, take credit for shares purchased by it otherwise than through the sinking fund.

At December 31, 1955 the Company held 4,003 reacquired shares with a cost of \$389,099. A sufficient number of these reacquired shares will be deposited on or before April 30, 1956 with the sinking fund agent in satisfaction of the sinking fund requirements.

NOTE 8. Stock Option Plan:

Pursuant to a stock option plan adopted in 1951, 188,840 of the Company's unissued common shares are reserved for issuance to officers and employees of the Company and its subsidiaries. Under the plan, the Stock Option Committee may grant ten-year options to purchase shares at a price not less than 85% of the fair market price on the date the option is granted. At December 31, 1955 options were outstanding to 107 officers and key employees for 124,400 shares at \$37 per share. During the first five years after an option is granted, the optionee may not acquire the optioned shares at a rate greater than 20% annually, such percentage being cumulative.

Options to purchase 11,160 unissued common shares were exercised during the year 1955 and the excess of the cash received over the par value of the common stock issued was credited to capital surplus.

NOTE 9. Federal Taxes on Income:

The provision for Federal taxes on income has been reduced in the amount of \$665,000 as a result of the liquidation on March 31, 1955, of a wholly-owned subsidiary which business is now operated as a Division of Crane Co.

CERTIFICATE OF CERTIFIED PUBLIC ACCOUNTANTS

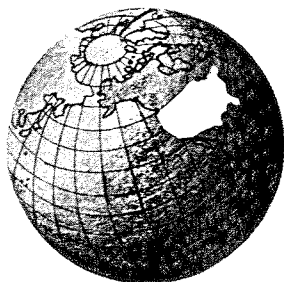
To the Shareholders of Crane Co.:

We have examined the consolidated balance sheet of Crane Co. at December 31, 1955, and the related consolidated earnings and surplus statements for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated earnings and surplus statements present fairly the financial position of Crane Co. at December 31, 1955 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY

Chicago, Illinois, March 8, 1956.



In the United States...

CHICAGO PLANT, Chicago, Illinois
Valves, Fittings, Plumbing Brass Trim,
Pipe Fabrication
L. N. Blugerman, *Vice President*
G. C. Dettlesen, *Works Manager*

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

CRANE-PACIFIC DIVISION, Colton, California
Vitreous China Plumbing Fixtures,
Water Closets, Lavatories
A. E. Hoch, *General Superintendent*

THE TRENTON POTTERIES COMPANY,
Trenton, New Jersey
Vitreous China and Duraclay Plumbing Fixtures,
Water Closets, Lavatories, Urinals, Tubs,
Fountains, Hospital Fixtures
A. E. Bennett, *President*
C. W. Schliekert, *Secretary and Treasurer*
S. A. Peer, *General Superintendent*

HYDRO-AIRE, INC., Burbank, California
Aircraft Valves, Filters and Actuators
H. H. Rhoads, *President*
D. A. Lichty, *Senior Vice President*
F. R. Cooper, *Vice President*
L. C. Craigie, *Vice President*

TOLEDO DESK & FIXTURE CORPORATION,
Maumee, Ohio
Enameled Steel Kitchen Fixtures
F. M. Crook, *President*

CRAMET INC., Chattanooga, Tennessee
Titanium Sponge
P. W. Bakarian, *General Manager*
J. Glasser, *Technical Director*

HEAVY MINERALS CO., Chattanooga, Tennessee
Rare Earths
E. E. Wyatt, *Director*



In Canada...

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

ST. PATRICK ST. PLANT, Montreal, Quebec
Valves, Fittings, Plumbing Brass Trim,
Pipe Fabrication
J. D. Walker, *Works Manager*
R. E. Brook, *General Superintendent*

CANADIAN POTTERIES LIMITED,
St. Johns, Quebec
Vitreous China Plumbing Fixtures,
Water Closets, Lavatories
A. G. Lennon, *Manager*
Geo. Toepfer, *Superintendent*

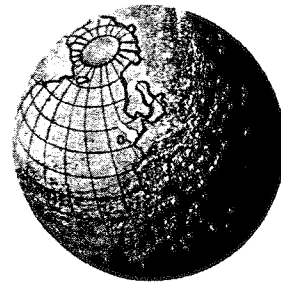
**PORT HOPE SANITARY MANUFACTURING
COMPANY, LIMITED, Port Hope, Ontario**
Enameled Iron Plumbing Fixtures,
Bathtubs, Sinks and Lavatories
G. M. Jacob, *Manager*
E. H. Dithridge, *General Superintendent*

CALGARY PLANT, Calgary Alberta
Valves and Fittings
G. M. Young, *Manager*
Geo. Anderson, *Superintendent*

ALLIANCEWARE LTD., Vancouver, B. C.
Enameled Steel Plumbing Fixtures
R. E. Strain, *Vice President*
A. T. Gelz, *General Superintendent*

CRANE STEELWARE, LIMITED, Quebec, Quebec
Enameled Steel Plumbing Fixtures
R. S. Cooke, *Manager*
R. H. Daniel, *General Superintendent*

WARDEN KING (LIMITED), Montreal, Quebec
Iron Heating Boilers, Radiators and Soil Pipe
J. A. Lang, *Manager*
H. Louette, *General Superintendent*

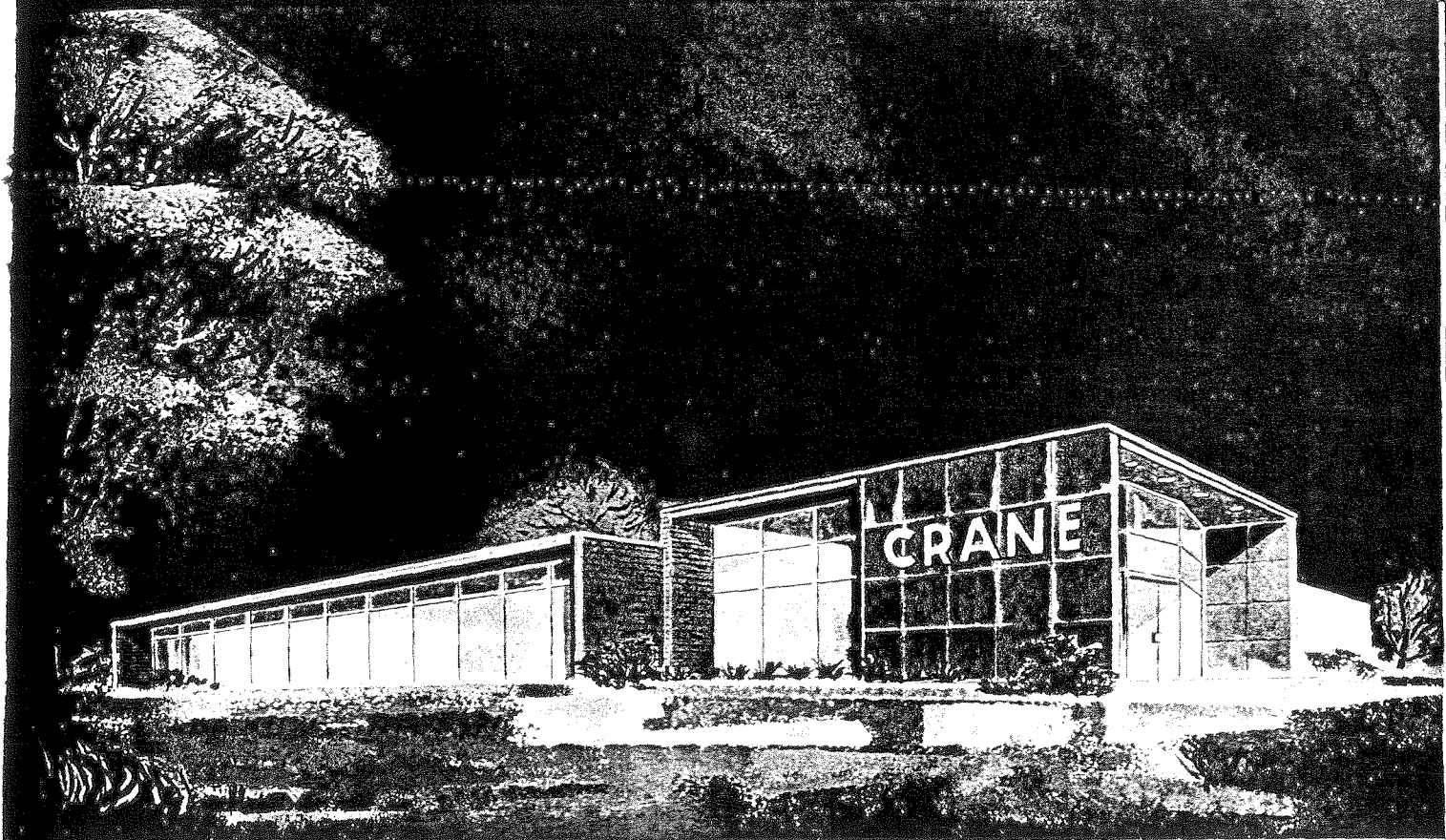


In Great Britain...

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

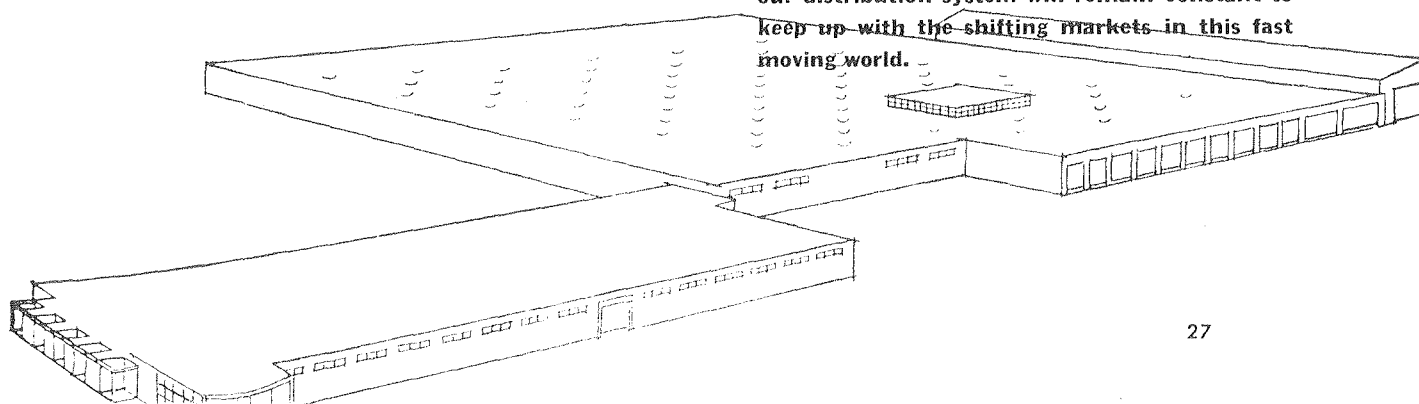
IPSWICH WORKS, Ipswich, Suffolk, England
Valves, Fittings, Boilers, Radiation
J. B. Webster, *Works Manager*

Plants.
products and
personnel



Improving our marketing pipelines

Plans were made last year and construction is just being started on this Chicago area branch and warehouse to be located at Franklin Park, Illinois. It replaces similar facilities occupied in the same building in Chicago since 1865. The new building will provide 36,000 square feet of office and display space and 117,000 square feet of warehousing, including covered loading dock facilities. This project is part of a five year plan for modernizing, relocating and generally strengthening our branch house distribution system. Several branches have been relocated during the past year and others will be in the year to come. We have enlarged several others and modernized still more. And for the future, plans are already made to build new branch and warehouse facilities at locations which have become strategic during the past few years. In addition, we have increased materially the number of our wholesalers. The strengthening of our distribution system will remain constant to keep up with the shifting markets in this fast moving world.



DIRECTORS AND OFFICERS

Directors

L. N. BLUGERMAN	PETER V. MOULDER
DAVID LEVINGER	R. E. PENNEY
MARK W. LOWELL	S. M. ROBERTS
EDWARD H. McDERMOTT	R. ARTHUR WILLIAMS
WILLIAM L. McKNIGHT	

EXECUTIVE COMMITTEE

MARK W. LOWELL, *Chairman*
PETER V. MOULDER
R. ARTHUR WILLIAMS

Officers

F. F. ELLIOTT	<i>President</i>
L. N. BLUGERMAN	<i>Vice President</i>
J. A. DWYER	<i>Vice President</i>
G. L. ERWIN, JR.	<i>Vice President</i>
C. T. POLLOCK	<i>Vice President</i>
L. W. MOORE	<i>Vice President</i>
P. L. YATES	<i>Comptroller</i>
K. L. KARR	<i>Secretary</i>
E. H. PETERSEN	<i>Treasurer</i>
G. L. LARSON	<i>Executive Assistant</i>
R. E. PENNEY	<i>Executive Assistant</i>
E. E. WYATT	<i>Executive Assistant</i>
R. F. McDONALD	<i>Assistant Treasurer</i>
N. I. PICKLES	<i>Assistant Treasurer</i>
H. A. TACON	<i>Assistant Treasurer</i>
C. C. MARKS	<i>Assistant Comptroller</i>
J. W. HEDERICK	<i>Assistant Secretary</i>
W. R. STEAD	<i>Assistant Secretary</i>
F. C. AKERS	<i>Director, Marketing Research</i>
R. G. CREVISTON	<i>Director, Public Relations</i>
T. E. KILLEEN	<i>Director, Employee Relations</i>
J. A. McMURRY	<i>Director, Branches</i>
J. P. MAGOS	<i>Director, Engineering</i>

NOTE: Directors and officers listed above were incumbent at the time of issuance of this report.

Stock Transfer Agents

J. P. MORGAN & Co. Incorporated, New York 8, New York
R. REMES, Transfer Clerk, Crane Co., Chicago 5, Illinois

Registrars of Stock

THE CHASE MANHATTAN BANK, New York 15, New York
CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY, Chicago 90, Illinois

Auditors

ARTHUR YOUNG & COMPANY, Chicago 2, Illinois