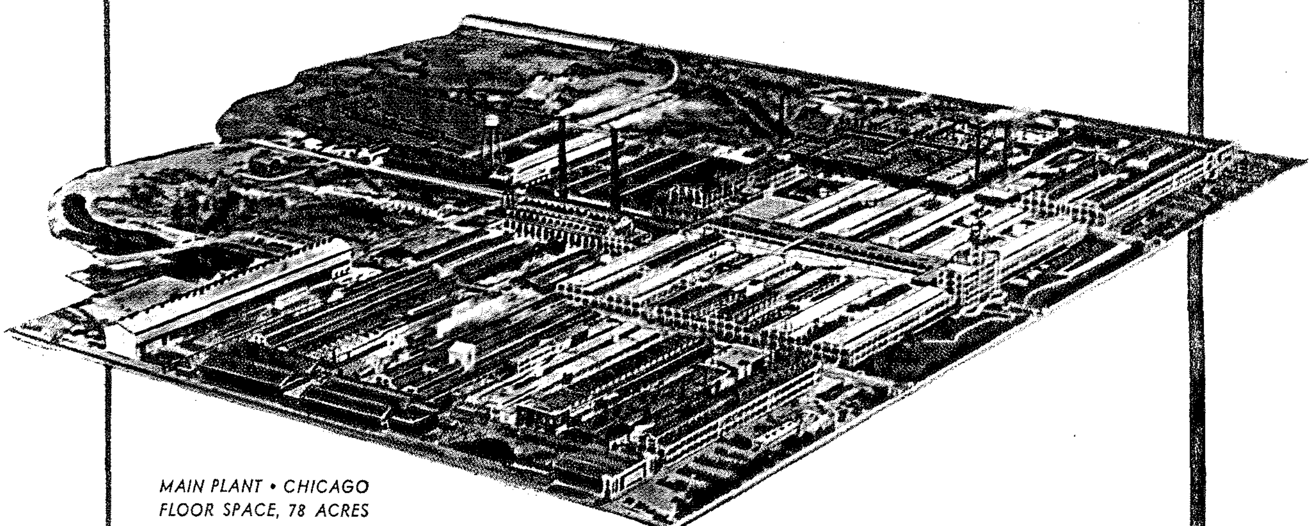
CRANE CO.

ANNUAL REPORT TO SHAREHOLDERS



MAIN PLANT • CHICAGO
FLOOR SPACE, 78 ACRES

1951

CRANE CO.

DIRECTORS AND OFFICERS

DIRECTORS

H. H. Bunchman
C. R. Crane, II
J. L. Holloway
David Levinger
Mark W. Lowell
Edward H. McDermott
William L. McKnight
Peter V. Moulder
S. M. Roberts
V. P. Rumely

OFFICERS

J. L. Holloway, *President*

V. P. Rumely
Vice President

J. A. Dwyer
Vice President

F. H. Kaiser
Comptroller

P. L. Yates
Assistant Comptroller

E. E. Wyatt
Executive Assistant

C. T. Pollock
Vice President

H. H. Bunchman
Treasurer

C. W. Dittmar
Assistant Treasurer

J. K. O'Neill
Assistant Treasurer

H. A. Tacon
Assistant Treasurer

F. F. Elliott
Vice President

C. R. Crane, II
Vice President

K. L. Karr
Secretary

A. R. Glass
Assistant Secretary

J. W. Hederick
Assistant Secretary

R. G. Creviston
Director, Public Relations

J. P. Magos
Director, Engineering

L. W. Moore
Director, Purchases

J. N. Krohne
Manager, Public Relations

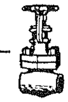
H. H. Simmons
Manager, Advertising

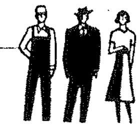
J. P. Morgan & Co., Incorporated, New York 8, New York
A. R. Glass, Transfer Clerk, Crane Co., Chicago 5, Illinois

The Chase National Bank of the City of New York, New York 15, New York
Continental Illinois National Bank and Trust Company, Chicago 4, Illinois

Arthur Young & Company, Chicago 2, Illinois

PLANTS 

PRODUCTS 

PERSONNEL 

IN THE UNITED STATES

CHICAGO PLANT, Chicago, Illinois
Valves, Fittings, Plumbing Brass Trim, Pipe Fabrication
V. P. RUMELY, *Vice President, Manufacturing*
G. C. DETLEFSEN, *Works Manager*
G. L. LARSON, *General Superintendent*

CHATTANOOGA DIVISION, Chattanooga, Tennessee
Enameled Iron Plumbing Fixtures, Bathtubs, Sinks, Lavatories, Iron Heating Boilers and Radiation
V. P. RUMELY, *Vice President, Manufacturing*
W. M. HAMILTON, *Manager*
O. J. STOESSER, *General Superintendent*

CRANE PACIFIC DIVISION, Colton, California
Vitreous China Plumbing Fixtures, Water Closets, Lavatories
H. A. RYDSTROM, *General Manager*
A. E. HOCH, *Superintendent*

THE TRENTON POTTERIES COMPANY, Trenton, New Jersey
Vitreous China and Duraclay Plumbing Fixtures, Water Closets, Lavatories, Urinals, Tubs, Fountains, Hospital Fixtures
H. A. RYDSTROM, *President*
J. W. PIESLAK, *Superintendent*
J. R. BEAM, *Technical Director*

HYDRO-AIRE, INC., Burbank, California
Aircraft Valves, Filters and Actuators
H. H. RHOADS, *President*
J. H. OVERHOLSER, *Executive Vice President*
L. L. HILL, *Vice President*
D. A. LICHTY, *Vice President*
G. S. MASSA, *Vice President*
R. C. STUNKEL, *Vice President*

IN CANADA

CRANE, LIMITED (Canada)
Montreal
L. H. T. CLEGG, *President*
G. R. GUSTIN, *Vice President*
E. J. LAIDLAW, *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, *General Superintendent*

CANADIAN POTTERIES LIMITED, St. Johns, Quebec
Vitreous China Plumbing Fixtures, Water Closets, Lavatories
A. J. BURGNER, *Manager*
GEO. TOEPFER, *Superintendent*

PORT HOPE SANITARY MFG. CO., LIMITED, Port Hope, Ontario
Enameled Iron Plumbing Fixtures, Bathtubs, Sinks and Lavatories
G. M. JACOB, *Acting General Manager*
E. H. DITHRIDGE, *Superintendent*

ALLIANCEWARE, LTD., Vancouver, B. C.
Enameled Steel Plumbing Fixtures
R. E. STRAIN, *General Manager*
A. T. GELZ, *Superintendent*

CRANE STEELWARE, LIMITED, Quebec, Quebec
Enameled Steel Plumbing Fixtures
R. S. COOKE, *Manager*
J. E. DOYLE, *General Superintendent*

WARDEN KING (LIMITED), Montreal, Quebec
Iron Heating Boilers, Radiators and Soil Pipe
J. B. FLANAGAN, *Manager*
E. N. DELAHUNT, *General Superintendent*

IN GREAT BRITAIN

CRANE, LIMITED (Great Britain)
London
J. E. BENNETT, *Chairman of the Board*
R. E. DUNNETT, *Managing Director*

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

FINANCIAL SUMMARY

Crane Co. and Subsidiaries in the United States

	1951	1950
Fixed Assets less Reserves for Depreciation	$ 47,008,302	$ 40,293,760
Capital Expenditures—Property, Plant and Equipment	10,315,983	3,829,534
Depreciation charged to Operations	3,253,787	2,796,833
Net Working Capital	91,785,734	87,836,313
Ratio Current Assets to Current Liabilities	5.64-1	6.35-1
Shareholders' Equities	140,500,445	132,852,745
Shareholders' Equity per Common Share	53.64	50.45
Net Sales, including Sales to Foreign Subsidiaries	$270,350,583	$220,066,910
Net Earnings—Domestic Operations	12,761,530	12,068,184
Net Earnings—Domestic Operations—per Dollar of Sales	4.7¢	5.5¢
Dividends received from Foreign Subsidiaries	2,562,737	4,676,987
Net Earnings, including Dividends received from Foreign Subsidiaries	15,324,267	16,745,171
Net Earnings per Common Share	6.26	6.89
Special Appropriation of Income	1,080,000	979,000
Amount of Earnings transferred to Earned Surplus	14,244,267	15,766,171
Net Earnings, per Common Share, transferred to Earned Surplus	5.81	6.48
Direct Taxes per Common Share	6.89	4.65
Total Dividends Paid—		
Preferred Shares	$ 529,237	$ 544,969
Common Shares	6,120,432	6,106,433
Dividends paid per Common Share	2.60	2.60
Number of Employees	17,939	16,024
Payroll, Group Insurance and Pension Expense	$ 79,058,496	$ 56,278,228
Number of Shareholders—		
Preferred	1,545	1,625
Common	19,020	18,693

FOUNDED BY R. T. CRANE 1855

CRANE CO.

VALVES - FITTINGS - PIPE
PLUMBING AND HEATING

836 SO. MICHIGAN AVE.
CHICAGO 5

OFFICE OF THE PRESIDENT

March 11, 1952

To our Shareholders:

The Management, with the approval of the Board of Directors, presents herewith the Annual Report of Crane Co. for the year 1951.

Sales of the Crane organization if consolidated amounted to $334,406,471 in 1951, the Company and its United States subsidiaries accounting for a record $267,365,809 exclusive of sales to foreign subsidiaries, up 22.7% over 1950, and the consolidated operations of the Company's subsidiaries in Canada and England resulting in record sales of $67,040,662, an increase of 25.5% over the previous year. However, despite the substantial increase in sales, net earnings from domestic operations increased only 5.7% and consolidated earnings of our Canadian and English subsidiaries decreased 9.4% compared with 1950. Higher taxes were the principal reason for earnings not keeping pace with the increase in sales volume. Direct taxes in the United States increased from $4.65 in 1950 to $6.89 per common share in 1951, and in Canada and England from $1.86 to $2.86 per Crane Co. common share. The story of our operations is told in more detail in the Financial and Operating Review Section of this report.

Dividends received from the Company's foreign subsidiaries amounted to $2,562,737 compared with $4,676,987 received in 1950. Dividends in 1950 were abnormally high as a result of a change in Canadian Government regulations liberalizing the restrictions on the distribution of current earnings.

Net earnings of the Company's subsidiaries in Canada amounted to $3,205,903 in 1951 vs. $3,757,340 in 1950, and in England to $1,598,393 in 1951 vs. $1,543,536 for 1950, stated in equivalent United States dollars. Further details regarding the operations of these companies are also shown in later sections of this report.

Modernization and expansion of the Company's facilities in this country and Canada and England progressed satisfactorily during 1951.

The new pottery plant of the Crane-Pacific Division at Colton, California, started operations in June and showed satisfactory results in training employees new to the pottery business and in reaching a good level of efficiency.

In May of 1951 The Trenton Potteries Company and a newly created subsidiary Repcal Land Co., acquired the assets of Repcal Brass Mfg. Co., Los Angeles, California, producers of a high grade line of moderately priced plumbers brass, such as faucets, shower heads and the like. No change has been made or is contemplated in the management or method of conducting that company's business and it will continue to operate independently. Crane Co. branches have purchased some of this company's products for resale for a number of years and expect to continue to do so.

Late in 1951 a newly organized subsidiary of Crane Co. purchased the assets of Hydro-Aire, Incorporated, Burbank, California, and is carrying on the business of that company under the name of Hydro-Aire, Inc. This company produces valves, filters, actuators, and other common and exclusive components for aircraft and aircraft engines. The business is being carried on by the previous management with no disruption to the organization. Facilities are in process of being increased several fold to better serve the heavy demand for its product. For the most part the new facilities will be equipped with government-owned tools.

The pilot plant for the production of titanium was completed during 1951 and has been in operation on an experimental basis for a number of months. No revolutionary discoveries have been made but a lot has been learned at first hand regarding the problems to be solved. Plans are now underway to extend the pilot operation over the entire scope of the process from the earth to finished metal. Exploration for titanium and other mineral bearing deposits by Company geologists and mineralogists has so far resulted largely only in the elimination of some of the prospects from further exploration; however, developments have decidedly warranted a continuation of the program.

The activities of the Company's already substantial Engineering and Development Division are being continuously though gradually increased. A large part of the work is still devoted to improvement and expansion of basic products but increasing emphasis is being placed on the development of new and diversified lines.

The outlook for volume of business for 1952 is good. Residential building is expected to be some lower than in 1951 and, further, 1952 does not have the large carryover from the preceding year that existed in 1951. However, a high demand for the Company's products going into the industrial and commercial field is expected to continue throughout the year, and the Company's participation in the Armament Program both directly and indirectly is expected to be larger than in 1951.

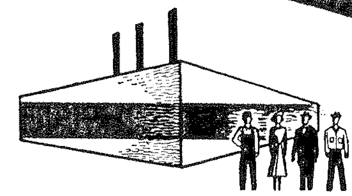
Your Management is very appreciative of the helpful cooperation of the shareholders, the employees, and the Company's customers and suppliers, without which the results of 1951 could not have been achieved.

Sincerely

J L Holloway

J. L. Holloway
President

FINANCIAL AND OPERATING REVIEW 1951



The financial and statistical information contained in this review relates to the year 1951, and is on the basis of consolidating only the figures of the United States companies, except where otherwise indicated. Financial statements of the Company and its United States subsidiaries consolidated and of the Company's subsidiaries in Canada and England consolidated, as certified by our auditors, Arthur Young & Company, will be found on pages 17 to 22 of the report.

Sales and Earnings

Net sales of $270,350,583 in 1951 established a new high and compared with $220,066,910 for the previous year, an increase of $50,283,673 or over 22%. While all segments of the Company's sales recorded gains the major portion of the increase represented increased sales of valves and fittings. Sales of products manufactured by others (jobbed products) accounted for approximately 47% of total sales compared with 52% in 1950.

Net earnings for 1951 transferred to earned surplus were $14,244,267 after appropriation toward excess of future replacement cost of machinery and equipment over original cost. This compares with $15,766,171 for the previous year.

Reflecting the increase in sales, earnings from domestic operations before Federal income and excess profits taxes were $25,393,803 for 1951, an increase of $5,425,156, or more than 27%, over the comparable item for 1950. However, this increase in earnings before taxes was substantially offset by an increase of $4,731,810 in Federal income taxes so that net earnings from domestic operations after taxes increased only $693,346 to $12,761,530 for 1951, compared to $12,068,184 for 1950.

Sales during 1951 reflect the effect of requirements of the Nation's mobilization program. A substantial increase in the demand for valves and fittings, during the last quarter of 1950, continued throughout most of 1951.

Sales of plumbing and heating increased slightly for the year, partially as a result of carryover from activity in residential construction that attained a

In summary, the financial results of the Company and its United States subsidiaries consolidated for 1951 compared with 1950, were as follows:

	1951	1950
Earnings before Federal income taxes—domestic operations	$25,393,803	$19,968,647
Provision for Federal income taxes applicable to above earnings	12,632,273	7,900,463
Net earnings—domestic operations	12,761,530	12,068,184
Dividends received from Foreign subsidiaries	2,562,737	4,676,987
Net earnings for the year	15,324,267	16,745,171
Appropriation of earnings toward excess of future replacement cost of machinery and equipment over original cost (see plant and equipment)	1,080,000	979,000
Net earnings transferred to earned surplus	14,244,267	15,766,171

high rate during 1950. However, demand for these products declined considerably during the last half of 1951.

Cost of sales and expenses including provision for depreciation was 90.81% of net sales compared with 90.89% for the previous year.

Taxes

Total direct taxes paid or accrued during the year, including Federal income taxes of $12,632,273, amounted to $16,272,905 and were equivalent to $6.89 for each common share outstanding.

Inventories

At the close of the year, inventories totaled $65,417,384 reflecting an increase of $22,724,788. Of this increase $4,097,649 was in raw material and supplies, $7,069,699 in work in process and $11,557,440 in finished goods.

The major portion of the Company's inventory is priced on the "last-in, first-out" (LIFO) basis. The remainder of the inventory not on the LIFO basis was priced at the lower of cost or market, but has been reduced by a taxable reserve which has the effect of stating such inventory, except for special order product and inventories of subsidiaries acquired during 1951 aggregating $7,824,319, on a basis substantially equivalent to the LIFO method.

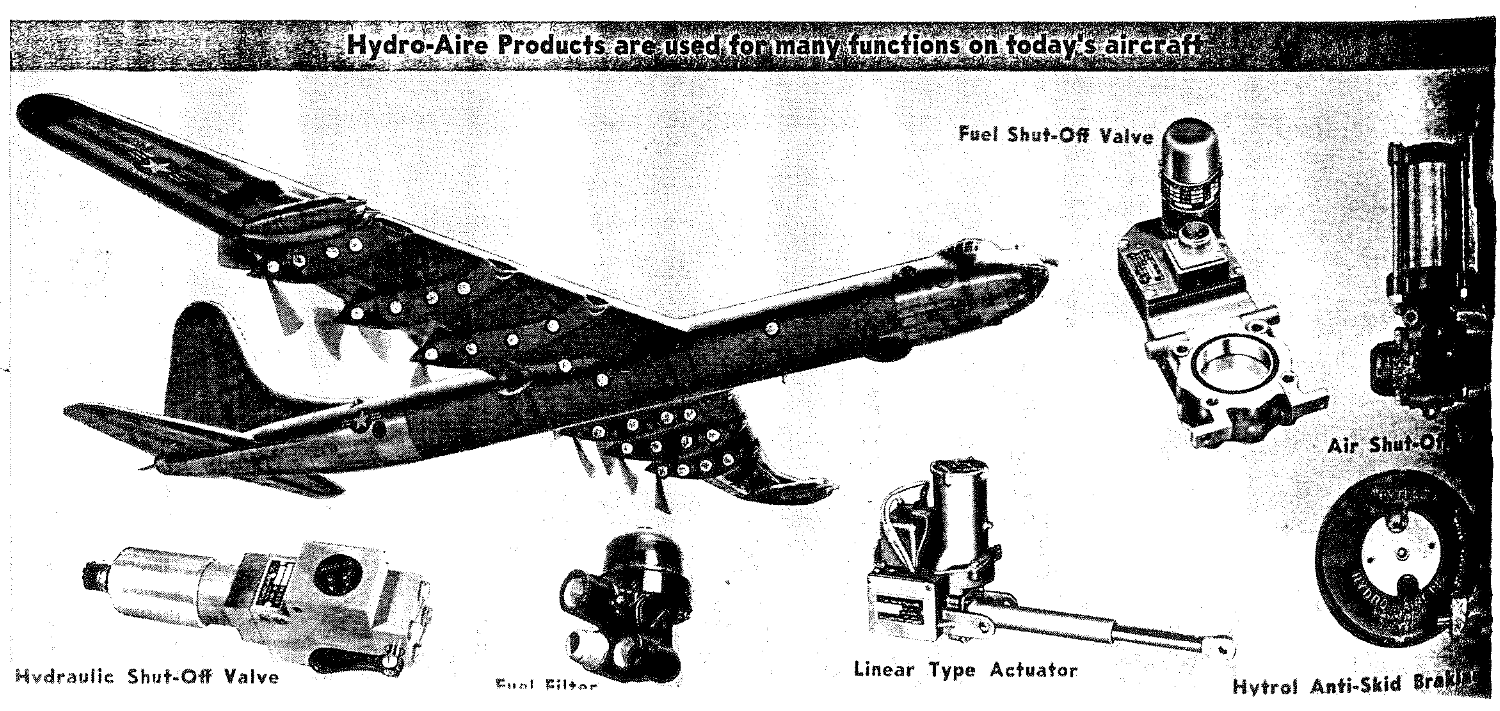
At December 31, 1951 open commitments for raw materials, made in the ordinary course of business, approximated $1,218,000, based on prices substantially the same as current market quotations.

Working Capital

Net working capital as of December 31, 1951, amounted to $91,785,734, an increase of $3,949,421 during the year. The ratio of current assets to current liabilities was 5.64 to 1 compared with 6.35 to 1 a year ago.

Plant and Equipment

Replacements and additions to plant and equipment during 1951 totaled $10,315,983 compared with $3,829,534 in 1950. The amount for the current year is comprised of $342,015 for land, $1,453,401 for buildings and $8,520,567 for machinery and equipment. These expenditures include approximately



$1,029,000 for the new pottery plant in Colton, California; $4,167,000 for manufacturing facilities at the Chicago plant; and $2,665,000 for the plant and equipment portion of the assets acquired in Repcal and Hydro-Aire as mentioned in the President's letter.

Depreciation charged to operations in 1951 amounted to $3,253,787 compared with $2,796,833 for 1950. In addition $1,080,000 was appropriated toward providing for excess of future replacement cost of machinery and equipment, based on current cost indices, over original cost. The comparable amount appropriated in 1950 was $979,000. The total of such appropriations at the close of the current year was $4,920,000 whereas the total reserve necessary on the basis indicated is estimated at $19,322,000.

Dividend Payments

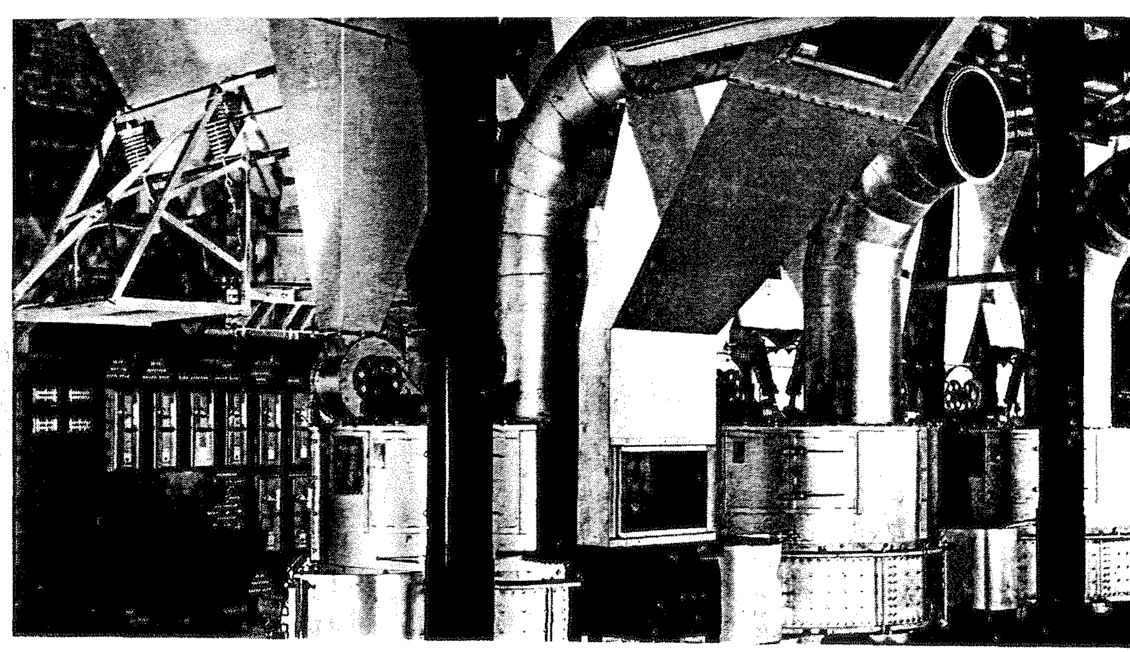
Dividend payments during 1951, totaling $6,649,669, represented 46.7% of earnings transferred to earned surplus during the year. These payments consisted of regular quarterly dividends at the annual rate of $3.75 per share on the 3¾% cumulative preferred shares, amounting to $529,237, and dividends totaling $6,120,432 on common shares, or $2.60 per share. The first quarterly dividend paid on common shares was 40¢ per share, with the rate being increased to 50¢ for the three remaining quarters. In addition, an extra dividend of 70¢ was paid at the year end. The remaining $7,594,598, or 53.3% of earnings transferred to earned surplus, was retained in the business to finance current operations.

The book value of Crane common shares rose from $50.45 to $53.64 per share during the year.

Employees

The number of employees increased during 1951 to 17,939, as at the close of business on December 31. This number compares with 16,024 employees on the same date in 1950.

A Stock Option Plan for officers and key employees of the Company and its subsidiaries was adopted by the Board of Directors in 1951, subject to ratification by shareholders. Under the plan the Stock Option Committee may grant ten-year options to purchase the Company's common shares at not less than 85% of the fair market price on the day the option is granted. No more than 200,000 shares may be optioned, subject to adjustments in case of stock split-ups or dividends. In November 1951, options were granted to 91 officers and key employees for 98,750 shares at $37 per



Partial view of the highly efficient sand system in the modernized malleable iron foundry at the Chicago Plant

share, or slightly more than 95% of the closing market price on the day the options were granted.

The formal program for pensions to retiring employees which was adopted in 1950 has been functioning satisfactorily. Based on experience under the plan, such as interest and changes in the number of employees and rates of pay, the estimated cost for past service of employees as most recently computed by independent actuaries is approximately $34,600,000, an increase of $4,100,000 over the estimate made a year ago. The estimated actuarial cost of the program for the year 1951 amounted to $4,268,957, of which amount $1,573,286 relates to past service on the basis of amortizing the past service liability over a period of approximately 24 years.

During the year 1951, $2,128,594 was deposited with the Trustees for the payment of pensions under the retirement program. The estimated unfunded actuarial liability of the program at December 31, 1951 amounted to approximately $32,800,000, on account of which payments aggregating $5,000,000 have been made in January and February 1952. Total payments to the Trustees including the $5,000,000 amount to $11,181,645.

Subsidiaries in Canada and England

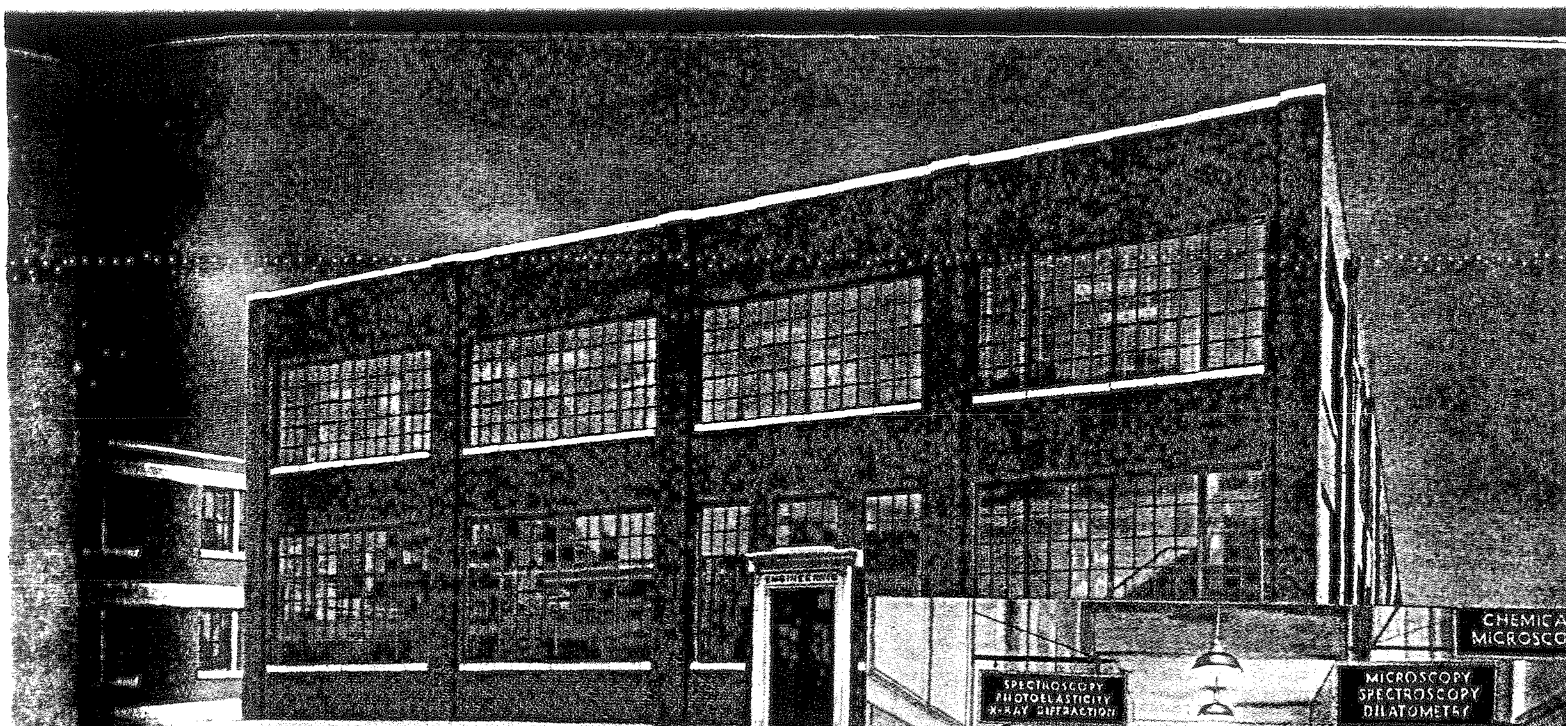
Net sales of the Canadian and English subsidiaries for 1951 (which are in addition to our domestic sales) amounted to $55,554,525 and $11,486,137, respectively, representing an increase over 1950 of 26% in Canada and 19% in England. In both countries the major portion of the sales increase resulted from an increase in demand for valves and fittings and jobbed products.

Net earnings for 1951 in Canada were $3,205,903, a decrease of $551,437 from 1950, and in England were $1,598,393, an increase of $54,857. Such earnings were after taxes on income in the amount of $4,464,885 in Canada and $1,837,869 in England, representing increases over 1950 of $1,938,042 and $419,546, respectively.

The major portion of the Canadian inventories has been reduced by a reserve which has the effect of stating such inventory on a basis substantially equivalent to the "last-in, first-out" method. The charge against earnings (not deductible for income tax purposes) for the increase in this reserve amounted to $1,092,224 in 1951 compared with $406,087 in 1950.

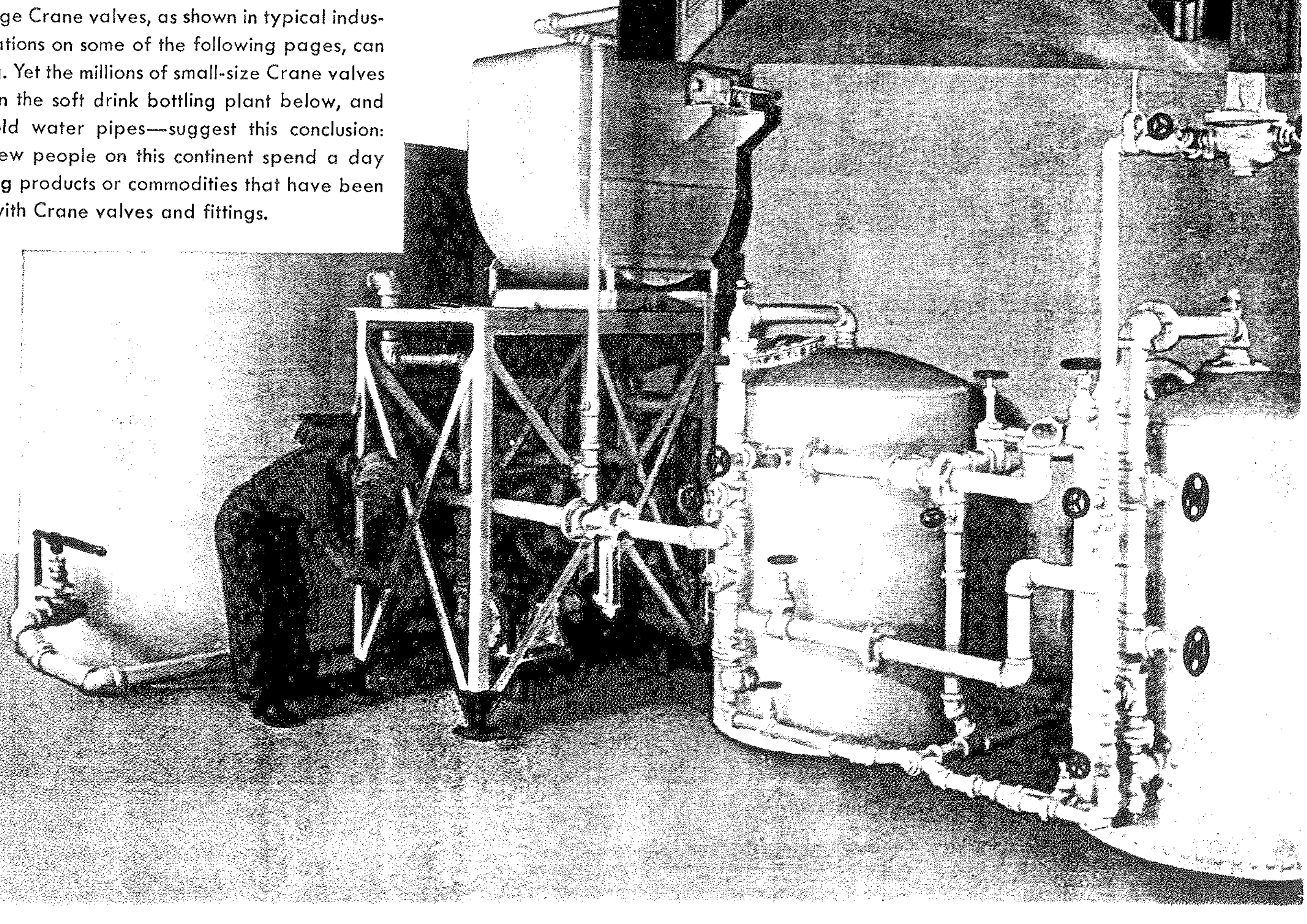
Dividends received from the Canadian subsidiary amounted to $2,562,737. Of this amount $710,024 represents in effect dividends from the subsidiary in England, which dividends were paid first to its parent Canadian company. Dividends received from these companies in 1950 amounted to $4,676,987.

The Company's investment in its foreign subsidiaries located in Canada and England is carried in the balance sheet at $12,000,000. The Company's equity in the surplus of these subsidiaries, which amounted to $13,331,404 at December 31, 1951, is not included in the consolidated surplus.



PLANNING • PERFECTING • PRODUCING: this continuous process in the manufacture of Crane Co. products finds much of its impetus in the Company's engineering. People who have proved their technical ability—many of them in years of work at Crane Co.—apply a broad scope of engineering knowledge, techniques and product experience to an array of problems in valves, fittings, piping, plumbing and heating. Here products are planned and perfected, so Crane Co. may continue producing for the industries and peoples of the world.

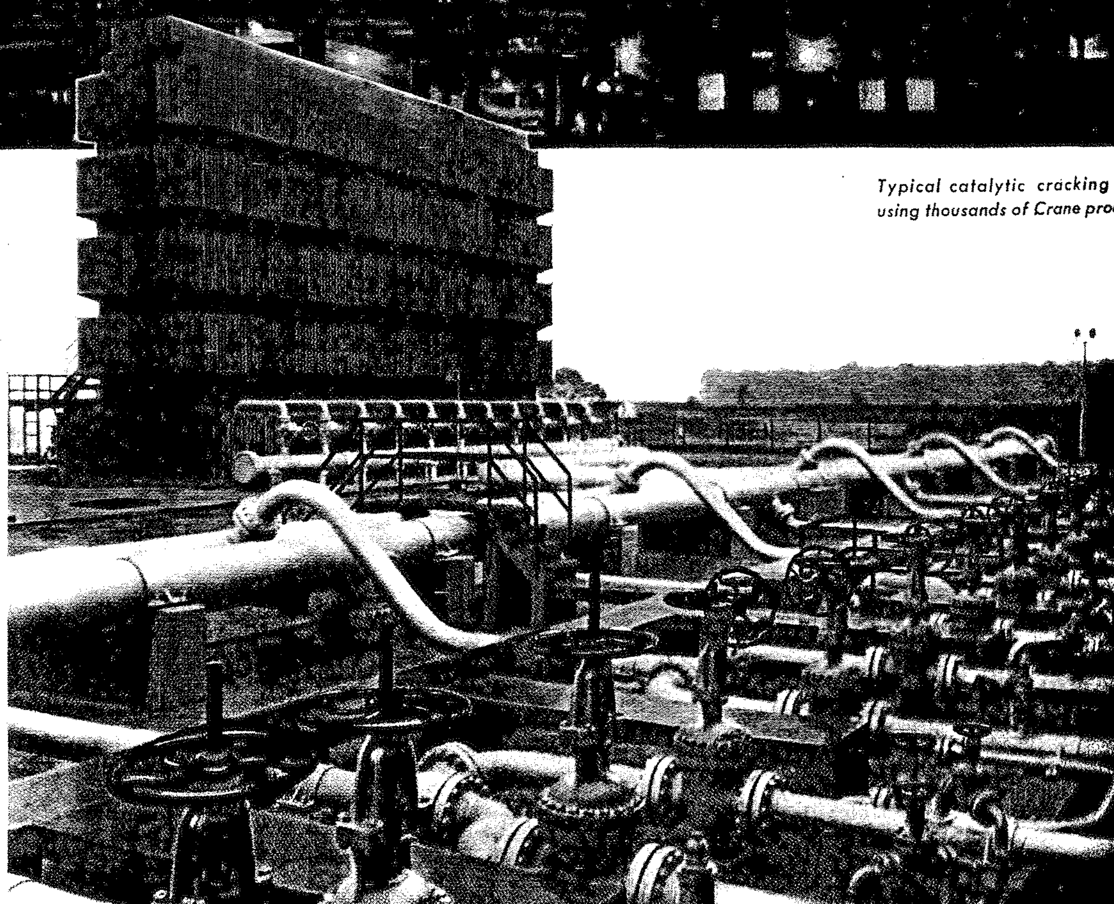
The scope of the Company's business may be illustrated in the application of Crane valves and fittings. Huge Crane valves, as shown in typical industrial installations on some of the following pages, can be inspiring. Yet the millions of small-size Crane valves —such as in the soft drink bottling plant below, and on household water pipes—suggest this conclusion: Probably few people on this continent spend a day without using products or commodities that have been in contact with Crane valves and fittings.



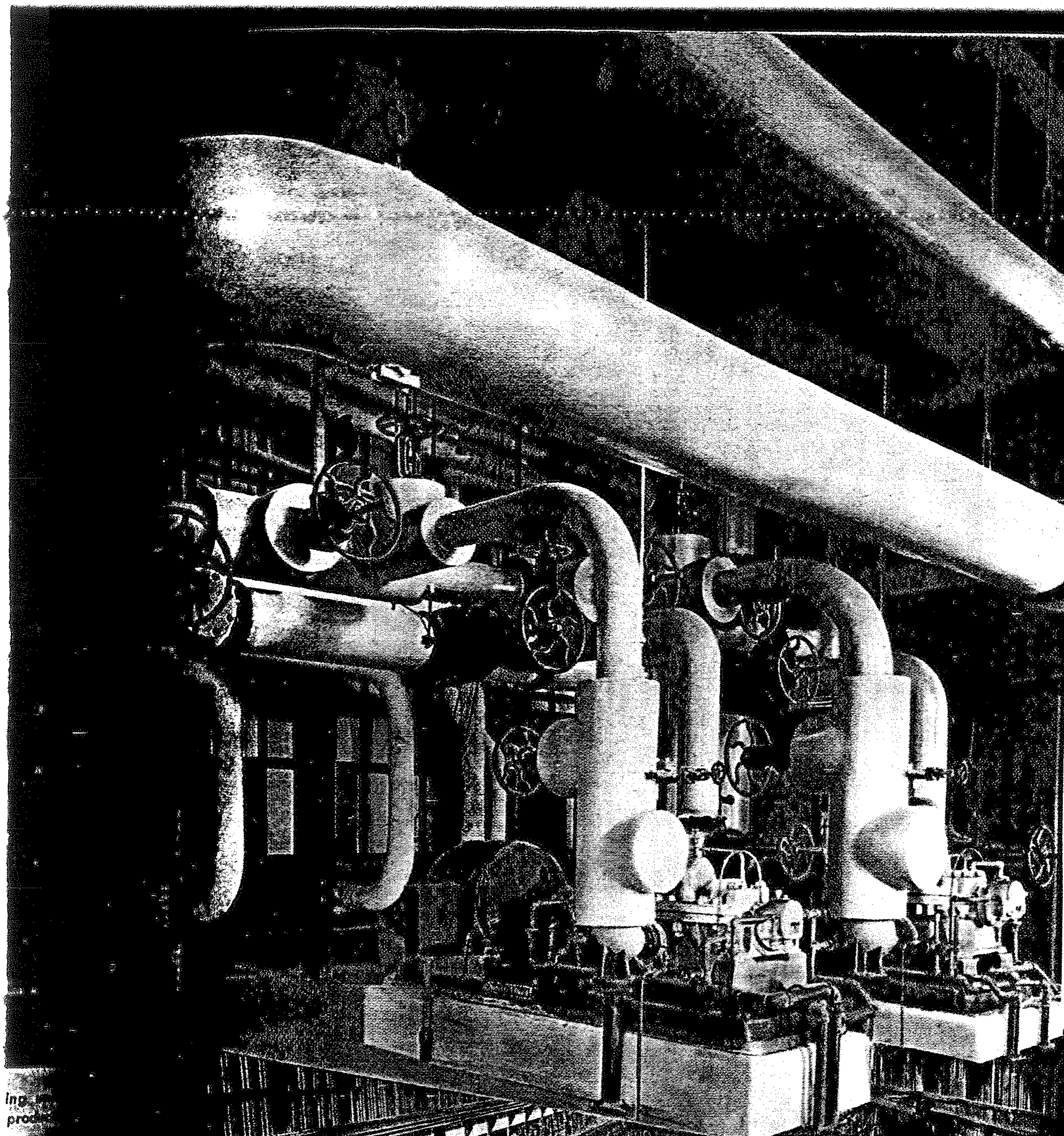
Typical catalytic cracking u
using thousands of Crane prod

In the Oil Industry

CRANE is an outstanding supplier of valves and fittings in all steps of the intricate process of production, transportation, refining and delivering petroleum products to millions of users.



Crane products at a pumping station for a cross country pipe line.

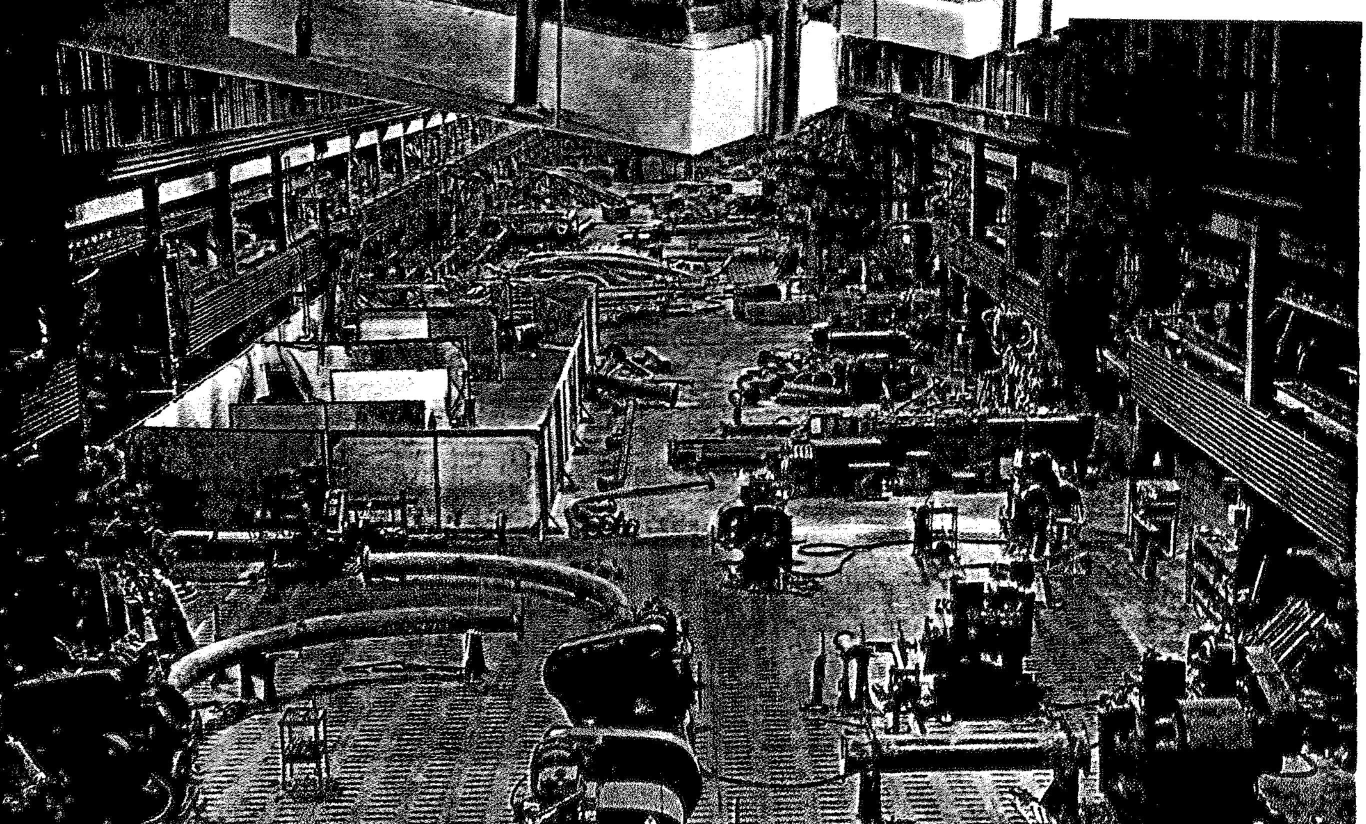


Crane products in a typical p
plant installation.

In the Power Plant Field

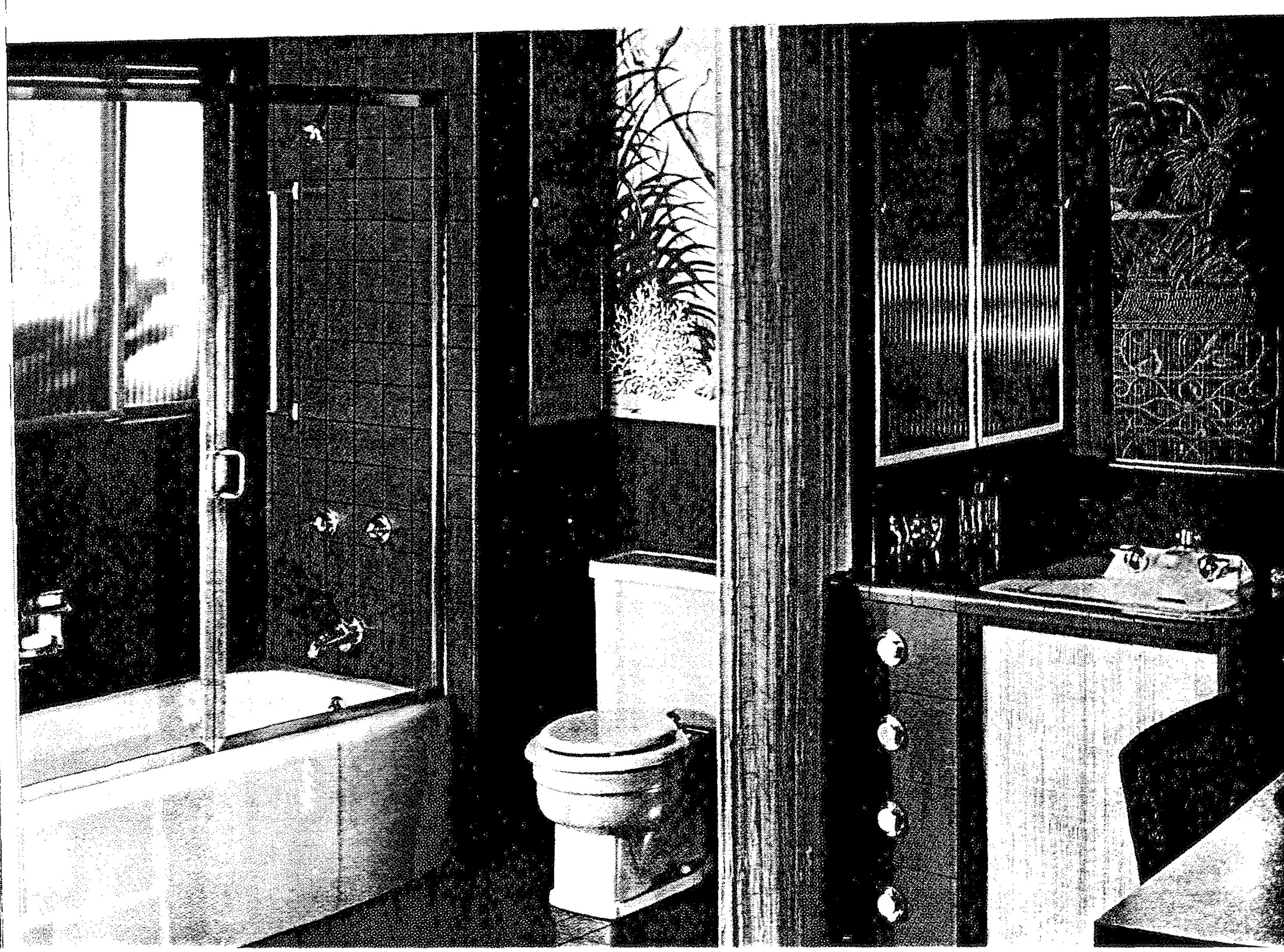
CRANE has long maintc leadership in supplying vc fittings and piping to withs the ever increasing temp tures and pressures of ir trial and utility power duction.

Below: Partial view of the fabricating shop at the Ch Works.



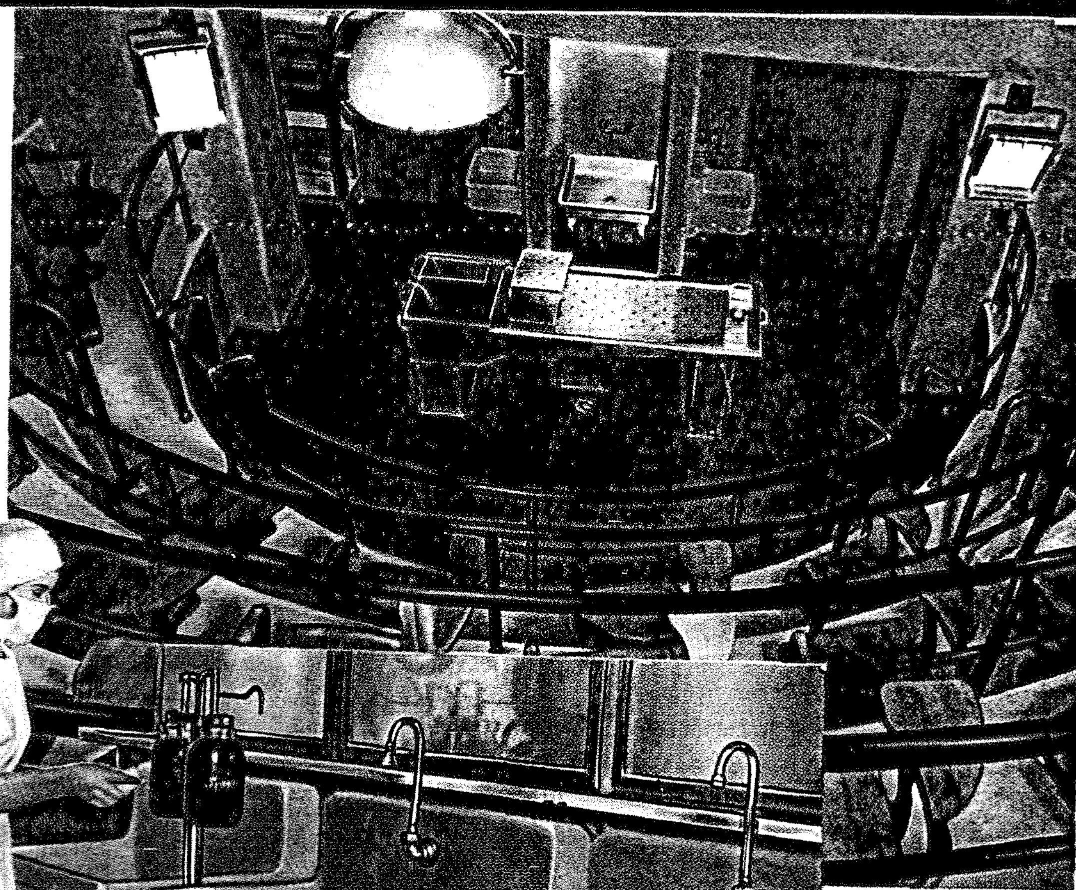
Come to Crane for Ideas

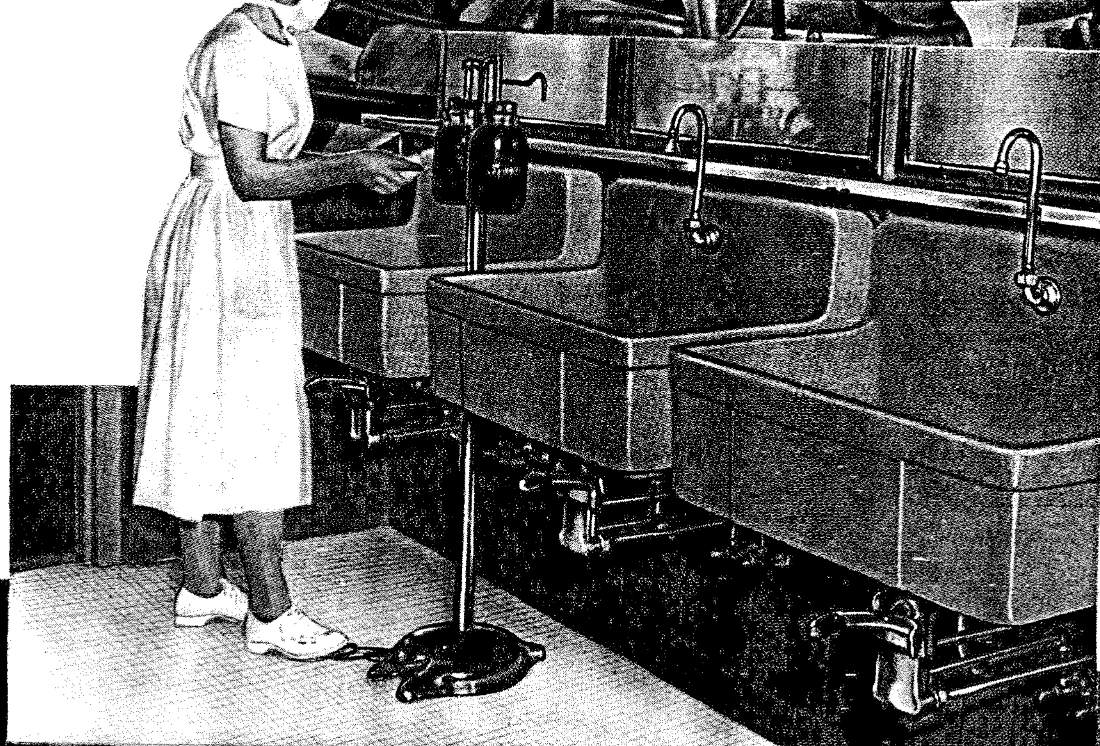
This invitation is being given to all present and prospective home owners in a completely new merchandising program initiated by Crane early in 1952. Color photography, such as the two examples on this page, is used to dramatize how Crane ideas and Crane plumbing fixtures can help create more beautiful, more useful bathrooms, kitchens and utility rooms. Results of Crane idea research are being given to architects, interior decorators and Crane dealers. Idea Centers in dealer display rooms of Crane fixtures are ready to help home owners who want a more interesting result from remodeling.



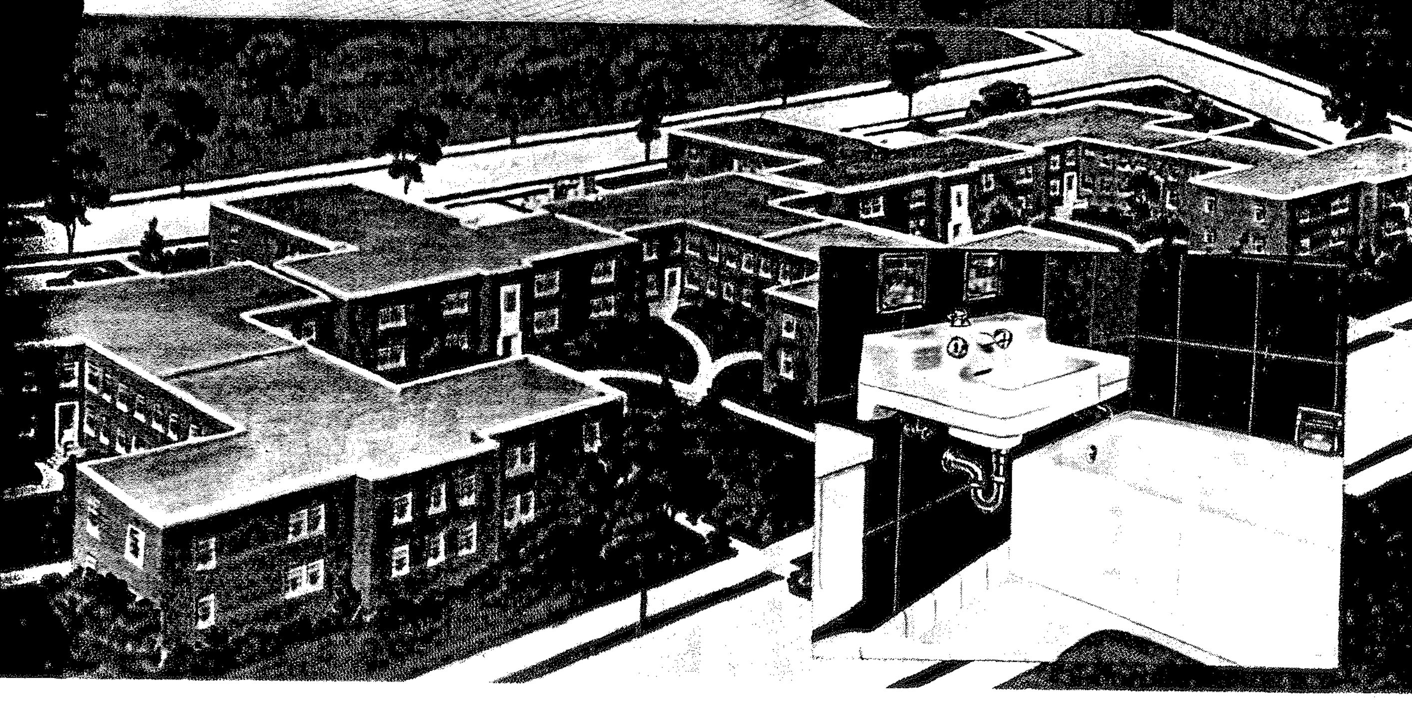
In Institutional Buildings

CRANE is an important supplier for schools, hospitals, housing projects and other buildings for public use. Here too, Crane leadership in quality, utility and beauty has been widely recognized by architects and builders.

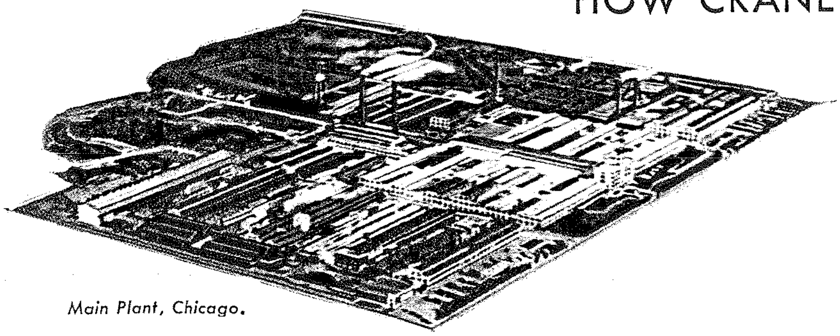




Below: Typical Crane Bat room used in Housing Projec

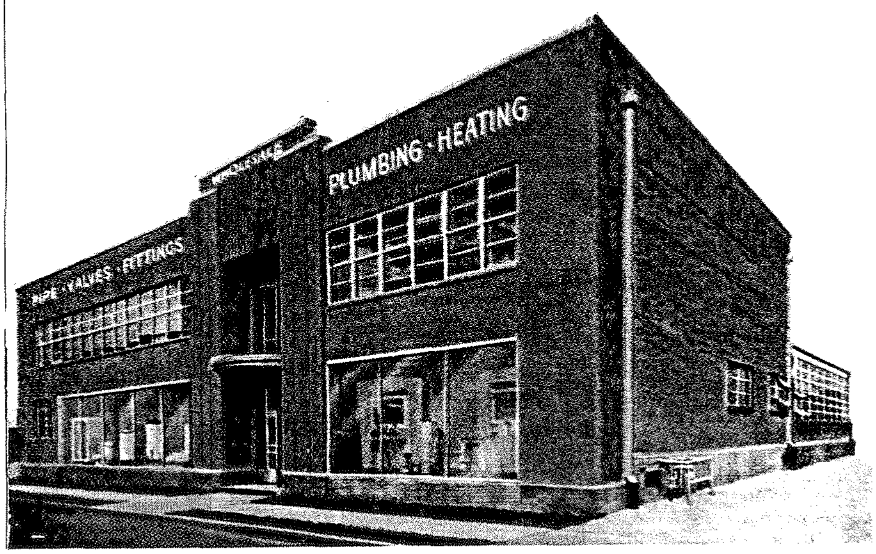


HOW CRANE CO. DISTRIBUTION OPERATES



Main Plant, Chicago.

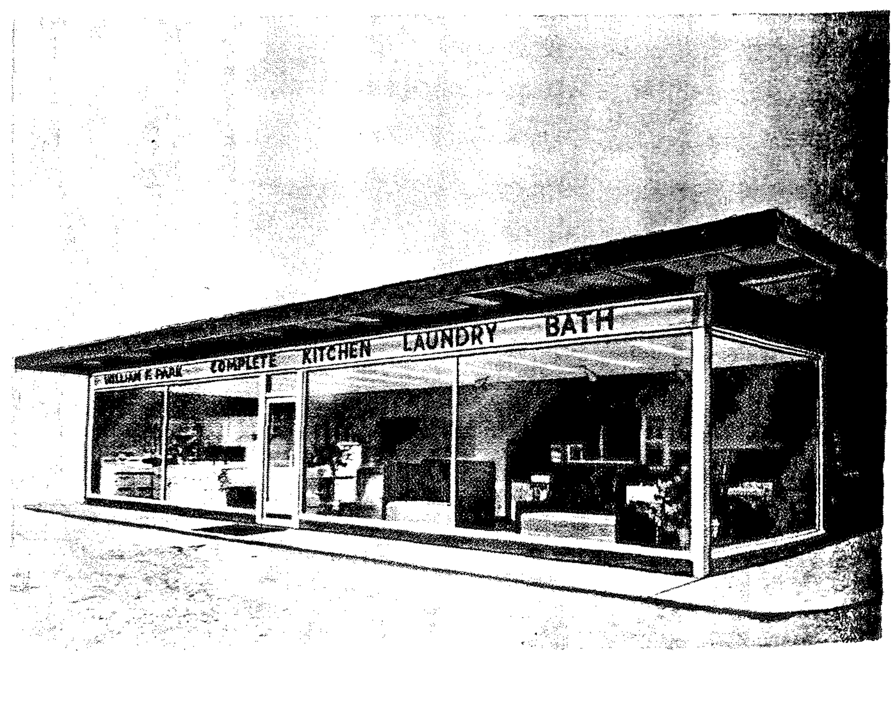
Before distribution naturally comes production. The Chicago Works is typical of Crane's manufacturing facilities where production is scheduled toward orderly delivery of merchandise to its thousands of customers. The operations of Crane's plants together with plants of our suppliers result in a constant stream of products to Crane Branches and Crane Wholesalers.



CRANE WHOLESALERS, like Crane Branches, serve the important function of supplying Crane and Crane-Line products to their customers, such as industrial plants and plumbing and heating dealers. After adding 88 new accounts in 1951, this part of Crane distribution now includes 683 wholesale establishments, which account for an important and increasing portion of Crane's sales. Working closely with Crane Branches, they are able to maintain ample, intelligently planned stocks of Crane valves, fittings, plumbing, heating and Crane-Line merchandise to provide comprehensive wholesaling service.

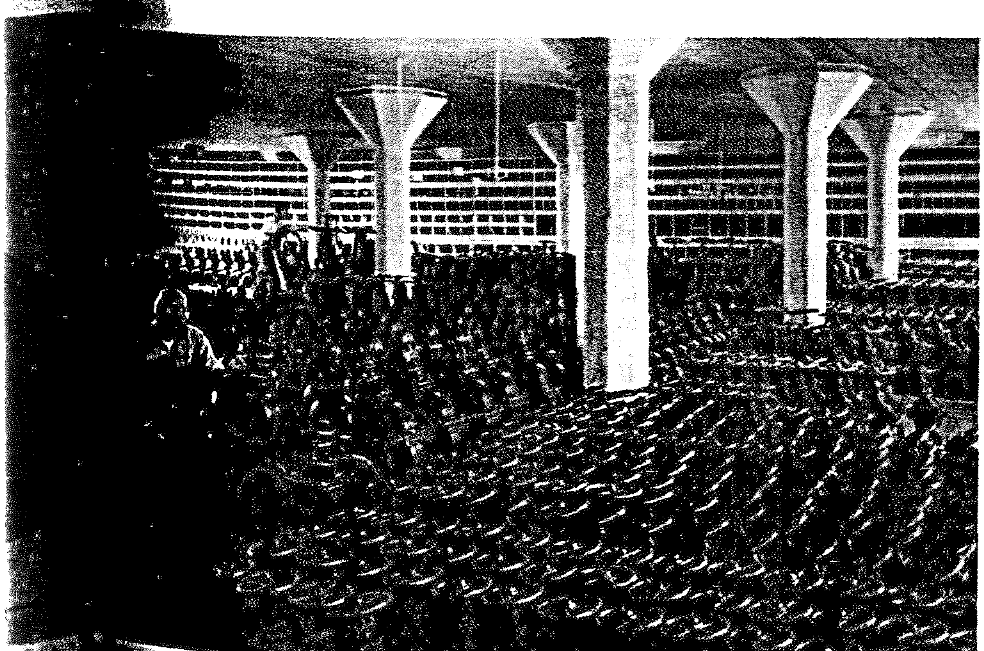
CRANE DEALERS perform the final step in the distribution of Crane plumbing and heating, and many types of valves and fittings. They are local business men who qualify as plumbing and heating contractors in the communities where they have worked to earn the reputations they enjoy.

To architects, engineers and merchant builders, Crane Dealers are the contractors who handle plumbing and heating installations in a variety of new buildings for residential, institutional, industrial and public use. To home owners, they are sources for Crane fixtures and equipment, as well as for maintenance and remodeling services.



CRANE BRANCH HOUSES. 146 Crane Branch Houses and Service Stores are located in 144 cities in 46 states. Together they form a nationwide network of merchandising centers to give more complete service to Crane customers. This distribution system began with the establishment of the first Branch in 1886. While all Branches have many common problems in the field of plumbing and heating, the nature of industrial needs for valves and fittings are varied. Each location is appropriately staffed with qualified sales representatives and engineers trained to serve the particular industries in its territory.

GOOD STOCKS are a foremost aim of Crane distribution. All of the 146 Branch Houses have the responsibility of maintaining suitable stocks needed by their customers. In addition, it is the duty of Branches to serve Crane wholesalers and dealers toward maintaining balanced inventories.

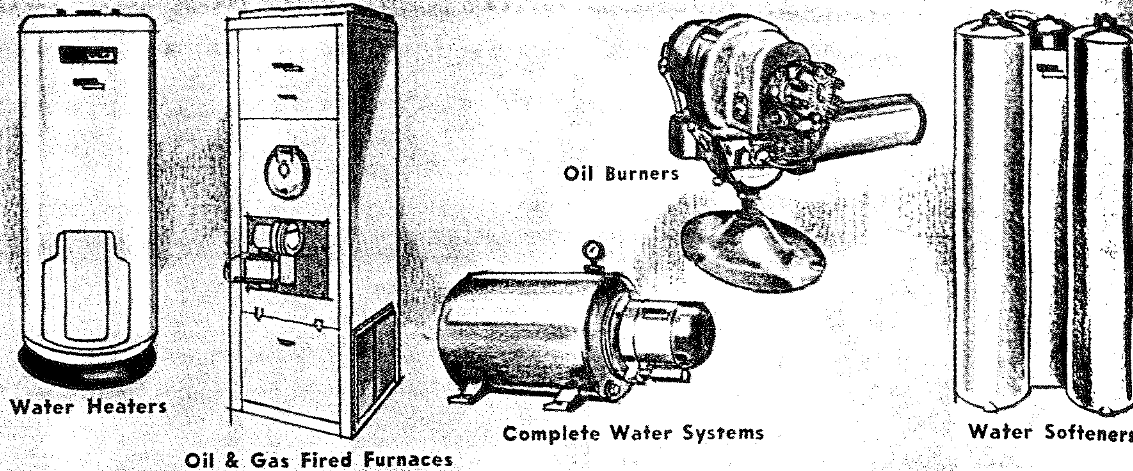


GOOD DISPLAY. Today plumbing and heating deal in leading markets are doing a better retailing job, b cause of their attractive stores and good display of Crc fixtures and equipment. In helping its dealers enjoy results of good display, Crane Co. is the pioneer. Deal found Crane to be the first to advocate attractive, open fr stores. Supplementing the dealers' activities, Crane Brancl and Crane wholesalers maintain excellent display roo In recognition of this merchandising need, the first Bra House display room was opened in 1906.

Related Products Distributed by CRANE

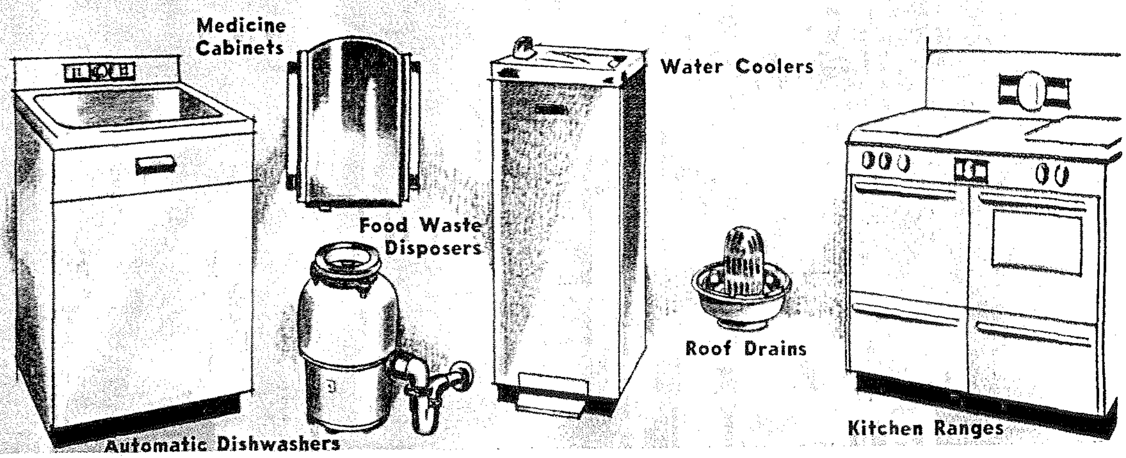
CRANE LINE PRODUCTS

Typical products made by other companies to Crane Specifications, and sold exclusively by Crane Branches, Crane Wholesalers and Dealers.



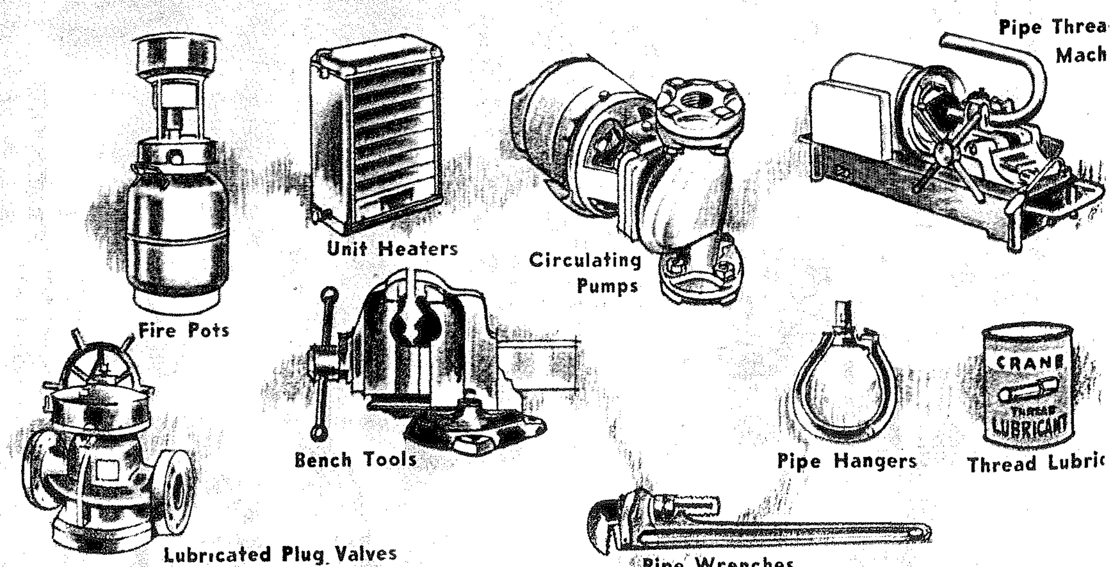
PLUMBING PRODUCTS & APPLIANCES

Items such as these are sold by Crane Branches—also by Wholesalers and Dealers to supplement Crane Products.

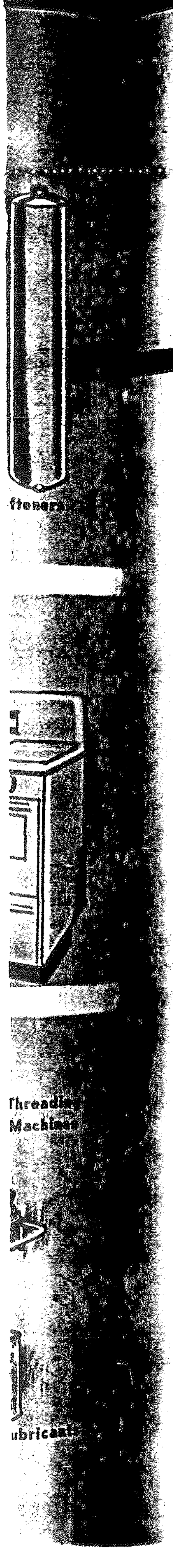


INDUSTRIAL SPECIALTIES & PLUMBERS' TOOLS

Related specialty items for industry and tools for plumbers are regularly sold by Crane Branches and Wholesalers.



CRANE CO. is the World's Largest Distributor of PIPE



CRANE CO.

AND SUBSIDIARIES IN THE UNITED STATES

CONSOLIDATED EARNINGS AND EARNED SURPLUS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 1951

Net sales:		
To customers		$267,365,809
To foreign subsidiaries		2,984,774
Total		$270,350,583
Cost of sales, selling, administrative and general expenses (Notes 1 and 3)	$242,257,554	
Provision for depreciation	3,253,787	245,511,341
Net earnings from operations		$ 24,839,242
Miscellaneous other income (net)		726,173
		$ 25,565,415
Minority stockholders' interest in net income of subsidiaries		171,612
Net earnings (exclusive of dividends received from foreign subsidiary) before Federal taxes on income		$ 25,393,803
Provision for Federal taxes on income (including $269,868 for excess profits taxes)		12,632,273
		$ 12,761,530
Dividends received from Canadian subsidiary (Note 2)		2,562,737
Net earnings for the year		$ 15,324,267
Appropriation toward excess of future replacement cost of machinery and equipment over original cost		1,080,000
Amount of earnings transferred to earned surplus		$ 14,244,267
Earned surplus, at December 31, 1950		58,293,503
		$ 72,537,770
Deduct:		
Cash dividends paid—		
On 3¾% cumulative preferred shares, $3.75 per share	$ 529,237	
On common shares, $2.60 per share	6,120,432	
	$ 6,649,669	
Excess of cost over par value of 3,106 shares of 3¾% cumulative preferred shares cancelled in connection with sinking fund requirements	10,621	6,660,290
Earned surplus, at December 31, 1951 (Note 6)		$ 65,877,480

CONSOLIDATED CAPITAL SURPLUS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1951

Balance, December 31, 1950		$ 1,509,050
Add:		
Premium on 11,666 shares of Crane Co. common shares issued during 1951		180,823
Surplus of subsidiary company at date of acquisition, November 30, 1951		18,448
Balance, December 31, 1951		$ 1,708,321

CRANE CO.

AND SUBSIDIARIES IN THE UNITED STATES

CONSOLIDATED BALANCE SHEET • DECEMBER 31, 1951

ASSETS

CURRENT ASSETS:			
Cash			$ 16,005,405
U. S. Government securities, at cost, which approximates market value			1,816,571
Accounts receivable		$ 30,128,449	
Less: Reserve for doubtful accounts		2,226,438	
			27,902,011
Inventories (Note 1)—			
Raw material and supplies		$ 10,955,062	
Work in process		16,363,432	
Finished goods		38,098,890	
			65,417,384
Due from foreign subsidiaries not consolidated			406,021
Total Current Assets			$111,547,392
INVESTMENTS:			
Investment in foreign subsidiary not consolidated, at cost (Note 2)		$ 12,000,000	
Other investments, at cost or nominal value (less reserve, $305,338)		831,380	
			12,831,380
FIXED ASSETS:			
Land and land improvements		$ 6,169,086	
Buildings	$33,917,558		
Less: Reserve for depreciation	16,227,906		
		17,689,652	
Machinery and equipment	$48,984,170		
Less: Reserve for depreciation	27,988,174		
		20,995,996	
Unfinished construction		2,153,568	
			47,008,302
DEFERRED CHARGES			671,400
			$172,058,474

CRANE CO.

AND SUBSIDIARIES IN THE UNITED STATES

CONSOLIDATED BALANCE SHEET · DECEMBER 31, 1951

LIABILITIES

CURRENT LIABILITIES:			
Accounts payable, accrued payrolls, etc.			$ 14,404,755
Accrued Federal taxes on income		$ 13,548,905	
Less: U. S. Treasury tax notes		10,040,783	
			3,508,122
Accrued general taxes			1,848,781
Total Current Liabilities			$ 19,761,658
RESERVES AND APPROPRIATIONS:			
Reserve for pensions (Note 3)		$ 5,524,298	
Appropriation toward excess of future replacement cost of machinery and equipment over original cost		4,920,000	
			10,444,298
MINORITY STOCKHOLDERS' INTEREST IN SUBSIDIARY COMPANIES			1,352,073
CAPITAL STOCK AND SURPLUS:			
Capital Stock—			
Cumulative preferred shares, 3¾%, par value $100—			
Authorized—160,000 shares			
Outstanding—144,113 shares (including 5,203 shares in treasury) (Note 5)		$ 14,411,300	
Common shares, par value $25—			
Authorized—3,000,000 shares			
Outstanding—2,360,294 shares		59,007,350	
		$ 73,418,650	
Surplus—			
Capital surplus	$ 1,708,321		
Earned surplus (Note 6)	65,877,480		
		67,585,801	
		$141,004,451	
Less: Cost of 5,203 shares of 3¾% cumulative preferred shares purchased in connection with sinking fund requirements (Note 5)		504,006	
			140,500,445
			$172,058,474

NOTES TO FINANCIAL STATEMENTS

1. INVENTORIES:

The major portion of the inventory is priced on the "last-in, first-out" (LIFO) basis of valuation which was first applied January 1, 1941, and extended as of January 1, 1947 and January 1, 1950. The remaining inventory is priced at the lower of cost or market but has been reduced (except as to special order product and inventories of newly acquired subsidiaries aggregating $7,824,319) by a reserve (not deductible for income tax purposes) which has the effect of stating such inventory on a basis substantially equivalent to the LIFO basis.

2. INVESTMENTS AND OPERATIONS IN CANADA AND ENGLAND:

Crane Co.'s investment in Crane, Limited (Canada) is carried in the consolidated balance sheet at U. S. dollar cost, $12,000,000, and dividends of $2,562,737 received from that company in 1951 are reflected in the consolidated earnings statement for the year. Such dividends are net after deducting the Canadian tax of 5% on dividends to a non-resident parent company and exchange charges, and are not subject to United States taxes on income because of foreign tax credits.

Separate financial statements of Crane, Limited (Canada) and its subsidiaries are included on pages 21 and 22.

3. PENSIONS:

Reference is made to the narrative section of this report for information regarding pensions.

Following is a summary of the changes during the year in the "Reserve for pensions":

Balance, December 31, 1950	$3,383,935
Provision charged against earnings for the year 1951	4,268,957
	$7,652,892
Contributions to Trustees	2,128,594
Balance, December 31, 1951	$5,524,298

4. STOCK OPTIONS:

Reference is made to the narrative section of this repo[r]t for information regarding stock options.

5. 3¾% CUMULATIVE PREFERRED SHARES:

These shares are redeemable at the option of the Com pany at $107 per share if called for redemption prior t June 15, 1955 (an aggregate amount of $14,863,370) an at $104.50 per share if called for redemption on or afte June 15, 1955, in each case plus accrued dividends to th date fixed for redemption. They are also redeemabl through the operation of the sinking fund at any time a the sinking fund redemption price of $104.50 per shar plus unpaid accrued dividends.

Under the provisions of the Articles of Incorporatio relating to the 3¾% Cumulative Preferred Shares th Company is required, on or before April 30 in each yea beginning with the year 1947, to pay over to the sinkin fund agent for the redemption or purchase of such share a determinable amount of cash but not in excess of $320 000 with respect to any fiscal year. Against its obligatio to make the cash sinking fund payment in any year th Company may, at its election, take credit for shares o such series purchased or redeemed by it otherwise tha through the sinking fund.

During the year, the Company purchased 4,560 shar of its 3¾% Cumulative Preferred Shares at an aggrega principal cost of $436,190. On or before April 30, 195 a sufficient number of reacquired shares will be deposite with the sinking fund agent in lieu of the $320,000 cas payment which otherwise would be required.

6. DIVIDENDS ON COMMON STOCK:

Under the provisions of the Articles of Incorporatio as amended in connection with the issuance of the 3¾% Cumulative Preferred Shares, earned surplus at Decemb 31, 1951, in the amount of $20,765,133, is not availab for the payment of dividends on the Company's commo shares.

CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS

ARTHUR YOUNG & COMPANY

To the Shareholders of Crane Co.:

We have examined the consolidated balance sheets of Crane Co. and Subsidiaries in the United States and of Crane, Limited (Canada) and its subsidiaries at December 31, 1951 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 sheets and consolidated earnings and surplus statements present fairly the financial position of Crane Co. and Subsidiaries in the United States and of Crane, Limited (Canada) and its subsidiaries at December 31, 1951 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR YOUNG & COMPANY.

Chicago, Illinois,
March 11, 1952.

CRANE, LIMITED

AND ITS SUBSIDIARIES IN CANADA AND ENGLAND

CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1951

ASSETS

CURRENT ASSETS:		
Cash		$ 914,963
Marketable securities at cost, which approximates market		194,600
Accounts receivable less reserve for doubtful accounts ($341,838)		6,862,047
Inventories (Note 1)		14,209,278
Total Current Assets		$22,180,888
INVESTMENTS		27,532
FIXED ASSETS:		
Land and land improvements	$ 1,221,357	
Buildings less reserve for depreciation ($3,349,320)	5,733,463	
Machinery and equipment less reserve for depreciation ($8,961,906)	5,409,525	
Unfinished construction	513,043	
		12,877,388
DEFERRED CHARGES		152,150
		$35,237,958

LIABILITIES

CURRENT LIABILITIES:		
Bank loans		$ 2,221,875
Accounts payable, accrued payrolls, etc.		3,824,080
Accrued taxes on income less tax reserve certificates ($1,932,100)		2,708,452
Accrued general taxes		159,048
Current accounts due to Crane Co. and domestic subsidiaries		406,021
Total Current Liabilities		$ 9,319,476
RESERVES FOR OBSOLESCENCE AND REPAIRS		133,212
MINORITY STOCKHOLDERS' INTEREST IN SUBSIDIARY COMPANIES		453,866
CAPITAL STOCK AND SURPLUS:		
Common shares, $100 par value, 120,000 shares	$12,000,000	
Earned surplus	13,331,404	
		25,331,404
		$35,237,958

CRANE, LIMITED

AND ITS SUBSIDIARIES IN CANADA AND ENGLAND

CONSOLIDATED EARNINGS AND EARNED SURPLUS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 1951

Net sales to customers	$67,040,662
Cost of sales, selling, administrative and general expenses (including provision for depreciation of $1,000,451) (Note 1)	56,276,493
Net earnings from operations	$10,764,169
Miscellaneous other income (net)	179,668
	$10,943,837
Minority stockholders' interest in net income of subsidiaries	40,864
Net earnings before taxes on income	$10,902,973
Provision for taxes on income	6,302,754
	$ 4,600,219
Special item:	
Adjustment of conversion values of foreign net assets (Note 2)	204,077
Net earnings and special item	$ 4,804,296
Earned surplus, at December 31, 1950	11,089,845
	$15,894,141
Cash dividends paid	2,562,737
Earned surplus, at December 31, 1951	$13,331,404

NOTES TO FINANCIAL STATEMENTS

1. Inventories:

The inventories of Crane, Limited and its subsidiaries are priced at the lower of cost or market and, except for inventories aggregating $4,078,216, have been reduced by a reserve (not deductible for income tax purposes) which has the effect of stating such inventories on a basis substantially equivalent to the "last-in, first-out" basis. This "Lifo equivalent" method was first adopted as of January 1, 1940.

2. Basis of Conversion of Items in Foreign Currencies:

Fixed assets were converted at U. S. dollar cost at dates of acquisition, less accrued depreciation. Net current assets were converted at $.9875 for the Canadian dollar and $2.78 for the English pound.

CRANE CO.

VALVES, FITTINGS, FABRICATED PIPE HEATING AND PLUMBING MATERIAL

GENERAL OFFICE
836 S. MICHIGAN AVENUE, CHICAGO CABLE ADDRESS, CRANECOY—CHICAGO

PLANTS
CHICAGO ★ CHATTANOOGA ★ TRENTON ★ BURBANK ★ COLTON, CAL.

In addition to Crane branches listed below, Wholesalers in all major markets sell Crane products.

BRANCHES

ALABAMA
BIRMINGHAM (3)...............2 S. Twentieth St.
MOBILE (3).......................300 N. Royal St.

ARIZONA
PHOENIX.........................233 S. First Ave.
TUCSON.............................35 Toole Ave.

ARKANSAS
FT. SMITH.........................221 S. Ninth St.
LITTLE ROCK....................120 Commerce St.

CALIFORNIA
LONG BEACH (1).............824 W. Anaheim St.
LOS ANGELES (54)................321 E. Third St.
OAKLAND (7)........................346 Ninth St.
SACRAMENTO (5).......... ....1227 Front St.
SALINAS........................239 East Alisal St.
SAN BERNARDINO................777 W. Mill St.
SAN DIEGO (1).....................1138 India St.
SAN FRANCISCO (19).............301 Brannan St.
SAN JOSE........................63 San Jose Ave.
SANTA ANA....................919 Poinsettia St.
STOCKTON..................331 N. Harrison St.

COLORADO
DENVER† (17)....................1631 Fifteenth St.
GRAND JUNCTION†...............601 Pitkin Ave.
PUEBLO†.........................180 Central Main

CONNECTICUT
BRIDGEPORT (3).......................302 John St.
HARTFORD (5)....................710 Windsor St.
NEW HAVEN (11).................365 Orchard St.

DISTRICT OF COLUMBIA
WASHINGTON (5)..............1225 Eye St. N.W.

FLORIDA
JACKSONVILLE (3)................1007 W. Bay St.
MIAMI (30).....................85 N. W. Tenth St.
ORLANDO.........................1027 Sligh Blvd.
TAMPA (1).......................1105 E. Twiggs St.
WEST PALM BEACH...................217 5th St.

GEORGIA
ATLANTA (3).............Washington St. Viaduct
AUGUSTA.........................701 Reynolds St.
MACON.............................500 Broadway
SAVANNAH......................14 W. Broad St.

†(Crane-O'Fallon Division)

IDAHO
BOISE.............................214 S. Fifth St.
POCATELLO......................756 S. First Ave.

ILLINOIS
AURORA...........................544 S. Lake St.
CHICAGO (6)................156 N. Jefferson St.
Southside branch (20)..........231 W. 79th St.
ROCKFORD.........................800 S. Main St.
SPRINGFIELD....................921 E. Monroe St.
WAUKEGAN.................1219 Glen Rock Ave.

INDIANA
EAST CHICAGO............1004 E. Chicago Ave.
EVANSVILLE (6)...............118 S. E. Eighth St.
INDIANAPOLIS (6).............333 W. Market St.
MUNCIE......................342 N. Pershing Dr.
SOUTH BEND (23).............1616 S. Franklin St.
TERRE HAUTE....................209 N. Ninth St.

IOWA
DAVENPORT (8).................217 E. Second St.
SIOUX CITY (3)...................223 Jackson St.

KANSAS
TOPEKA........................132 N. Kansas Ave.
WICHITA (1).......................624 E. First St.

KENTUCKY
KEVIL....................................Main St.
LEXINGTON (1).................165 Midland Ave.
LOUISVILLE (2)....................756 S. First St.

LOUISIANA
NEW ORLEANS (11).............710 S. Broad St.
P. O. Box 1700
SHREVEPORT (92)................1320 Winston St.

MAINE
PORTLAND (4)....................70 St. John St.

MARYLAND
BALTIMORE (1)..................626 W. Pratt St.
SALISBURY................1911 N. Salisbury Blvd.

MASSACHUSETTS
BOSTON (27).........48 W. First St., South Boston
SPRINGFIELD (1)..................60 Cypress St.

MICHIGAN
DETROIT (26).....................150 Randolph St.
FLINT (1).............................155 Lewis St.
GRAND RAPIDS (2).....56 Grandville Ave., S. W.
JACKSON..........................409 Hupp Ave.

MINNESOTA
DULUTH* (2)...................102 Lake Ave., S.
MANKATO*...........................510 Pike St.
MINNEAPOLIS* (1).............400 Third Ave., N.
ST. PAUL* (1)......................Broadway at 5th

MISSISSIPPI
JACKSON (5)..................176 N. Gallatin St.

MISSOURI
KANSAS CITY (7).........2819 Warwick Trafficway
ST. LOUIS (3)...................30 S. Sixteenth St.

MONTANA
BILLINGS*..............30th St. and First Ave., S.
GREAT FALLS*.................2 Third Ave., South

NEBRASKA
GRAND ISLAND...................115 E. Front St.
OMAHA (8)......................323 S. Tenth St.
SCOTTSBLUFF†...................1617 Avenue "A"

NEVADA
RENO...........................401 E. Fourth St.

NEW JERSEY
CAMDEN (4)..............2994 Mt. Ephraim Ave.
NEWARK (5)..........................90 South St.
TRENTON (5)........................50 Escher St.

NEW MEXICO
ALBUQUERQUE†..................612 N. First St.
ROSWELL†......................102 S. Virginia St.

NEW YORK
ALBANY (1)......................North Broadway
BINGHAMTON (36).............21 Washington St.
BUFFALO (5).......................201 Church St.
HEMPSTEAD..........................209 Main St.
LONG ISLAND CITY (1).....47-30 Twenty-ninth St.
NEW YORK CITY (Display Room)..101 Park Ave.
ROCHESTER (2)....................200 South Ave.
SYRACUSE (1).................760 W. Genesee St.
UTICA (2)...........................326 Broad St.

*(Crane Co., Minnesota)

CRANE CO. BRANCHES *Continued*

NORTH CAROLINA

ASHEVILLE........................531 McDowell St.
CHARLOTTE (8).............1307 W. Morehead St.
GREENSBORO.... ....205 Lyndon St.
ROCKY MOUNT.................300 N. Church St.

NORTH DAKOTA

FARGO*.....................1441 4th Ave., North
MINOT*..................................Box 1189

OHIO

AKRON (11)........................425 S. High St.
CANTON (2)..............210 Piedmont Ave., S.E.
CINCINNATI (1)....................824 Broadway
CLEVELAND (3)...............6215 Carnegie Ave.
COLUMBUS (15)...................67 N. Front St.
DAYTON (2).......................901 S. Perry St.
LIMA.........................207 S. Central Ave.
TOLEDO (1).......................390 S. Erie St.

OKLAHOMA

MUSKOGEE....................302 Commercial St.
OKLAHOMA CITY (2)...........705 W. Main St.
TULSA (2)..........................623 E. Third St.

OREGON

MEDFORD........................125 West 4th St.
PORTLAND (8)........710 N. W. Fourteenth Ave.

†(Crane-O'Fallon Division)

PENNSYLVANIA

ERIE............................222 E. Eighth St.
PHILADELPHIA (22)...............245 Master St.
West Philadelphia Branch (43)...1600 S. 59th St.
PITTSBURGH (30).............40 Twenty-fourth St.
READING.........................407 N. Front St.

RHODE ISLAND

PROVIDENCE (3)............245 W. Exchange St.

SOUTH CAROLINA

CHARLESTON...................2026 Meeting St.
GREENVILLE..................223 W. McBee Ave.

SOUTH DAKOTA

ABERDEEN*.................324 Railroad Ave., E.
SIOUX FALLS*....................326 E. Eighth St.

TENNESSEE

CHATTANOOGA (1)............1317 Chestnut St.
KNOXVILLE (1).............523 W. Jackson Ave.
MEMPHIS (1).....................254 Court Ave.
NASHVILLE (2)............532 Eighth Ave., South

TEXAS

BEAUMONT.........................720 Fannin St.
CORPUS CHRISTI...........1212 N. Tancahua St.
DALLAS (2).........................814 Young St.
EL PASO†..........................1609 Texas St.
HARLINGEN....................201 West "C" St.
HOUSTON (1)....................2204 Pease Ave.
SAN ANTONIO (6)..........1200 E. Houston St.

*(Crane Co., Minnesota)

UTAH

OGDEN...........................2001 Wall Ave.
PROVO.......................237 W. 5th North St.
SALT LAKE CITY (10).......307 W. Second, South

VIRGINIA

NEWPORT NEWS.............7706 Virginia Ave.
NORFOLK (10).............2 E. Twenty-second St.
RICHMOND (20).................1209 Admiral St.
ROANOKE (17)............404 Center Ave., N.W.

WASHINGTON

SEATTLE (14)................419 Second Ave., S.
SPOKANE (8).....................126 S. Post St.
TACOMA (1)..................1209 South "A" St.

WEST VIRGINIA

CHARLESTON (25).................502 Broad St.

WISCONSIN

MADISON (3)................641 Williamson St.
MILWAUKEE (3)............2123 W. Michigan St.
OSHKOSH...........................37 Market St.

WYOMING

CASPER† (5)......................802 East "C" St.

EXPORT

NEW YORK BRANCH ★ SAN ANTONIO BRANCH
SAN FRANCISCO BRANCH

CRANE, Limited (Canada)

GENERAL OFFICE • • 1170 Beaver Hall Square, Montreal, Que. • • Cable Address, Cranelit—Montreal
MANUFACTURING PLANTS • • Montreal, Que. • • Quebec, Que. • • St. John's, Que. • • Port Hope, Ont. • • Vancouver, B. C.

BRANCHES

ALBERTA

CALGARY.................602 Eleventh Ave., W.
EDMONTON.......................11925 Kingsway

BRITISH COLUMBIA

VANCOUVER.......................540 Beatty St.
VICTORIA...................1010 Government St.

MANITOBA

WINNIPEG.......................93 Lombard St.

NEW BRUNSWICK

MONCTON.........................293 Church St.

NEWFOUNDLAND

ST. JOHN'S.........................Hill O'Chips

NOVA SCOTIA

HALIFAX...........................7-15 Doyle St.
Warehouse......................City Market Bldg.

ONTARIO

PORT ARTHUR.................950 Memorial Ave.
HAMILTON..............40 Wellington St., North
KINGSTON...........................71 Brock St.
LONDON............................304 York St.
OTTAWA.......................288 Catherine St.
TORONTO......................306 Front St., W.

QUEBEC

MONTREAL................1121 St. James St., W.
QUEBEC...........................39 St. Roch St.

[illegible]

REGINA...........................1408 Broad St.
SASKATOON......................359 First Ave., N.

CRANE, Limited (Great Britain)

GENERAL OFFICE • • 45-51 Leman St., London E. 1 • • Cable Address, Cranelon—London
MANUFACTURING PLANT • • Nacton Road, Ipswich, Suffolk

BIRMINGHAM 1277 Coventry Road, South Yardley
BRENTFORD.....................Great West Road
BRISTOL........................1, 19 Colston St.
GLASGOW.......94-100 Clyde Ferry St., Anderston
LONDON..........................45-51 Leman St.
MANCHESTER..Westinghouse Road, Trafford Park