NOBLE CORP
Form S-3ASR
February 27, 2015
Table of Contents

As filed with the Securities and Exchange Commission on February 27, 2015

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

NOBLE CORPORATION

NOBLE HOLDING INTERNATIONAL LIMITED

(Exact name of each registrant as specified in its charter)

NOBLE CORPORATION **CAYMAN ISLANDS**	**NOBLE HOLDING INTERNATIONAL LIMITED** **CAYMAN ISLANDS**

(State or other jurisdiction of incorporation or organization)

98-0366361
(I.R.S. employer identification no.)

Suite 3D, Landmark Square
64 Earth Close
P.O. Box 31327
George Town, Grand Cayman
Cayman Islands, KY1-1206
(345) 938-0293
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

(State or other jurisdiction of incorporation or organization)

98-0477694
(I.R.S. employer identification no.)

Suite 3D, Landmark Square
64 Earth Close
P.O. Box 31327
George Town, Grand Cayman
Cayman Islands, KY1-1206
(345) 938-0293
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Alan R. Hay
Noble Corporation
Suite 3D, Landmark Square
64 Earth Close
P.O. Box 31327
George Town, Grand Cayman
Cayman Islands, KY1-1206

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

David L. Emmons
John D. Geddes
Baker Botts L.L.P.
One Shell Plaza
910 Louisiana Street
Houston, Texas 77002

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are to be offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if smaller reporting company)	Smaller reporting company ¨

Table of Contents

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered/Proposed Maximum Aggregate Offering Price/Amount of Registration Fee(1)
Debt Securities	
Guarantees of Debt Securities	
Total	

(1) There is being registered hereunder such indeterminate amount of debt securities and guarantees of debt securities as may from time to time be issued at indeterminate prices. In reliance on Rule 456(b) and Rule 457(r) under the Securities Act, the registrants hereby defer payment of the registration fee required in connection with this Registration Statement.

Table of Contents

PROSPECTUS

NOBLE CORPORATION

Guarantees of Debt Securities

NOBLE HOLDING INTERNATIONAL LIMITED

Debt Securities

This prospectus relates to debt securities of Noble Holding International Limited, a Cayman Islands exempted company (NHIL). Any of these securities may be sold from time to time in one or more offerings. The debt securities of NHIL will be guaranteed by Noble Corporation, a Cayman Islands company (Noble-Cayman). The specific terms of these sales will be provided in supplements to this prospectus.

Each of Noble-Cayman and NHIL is an indirect wholly-owned subsidiary of Noble Corporation plc, a public limited company incorporated under the laws of England and Wales (Noble-UK) whose ordinary shares are listed on The New York Stock Exchange. Noble-UK will not issue any securities under this prospectus or any supplement to this prospectus.

These securities may be offered and sold to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. The securities will be offered in amounts, at prices and on terms to be determined by market conditions at the time of the offerings.

Investing in these securities involves risks. Please read carefully Risk Factors on page 2 of this prospectus and in any applicable prospectus supplement for a discussion of risks you should consider before investing.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 27, 2015.

Table of Contents

Table of Contents

About This Prospectus

As used in this prospectus and any prospectus supplement:

- Noble-Cayman, we, our, and us generally mean Noble Corporation, a Cayman Islands exempted company together with its consolidated subsidiaries, unless the context otherwise requires, such as in the sections providing description of the securities offered in this prospectus or describing the risk factors relating to the securities offered in this prospectus;

- NHIL means Noble Holding International Limited, a Cayman Islands exempted company and a wholly-owned indirect subsidiary of Noble-Cayman; and

- issuer means NHIL.

The issuer is an indirect wholly-owned subsidiary of Noble-UK. Noble-UK will not be an issuer under this prospectus or any prospectus supplement.

This prospectus is part of a registration statement that the issuer has filed with the Securities and Exchange Commission (referred to as the SEC in this prospectus) utilizing a shelf registration process. Under this shelf process, the issuer may offer and sell different types of the securities as described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities that may be offered. Each time securities are sold, a prospectus supplement will be provided and, if applicable, a free writing prospectus that will contain specific information about the terms of that offering and the securities offered in that offering. The prospectus supplement and, if applicable, any free writing prospectus may also add, update or change information contained in this prospectus. You should read this prospectus, the prospectus supplement and any free writing prospectus, together with the additional information contained in the documents referred to under the Where You Can Find More Information section of this prospectus.

You should rely only on the information contained in or incorporated by reference in this prospectus and any applicable prospectus supplement or free writing prospectus provided in connection with an offering. The issuer has not authorized anyone else to provide you with different information. The issuer is not making any offer of securities in any jurisdiction where the offer is not permitted. The information contained or incorporated by reference in this prospectus, any applicable prospectus supplement and free writing prospectus provided in connection with an offering is accurate only as of the respective dates thereof or, in the case of information incorporated by reference, only as of the date of such information, regardless of the time of delivery of this prospectus, an accompanying prospectus supplement or any free writing prospectus. The business, financial condition, results of operations and prospects of the issuer may have changed since such dates.

Table of Contents

Where You Can Find More Information

Noble-Cayman is subject to the informational requirements of the U.S. Securities Exchange Act of 1934, as amended (referred to as the U.S. Exchange Act in this prospectus), and in accordance therewith files annual, quarterly and current reports with the SEC. You may read and copy any reports, statements or other information we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings of Noble-Cayman are also available to the public from commercial document retrieval services and at the worldwide web site maintained by the SEC at *http://www.sec.gov*.

The issuer has filed with the SEC a registration statement on Form S-3 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of Noble-Cayman or one of its subsidiaries, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC s public reference room in Washington, D.C., as well as through the SEC s web site.

Incorporation of Certain Information By Reference

The SEC allows information to be incorporated by reference into this prospectus, which means that important information can be disclosed to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in this prospectus. This prospectus incorporates by reference the documents set forth below that Noble-Cayman previously filed with the SEC. These documents contain important information about Noble-Cayman and the issuer.

Annual Report on Form 10-K for the year ended December 31, 2014, filed on February 27, 2015; and

Current Report on Form 8-K filed on January 29, 2015.

All additional documents that Noble-Cayman files with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the U.S. Exchange Act (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules, unless specifically incorporated in any prospectus supplement) will be incorporated by reference until the offering or offerings to which this prospectus relates are completed.

Documents incorporated by reference are available from Noble-Cayman without charge, excluding exhibits unless an exhibit has been specifically incorporated by reference in this prospectus. You may obtain without charge a copy of documents that are incorporated by reference in this prospectus by requesting them in writing or by telephone at the following address:

Alan R. Hay

Noble Corporation

Suite 3D, Landmark Square

64 Earth Close

P.O. Box 31327

George Town, Grand Cayman

Cayman Islands, KY1-1206

(345) 938-0293

Table of Contents

Cautionary Statement Regarding Forward-Looking Statements

This prospectus and any accompanying prospectus supplement include or incorporate by reference forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (referred to as the U.S. Securities Act in this prospectus), and Section 21E of the U.S. Exchange Act. All statements other than statements of historical facts included or incorporated by reference in this prospectus or an accompanying prospectus supplement regarding rig demand, the offshore drilling market, oil prices, contract backlog, fleet status, our financial position, business strategy, impairments, repayment of debt, timing or number of share repurchases, borrowings under our credit facilities or other instruments, sources of funds, completion, delivery dates and acceptance of our newbuild rigs, future capital expenditures, contract commitments, dayrates, contract commencements, extension or renewals, contract tenders, the outcome of any dispute, litigation, audit or investigation, plans and objectives of management for future operations, foreign currency requirements, results of joint ventures, indemnity and other contract claims, construction and upgrade of rigs, industry conditions, access to financing, impact of competition, governmental regulations and permitting, availability of labor, worldwide economic conditions, taxes and tax rates, indebtedness covenant compliance, dividends and distributable reserves, timing or results of acquisitions or dispositions, and timing for compliance with any new regulations are forward-looking statements. When used in this prospectus or any accompanying prospectus supplement or in the documents incorporated by reference, the words anticipate, believe, estimate, expect, intend, may, plan, project, should and similar expressions are intended to be among the s that identify forward-looking statements. Although the issuer believes that the expectations reflected in such forward-looking statements are reasonable, they cannot assure you that such expectations will prove to be correct. These forward-looking statements speak only as of the date of the document in which they appear and the issuer undertakes no obligation to revise or update any forward-looking statement for any reason, except as required by law. The issuer has identified factors that could cause actual plans or results to differ materially from those included in any forward-looking statements. These factors include those referenced or described under Risk Factors in the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q of Noble-Cayman, and in its other filings with the SEC, among others. Such risks and uncertainties are beyond the ability of the issuer to control, and in many cases, the issuer cannot predict the risks and uncertainties that could cause their actual results to differ materially from those indicated by the forward-looking statements. You should consider these risks and uncertainties when you are evaluating the issuer and deciding whether to invest in the issuer s securities.

Table of Contents

About Noble-Cayman

Noble-Cayman is an indirect, wholly-owned subsidiary of Noble-UK. Noble-UK, which is publicly traded and whose shares are listed on The New York Stock Exchange under the symbol NE , is a leading offshore drilling contractor for the oil and gas industry. Noble-Cayman is a holding company, and, through its subsidiaries, it performs contract drilling services with a fleet of offshore drilling units located worldwide.

In November 2013, we completed a series of transactions that effectively changed the place of incorporation of our parent holding company from Switzerland to the United Kingdom.

Noble-Cayman and its predecessors have been engaged in the contract drilling of oil and gas since 1921. Noble-Cayman s principal executive offices are located at Suite 3D, Landmark Square, 64 Earth Close, George Town, Grand Cayman, Cayman Islands, KY1-1206, and its telephone number is (345) 938-0293.

About NHIL

NHIL is an indirect, wholly-owned subsidiary of Noble-Cayman. NHIL performs, through its subsidiaries, worldwide contract drilling services with a fleet of offshore drilling units located worldwide. NHIL was incorporated in the Cayman Islands in 2004. NHIL s principal offices are located at Suite 3D, Landmark Square, 64 Earth Close, George Town, Grand Cayman, Cayman Islands, KY1-1206, and its telephone number is (345) 938-0293.

Table of Contents

Risk Factors

Before you invest in the securities registered under this prospectus, you should carefully consider the Risk Factors included in our most recent annual report on Form 10-K, subsequent quarterly reports on Form 10-Q and any applicable prospectus supplement, as well as risks described in Management s Discussion and Analysis of Financial Condition and Results of Operations and cautionary notes regarding forward-looking statements included or incorporated by reference in this prospectus, together with all of the other information included in this prospectus, the applicable prospectus supplement and the documents we incorporate by reference.

If any of these risks were to materialize, our business, results of operations, cash flows and financial condition could be materially adversely affected. In that case, the ability of the issuer to pay interest on, or principal of, any debt securities issued by it, may be reduced, the trading prices of any publicly traded securities of the issuer could decline and you could lose all or part of your investment.

Use of Proceeds

We intend to use the net proceeds from the sales of securities as set forth in the applicable prospectus supplement.

Ratio of Earnings to Fixed Charges

Our ratio of earnings to fixed charges for each of the periods indicated is as follows:

12 Months Ended December 31,				
2014	**2013**	**2012**	**2011**	**2010**
1.3x	3.6x	3.1x	2.0x	3.7x

For the purpose of calculating these ratios, earnings is determined by adding total fixed charges (excluding interest capitalized), noncontrolling interest in net income (or reduction for noncontrolling interest in loss) and amortization of interest capitalized to income from continuing operations after eliminating equity in undistributed earnings and adding back losses of companies in which at least 20 percent but less than 50 percent equity is owned. For this purpose, total fixed charges consists of (1) interest on all indebtedness and amortization of debt discount and expense, (2) interest capitalized and (3) an interest factor attributable to rentals.

Table of Contents

Description of Debt Securities

The following description of debt securities, together with the particular terms of the debt securities offered that will be described in the prospectus supplement relating to such debt securities, sets forth the material terms and provisions of debt securities to be issued by the issuer. The term issuer, as used in this section, means NHIL.

The issuer may issue debt securities in one or more distinct series. The debt securities may be senior obligations issued in one or more series under a senior indenture between the issuer and Wells Fargo Bank, N.A. as trustee, or subordinated obligations issued in one or more series under a subordinated indenture between the issuer and Wells Fargo Bank, N.A. as trustee.

The debt securities of NHIL will be guaranteed by Noble-Cayman. The specific terms of these sales will be provided in supplements to this prospectus.

We have summarized material provisions of the indentures below. The forms of the indentures listed above have been filed as exhibits to the registration statement, and you should read the indentures for provisions that may be important to you. The following description is qualified in all respects by reference to the actual text of the indentures and the forms of the debt securities.

General

A prospectus supplement and a supplemental indenture relating to any series of debt securities being offered will include specific terms relating to the offering. These terms will include some or all of the following:

- the issuer of debt securities;
- the guarantor of the debt securities, if any;
- the title of the debt securities of the series and whether the series is senior secured or senior unsecured debt securities or senior or junior subordinated debt securities;
- any limit on the aggregate principal amount of the debt securities of the series;
- the person to whom any interest on a debt security shall be payable, if other than the person in whose name that debt security is registered on the regular record date;
- the date or dates on which the principal and premium, if any, of the debt securities of the series are payable or the method of that determination or the right to defer any interest payments;

the rate or rates (which may be fixed or variable) at which the debt securities will bear interest, if any, or the method of determining the rate or rates;

the date or dates from which interest will accrue and the interest payment dates on which any such interest will be payable or the method by which the dates will be determined;

the regular record date for any interest payable on any interest payment date and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;

the place or places where the principal of and premium, if any, and any interest on the debt securities of the series will be payable, if other than the Borough of Manhattan, The City of New York;

the period or periods within which, the date or dates on which, the price or prices at which and the terms and conditions upon which the debt securities of the series may be redeemed, in whole or in part, at the issuer s option or otherwise;

the issuer s obligation, if any, to redeem, purchase or repay the debt securities of the series pursuant to any sinking fund or otherwise or at the option of the holders and the period or periods within which, the price or prices at which, the currency or currencies including currency unit or units in which and the terms and conditions upon which, the debt securities will be redeemed, purchased or repaid, in whole or in part;

the denominations in which any debt securities will be issuable, if other than denominations of $1,000 and any integral multiple thereof;

the currency in which payment of principal of and premium, if any, and interest on debt securities of the series shall be payable, if other than U.S. dollars;

any index, formula or other method used to determine the amount of payments of principal of and premium, if any, and interest on the debt securities;

if the principal amount payable at the stated maturity of debt securities of the series will not be determinable as of any one or more dates before the stated maturity, the amount that will be deemed to be the principal amount as of any date for any purpose, including the principal amount that will be due and payable upon any maturity other than the stated maturity or that will be deemed to be outstanding as of any date (or, in any such case, the manner in which the deemed principal amount is to be determined), and if necessary, the manner of determining the equivalent thereof in U.S. dollars;

if the principal of or premium, if any, or interest on any debt securities is to be payable, at the issuer s election or the election of the holders, in one or more currencies or currency units other than that or those in which such debt securities are stated to be payable, the currency, currencies or currency units in which payment of the principal of and premium, if any, and interest on such debt securities shall be payable, and the periods within which and the terms and conditions upon which such election is to be made;

if other than the stated principal amount, the portion of the principal amount of the debt securities that will be payable upon declaration of the acceleration of the maturity of the debt securities or provable in bankruptcy;

the applicability of, and any addition to or change in, the covenants and definitions then set forth in the applicable indenture or in the terms then set forth in such indenture relating to permitted consolidations, mergers or sales of assets;

any changes or additions to the provisions of the applicable indenture dealing with defeasance, including the addition of additional covenants that may be subject to the issuer s covenant defeasance option;

whether any of the debt securities are to be issuable in permanent global form and, if so, the depositary or depositaries for such global security and the terms and conditions, if any, upon which interests in such debt securities in global form may be exchanged, in whole or in part, for the individual debt securities represented thereby in definitive registered form, and the form of any legend or legends to be borne by the global security in addition to or in lieu of the legend referred to in the applicable indenture;

the appointment of any trustee, any authenticating or paying agents, transfer agent or registrars;

the terms of any guarantee of the payment of principal, interest and premium, if any, with respect to debt securities of the series and any corresponding changes to the provisions of the applicable indenture;

any addition to or change in the events of default with respect to the debt securities of the series and any change in the right of the trustee or the holders to declare the principal, premium, if any, and interest with respect to the debt securities due and payable;

any applicable subordination provisions for any subordinated debt securities in addition to or in lieu of those set forth in this prospectus;

Table of Contents

- if the securities of the series are to be secured, the property covered by the security interest, the priority of the security interest, the method of perfecting the security interest and any escrow arrangements related to the security interest; and

- any other terms of the debt securities, including any restrictive covenants.

None of the indentures limit the amount of debt securities that may be issued. Each indenture allows debt securities to be issued up to the principal amount that may be authorized by the issuer and may be in any currency or currency unit designated by the issuer.

The debt securities may be issued as discounted debt securities bearing no interest (or interest at a rate that at the time of issuance is below market rates) to be sold at a discount below their stated principal amount.

U.S. federal income tax consequences and other special considerations applicable to any of these discounted debt securities will be described in the applicable prospectus supplement.

Debt securities of a series may be issued in registered, bearer, coupon or global form.

In the future we or one or more of our subsidiaries may also issue debt securities other than the debt securities described in this prospectus. There is no requirement that any other debt securities that we or our subsidiaries issue be issued under the indentures described in this prospectus. Any other debt securities that we or our subsidiaries issue may be issued under other indentures or instruments containing provisions that differ from those included in the indentures or that are applicable to one or more issues of debt securities described in this prospectus.

Guarantee

The debt securities of NHIL will be guaranteed by Noble-Cayman. The specific terms and provisions of each guarantee will be described in the applicable prospectus supplement.

Subordination

Under each subordinated indenture, payment of the principal of and interest and any premium on the subordinated debt securities will generally be subordinated and junior in right of payment to the prior payment in full of all the issuer s senior indebtedness. Each subordinated indenture provides that no payment of principal, interest and any premium on subordinated debt securities may be made in the event:

- of any insolvency, bankruptcy or similar proceeding involving the issuer or its respective property, or

- of any event of default in the payment of any principal of, or premium or interest on, any senior indebtedness of the issuer, when due or payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise unless and until such payment default has been cured or waived or otherwise ceased to exist.

The subordinated indentures will not limit the amount of senior indebtedness that the issuers may incur.

Senior indebtedness is defined with respect to an issuer to include (i) all notes or other unsecured evidences of indebtedness, including guarantees given by the issuer, for money borrowed by the issuer, not expressed to be subordinate or junior in right of payment to any other indebtedness of the issuer, and (ii) any modifications, refunding, deferrals, renewals or extensions of any such notes or other evidence of indebtedness issued in exchange for such indebtedness.

Table of Contents

Consolidation, Amalgamation, Conveyance, Transfer or Lease

Unless otherwise provided in the applicable prospectus supplement with respect to any series of debt securities, each indenture will provide that the issuer will not, in any transaction or series of transactions, consolidate or amalgamate with or merge into any person, or sell, lease, convey, transfer or otherwise dispose of all or substantially all of its assets to any person, other than a direct or indirect wholly-owned subsidiary, unless:

either (i) the issuer shall be the continuing corporation or (ii) the person formed by such consolidation or amalgamation or into which the issuer is merged, or to which such sale, lease, conveyance, transfer or other disposition shall be made, shall expressly assume, by a supplemental indenture, the due and punctual payment of the principal of, premium, if any, and interest on and additional amounts with respect to all the debt securities and the performance of the issuer s covenants and obligations under the indenture and the debt securities;

immediately after giving effect to the transaction or series of transactions, no default or event of default shall have occurred and be continuing or would result from the transaction; and

the issuer delivers to the applicable trustee an officer s certificate and an opinion of counsel, each stating that the transaction and the supplemental indenture comply with the indenture.

Modification of Indentures

Under each indenture, the rights and obligations of the issuer and the rights of the holders may be modified with the consent of the holders of a majority in aggregate principal amount of the outstanding debt securities of each series affected by the modification. No modification of the principal or interest payment terms, and no modification reducing the percentage required for modifications, will be effective against any holder without its consent.

The issuer under an indenture generally may amend the indenture or the debt securities issued under the indenture with the written consent of the holders of a majority in principal amount of the outstanding debt securities affected by the amendment. The holders of a majority in principal amount of the outstanding debt securities of (i) any series may also waive the issuer s compliance in a particular instance with any provision of the applicable indenture with respect to such series of debt securities and (ii) all series may waive the issuer s compliance in a particular instance with any provision of the applicable indenture with respect to all series of debt securities issued thereunder. The issuer under an indenture must obtain the consent of each holder of debt securities affected by a particular amendment or waiver, however, if such amendment or waiver, among other things:

changes the stated maturity of such debt securities, or any installment of principal of or interest on, any such debt securities;

reduces the principal amount of or the interest rate applicable to any such debt securities;

changes any place of payment for any such debt securities;

changes the currency in which the principal, premium, or interest of any such debt securities may be repaid;

impairs the right of the holder of any such debt securities to institute suit for the enforcement of any payment due in respect of any such debt securities on or after stated maturity;

reduces the amount of such debt securities whose holders must consent to an amendment, supplement or waiver; or

waives any default in the payment of principal of, or premium or interest on, any such debt securities due under the indenture.

Table of Contents

Notwithstanding the foregoing, the issuer under an indenture may amend either the indenture or any series of debt securities issued under the indenture without the consent of any holder thereof, among other things:

- to cure any ambiguity, defect or inconsistency;
- to comply with the indenture s provisions with respect to successor corporations;
- to comply with any requirements of the SEC to effect or maintain qualification under the U.S. Trust Indenture Act of 1939, as amended;
- to make any change that does not adversely affect the rights of any holder of such debt securities in any material respect; or
- to issue additional debt securities as permitted by the indenture.

Events of Default

Event of Default when used in an indenture will mean any of the following:

- failure to pay the principal of or any premium on any debt security when due;
- failure to deposit any sinking fund payment when due for 60 days;
- failure to pay interest on any debt security for 30 days;
- failure to perform any other covenant in the indenture that continues for 90 days after being given written notice from the trustee or the issuer and the trustee receive notice from the holders of at least 25% in aggregate principal amount of such outstanding debt securities as provided in the indenture;
- certain events in bankruptcy, insolvency or reorganization, as the case may be;
- failure to keep any applicable full and unconditional guarantee in place; or
- any other Event of Default included in any indenture or supplemental indenture.

An Event of Default for a particular series of debt securities issued under an indenture does not necessarily constitute an Event of Default for any other series of debt securities issued under the indenture. The trustee may withhold notice to the holders of debt securities of any default (except in the payment of principal or interest) if it considers such withholding of notice to be in the best interests of the holders.

If an Event of Default for any series of debt securities issued under an indenture occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the debt securities of the series affected by such Event of Default, or of all series of debt securities if the Event of Default is a result of failure to perform any covenant in the indenture, may declare the entire principal of all the debt securities of that series to be due and payable immediately. If an Event of Default occurs that is a result of certain events in bankruptcy, insolvency or reorganization, as the case may be, the principal amount of the outstanding securities of all series issued under an indenture ipso facto shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder. If any of the above happens, subject to certain conditions, the holders of a majority of the aggregate principal amount of the debt securities of that series can void the declaration.

The holders of a majority in principal amount of the debt securities of any series issued under an indenture may waive any past default with respect to such debt securities under the indenture and its consequences, except:

in the case of the payment of the principal of, or premium (if any) or interest on, such debt securities; or

except as described in this prospectus under the caption Modification of Indentures.

Table of Contents

Other than its duties in case of a default, a trustee is not obligated to exercise any of its rights or powers under any indenture at the request, order or direction of any holders, unless the holders offer the trustee indemnity or security satisfactory to it. If they provide this indemnity or security, the holders of a majority in principal amount of any series of debt securities issued under an indenture may direct the time, method and place of conducting any proceeding or any remedy available to the trustee, or exercising any power conferred upon the trustee, for such series of debt securities.

Covenants

Under each indenture, the issuer will, among other things:

- pay the principal of, and interest and any premium on, any debt securities issued under the indenture when due;
- maintain a place of payment;
- deliver a report to the trustee at the end of each fiscal year reviewing the issuer s obligations under the indenture; and
- deposit sufficient funds with any paying agent on or before the due date for any principal, interest or premium.

Payment and Transfer

Principal of and interest and any premium on fully registered securities will be paid at designated places. Payment will be made by check mailed to the persons in whose names the debt securities issued under an indenture are registered on days specified in the indenture or any prospectus supplement. Debt securities payments in other forms will be paid at a place designated by the issuer and specified in a prospectus supplement.

Fully registered securities may be transferred or exchanged at the corporate trust office of the trustee or at any other office or agency maintained by us for such purposes, without the payment of any service charge except for any tax or governmental charge.

Book-Entry Procedures

We will issue the debt securities in the form of one or more global securities in fully registered form initially in the name of Cede & Co., as nominee of The Depository Trust Company (or DTC), or such other name as may be requested by an authorized representative of DTC. The global securities will be deposited with the trustee as custodian for DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC has advised us as follows:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the U.S. Exchange Act.

DTC holds securities that its participants deposit with DTC and facilitates the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities, through electronic computerized book-entry changes in direct participants accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

8

Table of Contents

DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange LLC and the Financial Industry Regulatory Authority, Inc.

Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

The rules applicable to DTC and its direct and indirect participants are on file with the SEC. Purchases of debt securities under the DTC system must be made by or through direct participants, which will receive a credit for the debt securities on DTC s records. The ownership interest of each actual purchaser of debt securities is in turn to be recorded on the direct and indirect participants records. Beneficial owners of the debt securities will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in the debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by direct participants with DTC are registered in the name of DTC s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of debt securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the debt securities; DTC s records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by, direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the global securities. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co. s consenting or voting rights to those direct participants to whose accounts the debt securities are credited on the record date (identified in the listing attached to the omnibus proxy).

All payments on the global securities will be made to Cede & Co., as holder of record, or such other nominee as may be requested by an authorized representative of DTC. DTC s practice is to credit direct participants accounts upon DTC s receipt of funds and corresponding detail information from us or the trustee on payment dates in accordance with their respective holdings shown on DTC s records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participant and not of DTC, us or the trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of us or the trustee. Disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

Table of Contents

DTC may discontinue providing its service as securities depositary with respect to the debt securities at any time by giving reasonable notice to the issuer or the trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). Under such circumstances, in the event that a successor securities depositary is not obtained, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global securities representing such debt securities.

None of the issuer, the trustee or any underwriter of any debt securities will have any responsibility or obligation to direct or indirect participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any participant with respect to any ownership interest in the debt securities, or payments to, or the providing of notice to participants or beneficial owners.

So long as the debt securities are in DTC s book-entry system, secondary market trading activity in the debt securities will settle in immediately available funds. All payments on the debt securities issued as global securities will be made by us in immediately available funds.

Defeasance

The issuer under an indenture will be discharged from its obligations on the debt securities of any series issued under the indenture at any time if sufficient cash or government securities are deposited with the trustee under the indenture to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the debt securities of the series. If this happens, the holders of the debt securities of the series will not be entitled to the benefits of the indenture except for registration of transfer and exchange of debt securities and replacement of lost, stolen or mutilated debt securities.

The debt securities of any series may also provide for legal defeasance. Legal defeasance is permitted only if the issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling to the effect that legal defeasance will not cause holders of the debt securities to recognize income, gain or loss for U.S. federal income tax purposes.

Under U.S. federal income tax law as of the date of this prospectus, a discharge may be treated as an exchange of the related debt securities. Each holder might be required to recognize gain or loss equal to the difference between the holder s cost or other tax basis for the debt securities and the value of the holder s interest in the trust. Holders might be required to include as income a different amount than would be includable without the discharge. Prospective investors are urged to consult their own tax advisers as to the consequences of a discharge, including the applicability and effect of tax laws other than the U.S. federal income tax law.

The Trustee

Wells Fargo Bank, N.A. will act as the initial trustee, conversion agent, paying agent, transfer agent and registrar with respect to debt securities under each indenture. Wells Fargo Bank, N.A. also performs certain other services for, and transacts other banking business with us in the normal course of business. The address of the trustee is 750 N. Saint Paul Place, Suite 1750, Dallas, Texas 75201.

Governing Law

Unless otherwise indicated in the prospectus supplement, each indenture and the debt securities of each series will be governed by and construed in accordance with the laws of the State of New York.

Notices

Notices to holders of debt securities will be given by mail to the addresses of such holders as they appear in the security register.

Table of Contents

Plan of Distribution

Noble-Cayman and NHIL may sell the securities offered in this prospectus in and outside the United States (a) through agents; (b) through underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods. The applicable prospectus supplement will include the following information:

- the terms of the offering;
- the names of any underwriters, dealers or agents, and the respective amounts of securities underwritten or purchased by each of them;
- the name or names of any managing underwriter or underwriters;
- the purchase price of the securities;
- the net proceeds to the issuer from the sale of the securities;
- any delayed delivery arrangements;
- any underwriting discounts, commissions and other items constituting underwriters compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any commissions paid to agents.

By Agents

Offered securities may be sold through agents designated by the issuer. In the prospectus supplement, the issuer will name any agent involved in the offer or sale of the offered securities and will describe any commissions payable by the issuer to the agent. Unless the issuer informs you otherwise in the prospectus supplement, the agents will agree to use their reasonable best efforts to solicit purchases for the period of their appointment. The issuer may sell securities directly to institutional investors or others who may be deemed to be underwriters within the meaning of the U.S. Securities Act with respect to those securities. The terms of any such sales will be described in the applicable prospectus supplement.

By Underwriters or Dealers

If underwriters are used in the sale, the offered securities will be acquired by the underwriters for their own account. The underwriters may resell the securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The underwriter may offer securities to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as an underwriter. Unless the issuer informs you otherwise in the applicable prospectus supplement, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be obligated to purchase all the securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

During and after an offering through underwriters, the underwriters may purchase and sell the securities in the open market. These transactions may include overallotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. The underwriters may also impose a penalty bid, which means that selling concessions allowed to syndicate members or other broker-dealers for the offered securities sold for their account may be reclaimed by the syndicate if the offered securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the offered securities, which may be higher than the price that might otherwise prevail in the open market. If commenced, the underwriters may discontinue these activities at any time.

Table of Contents

If the issuer uses dealers in the sale of securities, it will sell the securities to them as principals. They may then resell those securities to the public at varying prices determined by the dealers at the time of resale. The dealers participating in any sale of the securities may be deemed to be underwriters within the meaning of the U.S. Securities Act, with respect to any sale of those securities. The issuer will include in the prospectus supplement the names of the dealers and the terms of the transaction.

Direct Sales

Offered securities may also be sold directly by the issuer. In this case, no underwriters or agents would be involved.

Delayed Delivery Contracts

If the prospectus supplement so indicates, the issuer may authorize agents, underwriters or dealers to solicit offers from certain types of institutions to purchase securities from us at the public offering price under delayed delivery contracts.

These contracts would provide for payment and delivery on a specified date in the future. The contracts would be subject only to those conditions described in the prospectus supplement. The prospectus supplement will describe the commission payable for solicitation of those contracts.

General Information

Underwriters, dealers and agents that participate in the distribution of the offered securities may be underwriters as defined in the U.S. Securities Act, and any discounts or commissions received by them from the issuer or guarantor and any profit on the resale of the offered securities by them may be treated as underwriting discounts and commissions under the U.S. Securities Act. Any underwriters or agents will be identified and their compensation described in the applicable prospectus supplement.

Noble-Cayman or NHIL may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the U.S. Securities Act, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, Noble-Cayman, NHIL or other subsidiaries of Noble-UK in the ordinary course of their businesses.

Unless otherwise stated in a prospectus statement, the obligations of the underwriters to purchase any securities will be conditioned on customary closing conditions and the underwriters will be obligated to purchase all of such series of securities if any are purchased.

The applicable prospectus supplement will set forth the place and time of delivery for the securities in respect of which this prospectus is delivered.

Legal Matters

Except as set forth in the applicable prospectus supplement, the validity of the debt securities under United States laws will be passed upon for Noble-Cayman or NHIL, as applicable, by Baker Botts L.L.P., Houston, Texas, and the validity of the debt securities under Cayman Islands law will be passed upon for Noble-Cayman or NHIL, as applicable, by Maples and Calder, Grand Cayman, Cayman Islands, and Maples and Calder is not passing on any matters other than those governed by Cayman Islands law.

Table of Contents

Experts

The consolidated financial statements and management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Annual Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K of Noble Corporation for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Table of Contents

NOBLE CORPORATION

Guarantees

NOBLE HOLDING INTERNATIONAL LIMITED

Debt Securities

PROSPECTUS

Table of Contents

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. ***Other Expenses of Issuance and Distribution***
The following is a statement of the expenses (other than underwriting compensation) to be incurred by us in connection with a distribution of the securities registered under this registration statement.

Securities and Exchange Commission registration fee	$	$346.3
Accounts receivable, net	430.1	410.9
Current insurance receivable - asbestos	20.5	20.5
Inventories, net:		
Finished goods	112.5	111.8
Finished parts and subassemblies	47.9	42.5
Work in process	72.5	53.2
Raw materials	168.7	162.2
Inventories, net	401.6	369.7
Current deferred tax asset	33.6	33.0
Other current assets	19.3	14.8
Total current assets	1,240.3	1,195.2
Property, plant and equipment:		
Cost	816.6	824.9
Less: accumulated depreciation	536.5	534.7
Property, plant and equipment, net	280.1	290.3
Long-term insurance receivable - asbestos	113.1	126.8
Long-term deferred tax assets	166.8	196.2
Other assets	99.8	97.6
Intangible assets, net	327.0	353.5
Goodwill	1,175.6	1,191.3
Total assets	$ 3,402.7	$3,450.8

See Notes to Condensed Consolidated Financial Statements.

Page 4

CRANE CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA)
(UNAUDITED)

	September 30, 2015	December 31, 2014
Liabilities and equity		
Current liabilities:		
Short-term borrowings	$97.7	$100.8
Accounts payable	221.0	228.8
Current asbestos liability	79.0	79.0
Accrued liabilities	242.5	225.8
U.S. and foreign taxes on income	12.1	5.6
Total current liabilities	652.3	640.0
Long-term debt	749.2	749.2
Accrued pension and postretirement benefits	247.2	278.3
Long-term deferred tax liability	41.6	46.3
Long-term asbestos liability	484.7	534.5
Other liabilities	117.3	131.9
Total liabilities	2,292.3	2,380.2
Commitments and contingencies (Note 8)		
Equity:		
Preferred shares, par value $.01; 5,000,000 shares authorized	—	—
Common stock, par value $1.00; 200,000,000 shares authorized, 72,426,139 shares issued	72.4	72.4
Capital surplus	257.9	249.2
Retained earnings	1,628.3	1,522.0
Accumulated other comprehensive loss	(363.4)	(298.8)
Treasury stock	(495.9)	(485.1)
Total shareholders’ equity	1,099.3	1,059.8
Noncontrolling interests	11.1	10.8
Total equity	1,110.4	1,070.6
Total liabilities and equity	$3,402.7	$3,450.8
Common stock issued	72,426,139	72,426,139
Less: Common stock held in treasury	(14,368,342)	(14,304,348)
Common stock outstanding	58,057,797	58,121,791

See Notes to Condensed Consolidated Financial Statements.

Page 5

CRANE CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN MILLIONS)
(UNAUDITED)

	Nine Months Ended September 30, 2015	2014
Operating activities:		
Net income attributable to common shareholders	$163.7	$136.5
Noncontrolling interests in subsidiaries' earnings	0.7	0.5
Net income before allocation to noncontrolling interests	164.4	137.0
Environmental provision	—	55.8
Restructuring - Non Cash	1.5	1.0
Depreciation and amortization	49.9	58.0
Stock-based compensation expense	15.8	15.9
Defined benefit plans and postretirement expense	(9.7)	(8.8)
Deferred income taxes	23.4	3.7
Cash used for operating working capital	(46.6)	(47.3)
Defined benefit plans and postretirement contributions	(15.4)	(22.7)
Environmental payments, net of reimbursements	(13.6)	(8.6)
Asbestos related payments, net of insurance recoveries	(36.2)	(46.2)
Other	(17.8)	(24.3)
Total provided by operating activities	115.7	113.4
Investing activities:		
Capital expenditures	(28.2)	(32.2)
Proceeds from disposition of capital assets	1.9	5.0
Proceeds from divestiture	—	2.1
Proceeds from acquisition	—	6.1
Total used for investing activities	(26.4)	(19.0)
Financing activities:		
Dividends paid	(57.4)	(54.8)
Reacquisition of shares on open market	(25.0)	—
Stock options exercised - net of shares reacquired	7.3	8.7
Excess tax benefit (shortfall) from stock-based compensation	(0.2)	7.9
Repayment of credit facility	(100.0)	(11.0)
Proceeds from issuance of commercial paper	97.0	—
Total used for financing activities	(78.3)	(49.1)
Effect of exchange rates on cash and cash equivalents	(22.1)	(14.3)
Increase (Decrease) in cash and cash equivalents	(11.1)	31.1
Cash and cash equivalents at beginning of period	346.3	270.6
Cash and cash equivalents at end of period	$335.2	$301.7
Detail of cash used for working capital:		
Accounts receivable	$(32.3)	$(7.6)
Inventories	(44.3)	(50.5)
Other current assets	(4.8)	(0.4)
Accounts payable	(1.5)	(1.2)
Accrued liabilities	26.8	(2.4)
U.S. and foreign taxes on income	9.5	14.8
Total	$(46.6)	$(47.3)
Supplemental disclosure of cash flow information:		

Interest paid	$20.1	$21.1
Income taxes paid	$34.6	$34.0

See Notes to Condensed Consolidated Financial Statements.

Page 6

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial reporting and the instructions to Form 10-Q and, therefore, reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature. These interim condensed consolidated financial statements should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Recent Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued amended guidance regarding business combinations that requires an acquirer to recognize post-close measurement adjustments for provisional amounts in the period the adjustment amounts are determined rather than retrospectively. The acquirer is also required to recognize, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the provisional amount, calculated as if the accounting had been completed at the acquisition date. The updated guidance is to be applied prospectively effective for annual and interim periods beginning after December 15, 2015. The Company does not expect the amended guidance to have a material impact on its financial statements.

In July 2015, the FASB issued amended guidance, which changes the measurement principle for inventory from the lower of cost or market to the lower of cost and net realizable value. The guidance defines net realizable value as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new guidance must be applied on a prospective basis and is effective for fiscal years beginning after December 15, 2015, and interim periods within those years, with early adoption permitted. The Company is evaluating the impact of adopting this new accounting standard on its financial statements.

In April 2015, FASB issued amended guidance to simplify the presentation of debt issuance costs. The amended guidance requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendment is effective for periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the amended guidance to have a material impact on its financial statements.

In January 2015, the FASB issued amended guidance to eliminate the concept of extraordinary items from U.S. GAAP to simplify income statement classification. Under the existing guidance, an entity is required to separately disclose extraordinary items, net of tax, in the income statement after income from continuing operations if an event or transaction is of an unusual nature and occurs infrequently. This separate, net-of-tax presentation (and corresponding earnings per share impact) will no longer be allowed. The amendment is effective for periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the amended guidance to have a material impact on its financial statements.

In May 2014, the FASB issued new accounting guidance related to revenue recognition. This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all current industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB agreed to a one-year deferral of the effective date; the new standard is now effective for reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early adoption of the new revenue standard is permitted, however, entities reporting under U.S. GAAP are not permitted to adopt the standard earlier than the original effective date. The new standard can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is evaluating the impact of adopting this new accounting standard on its financial statements, as well as its plans for the timing and means of adoption.

Note 2 - Segment Results

The Company's segments are reported on the same basis used internally for evaluating performance and for allocating resources. The Company has four reportable segments: Fluid Handling, Payment & Merchandising Technologies, Aerospace & Electronics and Engineered Materials. Assets of the reportable segments exclude general corporate assets, which principally consist of cash, deferred tax assets, insurance receivables, certain property, plant and equipment, and certain other assets. Furthermore, Corporate consists of corporate office expenses including compensation, benefits, occupancy, depreciation, and other administrative costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2015	2014	2015	2014
Net sales				
Fluid Handling	$264.7	$314.5	$832.2	$949.8
Payment & Merchandising Technologies	170.6	181.1	529.0	534.8
Aerospace & Electronics	171.7	167.2	500.4	513.7
Engineered Materials	62.9	64.7	198.4	196.1
Total	$669.9	$727.4	$2,060.0	$2,194.3
Operating profit (loss)				
Fluid Handling	$29.4	$48.1	$96.2	$144.8
Payment & Merchandising Technologies	25.2	25.1	72.5	51.2
Aerospace & Electronics	36.5	29.9	98.2	98.3
Engineered Materials	12.5	9.0	39.0	29.6
Corporate [a]	(10.4)	(8.6)	(36.5)	(41.5)
Environmental provision [b]	—	(55.8)	—	(55.8)
Total	93.2	47.7	269.4	226.7
Interest income	0.5	0.4	1.4	1.1
Interest expense	(9.1)	(9.6)	(28.5)	(29.1)
Miscellaneous - net	(0.3)	0.3	(0.2)	(1.4)
Income before income taxes	$84.3	$38.9	$242.1	$197.3

[a] Includes a $6.5 million charge related to the settlement of an environmental lawsuit recorded in the nine months ended September 30, 2014.

[b] Includes a $49.0 million charge related to an increase in the Company's liability expected at its Goodyear, AZ Superfund Site and a $6.8 million charge for expected remediation costs associated with a previously disclosed environmental site in Roseland, NJ.

	As of September 30,	December 31,
(in millions)	2015	2014
Assets		
Fluid Handling	$917.4	$963.2
Payment & Merchandising Technologies	1,206.5	1,210.1
Aerospace & Electronics	545.9	512.1
Engineered Materials	235.6	229.1
Corporate	497.3	536.3
Total	$3,402.7	$3,450.8

(in millions)	As of September 30, 2015	December 31, 2014
Goodwill		
Fluid Handling	$221.1	$227.3
Payment & Merchandising Technologies	580.4	589.9
Aerospace & Electronics	202.6	202.7
Engineered Materials	171.5	171.5
Total	$1,175.6	$1,191.3

Note 3 - Earnings Per Share

The Company's basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period. Shares of restricted stock are included in the computation of both basic and diluted earnings per share. Potentially dilutive securities include outstanding stock options, restricted share units, deferred stock units and performance-based restricted share units. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury method. Diluted earnings per share gives effect to all potentially dilutive common shares outstanding during the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions, except per share data)	2015	2014	2015	2014
Net income attributable to common shareholders	$56.9	$28.1	$163.7	$136.5
Average basic shares outstanding	58.1	59.0	58.0	58.8
Effect of dilutive stock options	0.7	0.9	0.8	1.0
Average diluted shares outstanding	58.8	59.9	58.8	59.7
Earnings per basic share	$0.98	$0.48	$2.82	$2.32
Earnings per diluted share	$0.97	$0.47	$2.78	$2.28

The computation of diluted earnings per share excludes the effect of the potential exercise of stock options when the average market price of the common stock is lower than the exercise price of the related stock options during the period (1.3 million and 0.6 million average options were excluded for the third quarter of 2015 and 2014, respectively, and 1.1 million and 0.5 million average options for the first nine months of 2015 and 2014, respectively).

Note 4 - Changes in Equity and Accumulated Other Comprehensive Income

A summary of the changes in equity for the nine months ended September 30, 2015 and 2014 is provided below:

	Nine Months Ended September 30,					
	2015			2014		
(in millions)	Total Shareholders' Equity	Noncontrolling Interests	Total Equity	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, beginning of period	$1,059.8	$ 10.8	$1,070.6	$1,204.3	$ 10.4	$1,214.7
Dividends	(57.4)	—	(57.4)	(54.8)	—	(54.8)
Reacquisition on open market	(25.0)	—	(25.0)	—	—	—
Exercise of stock options, net of shares reacquired	7.3	—	7.3	8.7	—	8.7
Stock compensation expense	15.7	—	15.7	15.9	—	15.9
Excess tax benefit (shortfall) from stock based compensation	(0.2)	—	(0.2)	7.9	—	7.9
Net income	163.7	0.7	164.4	136.5	0.5	137.0
Other comprehensive loss	(64.5)	(0.4)	(64.9)	(57.5)	(0.1)	(57.6)
Comprehensive income	99.2	0.3	99.5	78.9	0.4	79.4
Balance, end of period	$1,099.3	$ 11.1	$1,110.4	$1,261.1	$ 10.8	$1,271.8

The table below provides the accumulated balances for each classification of accumulated other comprehensive income (loss), as reflected on the Condensed Consolidated Balance Sheets.

(in millions)	Defined Benefit Pension and Other Postretirement Items*	Currency Translation Adjustment	Total
Balance as of December 31, 2014	$(257.8)	$(40.9)	$(298.8)
Other comprehensive loss before reclassifications	—	(70.5)	(70.5)
Amounts reclassified from accumulated other comprehensive income	6.0	—	6.0
Net current-period other comprehensive income (loss)	6.0	(70.5)	(64.5)
Balance as of September 30, 2015	$(251.8)	$(111.4)	$(363.4)

* Net of tax benefit of $111.7 million and $114.4 million for September 30, 2015 and December 31, 2014, respectively.

The table below illustrates the amounts reclassified out of each component of accumulated other comprehensive income for the three month periods ended September 30, 2015 and 2014.

Details of Accumulated Other Comprehensive Income Components (in millions)	Amounts Reclassified from Accumulated Other Comprehensive Income Three Months Ended September 30,		Affected Line Item in the Statement of Operations
	2015	2014	
Amortization of defined benefit pension items:			
Prior-service costs	$(0.1)	$0.03	$(0.1) and $.04 has been recorded within Cost of Sales for the three months ended September 30, 2015 and 2014, respectively, and $0.03 and ($.01) has been recorded within General & Administrative for the three months ended September 30, 2015 and 2014, respectively
Net gain	3.1	1.3	$4.2 and $1.7 has been recorded within Cost of Sales for the three months ended September 30, 2015 and 2014, respectively, and ($1.1) and ($0.4) has been recorded within General & Administrative for the three months ended September 30, 2015 and 2014, respectively
Amortization of other postretirement items:			
Prior-service costs	(0.1)	(0.1)	Recorded within Selling, General & Administrative
Net loss (gain)	—	—	Recorded within Selling, General & Administrative
	$2.9	$1.2	Total before tax
	0.9	0.3	Tax benefit
Total reclassifications for the period	$2.0	$0.9	Net of tax

The table below illustrates the amounts reclassified out of each component of accumulated other comprehensive income for the nine month periods ended September 30, 2015 and 2014.

Details of Accumulated Other Comprehensive Income Components (in millions)	Amounts Reclassified from Accumulated Other Comprehensive Income Nine Months Ended September 30,		Affected Line Item in the Statement of Operations
	2015	2014	
Amortization of defined benefit pension items:			
Prior-service costs	$(0.2)	$0.1	$(0.3) and $0.1 has been recorded within Cost of Sales for the nine months ended September 30, 2015 and 2014, respectively, and $0.1 and $.03 has been recorded within General & Administrative for the nine months ended September 30, 2015 and 2014, respectively
Net loss	9.3	3.8	$12.6 and $5.1 has been recorded within Cost of Sales for the nine months ended September 30, 2015 and 2014, respectively, and ($3.3) and ($1.3)

			has been recorded within General & Administrative for the nine months ended September 30, 2015 and 2014, respectively
Amortization of other postretirement items:			
Prior-service costs	(0.2)	(0.2)	Recorded within Selling, General & Administrative
Net loss	(0.2)	(0.1)	Recorded within Selling, General & Administrative
	$8.7	$3.5	Total before tax
	2.7	0.4	Tax benefit
Total reclassifications for the period	$6.0	$3.2	Net of tax

Page 11

Note 5 - Acquisitions

On December 11, 2013, the Company completed the acquisition of MEI Conlux Holdings (U.S.), inc. and its affiliate MEI Conlux Holdings (Japan), Inc. (together, "MEI"), a leading provider of payment solutions for unattended transaction systems, serving customers in the transportation, gaming, retail, financial services and vending markets. The purchase price was $804 million for all of the outstanding equity interests of MEI. MEI had sales of $399 million in 2012 and has been integrated into the Company's Crane Payment Innovations business within its Payment & Merchandising Technologies segment. The amount allocated to goodwill reflects the benefits the Company expects to realize from the acquisition, as the acquisition is expected to strengthen and broaden the Company’s product offering and will allow the Company to strengthen its global position in all sectors of the end market, as described above. Goodwill from this acquisition is not deductible for tax purposes.

To finance the cash consideration for the MEI acquisition, the Company issued $250 million of 2.75% Senior Notes due 2018 and $300 million of 4.45% Senior Notes due 2023. For the remainder of the cash consideration, the Company utilized cash and cash equivalents generated from operating activities.

Acquisition-Related Costs

Acquisition-related costs are expensed as incurred. For the three months ended September 30, 2015, the Company recorded $2.2 million of acquisition integration related charges and a pension curtailment gain of $4.4 million. For the three months ended September 30, 2014, the Company recorded $1.0 million of acquisition integration related charges and $0.1 million of restructuring costs. For the nine months ended September 30, 2015, the Company recorded $5.6 million of acquisition integration related charges, $0.2 million of restructuring costs and a $4.4 million pension curtailment gain. For the nine months ended September 30, 2014, the Company recorded $7.7 million of acquisition integration related charges, $4.8 million of inventory step-up and backlog amortization and $5.7 million of restructuring costs. See additional discussion in Notes 9 and 14.

Note 6 - Goodwill and Intangible Assets

The Company’s business acquisitions have typically resulted in the recognition of goodwill and other intangible assets. The Company follows the provisions of ASC Topic 350, “Intangibles – Goodwill and Other” (“ASC 350”) as it relates to the accounting for goodwill in the Condensed Consolidated Financial Statements. These provisions require that the Company, on at least an annual basis, evaluate the fair value of the reporting units to which goodwill is assigned and attributed and compare that fair value to the carrying value of the reporting unit to determine if an impairment has occurred. The Company performs its annual impairment testing during the fourth quarter. Impairment testing takes place more often than annually if events or circumstances indicate a change in status that would indicate a potential impairment. The Company believes that there have been no events or circumstances which would more likely than not reduce the fair value for its reporting units below its carrying value. A reporting unit is an operating segment unless discrete financial information is prepared and reviewed by segment management for businesses one level below that operating segment (a “component”), in which case the component would be the reporting unit. In certain instances, the Company has aggregated components of an operating segment into a single reporting unit based on similar economic characteristics. At September 30, 2015, the Company had seven reporting units.

When performing its annual impairment assessment, the Company compares the fair value of each of its reporting units to its respective carrying value. Goodwill is considered to be potentially impaired when the net book value of the reporting unit exceeds its estimated fair value. Fair values are established primarily by discounting estimated future cash flows at an estimated cost of capital which varies for each reporting unit and which, as of the Company’s most recent annual impairment assessment, ranged between 9.5% and 13.5% (a weighted average of 10.7%), reflecting the respective inherent business risk of each of the reporting units tested. This methodology for valuing the Company’s reporting units (commonly referred to as the Income Method) has not changed since the adoption of the provisions under ASC 350. The determination of discounted cash flows is based on the businesses’ strategic plans and long-range planning forecasts, which change from year to year. The revenue growth rates included in the forecasts represent best estimates based on current and forecasted market conditions. Profit margin assumptions are projected by each reporting unit based on the current cost structure and anticipated net cost increases/reductions. There are inherent uncertainties related to these assumptions, including changes in market conditions, and management judgment is necessary in applying them to the analysis of goodwill impairment. In addition to the foregoing, for each reporting unit, market multiples are used to corroborate its discounted cash flow results where fair value is estimated based on earnings multiples determined by available public information of comparable businesses. While the Company believes it has made reasonable estimates and assumptions to calculate the fair value of its reporting units, it is possible a material change could occur. If actual results are not consistent with management's estimates and assumptions, goodwill and other intangible assets may then be determined to be overstated and a charge would need to be taken against net earnings. Furthermore, in order to evaluate the sensitivity of the fair value calculations on the goodwill impairment test performed during the fourth quarter of 2014, the Company applied a hypothetical, reasonably possible 10% decrease to the fair values of each reporting unit. The effects of this hypothetical 10% decrease would still result in the fair value calculation exceeding the carrying value for each reporting unit.

Changes to goodwill are as follows:

(in millions)	Nine Months Ended September 30, 2015	Year Ended December 31, 2014
Balance at beginning of period	$1,191.3	$1,249.3
Disposals	—	(0.8)
Adjustments to purchase price allocations	—	(13.9)
Currency translation and other	(15.7)	(43.3)
Balance at end of period	$1,175.6	$1,191.3

For the year ended December 31, 2014, the adjustments to purchase price allocations primarily included $6.1 million related to cash received by the Company as part of the final working capital adjustment of the December 2013 acquisition of MEI and $7.8 million of adjustments to preliminary asset valuations. The disposal represents goodwill associated with the pre-tax loss on sale of a small business divested in June 2014.

Changes to intangible assets are as follows:

(in millions)	Nine Months Ended September 30, 2015	Year Ended December 31, 2014
Balance at beginning of period, net of accumulated amortization	$353.5	$408.9
Amortization expense	(23.8)	(37.9)
Currency translation and other	(2.7)	(17.6)
Balance at end of period, net of accumulated amortization	$327.0	$353.5

As of September 30, 2015, the Company had $327.0 million of net intangible assets, of which $27.6 million were intangibles with indefinite useful lives, consisting of trade names. The Company amortizes the cost of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Intangibles with indefinite useful lives are tested annually for impairment, or when events or changes in circumstances indicate the potential for impairment. If the carrying amount of an intangible asset with an indefinite useful life exceeds the fair value, the intangible asset is written down to its fair value. Fair value is calculated using discounted cash flows.

In addition to annual testing for impairment of indefinite-lived intangible assets, the Company reviews all of its long-lived assets, including intangible assets subject to amortization, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Examples of events or changes in circumstances could include, but are not limited to, a prolonged economic downturn, current period operating or cash flow losses combined with a history of losses or a forecast of continuing losses associated with the use of an asset or asset group, or a current expectation that an asset or asset group will be sold or disposed of before the end of its previously estimated useful life. Recoverability is based upon projections of anticipated future undiscounted cash flows associated with the use and eventual disposal of the long-lived asset (or asset group), as well as specific appraisal in certain instances. Reviews occur at the lowest level for which identifiable cash flows are largely independent of cash flows associated with other long-lived assets or asset groups and include estimated future revenues, gross profit margins, operating profit margins and capital expenditures which are based on the businesses' strategic plans and long-range planning forecasts, which change from year to year. The revenue growth rates included in the forecasts represent our best estimates based on current and forecasted market conditions, and the profit margin assumptions are based on the current cost structure and anticipated net cost increases/reductions. There are inherent uncertainties related to these assumptions, including changes in market conditions, and management's judgment in applying them to the analysis. If the future undiscounted cash flows are less than the carrying value, then the long-lived asset is considered impaired and a charge would be taken against net earnings based on the amount by which the carrying amount exceeds the estimated fair value. Judgments that the Company makes which impact these assessments relate to the expected useful lives of long-lived assets and its ability to realize any undiscounted cash flows in excess of the carrying amounts of such assets, and are affected primarily by changes in the expected use of the assets, changes in technology or development of alternative assets, changes in economic conditions, changes in operating performance and changes in expected future cash flows. Since judgment is involved in determining the fair value of long-lived assets, there is risk that the carrying value of our long-lived assets may require adjustment in future periods. Historical results to date have generally approximated expected cash flows for the identifiable cash flow generating level. The Company believes that there have been no events or circumstances which would more likely than not reduce the fair value of its indefinite-lived and amortizing intangible assets.

A summary of intangible assets follows:

(in millions)	Weighted Average Amortization Period of Finite Lived Assets (in years)	September 30, 2015 Gross Asset	Accumulated Amortization	Net	December 31, 2014 Gross Asset	Accumulated Amortization	Net
Intellectual property rights	16.5	$89.0	$ 51.1	$37.9	$91.3	$ 50.4	$40.9
Customer relationships and backlog	15.5	398.6	128.2	270.4	402.6	112.5	290.1
Drawings	37.9	11.1	10.1	1.0	11.1	10.1	1.1
Other	12.9	62.5	44.8	17.7	63.2	41.8	21.4
Total	15.8	$561.2	$ 234.2	$327.0	$568.2	$ 214.8	$353.5

Amortization expense for these intangible assets is currently estimated to be approximately $8.0 million in total for the remainder of 2015, $30.5 million in 2016, $29.7 million in 2017, $26.9 million in 2018, $24.3 million in 2019 and $180.0 million in 2020 and thereafter.

Note 7 - Accrued Liabilities

Accrued liabilities consist of:

(in millions)	September 30, 2015	December 31, 2014
Employee related expenses	$90.8	$81.4
Warranty	15.5	15.5
Other	136.2	128.8
Total	$242.5	$225.8

The Company accrues warranty liabilities when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Warranty provision is included in cost of sales in the Condensed Consolidated Statements of Operations.

A summary of the warranty liabilities is as follows:

(in millions)	Nine Months Ended September 30, 2015	Year Ended December 31, 2014
Balance at beginning of period	$15.5	$18.9
Expense	9.4	13.3
Changes due to acquisitions/divestitures	—	(0.1)
Payments / deductions	(9.6)	(16.4)
Currency translation	0.2	(0.2)
Balance at end of period	$15.5	$15.5

Note 8 - Commitments and Contingencies

Asbestos Liability

Information Regarding Claims and Costs in the Tort System

As of September 30, 2015, the Company was a defendant in cases filed in numerous state and federal courts alleging injury or death as a result of exposure to asbestos. Activity related to asbestos claims during the periods indicated was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,
	2015	2014	2015	2014	2014
Beginning claims	42,052	49,770	47,507	51,490	51,490
New claims	669	738	1,960	2,078	2,743
Settlements	(247)	(218)	(768)	(772)	(992)
Dismissals	(762)	(2,368)	(6,987)	(4,874)	(5,734)
Ending claims	41,712	47,922	41,712	47,922	47,507

Of the 41,712 pending claims as of September 30, 2015, approximately 18,500 claims were pending in New York, approximately 5,700 claims were pending in Texas, approximately 5,100 claims were pending in Mississippi, and approximately 200 claims were pending in Ohio, all jurisdictions in which legislation or judicial orders restrict the types of claims that can proceed to trial on the merits.

Substantially all of the claims the Company resolves are either dismissed or concluded through settlements. To date, the Company has paid three judgments arising from adverse jury verdicts in asbestos matters. The first payment, in the amount of $2.54 million, was made on July 14, 2008, approximately two years after the adverse verdict in the Joseph Norris matter in California, after the Company had exhausted all post-trial and appellate remedies. The second payment, in the amount of $0.02 million, was made in June 2009 after an adverse verdict in the Earl Haupt case in Los Angeles, California on April 21, 2009. The third payment, in the amount of $0.9 million, was made in June 2014, approximately two years after the adverse verdict in the William Paulus matter in California, after the Company had exhausted all post-trial and appellate remedies.

The Company has tried several cases resulting in defense verdicts by the jury or directed verdicts for the defense by the court. The Company further has pursued appeals of certain adverse jury verdicts that have resulted in reversals in favor of the defense.

On March 23, 2010, a Philadelphia, Pennsylvania, state court jury found the Company responsible for a 1/11th share of a $14.5 million verdict in the James Nelson claim, and for a 1/20th share of a $3.5 million verdict in the Larry Bell claim. On February 23, 2011, the court entered judgment on the verdicts in the amount of $0.2 million against the Company, only, in Bell, and in the amount of $4.0 million, jointly, against the Company and two other defendants in Nelson, with additional interest in the amount of $0.01 million being assessed against the Company, only, in Nelson. All defendants, including the Company, and the plaintiffs took timely appeals of certain aspects of those judgments. The Company resolved the Bell appeal by settlement, which is reflected in the settled claims for 2012. On September 5, 2013, a panel of the Pennsylvania Superior Court, in a 2-1 decision, vacated the Nelson verdict against all defendants, reversing and remanding for a new trial. Plaintiffs requested a rehearing in the Superior Court and by order dated November 18, 2013, the Superior Court vacated the panel opinion, and granted en banc reargument. On December 23, 2014, the Superior Court issued a second opinion reversing the jury verdict. Plaintiffs sought leave to appeal to the Pennsylvania Supreme Court, which defendants have opposed. By order dated May 20, 2015, the Supreme Court of Pennsylvania is holding, but not acting on, the plaintiffs' petition pending the outcome of another appeal in which the Company is not a party.

On August 17, 2011, a New York City state court jury found the Company responsible for a 99% share of a $32 million verdict on the Ronald Dummitt claim. The Company filed post-trial motions seeking to overturn the verdict, to grant a new trial, or to reduce the damages, which the Company argued were excessive under New York appellate case law governing awards for non-economic losses. The Court held oral argument on these motions on October 18, 2011 and issued a written decision on August 21, 2012 confirming the jury's liability findings but reducing the award of damages to $8 million. At plaintiffs' request, the Court entered a judgment in the amount of $4.9 million against the Company, taking into account settlement offsets and accrued interest under New York law. The Company appealed, and the judgment was affirmed in a 3-2 decision and order dated July 3, 2014. The Company has appealed to the New York Court of Appeals. The parties' briefing has concluded and oral argument may be heard in 2016.

On March 9, 2012, a Philadelphia, Pennsylvania, state court jury found the Company responsible for a 1/8th share of a $123,000 verdict in the Frank Paasch claim. The Company and plaintiffs filed post-trial motions. On May 31, 2012, on plaintiffs’ motion, the Court entered an order dismissing the claim against the Company, with prejudice, and without any payment.

On August 29, 2012, the Company received an adverse verdict in the William Paulus claim in Los Angeles, California. The jury found that the Company was responsible for ten percent (10%) of plaintiffs' non-economic damages of $6.5 million, plus a portion of plaintiffs' economic damages of $0.4 million. Based on California court rules regarding allocation of damages, judgment was entered in the amount of $0.8 million against the Company. The Company filed post-trial motions requesting judgment in the Company's favor notwithstanding the jury's verdict, which were denied. The Company appealed, and the judgment was affirmed by order dated February 21, 2014. The Company sought review of certain aspects of the ruling before the California Supreme Court, and review was denied. Having exhausted all post-trial and appellate remedies, the Company in June 2014 paid to plaintiffs the amount of $0.9 million, the judgment including interest, and this amount is included in the second quarter 2014 indemnity totals.

On October 23, 2012, the Company received an adverse verdict in the Gerald Suttner claim in Buffalo, New York. The jury found that the Company was responsible for four percent (4%) of plaintiffs' damages of $3 million. The Company filed post-trial motions requesting judgment in the Company's favor notwithstanding the jury's verdict, which were denied. The court entered a judgment of $0.1 million against the Company. The Company appealed, and the judgment was affirmed by order dated March 21, 2014. The Company sought reargument of this decision, which was denied. The Company sought review before the New York Court of Appeals, which was accepted in the fourth quarter of 2014. The parties' briefing has concluded and oral argument may be heard in 2016.

On November 28, 2012, the Company received an adverse verdict in the James Hellam claim in Oakland, CA. The jury found that the Company was responsible for seven percent (7%) of plaintiffs' non-economic damages of $4.5 million, plus a portion of their economic damages of $0.9 million. Based on California court rules regarding allocation of damages, judgment was entered against the Company in the amount of $1.282 million. The Company filed post-trial motions requesting judgment in the Company's favor notwithstanding the jury's verdict and also requesting that settlement offsets be applied to reduce the judgment in accordance with California law. On January 31, 2013, the court entered an order disposing partially of that motion. On March 1, 2013, the Company filed an appeal regarding the portions of the motion that were denied. The court entered judgment against the Company in the amount of $1.1 million. The Company appealed. By opinion dated April 16, 2014, the Court of Appeal affirmed the finding of liability against the Company, and the California Supreme Court denied review of this ruling. The Court of Appeal reserved the arguments relating to recoverable damages to a subsequent appeal that remains pending. On August 21, 2015, the Court of Appeal reversed the trial court with respect to a $20,000 damages item, but affirmed the trial court in all other respects. The Company has sought review of that ruling before the Supreme Court of California.

On February 25, 2013, a Philadelphia, Pennsylvania, state court jury found the Company responsible for a 1/10th share of a $2.5 million verdict in the Thomas Amato claim and a 1/5th share of a $2.3 million verdict in the Frank Vinciguerra claim, which were consolidated for trial. The Company filed post-trial motions requesting judgments in the Company's favor notwithstanding the jury's verdicts or new trials, and also requesting that settlement offsets be applied to reduce the judgment in accordance with Pennsylvania law. These motions were denied. The Company has appealed, and on April 17, 2015, a panel of the Superior Court of Pennsylvania affirmed the trial court's ruling. The Company's motion for reconsideration was denied, and it is seeking review before the Supreme Court of Pennsylvania.

On March 1, 2013, a New York City state court jury entered a $35 million verdict against the Company in the Ivo Peraica claim. The Company filed post-trial motions seeking to overturn the verdict, to grant a new trial, or to reduce the damages, which the Company argues were excessive under New York appellate case law governing awards for non-economic losses and further were subject to settlement offsets. After the trial court remitted the verdict to $18 million, but otherwise denied the Company’s post-trial motion, judgment also entered against the Company in the amount of $10.6 million (including interest). The Company has appealed. The Company has taken a separate appeal of the trial court’s denial of its summary judgment motion. The Court has consolidated the appeals, which were heard in the fourth quarter of 2014.

On July 31, 2013, a Buffalo, New York state court jury entered a $3.1 million verdict against the Company in the Lee Holdsworth claim. The Company filed post-trial motions seeking to overturn the verdict, to grant a new trial, or to reduce the damages, which the Company argues were excessive under New York appellate case law governing awards for non-economic losses and further were subject to settlement offsets. Post-trial motions were denied, and the court entered judgment in the amount of $1.7 million. On June 12, 2015, the Appellate Division, Fourth Department, affirmed the trial court's ruling denying the Company's motion for summary judgment. The court denied reargument of that ruling. The Company is pursuing a further appeal of the trial court rulings and judgment.

On September 11, 2013, a Columbia, South Carolina state court jury in the Lloyd Garvin claim entered an $11 million verdict for compensatory damages against the Company and two other defendants jointly, and also awarded exemplary damages against the Company in the amount of $11 million. The jury also awarded exemplary damages against both other defendants. The Company filed post-trial motions seeking to overturn the verdict, which were denied, except that the Court remitted the compensatory damages award to $2.5 million and exemplary damages award to $3.5 million. Considering settlement offsets, the Court further reduced the total damages award to $3.5 million. The Company has settled the matter. The settlement is reflected in the first quarter 2015 indemnity amount.

On September 17, 2013, a Fort Lauderdale, Florida state court jury in the Richard DeLisle claim found the Company responsible for 16 percent of an $8 million verdict. The trial court denied all parties' post-trial motions, and entered judgment against the Company in the amount of $1.3 million. The Company has appealed.

On June 16, 2014, a New York City state court jury entered a $15 million verdict against the Company in the Ivan Sweberg claim and a $10 million verdict against the Company in the Selwyn Hackshaw claim. The two claims were consolidated for trial. The Company filed post-trial motions seeking to overturn the verdicts, to grant new trials, or to reduce the damages, which were denied, except that the Court reduced the Sweberg award to $10 million, and reduced the Hackshaw award to $6 million. Judgments have been entered in the amount of $5.3 million in Sweberg and $3.1 million in Hackshaw. The Company has appealed.

On July 2, 2015, a St. Louis, Missouri state court jury in the James Poage claim entered a $1.5 million verdict for compensatory damages against the Company. The jury also awarded exemplary damages against the Company in the amount of $10 million. The Company filed a motion seeking to reduce the verdict to account for the verdict set-offs. That motion was denied, and judgment was entered against the Company in the amount of $10.8 million. The Company will pursue additional issues through post-trial motions, and pursue an appeal if necessary.

Such judgment amounts are not included in the Company's incurred costs until all available appeals are exhausted and the final payment amount is determined.

The gross settlement and defense costs incurred (before insurance recoveries and tax effects) for the Company for the nine-month periods ended September 30, 2015 and 2014 totaled $52.5 million and $61.4 million, respectively. In contrast to the recognition of settlement and defense costs, which reflect the current level of activity in the tort system, cash payments and receipts generally lag the tort system activity by several months or more, and may show some fluctuation from quarter to quarter. Cash payments of settlement amounts are not made until all releases and other required documentation are received by the Company, and reimbursements of both settlement amounts and defense costs by insurers may be uneven due to insurer payment practices, transitions from one insurance layer to the next excess layer and the payment terms of certain reimbursement agreements. The Company's total pre-tax payments for settlement and defense costs, net of funds received from insurers, for the nine-month periods ended September 30, 2015 and 2014 totaled $36.2 million and $46.2 million, respectively. Detailed below are the comparable amounts for the periods indicated.

(in millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Year Ended December 31, 2014
Settlement / indemnity costs incurred (1)	$4.6	$3.2	$21.3	$18.5	$25.3
Defense costs incurred (1)	10.2	13.3	31.2	43.0	55.9
Total costs incurred	$14.7	$16.5	$52.5	$61.4	$81.1
Settlement / indemnity payments	$8.4	$6.7	$19.5	$19.1	$27.3
Defense payments	9.7	15.5	30.4	42.9	57.7
Insurance receipts	(6.7)	(6.8)	(13.7)	(15.8)	(23.8)
Pre-tax cash payments	$11.4	$15.4	$36.2	$46.2	$61.3

(1) Before insurance recoveries and tax effects.

The amounts shown for settlement and defense costs incurred, and cash payments, are not necessarily indicative of future period amounts, which may be higher or lower than those reported.

Cumulatively through September 30, 2015, the Company has resolved (by settlement or dismissal) approximately 115,000 claims. The related settlement cost incurred by the Company and its insurance carriers is approximately $446 million, for an average settlement cost per resolved claim of approximately $3,900. The average settlement cost per claim resolved during the years ended December 31, 2014, 2013 and 2012 was $3,800, $3,300 and $6,300, respectively. Because claims are sometimes dismissed in large groups, the average cost per resolved claim, as well as the number of open claims, can fluctuate significantly from period to period. In addition to large group dismissals, the nature of the disease and corresponding settlement amounts for each claim resolved will also drive changes from period to period in the average settlement cost per claim. Accordingly, the average cost per resolved claim is not considered in the Company's periodic review of its estimated asbestos liability. For a discussion regarding the four most significant factors affecting the liability estimate, see “Effects on the Condensed Consolidated Financial Statements”.

Effects on the Condensed Consolidated Financial Statements

The Company has retained the firm of Hamilton, Rabinovitz & Associates, Inc. (“HR&A”), a nationally recognized expert in the field, to assist management in estimating the Company’s asbestos liability in the tort system. HR&A reviews information provided by the Company concerning claims filed, settled and dismissed, amounts paid in settlements and relevant claim information such as the nature of the asbestos-related disease asserted by the claimant, the jurisdiction where filed and the time lag from filing to disposition of the claim. The methodology used by HR&A to project future asbestos costs is based largely on the Company’s experience during a base reference period of eleven quarterly periods (consisting of the two full preceding calendar years and three additional quarterly periods to the estimate date) for claims filed, settled and dismissed. The Company's experience is then compared to the results of widely used previously conducted epidemiological studies estimating the number of individuals likely to develop asbestos-related diseases. Those studies were undertaken in connection with national analyses of the population of workers believed to have been exposed to asbestos. Using that information, HR&A estimates the number of future claims that would be filed against the Company and estimates the aggregate settlement or indemnity costs that would be incurred to resolve both pending and future claims based upon the average settlement costs by disease during the reference period. This methodology has been accepted by numerous courts. After discussions with the Company, HR&A augments its liability estimate for the costs of defending asbestos claims in the tort system using a forecast from the Company which is based upon discussions with its defense counsel. Based on this information, HR&A compiles an estimate of the Company’s asbestos liability for pending and future claims, based on claim experience during the reference period and covering claims expected to be filed through the indicated forecast period. The most significant factors affecting the liability estimate are (1) the number of new mesothelioma claims filed against the Company, (2) the average settlement costs for mesothelioma claims, (3) the percentage of mesothelioma claims dismissed against the Company and (4) the aggregate defense costs incurred by the Company. These factors are interdependent, and no one factor predominates in determining the liability estimate. Although the methodology used by HR&A can be applied to show claims and costs for periods subsequent to the indicated period (up to and including the endpoint of the asbestos studies referred to above), management believes that the level of uncertainty regarding the various factors used in estimating future asbestos costs is too great to provide for reasonable estimation of the number of future claims, the nature of such claims or the cost to resolve them for years beyond the indicated estimate.

In the Company’s view, the forecast period used to provide the best estimate for asbestos claims and related liabilities and costs is a judgment based upon a number of trend factors, including the number and type of claims being filed each year; the jurisdictions where such claims are filed, and the effect of any legislation or judicial orders in such jurisdictions restricting the types of claims that can proceed to trial on the merits; and the likelihood of any comprehensive asbestos legislation at the federal level. In addition, the dynamics of asbestos litigation in the tort system have been significantly affected over the past five to ten years by the substantial number of companies that have filed for bankruptcy protection, thereby staying any asbestos claims against them until the conclusion of such proceedings, and the establishment of a number of post-bankruptcy trusts for asbestos claimants, which are estimated to provide $36 billion for payments to current and future claimants. These trend factors have both positive and negative effects on the dynamics of asbestos litigation in the tort system and the related best estimate of the Company’s asbestos liability, and these effects do not move in a linear fashion but rather change over multi-year periods. Accordingly, the Company’s management continues to monitor these trend factors over time and periodically assesses whether an alternative forecast period is appropriate.

Each quarter, HR&A compiles an update based upon the Company’s experience in claims filed, settled and dismissed during the updated reference period (consisting of the preceding eleven quarterly periods) as well as average settlement costs by disease category (mesothelioma, lung cancer, other cancer and non-malignant conditions including asbestosis) during that period. In addition to this claims experience, the Company also considers additional quantitative and qualitative factors such as the nature of the aging of pending claims, significant appellate rulings and legislative developments, and their respective effects on expected future settlement values. As part of this process, the Company also takes into account trends in the tort system such as those enumerated above. Management considers all these factors in conjunction with the liability estimate of HR&A and determines whether a change in the estimate is warranted.

Liability Estimate. With the assistance of HR&A, effective as of December 31, 2011, the Company updated and extended its estimate of the asbestos liability, including the costs of settlement or indemnity payments and defense costs relating to currently pending claims and future claims projected to be filed against the Company through 2021. The Company's previous estimate was for asbestos claims filed or projected to be filed through 2017. As a result of this updated estimate, the Company recorded an additional liability of $285 million as of December 31, 2011. The Company's decision to take this action at such date was based on several factors which contribute to the Company's ability to reasonably estimate this liability for the additional period noted. First, the number of mesothelioma claims (which although constituting approximately 8% of the Company's total pending asbestos claims, have accounted for approximately 90% of the Company's aggregate settlement and defense costs) being filed against the Company and associated settlement costs have recently stabilized. In the Company's opinion, the outlook for mesothelioma claims expected to be filed and resolved in the forecast period is reasonably stable. Second, there have been favorable developments in the trend of case law which has been a contributing factor in stabilizing the asbestos claims activity and related settlement costs. Third, there have been significant actions taken by certain state legislatures and courts over the past several years that have reduced the number and types of claims that can proceed to trial, which has been a significant factor in stabilizing the asbestos claims activity. Fourth, the Company has now entered into coverage-in-place agreements with almost all of its excess insurers, which enables the Company to project a more stable relationship between settlement and defense costs paid by the Company and reimbursements from its insurers. Taking all of these factors into account, the Company believes that it can reasonably estimate the asbestos liability for pending claims and future claims to be filed through 2021. While it is probable that the Company will incur additional charges for asbestos liabilities and defense costs in excess of the amounts currently provided, the Company does not believe that any such amount can be reasonably estimated beyond 2021. Accordingly, no accrual has been recorded for any costs which may be incurred for claims which may be made subsequent to 2021.

Management has made its best estimate of the costs through 2021 based on the analysis by HR&A completed in January 2012. Through September 30, 2015, the Company's actual experience during the updated reference period for mesothelioma claims filed and dismissed generally approximated the assumptions in the Company's liability estimate. In addition to this claims experience, the Company considered additional quantitative and qualitative factors such as the nature of the aging of pending claims, significant appellate rulings and legislative developments, and their respective effects on expected future settlement values. Based on this evaluation, the Company determined that no change in the estimate was warranted for the period ended September 30, 2015. Nevertheless, if certain factors show a pattern of sustained increase or decrease, the liability could change materially; however, all the assumptions used in estimating the asbestos liability are interdependent and no single factor predominates in determining the liability estimate. As noted above, the Company continues to monitor trend factors, such as the number and type of claims being filed each year, case management orders and legislation restricting the types of claims that can proceed to trial, significant appellate rulings and developments affecting the post-bankruptcy trusts for asbestos claimants to assess whether the existing forecast period is appropriate. Because of the uncertainty with regard to and the interdependency of such factors used in the calculation of its asbestos liability, and since no one factor predominates, the Company believes that a range of potential liability estimates beyond the indicated forecast period cannot be reasonably estimated.

A liability of $894 million was recorded as of December 31, 2011 to cover the estimated cost of asbestos claims now pending or subsequently asserted through 2021, of which approximately 80% is attributable to settlement and defense costs for future claims projected to be filed through 2021. The liability is reduced when cash payments are made in respect of settled claims and defense costs. The liability was $564 million as of September 30, 2015. It is not possible to forecast when cash payments related to the asbestos liability will be fully expended; however, it is expected such cash payments will continue for a number of years past 2021, due to the significant proportion of future claims included in the estimated asbestos liability and the lag time between the date a claim is filed and when it is resolved. None of these estimated costs have been discounted to present value due to the inability to reliably forecast the timing of payments. The current portion of the total estimated liability at September 30, 2015 was $79 million and represents the Company's best estimate of total asbestos costs expected to be paid during the twelve-month period. Such amount is based upon the HR&A model together with the Company's prior year payment experience for both settlement and defense costs.

Insurance Coverage and Receivables. Prior to 2005, a significant portion of the Company's settlement and defense costs were paid by its primary insurers. With the exhaustion of that primary coverage, the Company began negotiations with its excess insurers to reimburse the Company for a portion of its settlement and/or defense costs as incurred. To date, the Company has entered into agreements providing for such reimbursements, known as "coverage-in-place", with eleven of its excess insurer groups. Under such coverage-in-place agreements, an insurer's policies remain in force and the insurer undertakes to provide coverage for the Company's present and future asbestos claims on specified terms and conditions that address, among other things, the share of asbestos claims costs to be paid by the insurer, payment terms, claims handling procedures and the expiration of the insurer's obligations. Similarly, under a variant of coverage-in-place, the Company has entered into an agreement with a group of insurers confirming the aggregate amount of available coverage under the subject policies and setting forth a schedule for future reimbursement payments to the Company based on aggregate indemnity and defense payments made. In addition, with ten of its excess insurer groups, the Company entered into policy buyout agreements, settling all asbestos and other coverage obligations for an agreed sum, totaling $82.5 million in aggregate. Reimbursements from insurers for past and ongoing settlement and defense costs allocable to their policies have been made in accordance with these coverage-in-place and other agreements. All of these agreements include provisions for mutual releases, indemnification of the insurer and, for coverage-in-place, claims handling procedures. With the agreements referenced above, the Company has concluded settlements with all but one of its solvent excess insurers whose policies are expected to respond to the aggregate

Page 19

costs included in the updated liability estimate. That insurer, which issued a single applicable policy, has been paying the shares of defense and indemnity costs the Company has allocated to it, subject to a reservation of rights. There are no pending legal proceedings between the Company and any insurer contesting the Company's asbestos claims under its insurance policies.

In conjunction with developing the aggregate liability estimate referenced above, the Company also developed an estimate of probable insurance recoveries for its asbestos liabilities. In developing this estimate, the Company considered its coverage-in-place and other settlement agreements described above, as well as a number of additional factors. These additional factors include the financial viability of the insurance companies, the method by which losses will be allocated to the various insurance policies and the years covered by those policies, how settlement and defense costs will be covered by the insurance policies and interpretation of the effect on coverage of various policy terms and limits and their interrelationships. In addition, the timing and amount of reimbursements will vary because the Company's insurance coverage for asbestos claims involves multiple insurers, with different policy terms and certain gaps in coverage. In addition to consulting with legal counsel on these insurance matters, the Company retained insurance consultants to assist management in the estimation of probable insurance recoveries based upon the aggregate liability estimate described above and assuming the continued viability of all solvent insurance carriers. Based upon the analysis of policy terms and other factors noted above by the Company's legal counsel, and incorporating risk mitigation judgments by the Company where policy terms or other factors were not certain, the Company's insurance consultants compiled a model indicating how the Company's historical insurance policies would respond to varying levels of asbestos settlement and defense costs and the allocation of such costs between such insurers and the Company. Using the estimated liability as of December 31, 2011 (for claims filed or expected to be filed through 2021), the insurance consultant's model forecasted that approximately 25% of the liability would be reimbursed by the Company's insurers. While there are overall limits on the aggregate amount of insurance available to the Company with respect to asbestos claims, those overall limits were not reached by the total estimated liability currently recorded by the Company, and such overall limits did not influence the Company in its determination of the asset amount to record. The proportion of the asbestos liability that is allocated to certain insurance coverage years, however, exceeds the limits of available insurance in those years. The Company allocates to itself the amount of the asbestos liability (for claims filed or expected to be filed through 2021) that is in excess of available insurance coverage allocated to such years. An asset of $225 million was recorded as of December 31, 2011 representing the probable insurance reimbursement for such claims expected through 2021. The asset is reduced as reimbursements and other payments from insurers are received. The asset was $134 million as of September 30, 2015.

The Company reviews the aforementioned estimated reimbursement rate with its insurance consultants on a periodic basis in order to confirm its overall consistency with the Company's established reserves. The reviews encompass consideration of the performance of the insurers under coverage-in-place agreements and the effect of any additional lump-sum payments under policy buyout agreements. Since December 2011, there have been no developments that have caused the Company to change the estimated 25% rate, although actual insurance reimbursements vary from period to period, and will decline over time, for the reasons cited above.

Uncertainties. Estimation of the Company's ultimate exposure for asbestos-related claims is subject to significant uncertainties, as there are multiple variables that can affect the timing, severity and quantity of claims and the manner of their resolution. The Company cautions that its estimated liability is based on assumptions with respect to future claims, settlement and defense costs based on past experience that may not prove reliable as predictors. A significant upward or downward trend in the number of claims filed, depending on the nature of the alleged injury, the jurisdiction where filed and the quality of the product identification, or a significant upward or downward trend in the costs of defending claims, could change the estimated liability, as would substantial adverse verdicts at trial that withstand appeal. A legislative solution, structured settlement transaction, or significant change in relevant case law could also change the estimated liability.

The same factors that affect developing estimates of probable settlement and defense costs for asbestos-related liabilities also affect estimates of the probable insurance reimbursements, as do a number of additional factors. These additional factors include the financial viability of the insurance companies, the method by which losses will be allocated to the various insurance policies and the years covered by those policies, how settlement and defense costs will be covered by the insurance policies and interpretation of the effect on coverage of various policy terms and limits and their interrelationships. In addition, due to the uncertainties inherent in litigation matters, no assurances can be given regarding the outcome of any litigation, if necessary, to enforce the Company's rights under its insurance policies or settlement agreements.

Many uncertainties exist surrounding asbestos litigation, and the Company will continue to evaluate its estimated asbestos-related liability and corresponding estimated insurance reimbursement as well as the underlying assumptions and process used to derive these amounts. These uncertainties may result in the Company incurring future charges or increases to income to adjust the carrying value of recorded liabilities and assets, particularly if the number of claims and settlement and defense costs change significantly, or if there are significant developments in the trend of case law or court procedures, or if legislation or another alternative solution is implemented; however, the Company is currently unable to estimate such future changes and, accordingly, while it is probable that the Company will incur additional charges for asbestos liabilities and defense costs in excess of the amounts currently provided, the Company does not believe that any such amount can be reasonably determined beyond 2021. Although the resolution of these claims may take many years, the effect on the results of operations, financial position and cash flow in any given period from a revision to these estimates could be material.

Other Contingencies

Environmental Matters

For environmental matters, the Company records a liability for estimated remediation costs when it is probable that the Company will be responsible for such costs and they can be reasonably estimated. Generally, third party specialists assist in the estimation of remediation costs. The environmental remediation liability as of September 30, 2015 is substantially related to the former manufacturing sites in Goodyear, Arizona (the “Goodyear Site”) and Roseland, New Jersey ("Roseland Site"), each discussed below.

Goodyear Site

The Goodyear Site was operated by UniDynamics/Phoenix, Inc. (“UPI”), which became an indirect subsidiary of the Company in 1985 when the Company acquired UPI’s parent company, UniDynamics Corporation. UPI manufactured explosive and pyrotechnic compounds, including components for critical military programs, for the U.S. government at the Goodyear Site from 1962 to 1993, under contracts with the Department of Defense and other government agencies and certain of their prime contractors. No manufacturing operations have been conducted at the Goodyear Site since 1994. The Goodyear Site was placed on the National Priorities List in 1983, and is now part of the Phoenix-Goodyear Airport North Superfund Site. In 1990, the U.S. Environmental Protection Agency (“EPA”) issued administrative orders requiring UPI to design and carry out certain remedial actions, which UPI has done. Groundwater extraction and treatment systems have been in operation at the Goodyear Site since 1994. A soil vapor extraction system was in operation from 1994 to 1998, was restarted in 2004, and is currently in operation. The Company recorded a liability in 2004 for estimated costs to remediate the Goodyear Site. On July 26, 2006, the Company entered into a consent decree with the EPA with respect to the Goodyear Site providing for, among other things, a work plan for further investigation and remediation activities (inclusive of a supplemental remediation investigation and feasibility study). During the fourth quarter of 2007, the Company and its technical advisors determined that changing groundwater flow rates and contaminant plume direction at the Goodyear Site required additional extraction systems as well as modifications and upgrades of the existing systems. In consultation with its technical advisors, the Company prepared a forecast of the expenditures required for these new and upgraded systems as well as the costs of operation over the forecast period through 2014. Taking these additional costs into consideration, the Company estimated its liability for the costs of such activities through 2014 to be $41.5 million as of December 31, 2007. During the fourth quarter of 2008, based on further consultation with the Company’s advisors and the EPA and in response to groundwater monitoring results that reflected a continuing migration in contaminant plume direction during the year, the Company revised its forecast of remedial activities to increase the level of extraction systems and the number of monitoring wells in and around the Goodyear Site, among other things. As of December 31, 2008, the revised liability estimate was $65.2 million which resulted in an additional charge of $24.3 million during the fourth quarter of 2008. During the fourth quarter of 2011, additional remediation activities were determined to be required, in consultation with the Company’s advisors, to further address the migration of the contaminant plume. As a result, the Company recorded a charge of $30.3 million during the fourth quarter of 2011, extending the accrued costs through 2016. During the third quarter of 2014, the EPA issued a Record of Decision amendment requiring, among other things, additional source area remediation resulting in the Company recording a charge of $49.0 million, extending the accrued costs through 2022. The total estimated gross liability was $67.5 million as of September 30, 2015, and as described below, a portion is reimbursable by the U.S. Government. The current portion of the total estimated liability was approximately $15.5 million and represents the Company’s best estimate, in consultation with its technical advisors, of total remediation costs expected to be paid during the twelve-month period.

Estimates of the Company's environmental liabilities at the Goodyear Site are based on currently available facts, present laws and regulations and current technology available for remediation, and are recorded on an undiscounted basis. These estimates consider the Company's prior experience in the Goodyear Site investigation and remediation, as well as available data from, and in consultation with, the Company's environmental specialists. Estimates at the Goodyear Site are subject to significant uncertainties caused primarily by the dynamic nature of the Goodyear Site conditions, the range of remediation alternatives available, together with the corresponding estimates of cleanup methodology and costs, as well as ongoing, required regulatory approvals, primarily from the EPA. Accordingly, it is likely that upon completing the supplemental remediation investigation and the feasibility study and reaching a final work plan, which is now expected to be completed in or before 2019, an adjustment to the Company's liability estimate may be necessary to account for the agreed upon additional work as further information and circumstances regarding the Goodyear Site characterization develop. While actual remediation cost therefore may be more than amounts accrued, the Company believes it has established adequate reserves for all probable and reasonably estimable costs.

It is not possible at this point to reasonably estimate the amount of any obligation in excess of the Company’s current accruals through the 2022 forecast period because of the aforementioned uncertainties, in particular, the continued significant changes in the Goodyear Site conditions and additional expectations of remediation activities experienced in recent years.

On July 31, 2006, the Company entered into a consent decree with the U.S. Department of Justice on behalf of the Department of Defense and the Department of Energy pursuant to which, among other things, the U.S. Government reimburses the Company for 21% of qualifying costs of investigation and remediation activities at the Goodyear Site. As of September 30, 2015, the Company has recorded a receivable of $14.0 million for the expected reimbursements from the U.S. Government in respect of the aggregate liability as at that date. The receivable is reduced as reimbursements and other payments from the U.S. Government are received.

Roseland Site

The Roseland Site was operated by Resistoflex Corporation (“Resistoflex”), which became an indirect subsidiary of the Company in 1985 when the Company acquired Resistoflex’s parent company, UniDynamics Corporation. Resistoflex manufactured specialty lined pipe and fittings at the site from the 1950s until it was closed in the mid-1980s. In 2009, at the request of the New Jersey Department of Environmental Protection (“NJDEP”), the Company performed certain tests of the indoor air quality of approximately 40 homes in a residential area surrounding the Roseland Site to determine if any contaminants (volatile organic compound vapors from groundwater) from the Roseland Site were present in those homes. The test results showed that three homes had volatile organic compound vapors above NJDEP's recommended concentration levels, and the Company installed vapor mitigation equipment in those homes. On April 15, 2011, those three homeowners, and the tenants in one of those homes, filed separate suits against the Company seeking unspecified compensatory and punitive damages for their lost property value and nuisance. In addition, a homeowner in the testing area, whose home tested negative for the presence of contaminants, filed a class action suit against the Company on behalf of himself and 138 other homeowners in the surrounding area, claiming damages in the nature of loss of value on their homes due to their proximity to the Roseland Site. The plaintiffs in these cases amended their complaints to assert claims under New Jersey's Environmental Rights Act for the Company's alleged failure to properly report its waste discharge practices in the late 1960s and early 1970s, and for natural resource damages. In late December 2013, the plaintiffs moved to have a class of 139 homeowners certified, and the motion was granted in early February 2014. At the same time the Court also entered partial summary judgment on liability for the three homes where the Company had installed vapor mitigation equipment. The Company reached an agreement to settle all current claims with the class and individual plaintiffs for a one-time payment of $6.5 million. This agreement was approved by the Court on July 23, 2014 and the Company completed all obligations required of it to complete the settlement on October 10, 2014. The stipulation of dismissal with prejudice of all claims against the Company was filed on April 6, 2015.

The Company undertook an extensive soil remediation effort at the Roseland Site following its closure, and had been monitoring the Site’s condition in the years that followed. In response to changes in remediation standards, the Company has conducted further site characterization and delineation studies. In the three months ended September 30, 2014, the Company, in consultation with its advisors, substantially completed its assessment of soil and groundwater contaminants at the Roseland Site, and developed an enhanced remediation plan for the site, which includes further soil removal, groundwater treatment, and soil vapor extraction, resulting in a charge of $6.8 million for remediation activities which are expected to be completed by 2017. Estimates of the Company’s environmental liabilities at the Roseland Site are based on currently available facts, present laws and regulations and current technology available for remediation, and are recorded on an undiscounted basis. While actual remediation cost may be more or less than amounts accrued, the Company believes it has established adequate reserves for all probable and reasonably estimable costs.

Other Environmental Matters

The Company has been identified as a potentially responsible party ("PRP") with respect to environmental contamination at the Crab Orchard National Wildlife Refuge Superfund Site (the "Crab Orchard Site"). The Crab Orchard Site is located near Marion, Illinois, and consists of approximately 55,000 acres. Beginning in 1941, the United States used the Crab Orchard Site for the production of ordnance and other related products for use in World War II. In 1947, the Crab Orchard Site was transferred to the United States Fish and Wildlife Service ("FWS"), and about half of the Crab Orchard Site was leased to a variety of industrial tenants whose activities (which continue to this day) included manufacturing ordnance and explosives. A predecessor to the Company formerly leased portions of the Crab Orchard Site, and conducted manufacturing operations at the Crab Orchard Site from 1952 until 1964. General Dynamics Ordnance and Tactical Systems, Inc. ("GD-OTS") is in the process of conducting a remedial investigation and feasibility study for the Additional and Uncharacterized Sites Operable Unit ("AUS-OU") at the Crab Orchard Site, pursuant to an Administrative Order on Consent between GD-OTS and the FWS, the EPA and the Illinois Environmental Protection Agency. The Company is not a party to that agreement, and has not been asked by any agency of the United States Government or the State of Illinois to participate in any investigative or remedial activity relative to the Crab Orchard Site. The Company has been informed that GD-OTS completed a Phase I remedial investigation in 2008, and a Phase II remedial investigation in 2010. Additionally, FWS completed initial human health and baseline ecological risk assessments in 2010, and its revised human health risk assessment and baseline ecological risk assessment were completed in June 2014. In January 2015, GD-OTS submitted a final remedial investigation report, which FWS approved on February 13, 2015. Work on interim deliverables for the feasibility study is reportedly underway, including discussions intended to define preliminary remedial goals. It is unclear when a feasibility study report or final Record of Decision may be issued.

GD-OTS has asked the Company to participate in a voluntary cost allocation/mediation exercise with respect to response costs it has incurred or will incur with respect to the AUS-OU. The Company, along with a number of other PRPs that were contacted, initially declined, citing the absence of certain necessary parties as well as an underdeveloped environmental record. More recently, in light of the ongoing investigative activities, and the apparent willingness of the U.S. government to participate in a mediation proceeding, a number of PRPs (including GD-OTS, the U.S. government, and the Company) have indicated their intention to participate in a non-binding mediation process, and have agreed upon the terms of a mediation process agreement. The Company and other PRPs executed this mediation agreement on March 16, 2015, and the U.S. government, following the resolution of a dispute between the U.S. Army and FWS over the contents of the remedial investigation report, executed the mediation agreement on August 6, 2015. The participants are in the process of exchanging relevant information and selecting a mediator. The Company at present cannot predict when any determination of the allocable share of the various PRPs, including the U.S. Government, is likely to be completed. Although a loss is probable, it is not possible at this time to reasonably estimate the amount of any obligation for remediation of the Crab Orchard Site because the extent of the environmental impact, allocation among PRPs, remediation alternatives, and concurrence of regulatory authorities have not yet advanced to the stage where a reasonable estimate can be made. The Company has notified its insurers of this potential liability and will seek coverage under its insurance policies.

On a related matter, the United States brought suit against GD-OTS and Schlumberger Technology Corporation ("Schlumberger"), seeking to recover response costs that the United States has allegedly incurred in connection with alleged environmental contamination at a portion of the Crab Orchard Site known as "Site 36," which is within the Site's Miscellaneous Areas Operable Unit. This area, reported to be the wastewater treatment plant formerly serving the Crab Orchard Site, is not a part of the AUS-OU, as discussed above. On June 1, 2012, GD-OTS and Schlumberger filed a third-party complaint against the Company and seven other third-party defendants, seeking to shift a portion of any costs that GD-OTS and Schlumberger are held liable to pay to other entities formerly conducting activities at Site 36. GD-OTS and Schlumberger also counterclaimed against the United States, seeking to compel the United States to bear a share of the response costs the United States allegedly has incurred. The United States, GD-OTS, Schlumberger, the Company, and all remaining third-party defendants resolved their claims against each other and finalized the terms of a consent decree, which was entered by the Court on April 1, 2014. Pursuant to the parties' agreement, the Company paid $166,667 to resolve all past and future claims for response costs relating to Site 36. The Company notified its insurers of this liability and has obtained an agreement for coverage for the settlement amount referenced above.

The Company was recently sued by a small group of homeowners in Missoula, Montana, whose homes are near the site of a former lumber mill and wood processing facility (the "White Pine Site") that operated from approximately 1920 to 1996. The suit alleges that the homeowners' property was damaged by coming into contact with certain hazardous substances that migrated from the White Pine Site. The White Pine Site was owned and operated by a predecessor to Huttig Building Products, Inc. ("Huttig"), which was a subsidiary of the Company from 1968 until Huttig's shares were distributed to the Company's shareholders in 1999. Under the terms of the distribution agreement, Huttig retained the liability for its prior operations. The Company tendered the defense of this matter to Huttig, and Huttig has agreed to defend and indemnify the Company. In a related matter, Huttig brought suit against certain insurers who Huttig claims are obligated to provide insurance coverage for the environmental remediation costs and other damages caused by the operations at the White Pine Site. The Company was recently brought into that case as a third party defendant by two of the insurers seeking declaratory relief that no coverage obligations are owed to Huttig or the Company with respect to the White Pine Site. As of September 30, 2015, no loss amount has been accrued in connection with either of these matters because a loss is not considered probable, nor can an amount be reasonably estimated, and the Company does not believe that either of these matters is likely to have a material impact on its consolidated results of operations, financial position or the cash flows of the Company.

Other Proceedings

The Company regularly reviews the status of lawsuits, claims and proceedings that have been or may be asserted against the Company relating to the conduct of its business, including those pertaining to product liability, patent infringement, commercial, employment, employee benefits, environmental and stockholder matters. The Company records a provision for a liability for such matters when it is considered probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions, if any, are reviewed quarterly and adjusted as additional information becomes available. If either or both of the criteria are not met, the Company assesses whether there is at least a reasonable possibility that a loss, or additional losses, may have been incurred. If there is a reasonable possibility that a loss or additional loss may have been incurred for such matters, the Company discloses the estimate of the amount of loss or range of loss, discloses that the amount is immaterial, or discloses that an estimate of loss cannot be made, as applicable. The Company believes that as of September 30, 2015, there was no reasonable possibility that a material loss, or any additional material losses, may have been incurred for such matters, and that adequate provision has been made in its financial statements for the potential impact of all such matters.

Other Commitments

The Company entered into a five year operating lease for an airplane in the first quarter of 2014 which included a maximum residual value guarantee of $7.8 million by the Company if the fair value of the airplane is less than $9.5 million at the end of the lease term. In 2014, the Company made a $9.5 million residual value guarantee payment in connection with the previous airplane lease which ended January 30, 2014. This payment was reported within "Other" in “Total used for operating activities” on the Condensed Consolidated Statements of Cash Flows.

Note 9 - Pension and Other Postretirement Benefit Plans

The components of net periodic cost are as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(in millions)	Pension Benefits		Other Postretirement Benefits		Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014	2015	2014	2015	2014
Service cost	$1.4	$1.3	$—	$—	$4.0	$3.8	$—	$0.1
Interest cost	9.5	10.2	0.1	0.1	28.6	30.7	0.3	0.3
Expected return on plan assets	(15.7)	(15.7)	—	—	(46.9)	(47.1)	—	—
Amortization of prior service cost	(0.1)	—	(0.1)	(0.1)	(0.2)	0.1	(0.2)	(0.2)
Amortization of net loss (gain)	3.1	1.3	—	—	9.3	3.8	(0.2)	(0.1)
Curtailment gain *	(4.4)	—	—	—	(4.4)	—	—	—
Net periodic cost	$(6.2)	$(2.9)	$—	$—	$(9.6)	$(8.8)	$(0.1)	$—

* See additional discussion in Notes 5 and 14.

The Company expects, based on current actuarial calculations, to contribute approximately $17.0 million to its defined benefit plans and $1.0 million to its other postretirement benefit plans in 2015, of which $15.2 million and $0.2 million have been contributed during the first nine months of 2015, respectively. The Company contributed $24.5 million to its defined benefit plans and $1.0 million to its other postretirement benefit plans in 2014. Cash contributions for subsequent years will depend on a number of factors, including the impact of the Pension Protection Act signed into law in 2006, changes in minimum funding requirements, long-term interest rates, the investment performance of plan assets and changes in employee census data affecting the Company’s projected benefit obligations.

Note 10 - Income Taxes

The Company's quarterly provision for income taxes is measured using an annual effective tax rate, adjusted for discrete items within the periods presented.

Effective Tax Rates

The Company's effective tax rates are as follows:

	2015	2014
Three months ended September 30,	32.2%	27.5%
Nine months ended September 30,	32.1%	30.6%

The Company's effective tax rates for both the three and nine months ended September 30, 2015 are higher than the prior year's comparable periods primarily due to a higher amount of income earned in jurisdictions with higher statutory tax rates, partially offset by a higher U.S. federal tax benefit for domestic manufacturing activities and a lower amount of statutorily non-deductible expenses.

The Company's effective tax rates for both the three and nine months ended September 30, 2015 are lower than the statutory U.S. federal tax rate of 35% primarily due to the favorable impacts of income earned in jurisdictions with tax rates lower than the U.S. statutory rate and the U.S. federal tax benefit for domestic manufacturing activities, partially offset by the unfavorable impacts of U.S. state taxes and certain expenses that are statutorily non-deductible for income tax purposes.

Unrecognized Tax Benefits

During the three and nine months ended September 30, 2015, the Company's gross unrecognized tax benefits increased by $1.8 million and $3.6 million, respectively, primarily as a result of tax positions taken in both the current and prior periods, partially offset by reductions resulting from the expiration of statutes of limitation. During the three and nine months ended September 30, 2015, the total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate increased by $2.0 million and $4.2 million, respectively.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of its income tax expense. During the three and nine months ended September 30, 2015, the Company recognized $0.4 million and $1.0 million, respectively, of interest and penalty expense related to unrecognized tax benefits in its Condensed Consolidated Statement of Operations. At September 30, 2015 and December 31, 2014, the total amount of accrued interest and penalty expense related to unrecognized tax benefits recorded in the Company's Condensed Consolidated Balance Sheets was $5.7 million and $4.7 million, respectively.

During the next twelve months, it is reasonably possible that the Company's unrecognized tax benefits may decrease by $2.7 million due to the expiration of statutes of limitations and settlements with tax authorities. However, if the ultimate resolution of income tax examinations results in amounts that differ from this estimate, the Company will record additional income tax expense or benefit in the period in which such matters are effectively settled.

Income Tax Examinations

The Company's income tax returns are subject to examination by the U.S. federal, U.S. state and local, and non-U.S. tax authorities.

The Company's federal income tax returns for the years 2010 through 2012 are currently under examination by the U.S. Internal Revenue Service, and its federal income tax returns for 2013 and 2014 remain subject to examination. In addition, acquired subsidiaries' federal income tax returns (2011 through 2013) and federal tax carry forwards (2006 through 2013) remain subject to examination.

With few exceptions, the Company is no longer subject to U.S. state and local or non-U.S. income tax examinations for years before 2009. Currently, the Company and its subsidiaries are under examination in various jurisdictions, including California (2010 and 2011), Germany (2008 through 2012), Hungary (2011), Mexico (2012), and Spain (2010 and 2011).

Note 11 - Long-Term Debt and Short-Term Borrowings

The following table summarizes the Company’s debt as of September 30, 2015 and December 31, 2014:

(in millions)	September 30, 2015	December 31, 2014
Long-term debt consists of:		
2.75% notes due 2018	$250.0	$250.0
4.45% notes due 2023	300.0	300.0
6.55% notes due 2036	199.2	199.3
Total long-term debt	$749.2	$749.2
Short-term borrowings consists of:		
Revolving credit facility	$—	$100.0
Commercial paper	97.0	—
Other	0.7	0.8
Total short-term borrowings	$97.7	$100.8

On March 2, 2015, the Company entered into a commercial paper program (the “CP Program”) pursuant to which it may issue short-term, unsecured commercial paper notes (the “Notes”) pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended. Amounts available under the CP Program may be borrowed, repaid and re-borrowed from time to time, with the aggregate principal amount of the Notes outstanding under the CP Program at any time not to exceed $500 million. The Notes will have maturities of up to 397 days from date of issue. The Notes will rank at least pari passu with all of our other unsecured and unsubordinated indebtedness. At September 30, 2015, Notes with a principal amount of $97.0 million were outstanding. The net proceeds of the issuances of the Notes were used to repay amounts under our revolving credit facility and for general corporate purposes.

On May 27, 2015, the Company entered into an amendment ("Amendment No. 2") to the Company’s five-year, $500 million Second Amended and Restated Credit Agreement. Amendment No. 2, among other things, (i) extends the maturity date under the Second Amended and Restated Credit Agreement to May 27, 2020 and (ii) amends the facility fee and applicable margins on the revolving loans made pursuant to the Second Amended and Restated Credit Agreement. Following the effectiveness of Amendment No. 2, at the Company’s current credit rating, the facility fee is reduced by 5 basis points to 0.15% while the applicable margin on revolving loans is is increased by 5 basis points to 0.10% for base rate loans and 1.10% for LIBOR loans.

Note 12 - Derivative Instruments and Hedging Activities

The Company is exposed to certain risks related to its ongoing business operations, including market risks related to fluctuation in currency exchange. The Company uses foreign exchange contracts to manage the risk of certain cross-currency business relationships to minimize the impact of currency exchange fluctuations on the Company’s earnings and cash flows. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. As of and for the period ended September 30, 2015, the foreign exchange contracts designated as hedging instruments did not have a material impact on the Company’s condensed consolidated statements of operations, balance sheet or cash flows. Foreign exchange contracts not designated as hedging instruments, which primarily pertain to foreign exchange fluctuation risk of intercompany positions, had a notional value of $42 million and $216 million as of September 30, 2015 and December 31, 2014, respectively. The settlement of derivative contracts for the three months ended September 30, 2015 and 2014 resulted in net cash inflow (outflow) of $0.2 million and $(7.1) million, respectively, and is reported within other in “Total used for operating activities” on the Condensed Consolidated Statements of Cash Flows. As of September 30, 2015 and December 31, 2014, the Company's receivable position for the foreign exchange contracts was $0.2 million and $31 thousand, respectively. As of September 30, 2015 and December 31, 2014, the Company's payable position for the foreign exchange contracts was $0.2 million and $2.5 million, respectively.

Page 27

Note 13 - Fair Value Measurements
Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are to be considered from the perspective of a market participant that holds the asset or owes the liability. The standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.
The standards describe three levels of inputs that may be used to measure fair value:
Level 1: Quoted prices in active markets for identical or similar assets and liabilities.
Level 2: Quoted prices for identical or similar assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical or similar assets and liabilities. Level 2 assets and liabilities include over-the-counter derivatives, principally forward foreign exchange contracts, whose value is determined using pricing models with inputs that are generally based on published foreign exchange rates and exchange traded prices, adjusted for other specific inputs that are primarily observable in the market or can be derived principally from or corroborated by observable market data.
Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes assets and liabilities measured at fair value on a recurring basis at the dates indicated:

	September 30, 2015				December 31, 2014			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
(in millions)	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:								
Derivatives - foreign exchange contracts	$—	$ 0.2	$ —	$0.2	$—	$ —	$ —	$—
Liabilities:								
Derivatives - foreign exchange contracts	$—	$ 0.2	$ —	$0.2	$—	$ 2.5	$ —	$2.5

Valuation Technique - The Company’s derivative assets and liabilities include foreign exchange contract derivatives that are measured at fair value using internal models based on observable market inputs such as forward rates and interest rates. Based on these inputs, the derivatives are classified within Level 2 of the valuation hierarchy.
The carrying value of the Company’s financial assets and liabilities, including cash and cash equivalents, accounts receivable, accounts payable and short-term loans payable approximate fair value, without being discounted, due to the short periods during which these amounts are outstanding. Long-term debt rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value for debt issues that are not quoted on an exchange. The estimated fair value of long-term debt is measured using Level 2 inputs and was $811.7 million and $815.2 million at September 30, 2015 and December 31, 2014, respectively.

Note 14 - Restructuring
2015 Repositioning Actions
The Company initiated incremental restructuring activities and recorded pre-tax restructuring charges of $8.0 million in 2015 which includes $6.9 million of severance costs at selected facilities and $1.1 million of non-cash restructuring costs related to an asset write-down. The Company expects these actions to result in workforce reductions of approximately 125 employees, or about 1%, of the Company's global workforce.
The following table summarizes the restructuring charges by cost type and business segment:

(in millions)	Balance at December 31, 2014	Expense	Utilization	Balance at September 30, 2015
Fluid Handling				
Severance	$—	$6.3	$(1.5)	$4.8
Other	—	—	—	—
Total Fluid Handling	$—	$6.3	$(1.5)	$4.8
Aerospace & Electronics				
Severance	$—	$0.6	$(0.3)	$0.3
Other	—	—	—	—
Total Aerospace & Electronics	$—	$0.6	$(0.3)	$0.3
Total Restructuring	$—	$6.9	$(1.8)	$5.1

The Company does not expect any further significant costs associated with these actions.
2014 Repositioning Actions

The Company recorded pre-tax restructuring charges of $18.9 million in 2014, which included $18.7 million of severance and other cash-related restructuring costs and $0.2 million of non-cash restructuring costs related to asset write-downs. The $18.7 million of severance and other cash-related restructuring costs included $4.6 million related to the consolidation of a facility in the United Kingdom in the Fluid Handling segment, $7.8 million primarily related to the consolidation of a facility in Europe in the Fluid Handling segment and $6.3 million associated with certain facility consolidation activities in the Aerospace & Electronics segment. The Company expects these repositioning actions to result in workforce reductions of approximately 320 employees, or about 3% of the Company's global workforce.
During the nine months ended September 30, 2015, the Company recorded pre-tax restructuring charges of $0.4 million which included $0.6 million related to severance costs and $0.2 million of a net restructuring gain driven by the sale of assets related to a consolidated facility.

Page 29

The following table summarizes the accrual balances related to these cash-related restructuring charges:

(in millions)	Balance at December 31, 2014	Expense	Utilization	Balance at September 30, 2015
Fluid Handling				
Severance	$10.7	$—	$(8.9)	$1.8
Other	—	—	—	—
Total Fluid Handling	$10.7	$—	$(8.9)	$1.8
Aerospace & Electronics				
Severance	$1.9	$0.1	$(1.8)	$0.2
Other	0.5	0.5	—	1.0
Total Aerospace & Electronics	$2.4	$0.6	$(1.8)	$1.2
Total Restructuring	$13.1	$0.6	$(10.7)	$3.0

Related to the 2014 repositioning actions, in 2014, the Company recorded $2.6 million and $1.2 million for additional costs incurred as a direct result of the facility consolidations within the Fluid Handling segment and Aerospace & Electronics segments, respectively. During the nine months ended September 30, 2015, the Company recorded $2.8 million and $0.4 million within the Fluid Handling segment and Aerospace & Electronics segments, respectively. The Company does not expect any further significant costs associated with these actions.

Acquisition-Related Restructuring

In 2014, the Company recorded pre-tax restructuring charges of $10.3 million, which included $10.2 million of severance and other cash-related restructuring costs and $0.1 million of non-cash restructuring costs related to asset write-downs related to the December 2013 acquisition of MEI in the Company's Payment & Merchandising Technologies segment. The Company expects these 2014 actions to result in workforce reductions of approximately 240 employees, or less than 2% of the Company’s global workforce.

During the nine months ended September 30, 2015, the Company recorded pre-tax restructuring charges of $0.3 million which included $4.7 million of severance and other cash-related costs and a non-cash pension curtailment gain of $4.4 million. See additional discussion in Notes 5 and 9.

The following table summarizes the accrual balances related to these cash-related restructuring charges:

(in millions)	Balance at December 31, 2014	Expense	Utilization	Balance at September 30, 2015
Payment & Merchandising Technologies				
Severance	$7.0	$4.5	$(3.3)	$8.2
Other	—	0.2	(0.2)	—
Total Restructuring	$7.0	$4.7	$(3.5)	$8.2

The Company does not expect any further significant costs associated with these actions.

Part I – Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains information about Crane Co., some of which includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical information or statements about our current condition. You can identify forward-looking statements by the use of terms such as "believes," "contemplates," "expects," "may," "could," "should," "wou "anticipates," other similar phrases, or the negatives of these terms.

Reference herein to "Crane", "we", "us", and, "our" refer to Crane Co. and its subsidiaries unless the context specifically states or implies otherwise. References to "core business" or "core sales" in this report include sales from acquired businesses starting from and after the first anniversary of the acquisition, but exclude currency effects. Amounts in the following discussion are presented in millions, except employee, share and per share data, or unless otherwise stated.

We have based the forward-looking statements relating to our operations on our current expectations, estimates and projections about us and the markets we serve. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. There are a number of other factors that could cause actual results or outcomes to differ materially from those addressed in the forward-looking statements. The factors that we currently believe to be material are detailed in Part II, Item 1A of this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the Securities and Exchange Commission and are incorporated by reference herein.

Overall

Our sales depend heavily on industries that are cyclical in nature, or are subject to market conditions which may cause customer demand for our products to be volatile. These industries are subject to fluctuations in domestic and international economic conditions as well as currency movements, inflationary pressures, commodity costs and other factors.

As we exited 2014, we were cautious about the impact of economic uncertainty along with the substantial decline in oil prices; consequently, we expected lower customer capital spending in our Fluid Handling end markets. In order to better align our cost structure with expected demand, and reflecting our continued focus on productivity, we undertook certain repositioning actions at the end of 2014 in our Fluid Handling segment (and, to a lesser extent, in our Aerospace & Electronics segment). The costs associated with these repositioning actions were $22.7 million in 2014 and are expected to be $4 million to $6 million in 2015. Savings associated with these repositioning actions are estimated to be $10 million in 2015 and to increase to $19 million on an annual basis in 2016.

During 2015, in response to additional challenges in our Fluid Handling markets, we initiated incremental restructuring activities and recorded pre-tax restructuring and related charges of $8.0 million; we expect these actions to result in annual savings of approximately $10 million by the end of 2016. In 2015, we now expect a total Company year-over-year sales decline of approximately 6.5%, driven by a 4% to 6% adverse impact from foreign exchange, a 0.5% adverse impact from divestitures, and an organic sales decline of approximately 1%. We expect difficult end markets in Fluid Handling to persist into 2016, although we believe that our cost structure is now properly aligned with our current market outlook.

In our Payment & Merchandising Technologies segment, our planned synergies in connection with the acquisition of MEI remain on track. We recorded $20.1 million of integration and restructuring costs in 2014, and we expect to incur approximately $8 million of integration and restructuring costs in 2015. We realized approximately $10 million of acquisition-related synergies in 2014, and we expect incremental synergies in 2015 of at least $9 million with a $33 million annualized run rate by the end of 2016.

Fluid Handling

In 2015, in our Fluid Handling segment, we expect a sales decline driven primarily by unfavorable foreign currency translation, a decline in core sales and, to a lesser extent, the impact of a small divestiture. The expected core sales decline is primarily driven by continued weakness across the power, oil & gas, chemical and general industrial end markets for our process valve business. With respect to our commercial valve businesses, we expect an increase in sales in Canada and the Middle East, partially offset by lower sales in the United Kingdom. With respect to our Pumps business, we expect a slight improvement in the municipal markets in the United States. We expect a decline in operating profit, driven by the impact of lower sales and unfavorable foreign exchange, pricing and product mix as well as higher restructuring costs, partially offset by productivity and savings from our repositioning initiatives.

Payment & Merchandising Technologies

In 2015, we anticipate Payment & Merchandising Technologies sales to decrease driven by unfavorable foreign currency translation and the impact of the conclusion of a transition services agreement related to a divested product line, partially offset by an increase in core sales. We expect core sales to increase from higher volume in both the Crane Payment Innovations and Merchandising Systems businesses. We expect an increase in operating profit primarily as a result of the impact of higher core sales, integration synergies and lower integration related costs, partially offset by the impact of unfavorable foreign exchange.

Aerospace & Electronics

In 2015, we expect commercial market conditions in the aerospace industry to remain generally positive for both new equipment and aftermarket products. We expect defense markets to remain relatively stable but we expect our military sales to increase as a result of initial shipments related to a large multi-year contract. Considering these factors, along with a slight adverse foreign exchange impact, we expect total segment sales and operating profit to be generally flat compared to 2014.

Engineered Materials

In 2015, we expect the Engineered Materials segment sales to be relatively flat compared to 2014. We expect operating profit to increase driven primarily by productivity initiatives and lower material costs.

Results from Operations – Three Month Periods Ended September 30,
All comparisons below refer to the third quarter 2015 versus the third quarter 2014, unless otherwise specified.

	Third Quarter		Change	
(dollars in millions)	2015	2014	$	%
Net sales	$669.9	$727.4	$(57.5)	(7.9)%
Environmental provision	—	55.8	NM	NM
Restructuring and related charges	2.0	3.5	(1.5)	(42.9)%
Acquisition integration related charges	2.2	1.0	1.2	120.0%
Operating profit	93.2	47.7	45.5	95.4%
Operating margin	13.9%	6.6%		
Other income (expense):				
Interest income	0.5	0.4	0.1	25.0%
Interest expense	(9.1)	(9.6)	0.5	(5.2)%
Miscellaneous - net	(0.3)	0.3	(0.6)	(200.0)%
	(8.9)	(8.8)	(0.1)	1.1%
Income before income taxes	84.3	38.9	45.4	116.7%
Provision for income taxes	27.1	10.7	16.4	153.3%
Net income before allocation to noncontrolling interests	57.2	28.2	29.0	102.8%
Less: Noncontrolling interest in subsidiaries' earnings	0.3	0.1	0.2	200.0%
Net income attributable to common shareholders	$56.9	$28.1	$28.8	102.5%

Third quarter 2015 sales decreased $57.5 million, or 7.9%, compared to the third quarter of 2014. The decline in sales was driven by unfavorable foreign currency translation of $36.1 million, or 5.0%, a core sales decline of $19.1 million, or 2.6%, and a divestiture impact of $2.3 million, or 0.3%. Net sales related to operations outside the United States were 39.3% and 41.4% of total net sales for the quarters ended September 30, 2015 and 2014, respectively.
Operating profit was $93.2 million in the third quarter of 2015 compared to $47.7 million in the same period of 2014. The increase in operating profit reflected the absence of an environmental charge in 2014, along with increases in profit in our Aerospace & Electronics, Engineered Materials and Payment & Merchandising Technologies segments, partially offset by a decrease in our Fluid Handling segment. Operating profit in the third quarter of 2015 included restructuring and related charges of $2.0 million associated with repositioning actions, as well as integration costs of $2.2 million related to the acquisition of MEI. Operating profit in the third quarter of 2014 included an environmental charge of $55.8 million which included a $49.0 million charge related to an increase in the Company's liability for its Goodyear, AZ Superfund Site and a $6.8 million charge for expected remediation costs associated with a former facility in Roseland, NJ. Third quarter results also included restructuring and related charges of $3.5 million associated with repositioning actions and integration costs of $1.0 million related to the acquisition of MEI. Operating profit margins were 13.9% in the third quarter of 2015, compared to 6.6% in the comparable period in 2014.
Our effective tax rate is affected by a number of items, both recurring and discrete, including the amount of income we earn in different jurisdictions and their respective statutory tax rates, acquisitions and dispositions, changes in the valuation of our deferred tax assets and liabilities, changes in tax laws, regulations and accounting principles, the continued availability of statutory tax credits and deductions, the continued reinvestment of our overseas earnings, and examinations initiated by tax authorities around the world.

Our effective tax rate of 32.2% for the three months ended September 30, 2015 is higher than the prior year's comparable period primarily due to a higher amount of income earned in jurisdictions with higher statutory tax rates, partially offset by a higher U.S. federal tax benefit for domestic manufacturing activities and a lower amount of statutorily non-deductible expenses.

	Three Months Ended September 30,	
	2015	2014
Net income before allocation to noncontrolling interests	$57.2	$28.2
Other comprehensive (loss) income, net of tax		
Currency translation adjustment	(26.7)	(70.2)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	2.1	0.9
Other comprehensive loss	(24.6)	(69.3)
Comprehensive income before allocation to noncontrolling interests	32.6	(41.1)
Less: Noncontrolling interests in comprehensive (loss) income	—	—
Comprehensive income (loss) attributable to common shareholders	$32.6	$(41.1)

Comprehensive income (loss) attributable to common shareholders was $32.6 million for the three months ended September 30, 2015 compared to a loss of $41.1 million in the same period of 2014. The change was primarily due to a $29.0 million increase in net income before allocation to noncontrolling interests and $43.5 million less of unrealized loss on foreign currency translation adjustments resulting from a more modest weakening of the euro, British pound and Japanese yen against the U.S. dollar in the third quarter of 2015 compared to the third quarter of 2014.

Segment Results of Operations Three Month Periods Ended September 30,
The following information should be read in conjunction with our condensed consolidated financial statements and related notes.

Fluid Handling

	Third Quarter		Change	
(dollars in millions)	2015	2014		
Sales	$264.7	$314.5	$(49.8)	(15.8)%
Operating profit	$29.4	$48.1	$(18.7)	(38.9)%
Restructuring and related charges *	$1.8	$1.1	$0.7	63.6%
Operating margin	11.1%	15.3%		

* The restructuring and related charges are included in operating profit and operating margin.
Third quarter 2015 sales decreased by $49.8 million from $314.5 million in third quarter 2014 to $264.7 million, reflecting a core sales decrease of $25.8 million, or 8.2%, and unfavorable foreign currency translation of $24.0 million, or 7.6%. The core sales decline was driven primarily by lower sales in our process valve business, with broad based weakness across most geographies and end markets. Operating profit in the third quarter of 2015 decreased $18.7 million, or 38.9%, primarily reflecting a $14.8 million impact from the lower sales, unfavorable foreign exchange, and to a lesser extent, competitive pricing and unfavorable product mix.
The Fluid Handling segment backlog was $279 million at September 30, 2015, compared with $311 million at December 31, 2014 and $350 million at September 30, 2014.

Payment & Merchandising Technologies

	Third Quarter		Change	
(dollars in millions)	2015	2014		
Sales	$170.6	$181.1	$(10.5)	(5.8)%
Operating profit	$25.2	$25.1	$0.1	0.4%
Acquisition, integration and restructuring related charges*	$2.2	$1.9	$0.3	15.8%
Operating margin	14.8%	13.9%		

* The acquisition, integration and restructuring related charges are included in operating profit and operating margin.

Third quarter 2015 sales decreased $10.5 million, or 5.8%, reflecting unfavorable foreign currency translation of $11.5 million, or 6.3%, and the impact of the completion of a transition services agreement related to a divested product line of $2.3 million, or 1.3%, partially offset by a core sales increase of $3.3 million, or 1.8%. The increase in core sales reflected higher sales in our Crane Payment Innovations business, partially offset by lower sales in our Merchandising Systems business. The sales increase in our Crane Payment Innovations business reflected higher sales in retail, gaming and transportation end markets, partially offset by lower sales in vending and financial services end markets. The sales decrease in our Merchandising Systems business primarily reflected lower sales to certain large bottler customers and full line operators. Operating profit of $25.2 million increased slightly in the third quarter of 2015 compared to the third quarter of 2014. The operating profit increase was primarily driven by a $4.2 million impact from higher core sales, acquisition synergies and productivity gains, substantially offset by unfavorable foreign currency translation and product mix.

The Payment & Merchandising Technologies segment backlog was $56 million at September 30, 2015 compared with $68 million at December 31, 2014 and $59 million at September 30, 2014.

Aerospace & Electronics

	Third Quarter		Change	
(dollars in millions)	2015	2014		
Sales	$171.7	$167.2	$4.5	2.7 %
Operating profit	$36.5	$29.9	$6.6	22.1 %
Restructuring and related charges*	$0.2	$2.2	$(2.0)	(90.9)%
Operating margin	21.3 %	17.9 %		

* The restructuring and related charges are included in operating profit and operating margin.

The third quarter 2015 sales increase of $4.5 million, or 2.7%, reflected an increase in both original equipment manufacturer ("OEM") and aftermarket sales. OEM sales increased 2.9%, driven primarily by higher shipments to commercial customers. Aftermarket sales increased 1.9%, driven by sales to both commercial and military markets. During the third quarter of 2015, sales to OEMs and sales to aftermarket customers were 73% and 27%, respectively, of total sales, compared to 72% and 28%, respectively, in the same period last year. Operating profit increased $6.6 million, or 22.1%, in the third quarter of 2015 when compared to the same period in the prior year, driven primarily by higher volumes, a decrease in restructuring and related charges, a more favorable product mix and lower costs.

The Aerospace & Electronics segment backlog was $460 million at September 30, 2015, compared with $422 million at December 31, 2014 and $405 million at September 30, 2014.

Engineered Materials

	Third Quarter		Change	
(dollars in millions)	2015	2014		
Sales	$62.9	$64.7	$(1.8)	(2.8)%
Operating profit	$12.5	$9.0	$3.5	38.9 %
Operating margin	19.9 %	14.0 %		

Third quarter 2015 sales of $62.9 million decreased $1.8 million, or 2.8%, reflecting $3.0 million of lower sales to our recreational vehicle ("RV") customers, partially offset by higher sales to our transportation related customers, and to a lesser extent, our building product customers. Operating profit in the third quarter of 2015 increased $3.5 million, or 38.9%, primarily as a result of strong productivity and lower material costs, partially offset by the lower sales.

The Engineered Materials segment backlog was $14 million at September 30, 2015, compared with $17 million at December 31, 2014 and $14 million at September 30, 2014.

Results from Operations – Nine Month Periods Ended September 30
All comparisons below refer to the first nine months of 2015 versus the first nine months of 2014, unless otherwise specified

	Year-to-Date		Change	
(dollars in millions)	2015	2014	$	%
Net sales	$2,060.0	$2,194.3	(134.3)	(6.1)%
Environmental provision	—	55.8	(55.8)	NM
Restructuring and related charges	11.9	17.3	(5.4)	(31.2)%
Acquisition integration related charges	5.6	7.7	(2.1)	(27.3)%
Operating profit	269.4	226.7	42.7	18.8%
Operating margin	13.1%	10.3%		
Other income (expense):				
Interest income	1.4	1.1	0.3	27.3%
Interest expense	(28.5)	(29.1)	0.6	(2.1)%
Miscellaneous - net	(0.2)	(1.4)	1.2	(85.7)%
	(27.3)	(29.4)	2.1	(7.1)%
Income before income taxes	242.1	197.3	44.8	22.7%
Provision for income taxes	77.7	60.3	17.4	28.9%
Net income before allocation to noncontrolling interests	164.4	137.0	27.4	20.0%
Less: Noncontrolling interest in subsidiaries' earnings	0.7	0.5	0.2	40.0%
Net income attributable to common shareholders	163.7	136.5	27.2	19.9%

Year to date 2015 sales decreased $134.3 million, or 6.1%, over the same period in 2014. The decline in sales was driven by unfavorable foreign currency translation of $109.5 million, or 5.0%, a decrease in core sales of $13.1 million, or 0.6% and the divestiture impact of Crane Water and the completion of a previously disclosed transition services agreement of $11.7 million, or 0.5%. Net sales related to operations outside the United States for the nine month periods ended September 30, 2015 and 2014 were 38.9% and 41.7% of total net sales, respectively.

Operating profit was $269.4 million in the first nine months of 2015, compared to $226.7 million in the comparable period of 2014. The increase in operating profit reflected the absence of an environmental charge in 2014 and increases in our Payment & Merchandising Technologies and Engineered Materials segments, partially offset by decreases in our Fluid Handling and Aerospace & Electronics segments. Operating profit in the first nine months of 2015 included restructuring and related charges of $11.9 million associated with repositioning actions, as well as integration costs of $5.6 million related to the acquisition of MEI. Operating profit in the first nine months of 2014 included an environmental charge of $55.8 million which included a $49.0 million charge related to an increase in the Company's liability for its Goodyear, AZ Superfund Site and a $6.8 million charge for expected remediation costs associated with a former facility in Roseland, NJ; restructuring and related charges of $17.3 million associated with repositioning actions designed to improve profitability in 2015 and 2016; integration costs of $7.7 million related to the acquisition of MEI; and a $6.5 million charge related to the settlement of previously disclosed environmental lawsuits by certain homeowners in Roseland, New Jersey.

Our effective tax rate is affected by a number of items, both recurring and discrete, including the amount of income we earn in different jurisdictions and their respective statutory tax rates, acquisitions and dispositions, changes in the valuation of our deferred tax assets and liabilities, changes in tax laws, regulations and accounting principles, the continued availability of statutory tax credits and deductions, the continued reinvestment of our overseas earnings, and examinations initiated by tax authorities around the world.

Our effective tax rate of 32.1% for the nine months ended September 30, 2015 is higher than the prior year's comparable period primarily due to a higher amount of income earned in jurisdictions with higher statutory tax rates, partially offset by a higher U.S. federal tax benefit for domestic manufacturing activities and a lower amount of statutorily non-deductible expenses.

	Nine Months Ended September 30,	
	2015	2014
Net income before allocation to noncontrolling interests	$164.4	$137.0
Other comprehensive (loss) income, net of tax		
Currency translation adjustment	(70.9)	(60.8)
Changes in pension and postretirement plan assets and benefit obligation, net of tax	6.0	3.2
Other comprehensive loss	(64.9)	(57.6)
Comprehensive income before allocation to noncontrolling interests	99.5	79.4
Less: Noncontrolling interests in comprehensive (loss) income	0.3	0.4
Comprehensive income attributable to common shareholders	$99.2	$78.9

Comprehensive income attributable to common shareholders was $99.2 million for the nine months ended September 30, 2015 compared to $78.9 million in the same period of 2014. The change was primarily driven by a $27.4 million increase in net income before allocation to noncontrolling interests, partially offset by a $10.1 million increase in unrealized loss on foreign currency translation adjustments resulting, primarily from further weakening of the Canadian dollar against the U.S. dollar for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014.

Segment Results of Operations Nine Month Periods Ended September 30
The following information should be read in conjunction with our condensed consolidated financial statements and related notes.

Fluid Handling

	Year-To-Date		Change	
(dollars in millions)	2015	2014		
Sales	$832.2	$949.8	$(117.6)	(12.4)%
Operating profit	$96.2	$144.8	$(48.6)	(33.6)%
Restructuring and related charges*	$8.7	$4.9	$3.8	77.6%
Operating margin	11.6%	15.2%		

* Restructuring and related charges are included in operating profit and operating margin.

Year to date 2015 sales decreased $117.6 million, or 12.4%, including unfavorable foreign currency translation of $71.3 million, or 7.5%, a core sales decrease of $41.0 million, or 4.3%, and the impact of the divestiture of Crane Water of $5.3 million, or 0.6%. The core sales decline was driven primarily by lower sales in our process valve business, with broad based weakness across most geographies and end markets. Operating profit in the first nine months of 2015 decreased $48.6 million, or 33.6%, primarily reflecting unfavorable foreign exchange, a $26.2 million impact from the lower sales, competitive pricing, unfavorable product mix and a $3.8 million increase in restructuring and related charges.

Payment & Merchandising Technologies

	Year-To-Date		Change	
(dollars in millions)	2015	2014		
Sales	$529.0	$534.8	$(5.8)	(1.1)%
Operating profit	$72.5	$51.2	$21.3	41.6%
Acquisition, integration and restructuring related charges*	$3.6	$17.0	$(13.4)	(78.8)%
Operating margin	13.7%	9.6%		

* The acquisition, integration and restructuring related charges are included in operating profit and operating margin.

Year to date 2015 sales decreased $5.8 million, or 1.1%, reflecting unfavorable foreign currency translation of $35.8 million, or 6.7% and the impact of the completion of a previously disclosed transition services agreement related to a divested product line of $6.3 million, or 1.2%, partially offset by a core sales increase of $36.3 million, or 6.8%. The increase in core sales reflected higher sales in our Crane Payment Innovations business and, to a lesser extent, our Merchandising Systems business. The sales increase in our Crane Payment Innovations business reflected higher sales in gaming, retail and transportation end markets, partially offset by lower sales in vending and financial services vertical markets. Sales in our Merchandising Systems business remained relatively flat primarily reflecting higher sales to certain large bottler customers and full line operators in the first half of 2015, partially offset by lower sales in the third quarter of 2015. Operating profit of $72.5 million increased $21.3 million in the first nine months of 2015 compared to the comparable period in 2014. The operating profit increase was primarily driven by a $25.2 million impact from the higher sales, a $13.4 million decrease in acquisition, integration and restructuring related charges as well as acquisition synergies and productivity initiatives, partially offset by unfavorable product mix and foreign exchange.

Aerospace & Electronics

(dollars in millions)	Year-To-Date 2015	2014	Change	
Sales	$500.4	$513.7	$(13.3)	(2.6)%
Operating profit	$98.2	$98.3	$(0.1)	(0.1)%
Restructuring and related charges*	1.9	6.7	$(4.8)	(71.6)%
Operating margin	19.6%	19.1%		

* Restructuring and related charges are included in operating profit and operating margin.

The year to date 2015 sales decrease of $13.3 million, or 2.6%, reflected a decline in both OEM and aftermarket sales. OEM sales decreased 2.7%, driven primarily by lower military shipments. Aftermarket sales decreased 2.2%, driven by the timing of military spares shipments and lower retrofit activity. Sales to OEMs and sales to aftermarket customers were 73% and 27% of total sales in both 2015 and 2014. Operating profit decreased $0.1 million, or 0.1%, in the first nine months of 2015 when compared to the same period in the prior year, driven primarily by a $5.3 million impact from lower volumes, substantially offset by a $4.8 million decrease in restructuring and related charges and lower costs.

Engineered Materials

(dollars in millions)	Year-To-Date 2015	2014	Change	
Sales	$198.4	$196.1	$2.3	1.2%
Operating profit	$39.0	$29.6	$9.4	31.8%
Operating margin	19.6%	15.1%		

Year to date 2015 sales of $198.4 million increased $2.3 million, or 1.2%, reflecting $1.1 million of higher sales to our RV customers as well as higher sales to our international and building products customers, partially offset by lower sales to our transportation related customers. Operating profit increased $9.4 million, or 31.8%, primarily as a result of strong productivity, leverage on the higher sales and lower material costs.

Page 40

Liquidity and Capital Resources
Our operating philosophy is to deploy cash provided from operating activities, when appropriate, to provide value to shareholders by reinvesting in existing businesses, by making acquisitions that will complement our portfolio of businesses and by paying dividends and/or repurchasing shares.
On March 2, 2015, the Company entered into a commercial paper program (the “CP Program”) pursuant to which it may issue short-term, unsecured commercial paper notes (the “Notes”) pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended. Amounts available under the CP Program may be borrowed, repaid and re-borrowed from time to time, with the aggregate principal amount of the Notes outstanding under the CP Program at any time not to exceed $500 million. The Notes will have maturities of up to 397 days from date of issue. The Notes will rank at least pari passu with all of our other unsecured and unsubordinated indebtedness. At September 30, 2015, Notes with a principal amount of $97 million were outstanding. The net proceeds of the issuances of the Notes were used to repay amounts under our revolving credit facility and for general corporate purposes. Our revolving credit facility serves as a liquidity backstop for its borrowings under the CP Program.
On May 27, 2015, we entered into an amendment ("Amendment No. 2") to our five-year, $500 million Second Amended and Restated Credit Agreement. Amendment No. 2, among other things, (i) extends the maturity date under the Second Amended and Restated Credit Agreement to May 27, 2020 and (ii) amends the facility fee and applicable margins on the revolving loans made pursuant to the Second Amended and Restated Credit Agreement. Following the effectiveness of Amendment No. 2, at our current credit rating, the facility fee is reduced by 5 basis points to 0.15% while the applicable margin on revolving loans is increased by 5 basis points to 0.10% for base rate loans and 1.10% for LIBOR loans.
Our current cash balance of $335 million, together with cash we expect to generate from future operations and the $403 million available under our CP Program is expected to be sufficient to finance our short- and long-term capital requirements, as well as to fund payments associated with our asbestos and environmental liabilities, restructuring and acquisition integration activities and expected pension contributions. In addition, we believe our credit ratings afford us adequate access to public and private markets for debt. We have borrowings totaling $97 million outstanding under our CP Program. There are no other significant debt maturities coming due until 2018.
We have an estimated liability of $564 million for pending and reasonably anticipated asbestos claims through 2021, and while it is probable that this amount will change and we may incur additional liabilities for asbestos claims after 2021, which additional liabilities may be material, we cannot reasonably estimate the amount of such additional liabilities at this time. Similarly, we have an estimated liability of $68 million related to environmental remediation costs projected through 2022 related to our Goodyear Site and a $2 million liability related to environmental remediation costs at our Roseland Site.
As of September 30, 2015, our non-U.S. subsidiaries held approximately $325 million of cash, which would be subject to additional tax upon repatriation to the United States. Our intent is to indefinitely reinvest the earnings of our non-U.S. operations, and current plans do not anticipate that we will need funds generated from our non-U.S. operations to fund our U.S. operations. In the event we were to repatriate the cash balances of our non-U.S. subsidiaries, we would provide for and pay additional U.S. and non-U.S. taxes in connection with such repatriation.
Operating Activities
Cash provided by operating activities was $115.7 million in the first nine months of 2015, compared to $113.4 million during the same period last year. The slight improvement resulted primarily from lower defined benefit plan and postretirement contributions and lower net asbestos-related payments, partially offset by higher environmental payments. Net asbestos-related payments in the first nine months of 2015 and 2014 were $36.2 million and $46.2 million, respectively. We expect to make payments related to asbestos settlement and defense costs, net of related insurance recoveries, of approximately $54 million, environmental payments of approximately $18 million and contributions to our defined benefit plans of approximately $17 million.
Investing Activities
Cash flows relating to investing activities consist primarily of cash provided by divestitures of businesses or assets and cash used for acquisitions and capital expenditures. Cash used for investing activities was $26.4 million in the first nine months of 2015, compared to cash used for investing activities of $19.0 million in the comparable period of 2014. The increase in cash used for investing activities was primarily due to the absence of proceeds from a purchase

price adjustment related to the acquisition of MEI, lower proceeds from the disposition of capital assets and the divestiture of a small business, partially offset by lower capital expenditures. Capital expenditures are made primarily for increasing capacity, replacing equipment, supporting new product development and improving information systems. We expect our capital expenditures to approximate $45 million in 2015, reflecting anticipated increases in new product development initiatives, primarily in our Aerospace & Electronics and Fluid Handling segments.

Financing Activities

Financing cash flows consist primarily of payments of dividends to shareholders, share repurchases, repayments of indebtedness and proceeds from the issuance of common stock. Cash used for financing activities was $78.3 million during the first nine months of 2015 compared to cash used for financing activities of $49.1 million during the first nine months of 2014. The higher levels of cash used for financial activities was primarily due to cash used for open market share repurchases (we repurchased 398,095 shares of our common stock at a cost of $25 million in the first nine months of 2015), partially offset by higher repayments of credit facility.

Recent Accounting Pronouncements
Information regarding new accounting pronouncements is included in Note 1 to the Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the information called for by this item since the disclosure in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures
Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this quarterly report. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that are filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that the information is accumulated and communicated to the Company's Chief Executive Officer and Principal Financial Officer to allow timely decisions regarding required disclosure. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls are effective as of the end of the period covered by this quarterly report.
Changes in Internal Control over Financial Reporting. During the fiscal quarter ended September 30, 2015, there have been no changes in the Company's internal control over financial reporting, identified in connection with our evaluation thereof, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Item 6. Exhibits

Exhibit 31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a)
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a)
Exhibit 32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) or 15d-14(b)
Exhibit 32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) or 15d-14(b)
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Presentation Linkbase Document

Notes to Exhibits List:

Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2015 and 2014, respectively; (ii) the Condensed Consolidated Balance Sheets at September 30, 2015 and December 31, 2014; and (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014, respectively. Users of this data are advised that, pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is not deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Part II : Other Information

Item 1. Legal Proceedings
Discussion of legal matters is incorporated by reference from Part 1, Item 1, Note 8, “Commitments and Contingencies”, of this Quarterly Report on Form 10-Q, and should be considered an integral part of Part II, Item 1, “Legal Proceedings”.

Item 1A. Risk Factors
Information regarding risk factors appears in in Item 1A of Crane Co.’s Annual Report on Form 10-K for the year ended December 31, 2014. There has been no significant change to the risk factors disclosed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable

(b) Not applicable

(c) Share Repurchases

We did not make any open-market share repurchases of our common stock during the quarter ended June 30, 2015. We routinely receive shares of our common stock as payment for stock option exercises and the withholding taxes due on stock option exercises and the vesting of restricted stock awards from stock-based compensation program participants.

Item 4. Mine Safety Disclosures
Not applicable

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		CRANE CO. REGISTRANT
Date November 5, 2015	By	/s/ Max H. Mitchell Max H. Mitchell President and Chief Executive Officer
Date November 5, 2015	By	/s/ Richard A. Maue Richard A. Maue Vice President, Finance and Chief Financial Officer

Page 46

Exhibit Index

Exhibit No.	Description
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a)
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a)
Exhibit 32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) or 15d-14(b)
Exhibit 32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) or 15d-14(b)
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Presentation Linkbase Document

Notes to Exhibits List:
Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2015 and 2014, respectively; (ii) the Condensed Consolidated Balance Sheets at September 30, 2015 and December 31, 2014; and (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014, respectively. Users of this data are advised that, pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is not deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.