

Crane Co. Reports Second Quarter Earnings Increased 27%; Raises Full Year EPS Guidance Range to \$3.30-\$3.45; Increases Dividend 13%

STAMFORD, CONNECTICUT - July 25, 2011 - Crane Co. (NYSE: CR), a diversified manufacturer of highly engineered industrial products, reported that second quarter 2011 earnings per diluted share increased 27% to \$0.85 compared to \$0.67 in the second quarter of 2010.

Second quarter 2011 sales of \$644 million increased \$91 million, or 16%, compared to the second quarter of 2010, resulting from a core sales increase of \$57 million (10%), favorable foreign currency translation of \$24 million (4%) and an increase in sales from acquisitions, net of divestitures, of \$10 million (2%).

Second quarter 2011 operating profit increased 22% to \$79.9 million, compared to \$65.3 million in the second quarter of 2010, and operating profit margin increased to 12.4%, compared to 11.8% in the second quarter of 2010.

"I am pleased with our second quarter results as strong core revenue growth and continued solid execution are sustaining the momentum that we carried into 2011. I expect our earnings to continue to improve in the second half of the year," said Crane Co. president and chief executive officer Eric C. Fast. "Reflecting the strong performance of our late-cycle Aerospace and Fluid Handling businesses, we are raising our full year sales, EPS and cash flow guidance. In addition, given our confidence in the Company's future, we are increasing our quarterly dividend by 13%."

Increased Full Year 2011 Guidance

Sales for 2011 are now expected to increase approximately 14% - 16%, compared to our prior guidance of 10% - 12%, driven by strong core sales growth. Our 2011 earnings guidance is now a range of \$3.30 - \$3.45 per diluted share, compared to our previous guidance of \$3.05 - \$3.25 per diluted share. Free cash flow (cash provided by operating activities less capital spending) is now expected to be in a range of \$140 - \$160 million, compared to our previous estimate of \$130 - \$150 million. (Please see the Condensed Statement of Cash Flows and Non-GAAP table.)

Cash Flow and Financial Position

Cash provided by operating activities in the second quarter of 2011 was \$31.4 million, which included investment in working capital to support improving sales trends, compared to \$47.1 million in the second quarter of 2010. During the second quarter of 2011, the Company repurchased 421,300 shares of its common stock for approximately \$20 million. The Company's cash position at June 30, 2011 was \$231 million, as compared to \$233 million at March 31, 2011.

Segment Results

All comparisons detailed in this section refer to the second quarter 2011 versus the second quarter 2010.

Aerospace & Electronics

<i>(dollars in millions)</i>	Second Quarter		Change	
	2011	2010		
Sales	\$171.5	\$139.3	\$32.2	23%
Operating Profit	\$37.2	\$26.2	\$10.9	42%
Profit Margin	21.7%	18.8%		

Second quarter 2011 sales increased \$32.2 million, or 23%, reflecting an \$18.1 million (21%) improvement in Aerospace Group sales and an increase of \$14.1 million (26%) in Electronics Group revenue. The Aerospace Group sales increase reflected higher OEM and aftermarket shipments while Electronics Group sales grew across all business solutions. Segment operating profit of \$37.2 million increased by \$10.9 million, or 42%, reflecting effective leverage of the strong sales growth in both groups.

Aerospace & Electronics order backlog was \$432 million at June 30, 2011, compared to \$431 million at December 31, 2010, and \$395 million at June 30, 2010.

Engineered Materials

<i>(dollars in millions)</i>	Second Quarter		Change	
	2011	2010		
Sales	\$60.1	\$58.6	\$1.5	2%
Operating Profit	\$9.1	\$10.2	(\$1.0)	-10%
Profit Margin	15.2%	17.3%		

Segment sales of \$60.1 million increased 2% compared to the second quarter of 2010, as a result of higher revenues from transportation and building products customers, partially offset by a decline in sales to recreational vehicle manufacturers, as OEMs reduced production in late June. Overall, the sales increase was driven by higher selling prices. Although the full effect of price increases implemented in the first quarter positively impacted the quarter, operating margin declined modestly to 15.2%, as raw material cost increases were greater than anticipated.

Merchandising Systems

<i>(dollars in millions)</i>	Second Quarter		Change	
	2011	2010		
Sales	\$94.0	\$74.5	\$19.5	26%
Operating Profit	\$7.1	\$8.1	(\$1.0)	-12%
Profit Margin	7.6%	10.9%		

Merchandising Systems sales of \$94.0 million increased \$19.5 million, or 26%, reflecting \$13.2 million of sales associated with the December 2010 acquisition of Money Controls (18%). Excluding the acquisition, both Payment Solutions and Vending sales increased in the quarter. Operating profit of \$7.1 million declined from the prior year as 2010 was favorably impacted by the receipt of a patent litigation settlement.

Fluid Handling

<i>(dollars in millions)</i>	Second Quarter		Change	
	2011	2010		
Sales	\$289.0	\$254.6	\$34.4	14%
Operating Profit	\$36.9	\$32.2	\$4.8	15%
Profit Margin	12.8%	12.6%		

Second quarter 2011 sales increased \$34.4 million, or 13.5%, which included a core sales increase of \$16.2 million (6.4%), and favorable foreign currency translation of \$18.2 million (7.1%). Sales increased in each major business unit. Operating margins improved from 12.6% to 12.8%. Quote activity continues to increase and order trends continue to strengthen across the Fluid Handling businesses. Backlog increased to \$323 million at June 30, 2011, compared to \$272 million at December 31, 2010 and \$258 million at June 30, 2010.

On July 12, 2011, Crane purchased W. T. Armatur GmbH & Co. KG ("WTA") for approximately \$38 million. WTA is primarily a manufacturer of bellows sealed globe valves for chemical, fertilizer and thermal oil applications, with 2010 sales of approximately \$21 million. This acquisition will strengthen and broaden Fluid Handling's portfolio by providing valves with zero fugitive emissions

used in severe service applications.

Controls

<i>(dollars in millions)</i>	Second Quarter		Change	
	2011	2010		
Sales	\$29.2	\$25.8	\$3.4	13%
Operating Profit	\$3.7	\$0.8	\$2.9	351%
Profit Margin	12.7%	3.2%		

Second quarter 2011 sales of \$29.2 million increased 13%, primarily reflecting improvement in industrial, transportation, and upstream oil and gas related demand. Operating profit of \$3.7 million increased significantly over 2010, reflecting strong leverage and the absence of operating losses associated with divested businesses.

Additional Information

Please see the condensed financial statements and the Non-GAAP Financial Measures table attached to this press release for supporting details. Additional information with respect to the Company's asbestos liability and related accounting provisions and cash requirements is set forth in the Current Report on Form 8-K filed with a copy of this press release.

Conference Call

Crane Co. has scheduled a conference call to discuss the second quarter financial results on Tuesday, July 26, 2011 at 10:00 A.M. (Eastern). All interested parties may listen to a live webcast of the call at <http://www.craneco.com>. An archived webcast will also be available to replay this conference call directly from the Company's website.

Crane Co. is a diversified manufacturer of highly engineered industrial products. Founded in 1855, Crane provides products and solutions to customers in the aerospace, electronics, hydrocarbon processing, petrochemical, chemical, power generation, automated merchandising, transportation and other markets. The Company has five business segments: Aerospace & Electronics, Engineered Materials, Merchandising Systems, Fluid Handling, and Controls. Crane has approximately 11,000 employees in North America, South America, Europe, Asia and Australia. Crane Co. is traded on the New York Stock Exchange (NYSE:CR). For more information, visit www.craneco.com.

This press release may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements present management's expectations, beliefs, plans and objectives regarding future financial performance, and assumptions or judgments concerning such performance. Any discussions contained in this press release, except to the extent that they contain historical facts, are forward-looking and accordingly involve estimates, assumptions, judgments and uncertainties. There are a number of factors that could cause actual results or outcomes to differ materially from those addressed in the forward-looking statements. Such factors are detailed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and subsequent reports filed with the Securities and Exchange Commission.

(Financial Tables Follow)

CRANE CO.
Income Statement Data
(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Sales:				
Aerospace & Electronics	\$ 171,538	\$ 139,299	\$ 333,474	\$ 272,944
Engineered Materials	60,101	58,646	121,933	112,401
Merchandising Systems	94,010	74,527	188,888	144,698
Fluid Handling	288,965	254,587	553,107	502,376
Controls	29,159	25,755	57,391	50,686
Total Net Sales	<u>\$ 643,773</u>	<u>\$ 552,814</u>	<u>\$ 1,254,793</u>	<u>\$ 1,083,105</u>
Operating Profit (Loss):				
Aerospace & Electronics	\$ 37,157	\$ 26,215	\$ 71,199	\$ 50,704
Engineered Materials	9,130	10,172	19,273	18,712
Merchandising Systems	7,114	8,110	11,787	13,079
Fluid Handling	36,943	32,152	72,396	60,141
Controls	3,717	825	6,828	951
Corporate	(14,118)	(12,170)	(28,680)	(25,003)
Total Operating Profit	<u>79,943</u>	<u>65,304</u>	<u>152,803</u>	<u>118,584</u>
Interest Income	389	236	679	461
Interest Expense	(6,429)	(6,657)	(13,051)	(13,383)
Miscellaneous- Net	(290)	(604)	3,335 *	(625)
Income Before Income Taxes	<u>73,613</u>	<u>58,279</u>	<u>143,766</u>	<u>105,037</u>
Provision for Income Taxes	23,076	18,116	44,851	31,690
Net income before allocations to noncontrolling interests	<u>50,537</u>	<u>40,163</u>	<u>98,915</u>	<u>73,347</u>
Less: Noncontrolling interest in subsidiaries' earnings	100	122	11	72
Net income attributable to common shareholders	<u>\$ 50,437</u>	<u>\$ 40,041</u>	<u>\$ 98,904</u>	<u>\$ 73,275</u>
Share Data:				
Earnings per Diluted Share	<u>\$ 0.85</u>	<u>\$ 0.67</u>	<u>\$ 1.66</u>	<u>\$ 1.23</u>
Average Diluted Shares Outstanding	59,348	59,894	59,457	59,716
Average Basic Shares Outstanding	58,173	58,909	58,259	58,777
Supplemental Data:				
Cost of Sales	\$ 423,041	\$ 361,779	\$ 820,891	\$ 714,050
Selling, General & Administrative	140,789	125,731	281,099	250,471
Depreciation and Amortization **	15,853	15,408	31,627	29,845
Stock-Based Compensation Expense	3,771	3,172	7,274	6,344

* Primarily related to the sale of a building and the divestiture of a small product line in the three months ended March 31, 2011.

** Amount included within cost of sales and selling, general & administrative costs.

CRANE CO.
Condensed Balance Sheets
(in thousands)

	June 30, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 231,365	\$ 272,941
Accounts Receivable, net	377,948	301,918
Current Insurance Receivable - Asbestos	33,000	33,000
Inventories, net	362,113	319,077
Other Current Assets	67,442	61,725
Total Current Assets	<u>1,071,868</u>	<u>988,661</u>
Property, Plant and Equipment, net	284,101	280,746
Long-Term Insurance Receivable - Asbestos	167,412	180,689
Other Assets	422,438	446,316
Goodwill	824,318	810,285
Total Assets	<u>\$ 2,770,137</u>	<u>\$ 2,706,697</u>

LIABILITIES AND EQUITY

Current Liabilities

Notes Payable and Current Maturities of Long-Term Debt	\$ 464	\$ 984
Accounts Payable	180,216	157,051
Current Asbestos Liability	100,000	100,000
Accrued Liabilities	221,972	229,462
Income Taxes	18,882	11,057
Total Current Liabilities	<u>521,534</u>	<u>498,554</u>

Long-Term Debt	398,825	398,736
Long-Term Deferred Tax Liability	50,224	48,852
Long-Term Asbestos Liability	570,768	619,666
Other Liabilities	139,521	147,859

Total Equity	<u>1,089,265</u>	<u>993,030</u>
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Total Liabilities and Equity	<u>\$ 2,770,137</u>	<u>\$ 2,706,697</u>
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CRANE CO.
Condensed Statements of Cash Flows
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating Activities:				
Net income attributable to common shareholders	\$ 50,437	\$ 40,041	\$ 98,904	\$ 73,275
Noncontrolling interest in subsidiaries' earnings	100	122	11	72
Net income before allocations to noncontrolling interests	50,537	40,163	98,915	73,347
Gain on divestiture	-	-	(4,258)	-
Depreciation and amortization	15,853	15,408	31,627	29,845
Stock-based compensation expense	3,771	3,172	7,274	6,344
Defined benefit plans and postretirement expense	843	3,775	3,592	6,150
Deferred income taxes	6,627	6,538	13,520	13,220
Cash provided by (used for) operating working capital	(18,141)	11,041	(85,391)	(20,646)
Defined benefit plans and postretirement contributions	(5,579)	(5,213)	(10,358)	(6,289)
Environmental payments, net of reimbursements	(1,541)	(3,117)	(6,134)	(6,317)
Other	1,895	(8,321)	2,037	(4,265)
Subtotal	54,265	63,446	50,824	91,389
Asbestos related payments, net of insurance recoveries	(22,896)	(16,360)	(35,621)	(27,485)
Total provided by operating activities	<u>31,369</u>	<u>47,086</u>	<u>15,203</u>	<u>63,904</u>
Investing Activities:				
Capital expenditures	(10,144)	(4,271)	(18,282)	(8,390)
Proceeds from disposition of capital assets	(23)	42	4,530	42
Payment for acquisition, net of cash acquired	-	-	-	(51,167)
Proceeds from divestiture	-	-	1,000	-
Total used for investing activities	<u>(10,167)</u>	<u>(4,229)</u>	<u>(12,752)</u>	<u>(59,515)</u>
Financing Activities:				
Dividends paid	(13,385)	(11,815)	(26,859)	(23,558)
Reacquisition of shares on open market	(20,000)	(9,990)	(49,999)	(9,990)
Stock options exercised - net of shares reacquired	4,472	7,675	17,024	12,389
Excess tax benefit from stock-based compensation	1,407	578	5,359	969
Change in short-term debt	(454)	(87)	(530)	(3,133)
Total used for financing activities	<u>(27,960)</u>	<u>(13,639)</u>	<u>(55,005)</u>	<u>(23,323)</u>
Effect of exchange rate on cash and cash equivalents	4,961	(13,273)	10,978	(18,251)
Increase (decrease) in cash and cash equivalents	(1,797)	15,945	(41,576)	(37,185)
Cash and cash equivalents at beginning of period	233,162	319,584	272,941	372,714
Cash and cash equivalents at end of period	<u>\$ 231,365</u>	<u>\$ 335,529</u>	<u>\$ 231,365</u>	<u>\$ 335,529</u>

CRANE CO.
Order Backlog
(in thousands)

	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010
Aerospace & Electronics	\$ 431,799	\$ 454,559	\$ 431,467	\$ 401,585	\$ 394,554
Engineered Materials	13,087	13,826	11,831	11,367	12,496
Merchandising Systems	26,898 *	25,008 *	30,170 *	18,044	20,346
Fluid Handling	323,045	305,255	271,825	266,578	257,840
Controls	30,323	24,015	22,354	27,575	28,711
Total Backlog	\$ 825,152	\$ 822,663	\$ 767,647	\$ 725,149	\$ 713,947

* Includes Order Backlog of \$6.2 million at June 30, 2011, \$5.3 million at March 31, 2011 and \$8.4 million at December 31, 2010 pertaining to the 2010 acquisition of Money Controls.

CRANE CO.
Non-GAAP Financial Measures
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
<u>CASH FLOW ITEMS</u>				
Cash Provided from Operating Activities before Asbestos - Related Payments	\$ 54,265	\$ 63,446	\$ 50,824	\$ 91,389
Asbestos Related Payments, Net of Insurance Recoveries	(22,896)	(16,360)	(35,621)	(27,485)
Cash Provided from Operating Activities	31,369	47,086	15,203	63,904
Less: Capital Expenditures	(10,144)	(4,271)	(18,282)	(8,390)
Free Cash Flow	\$ 21,225	\$ 42,815	\$ (3,079)	\$ 55,514

Certain non-GAAP measures have been provided to facilitate comparison with the prior year.

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that non-GAAP financial measures which exclude certain non-recurring items present additional useful comparisons between current results and results in prior operating periods, providing investors with a clearer view of the underlying trends of the business. Management also uses these non-GAAP financial measures in making financial, operating, planning and compensation decisions and in evaluating the Company's performance.

In addition, Free Cash Flow provides supplemental information to assist management and investors in analyzing the Company's ability to generate liquidity from its operating activities. The measure of Free Cash Flow does not take into consideration certain other non-discretionary cash requirements such as, for example, mandatory principal payments on the Company's long-term debt. Non-GAAP financial measures, which may be inconsistent with similarly captioned measures presented by other companies, should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

Non-GAAP financial measures, which may be inconsistent with similarly captioned measures presented by other companies, should be viewed in the context of the definitions of the elements of such measures we provide and in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

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