

# CRANE

NON-GAAP INFORMATION

FEBRUARY 24, 2016

**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 comparison 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 principle 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 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.**

# Non-GAAP Financial Measures

CRANE

(in \$ millions, except per share data)

	2010	2011	2012	2013	2014	2015
<b>Income Items</b>						
Net Sales	2,179	2,500	2,579	2,595	2,925	2,741
Operating Profit from Continuing Operations	233	37	310	348	316	373
<i>Percentage of Sales</i>	10.7%	1.5%	12.0%	13.4%	10.8%	13.6%
<b>Special Items impacting Operating Profit from Continuing Operations</b>						
Acquisition Transaction Costs	1	-	4	23	-	-
Acquisition related inventory and backlog amortization	-	-	-	5	5	-
Acquisition related integration costs	-	-	-	-	10	7
Acquisition related restructuring costs	-	-	-	-	10	(1)
Restructuring and related costs	7	-	21	-	23	12
Asbestos provision	-	242	-	-	-	-
Lawsuit settlement charges	-	-	-	-	7	-
Environmental provision	-	30	-	-	56	-
<b>Operating Profit from Continuing Operations before Special Items</b>	<b>241</b>	<b>309</b>	<b>335</b>	<b>375</b>	<b>426</b>	<b>391</b>
<i>Percentage of Sales</i>	11.1%	12.3%	13.0%	14.5%	14.6%	14.3%
<b>Net Income Attributable to Common Shareholders</b>						
	154	26	217	220	193	229
<i>Per Share</i>	\$ 2.59	\$ 0.44	\$ 3.72	\$ 3.73	\$ 3.23	\$ 3.89
<b>Special Items impacting Net Income Attributable to Common Shareholders:</b>						
Acquisition Transaction Costs - Net of tax	1	-	4	22	-	-
Acquisition related inventory and backlog amortization - Net of tax	-	-	-	3	3	-
Acquisition related integration costs - Net of tax	-	-	-	-	7	5
Acquisition related restructuring costs - Net of tax	-	-	-	-	7	(0)
Restructuring and related costs - Net of tax	4	-	17	-	18	9
Asbestos provision - Net of tax	-	157	-	-	-	-
Lawsuit settlement charges - Net of tax	-	-	-	-	4	-
Environmental provision - Net of tax	-	20	-	-	36	-
Loss (Gain) on business divestitures - Net of tax	-	-	(19)	-	1	-
Gain on real estate divestitures - Net of tax	-	-	-	-	(4)	-
Withholding taxes related to acquisitions funding	-	-	-	3	-	-
Reversal of tax provision on undistributed foreign earnings	(6)	-	-	-	-	-
Acquisition remedy related gain on sale of product line - Net of Tax	-	-	-	(2)	-	-
<b>Net Income Attributable to Common Shareholders before Special Items</b>	<b>154</b>	<b>203</b>	<b>218</b>	<b>246</b>	<b>265</b>	<b>243</b>
<i>Per Share</i>	\$ 2.59	\$ 3.43	\$ 3.75	\$ 4.18	\$ 4.45	\$ 4.13

# Non-GAAP Financial Measures

(in \$ Millions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Fluid Handling</b>													
Net Sales	811	924	1,031	1,093	1,235	1,259	1,110	1,093	1,230	1,289	1,289	1,264	1,091
Operating Profit - GAAP	48	58	84	117	168	168	126	127	161	161	195	182	125
Restructuring and related costs	-	-	-	-	(19)	7	5	3	-	13	-	15	10
<b>Operating Profit before Special Items</b>	<b>48</b>	<b>58</b>	<b>84</b>	<b>117</b>	<b>149</b>	<b>175</b>	<b>131</b>	<b>130</b>	<b>161</b>	<b>174</b>	<b>195</b>	<b>197</b>	<b>135</b>
<b>Percentage of Sales</b>	<b>5.9%</b>	<b>6.3%</b>	<b>8.1%</b>	<b>10.7%</b>	<b>12.1%</b>	<b>13.9%</b>	<b>11.8%</b>	<b>11.9%</b>	<b>13.1%</b>	<b>13.5%</b>	<b>15.1%</b>	<b>15.6%</b>	<b>12.4%</b>
<b>Payment and Merchandising Technologies</b>													
Net Sales	155	169	166	258	388	402	293	298	374	372	381	712	703
Operating Profit - GAAP	3	10	13	18	40	32	21	17	30	34	35	69	101
Restructuring and related costs	-	-	-	-	-	13	(3)	3	-	4	-	10	(1)
Acquisition Transaction costs	-	-	-	-	-	-	-	1	-	-	1	-	-
Inventory & Backlog Amortization	-	-	-	-	-	-	-	-	-	-	5	5	-
Integration Costs	-	-	-	-	-	-	-	-	-	-	-	8	7
<b>Operating Profit before Special Items</b>	<b>3</b>	<b>10</b>	<b>13</b>	<b>18</b>	<b>40</b>	<b>45</b>	<b>18</b>	<b>21</b>	<b>30</b>	<b>37</b>	<b>41</b>	<b>93</b>	<b>108</b>
<b>Percentage of Sales</b>	<b>1.8%</b>	<b>5.9%</b>	<b>7.8%</b>	<b>7.0%</b>	<b>10.3%</b>	<b>11.2%</b>	<b>6.1%</b>	<b>7.0%</b>	<b>8.1%</b>	<b>10.1%</b>	<b>10.7%</b>	<b>13.0%</b>	<b>15.4%</b>
<b>Aerospace &amp; Electronics</b>													
Net Sales	429	497	537	566	629	639	590	577	678	701	694	696	691
Claim Settlement	-	-	-	-	-	-	(19)	-	-	-	-	-	-
Net Sales before Claim Settlement	429	497	537	566	629	639	571	577	678	701	694	696	691
Operating Profit - GAAP	96	91	85	99	86	54	96	109	146	156	160	138	145
Claim Settlement	-	-	-	-	-	-	(16)	-	-	-	-	-	-
Restructuring and related costs	-	-	-	-	-	2	3	-	-	-	-	8	-
<b>Operating Profit before Special Items</b>	<b>96</b>	<b>91</b>	<b>85</b>	<b>99</b>	<b>86</b>	<b>56</b>	<b>83</b>	<b>109</b>	<b>146</b>	<b>156</b>	<b>160</b>	<b>146</b>	<b>145</b>
<b>Percentage of Sales</b>	<b>22.4%</b>	<b>18.3%</b>	<b>15.8%</b>	<b>17.5%</b>	<b>13.7%</b>	<b>8.8%</b>	<b>14.5%</b>	<b>18.9%</b>	<b>21.5%</b>	<b>22.2%</b>	<b>23.1%</b>	<b>20.9%</b>	<b>21.0%</b>
<b>Engineered Materials</b>													
Net Sales	240	276	305	309	331	255	172	212	220	217	232	253	255
Operating Profit - GAAP	48	54	63	50	58	4	20	30	30	25	34	37	48
Restructuring and related costs	-	-	-	-	-	19	-	-	-	4	-	-	-
<b>Operating Profit before Special Items</b>	<b>48</b>	<b>54</b>	<b>63</b>	<b>50</b>	<b>58</b>	<b>23</b>	<b>20</b>	<b>30</b>	<b>30</b>	<b>28</b>	<b>34</b>	<b>37</b>	<b>48</b>
<b>Percentage of Sales</b>	<b>20.0%</b>	<b>19.6%</b>	<b>20.7%</b>	<b>16.2%</b>	<b>17.5%</b>	<b>9.0%</b>	<b>11.6%</b>	<b>14.2%</b>	<b>13.5%</b>	<b>13.0%</b>	<b>14.8%</b>	<b>14.5%</b>	<b>19.0%</b>
<b>Corporate Office</b>													
Operating Profit - GAAP	(26)	(376)	(32)	(36)	(461)	(63)	(56)	(49)	(330)	(65)	(76)	(109)	(48)
Asbestos provision	-	308	-	-	390	-	-	-	242	-	-	-	-
Environmental provision	-	40	-	(5)	19	24	-	-	30	-	-	56	-
Lawsuit Settlement	-	-	-	-	8	-	7	-	-	-	-	7	-
Acquisition Transaction / Integration costs	-	-	-	-	-	-	-	-	-	4	22	1	-
Restructuring and related costs	-	-	-	-	-	-	-	-	-	-	-	-	2
<b>Operating Profit before Special Items</b>	<b>(26)</b>	<b>(28)</b>	<b>(32)</b>	<b>(41)</b>	<b>(44)</b>	<b>(39)</b>	<b>(49)</b>	<b>(49)</b>	<b>(58)</b>	<b>(61)</b>	<b>(54)</b>	<b>(46)</b>	<b>(46)</b>

# Non-GAAP Financial Measures

(in \$ millions)

	2010	2011	2012	2013	2014	2015	2016G
Cash provided from Operations	134	150	235	239	264	229	255
Capital Expenditures	(21)	(35)	(29)	(29)	(44)	(40)	(50)
Free Cash Flow	113	115	205	210	220	190	205
Asbestos related payment, net of insurance recoveries	67	79	78	63	61	50	50
Tax Rate	35%	35%	35%	35%	35%	35%	35%
Payment for asbestos-related fees and costs, net of insurance recoveries and tax	43	52	51	41	40	33	33
<b>Free Cash Flow before payments for asbestos-related fees and costs, net of insurance recoveries and tax</b>	<b>156</b>	<b>167</b>	<b>256</b>	<b>251</b>	<b>260</b>	<b>223</b>	<b>238</b>
<b>Free Cash Flow Conversion</b>							
Free Cash Flow	113	115	205	210	220	190	205
Discretionary Pension Contribution	25	30	-	-	-	-	-
Free Cash Flow excluding impact of discretionary pension contribution	138	145	205	210	220	190	205
Net Income Attributable to Common Shareholders (a) (b)	154	203	218	246	265	243	237
<b>FCF Conversion</b>	<b>89%</b>	<b>71%</b>	<b>94%</b>	<b>85%</b>	<b>83%</b>	<b>78%</b>	<b>86%</b>
<b>Free Cash Flow Conversion ex Asbestos</b>							
Free Cash Flow	113	115	205	210	220	190	205
Discretionary Pension Contribution	25	30	-	-	-	-	-
Payment for asbestos-related fees and costs, net of insurance recoveries and tax	43	52	51	41	40	33	33
Free Cash Flow excluding Asbestos and impact of discretionary pension contribution	181	197	256	251	260	223	238
Net Income Attributable to Common Shareholders (a) (b)	154	203	218	246	265	243	237
<b>FCF Conversion ex Asbestos</b>	<b>117%</b>	<b>97%</b>	<b>117%</b>	<b>102%</b>	<b>98%</b>	<b>92%</b>	<b>100%</b>

(a) Net Income for all periods is inclusive of the discontinued operations

(b) Net Income for all periods is before special items

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