

CRANE CO /DE/

FORM 10-Q (Quarterly Report)

Filed 4/30/2004 For Period Ending 3/31/2004

Address	CRANE CO. 100 FIRST STAMFORD PLACE STAMFORD, Connecticut 06902
Telephone	203-363-7300
CIK	0000025445
Industry	Misc. Fabricated Products
Sector	Basic Materials
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

Mark One

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File Number 1-1657

CRANE CO.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1952290
(I.R.S. Employer
Identification No.)

100 First Stamford Place, Stamford, CT
(Address of principal executive offices)

06902
(Zip Code)

Registrant's telephone number, including area code (203) 363-7300

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the issuer's classes of common stock, as of April 28, 2004:

Common stock, \$1.00 Par Value – 59,538,784 shares

Part I – Financial Information**Item 1. Financial Statements**

Crane Co. and Subsidiaries
Consolidated Statements of Operations
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2004	2003
Net sales	\$448,306	\$376,470
Operating costs and expenses:		
Cost of sales	305,926	257,275
Selling, general and administrative	103,702	91,016
	<u>409,628</u>	<u>348,291</u>
Operating profit	38,678	28,179
Other income (expense):		
Interest income	222	189
Interest expense	(6,541)	(3,944)
Miscellaneous – net	(218)	(165)
	<u>(6,537)</u>	<u>(3,920)</u>
Income before income taxes	32,141	24,259
Provision for income taxes	9,964	7,763
	<u>22,177</u>	<u>16,496</u>
Net income	\$ 22,177	\$ 16,496
Basic and diluted net income per share:		
Net income	<u>\$.37</u>	<u>\$.28</u>
Average basic shares outstanding	59,544	59,400
Average diluted shares outstanding	60,418	59,455
Dividends per share	\$.10	\$.10

See Notes to Consolidated Financial Statements

Part I – Financial Information**Item 1. Financial Statements****Crane Co. and Subsidiaries
Consolidated Balance Sheets
(In Thousands)
(Unaudited)**

	<u>March 31, 2004</u>	<u>December 31, 2003</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 39,081	\$ 142,518
Accounts Receivable	280,353	248,492
Inventories:		
Finished goods	85,697	80,017
Finished parts and subassemblies	51,399	48,725
Work in process	40,893	33,057
Raw materials	75,694	73,632
	<u>253,683</u>	<u>235,431</u>
Other Current Assets	35,744	35,335
Total Current Assets	608,861	661,776
Property, Plant and Equipment:		
Cost	770,139	765,269
Less accumulated depreciation	470,085	462,631
	<u>300,054</u>	<u>302,638</u>
Other Assets	250,013	254,398
Intangible Assets	60,536	56,725
Goodwill	579,113	536,239
	<u>579,113</u>	<u>536,239</u>
Total Assets	\$1,798,577	\$1,811,776

See Notes to Consolidated Financial Statements
(Continued)

Part I – Financial Information**Item 1. Financial Statements****Crane Co. and Subsidiaries
Consolidated Balance Sheets
(In Thousands)
(Unaudited)**

	<u>March 31, 2004</u>	<u>December 31, 2003</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 8	\$ 100,275
Loans payable	77,561	—
Accounts payable	133,817	116,885
Accrued liabilities	170,477	171,438
U.S. and foreign taxes on income	34,174	29,976
Total Current Liabilities	<u>416,037</u>	<u>418,574</u>
Long-Term Debt	296,065	295,861
Accrued Pension and Postretirement Benefits	39,923	39,742
Deferred Tax Liability	58,630	57,738
Other Liabilities	204,287	213,610
Preferred Shares, par value \$.01; 5,000,000 shares authorized	—	—
Common Shareholders' Equity:		
Common stock, par value \$1.00; 200,000,000 shares authorized, 72,426,139 shares issued	72,426	72,426
Capital surplus	108,076	108,095
Retained earnings	855,812	838,678
Accumulated other comprehensive gain	48,728	51,034
Common stock held in treasury	(301,407)	(283,982)
Total Common Shareholders' Equity	<u>783,635</u>	<u>786,251</u>
Total Liabilities and Shareholders' Equity	<u>\$1,798,577</u>	<u>\$1,811,776</u>
Common Stock Issued	72,426	72,426
Less Common Stock held in Treasury	(13,158)	(12,750)
Common Stock Outstanding	<u>59,268</u>	<u>59,676</u>

See Notes to Consolidated Financial Statements

Part I – Financial Information**Item 1. Financial Statements**

Crane Co. and Subsidiaries
Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Three Months Ended March 31	
	2004	2003
Operating activities:		
Net income	\$ 22,177	\$ 16,496
Income from joint venture	(534)	(371)
Depreciation and amortization	13,798	12,364
Deferred income taxes	(297)	(255)
Asbestos-related payments	(3,814)	(421)
Cash used for operating working capital	(29,474)	(4,159)
Other	(3,958)	(1,033)
	<u>(2,102)</u>	<u>22,621</u>
Total (used for) provided from operating activities		
Investing activities:		
Capital expenditures	(5,144)	(6,484)
Payments for acquisitions	(50,630)	—
Proceeds from divestitures	—	1,200
Proceeds from disposition of capital assets	174	344
	<u>(55,600)</u>	<u>(4,940)</u>
Total used for investing activities		
Financing activities:		
Equity:		
Dividends paid	(5,953)	(5,945)
Settlement of shares-open market	(23,466)	(6,116)
Settlement of shares-stock incentive programs	(1,045)	(592)
Stock options exercised	7,587	952
	<u>(22,877)</u>	<u>(11,701)</u>
Net equity	(22,877)	(11,701)
Debt:		
Repayments of long-term debt	(100,304)	(365)
Net increase in short-term debt	77,561	1,397
	<u>(22,743)</u>	<u>1,032</u>
Net debt	(22,743)	1,032
Total used for financing activities	(45,620)	(10,669)
Effect of exchange rates on cash and cash equivalents	(115)	656
	<u>(103,437)</u>	<u>7,668</u>
(Decrease) increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	142,518	36,589
	<u>142,518</u>	<u>36,589</u>
Cash and cash equivalents at end of period	\$ 39,081	\$ 44,257
	<u>\$ 39,081</u>	<u>\$ 44,257</u>
Detail of Cash Provided from Operating Activities		
Working Capital:		
Accounts receivable	\$ (25,230)	\$ (9,796)
Inventories	(6,308)	(4,819)
Other current assets	(810)	(833)
Accounts payable	10,004	10,029
Accrued liabilities	(11,340)	(3,316)
U.S. and foreign taxes on income	4,210	4,576
	<u>(29,474)</u>	<u>(4,159)</u>
Total	\$ (29,474)	\$ (4,159)
	<u>\$ (29,474)</u>	<u>\$ (4,159)</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 10,211	\$ 4,352
Income taxes paid	5,765	3,261

See Notes to Consolidated Financial Statements

Part I – Financial Information

Item 1. Financial Statements

Notes to Consolidated Financial Statements (Unaudited)

The accompanying unaudited 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 period presented. These interim 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, 2003.

1. Segment Results

Net sales and operating profit by segment are as follows:

(In Thousands)	Three Months Ended March 31,	
	2004	2003
Net Sales		
Aerospace & Electronics	\$119,277	\$ 87,374
Engineered Materials	69,010	62,886
Merchandising Systems	39,450	37,606
Fluid Handling	203,888	173,468
Controls	16,753	15,210
Intersegment Elimination	(72)	(74)
Total	\$448,306	\$376,470
Operating Profit (Loss)		
Aerospace & Electronics	\$ 20,222	\$ 16,871
Engineered Materials	15,531	12,964
Merchandising Systems	474	(2,118)
Fluid Handling	8,727	7,426
Controls	889	398
Corporate	(7,165)	(7,362)
Total	\$ 38,678	\$ 28,179

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Notes to Consolidated Financial Statements (Unaudited)

2. Stock-Based Compensation Plans

The Company has two stock-based compensation plans: the Stock Incentive Plan and the Non-Employee Director Stock Compensation Plan. In accounting for its stock-based compensation plans, the Company applies the intrinsic value method prescribed by APB No. 25, "Accounting for Stock Issued to Employees." Intrinsic value is the amount by which the market price of the underlying stock exceeds the exercise price of the stock option or award on the measurement date, generally the date of grant. No stock-based employee compensation expense is reflected in net income, as all options granted under the plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The pro forma net income and earnings per share listed below reflect the impact of measuring compensation expense for options granted in the three-month periods ended March 31, 2004 and 2003 in accordance with the fair-value-based method prescribed by SFAS 123, "Accounting for Stock-Based Compensation" and amended by SFAS 148, "Accounting for Stock-Based Compensation – Transition and Disclosure." These amounts may not be representative of future years' amounts, as options vest over a three-year period and, generally, additional awards are made each year.

(In Thousands, Except Per Share Data)	Three Months Ended March 31,	
	2004	2003
Net income as reported	\$22,177	\$16,496
Less: Compensation expense determined under fair value based method for all awards, net of tax effects	(836)	(1,175)
	\$21,341	\$15,321
Pro forma – Basic and diluted net income per share:		
As reported	\$ 0.37	\$ 0.28
Pro forma	0.36	0.26

3. Goodwill and Intangible Assets

Changes to goodwill and intangible assets during the three-month period ended March 31, 2004 follow.

(In Thousands)	Goodwill	Intangible Assets
Balance at December 31, 2003, net of accumulated amortization	\$536,239	\$ 56,725
Additions	41,802	5,145
Translation and other adjustments	1,072	652
Amortization expense	—	(1,986)
Balance at March 31, 2004, net of accumulated amortization	\$579,113	\$ 60,536

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Notes to Consolidated Financial Statements (Unaudited)

Changes to goodwill and intangible assets during the year ended December 31, 2003 follow.

(In Thousands)	Goodwill	Intangible Assets
Balance at December 31, 2002, net of accumulated amortization	\$410,356	\$ 46,093
Additions	118,025	13,845
Translation and other adjustments	7,858	4,198
Amortization expense	—	(7,411)
Balance at December 31, 2003, net of accumulated amortization	<u>\$536,239</u>	<u>\$ 56,725</u>

Goodwill increased \$41.8 million during the three-month period ended March 31, 2004 primarily due to the acquisition of P.L. Porter Co. in January 2004.

Intangible assets totaled \$60.5 million, net of accumulated amortization of \$39.0 million at March 31, 2004. Of this amount, \$9.2 million represents intangibles with indefinite useful lives, consisting of trade names which are not being amortized under SFAS No. 142.

A summary of intangible assets follows:

(In Thousands)	March 31, 2004		December 31, 2003	
	Gross Asset	Accumulated Amortization	Gross Asset	Accumulated Amortization
Intellectual rights	\$80,079	\$ 30,909	\$74,366	\$ 29,755
Drawings	10,225	4,797	10,225	4,240
Other	9,221	3,283	9,230	3,101
	<u>\$99,525</u>	<u>\$ 38,989</u>	<u>\$93,821</u>	<u>\$ 37,096</u>

Amortization expense for these intangible assets is expected to be approximately \$7.7 million in 2005, \$5.6 million in 2006, \$4.9 million in 2007, \$4.4 million in 2008 and \$4.0 million in 2009.

4. Acquisitions & Divestitures

In January, 2004, the Company acquired P.L. Porter Co. ("Porter") for a purchase price of \$45 million. The fair value estimates of assets acquired and liabilities assumed will be finalized within one year from the transaction date. Porter is a leading manufacturer of motion control products for airline seating and is located in Woodland Hills, California. Porter holds leading positions in both electromechanical actuation and hydraulic/mechanical actuation for aircraft seating, selling directly to seat manufacturers and to the airlines. Electrically powered seat actuation systems provide motive power and control features required by premium class passengers on competitive international routes. Porter products not only provide passenger comfort with seat back and foot rest adjustment, but also control advanced features such as lumbar support and in-seat massage. In addition to seats installed in new aircraft, airlines refurbish and replace seating several times during an aircraft's life along with maintenance and repair requirements. Porter's 2003 annual sales were approximately \$32 million.

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Porter will provide the core for a new solution set provided by the Aerospace & Electronics Segment, Cabin Solutions.

Also in January, 2004, the Company acquired the Hattersley valve brand and business together with certain related intellectual property and assets from Hattersley Newman Hender, Ltd., a subsidiary of Tomkins plc. Hattersley branded products include an array of valves for commercial, industrial and institutional construction projects. This business is being integrated into Crane Ltd. which is part of the Fluid Handling Segment.

5. Comprehensive Income

Total comprehensive income for the three-month periods ended March 31, 2004 and 2003 is as follows:

(In Thousands)	Three Months Ended March 31,	
	2004	2003
Net income	\$22,177	\$16,496
Foreign currency translation adjustments	(2,306)	5,169
Comprehensive income	\$19,871	\$21,665

6. Asbestos Liability

As of March 31, 2004, the Company was a defendant, among a number of defendants, typically over 50 and frequently in the hundreds, in cases filed in various 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:

	Year Ended December 31,	Three months ended March 31, 2004	Three months ended March 31, 2003
	2003		
Beginning claims	54,038	68,606	54,038
New claims	19,115	3,769	8,349
Settlements	(3,883)	(237)	(128)
Dismissals	(664)	(257)	(162)
Ending claims	68,606	71,881	62,097

Of the 71,881 pending claims as of March 31, 2004, approximately 25,000 claims are pending in New York and approximately 30,000 claims are pending in Mississippi. These filings typically do not identify any of the Company's products as a source of asbestos exposure. A substantial majority of the New York claims have been placed on a deferred docket and are ineligible for trial on the merits without medical evidence of asbestos-related disease.

Generally, the Company has required evidence of exposure to asbestos-containing materials in products manufactured or sold by the Company, as well as medical evidence of asbestos-related disease, as a prerequisite to settling an asbestos claim. A significant proportion of the resolved claims against the Company have been dismissed without payment because these criteria are not satisfied. Despite this litigation posture, the

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Company has recognized that the number of asbestos claims pending against it continues to increase, and the settlement demands from asbestos claimants continue to escalate. The Company believes that federal legislation establishing a trust fund to compensate asbestos victims is the most appropriate solution to the asbestos litigation problem. The Company has been actively monitoring, studying and supporting developments in federal legislation during the past year and believes that there is a reasonable possibility that legislation will be passed in the current or next Congress. In addition, the Company continues to monitor and study the structured settlement transactions announced by certain other asbestos defendants. As the Company has stated previously, it will explore all feasible alternatives available to resolve its asbestos liability in a manner consistent with the best interest of the Company's shareholders.

The gross settlement and defense costs (before insurance recoveries and tax effects) for the Company in the quarter ended March 31, 2004 totaled \$4.1 million and \$5.5 million, respectively, a significant increase over prior periods. New claims filed in certain jurisdictions also increased significantly during the first quarter. Historically, the rate of new claims and related costs has varied significantly from quarter to quarter. While one quarter is not indicative of a trend, if costs and new filings continue at this pace it could have an adverse effect on the Company's estimate of its asbestos liability.

The Company's total pre-tax cash payments for settlement and defense costs net of the Company's cost sharing arrangement with insurers amounted to \$3.8 million in the quarter ended March 31, 2004. Detailed below are the comparable amounts for the periods indicated.

(in millions)	Year Ended	Three Months Ended	
	December 31,	March 31,	March 31,
	2003	2004	2003
Settlement costs ⁽¹⁾	\$ 11.9	\$ 4.1	\$ 1.8
Defense costs ⁽¹⁾	9.2	5.5	0.7
Pre-tax cash payments ⁽²⁾	4.6	3.8	0.4

- (1) Before insurance recoveries and tax effects
(2) Net of cost sharing arrangements with insurers

Cumulative aggregate settlement and defense costs (before insurance recoveries and tax effects) to date as of March 31, 2004 were \$25.7 million and \$27.8 million, respectively. The Company's cumulative pre-tax cash payments for settlement and defense costs net of the Company's cost sharing arrangements with insurers amounted to \$12.1 million as of March 31, 2004.

These amounts are not necessarily indicative of future period amounts, which may be higher or lower than those reported. It is not possible to forecast when the cash payments related to the asbestos liability will be expended; however, it is expected such cash payments will continue for many years. Payment uncertainty results from the significant proportion of unasserted claims included in the estimated asbestos liability as well as variability of timing and terms of settlements and insurance reimbursement. It is expected that cash payments will increase in proportion to increases the Company has experienced in overall claim activity and settlement and defense costs. In addition, there will be periods during which cash payments increase because the Company's insurance coverage for asbestos claims involves multiple insurers, with

Notes to Consolidated Financial Statements (Unaudited)

different policy terms and certain gaps in coverage, and, consequently, the timing and amount of insurance reimbursement will vary.

The liability recorded for asbestos claims constitutes management's best estimate, based on the Company's past experience, of costs for pending and reasonably anticipated future claims through 2007. For claims that will be filed beyond 2007, management believes that the level of uncertainty 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 and, accordingly, no accrual has been recorded for any costs which may be incurred beyond 2007. A long-term liability was recorded to cover the estimated cost of asbestos claims through 2007 and a long-term asset was recorded representing the probable insurance reimbursement for such claims (approximately 40 percent of settlement and defense costs). The Company's liability for asbestos-related claims before insurance recoveries, which is included in other liabilities, was \$187 million and \$193 million at March 31, 2004 and December 31, 2003, respectively, or \$112 million and \$116 million, respectively, after probable insurance recoveries. At March 31, 2004 and December 31, 2003 approximately 54% and 60%, respectively, of the asbestos liability represented the estimated cost of unasserted claims against the Company.

The Company's asbestos liability is based on its estimated cost of pending claims plus unasserted claims through 2007. In determining this estimate, both average annual incremental claims and costs per claim are significant assumptions. Costs per claim vary depending on a number of factors, including the nature of the alleged exposure, the injury alleged and the jurisdiction where the claim was filed. The estimated liability for New York claims includes a substantial discounting of such claims due to the deferred docket noted above. This discount rate is significantly higher than the dismissal rate applied to substantially all other jurisdictions. The gross estimated cost of projected asbestos claims is reduced by approximately 40% representing the Company's probable insurance recovery. In 2002, as a result of dramatic increases in annual incremental claims and claim costs, management changed the basis for these assumptions to an analysis of the past few years of experience as compared to the long-term historical averages previously used, which thereby increased the aggregate estimated liability. In 2003, the Company reviewed its estimate in light of a number of factors and developments including the New York deferred docket referred to above, the substantial reduction in the new claims filed in Mississippi and New York, the increase in new claims filed in other jurisdictions, the proportion of claims dismissed for lack of product identification and the increasing settlement demands from claimants. Future projections of these trends is inherently uncertain, and while the Company believes its current estimate of the asbestos liability is a reasonable judgment, there can be no assurance about future developments.

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. The Company cautions that its estimated liability is based on assumptions with respect to future claims, settlement and defense costs based on recent experience during the last few years 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, could change the estimated liability, as would any substantial adverse verdict at trial. A legislative solution or a structured settlement transaction could also change the estimated liability.

A significant portion of the Company's settlement and defense costs are paid by its primary insurers and one umbrella insurer up to the agreed available limits of the applicable policies. The Company has substantial excess coverage policies that are expected to respond to asbestos claims as settlements and other payments exhaust the underlying policies, but there is no cost sharing or allocation agreement yet in place with the

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Notes to Consolidated Financial Statements (Unaudited)

excess insurers. The same factors that affect developing estimates of probable settlement and defense costs for asbestos-related liabilities also affect estimates of the probable insurance payment, as do a number of additional factors. These additional factors include the financial viability of the insurance companies, the method in 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.

The Company determined it probable that approximately 40% of the estimated gross liability will be paid by the Company's insurers. This determination was made after considering the terms of the available insurance coverage, the financial viability of the insurance companies, the status of negotiations with its insurers and consulting with legal counsel. This insurance receivable is included in other assets.

Since many uncertainties exist surrounding asbestos litigation, the Company will continue to evaluate its asbestos-related estimated liability and corresponding estimated insurance reimbursement as well as the underlying assumptions used to derive these amounts and the process of making the estimate. These uncertainties may result in the Company incurring future charges to operations to adjust the carrying value of recorded liabilities and assets, particularly if escalation in the number of claims and settlement and defense costs occurs or if legislation or another alternative solution is implemented; however, the Company is currently unable to estimate such future changes. Although the resolution of these claims is anticipated to take many years, amounts recorded for the liability under generally accepted accounting principles are not discounted, and the effect on results of operations, cash flow and financial position in any given period from a revision to these estimates could be material.

7. Pension and Postretirement Benefit Plans

The components of net periodic cost are as follows:

(in thousands)	Pension Benefits		Postretirement Benefits	
	March 31, 2004	March 31, 2003	March 31, 2004	March 31, 2003
Service cost	\$ 3,878	\$ 3,293	\$ 40	\$ 38
Interest cost	7,360	6,632	249	312
Expected rate of return on plan assets	(8,893)	(8,525)	—	—
Amortization of prior service cost	202	192	(21)	(21)
Amortization of net(gain)loss	(64)	43	(43)	(187)
Net periodic cost	\$ 2,483	\$ 1,635	\$ 225	\$ 142

The Company expects, based on current actuarial calculations, to contribute cash of \$4 million to its defined benefit plans and \$2 million to its other postretirement benefit plans in 2004. Cash contributions in subsequent years will depend on a number of factors including the investment performance of plan assets.

Part I - Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Three Months Ended March 31, 2004

This Form 10-Q contains 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 10-Q, 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, 2003 filed with the Securities and Exchange Commission which are incorporated by reference herein.

Results from Operations

First Quarter of 2004 Compared to First Quarter of 2003

First quarter 2004 net income increased 34% to \$22.2 million, or \$0.37 per share, compared with net income of \$16.5 million or \$0.28 per share reported for the first quarter 2003.

Sales increased \$71.8 million, or 19%, in the first quarter 2004 to \$448.3 million compared with \$376.5 million in the first quarter 2003. The sales increase included approximately \$42 million from acquisitions, \$16 million from favorable foreign currency translation and \$14 million from improvements in base businesses. Operating profit increased 37% in the first quarter 2004 to \$38.7 million compared with \$28.2 million in the first quarter 2003. The \$10.5 million increase in operating profit reflects improved performance in all segments and includes \$4.7 million from the recent acquisitions. Operating profit margin for the first quarter 2004 was 8.6% compared with 7.5% in the first quarter 2003.

Net sales from domestic businesses were 68% and 71% of the first quarter's total net sales in 2004 and 2003, respectively. Operating profit from domestic businesses was 84% and 85% of the first quarter's total operating profit for 2004 and 2003. Operating profit margins in the first quarter for domestic businesses were 10.7% in 2004 compared with 9.0% in 2003 principally due to improvements in volume in the Company's Engineered Materials Segment and acquisitions in the higher-margin Aerospace & Electronics Segment. Operating profit margins in the first quarter for non-US businesses were 4.3% in 2004 versus 3.8% in 2003 reflecting the benefits of rightsizing the Company's European coin changing business.

Order backlog at March 31, 2004 totaled \$525.7 million, a 16% improvement over backlog of \$451.7 million at December 31, 2003, with increases across all groups and segments, particularly in Aerospace & Electronics.

Market Conditions

Market conditions strengthened at many of our businesses during the first quarter 2004. The Aerospace & Electronics Segment experienced both solid demand from the military market and favorable order trends from commercial original equipment manufacturers ("OEM"). In the Engineered Materials Segment, demand for fiberglass-reinforced panels to the recreational vehicle ("RV") and truck trailer markets remained strong. Demand for European coin changing equipment and North American vending machines remained depressed for the Merchandising Systems Segment. The Fluid Handling Segment saw order trend improvement toward the end of the quarter, from both increased project orders and a more stable maintenance, repair and overhaul ("MRO") environment. Demand in the important chemical process industry remained weak.

Part I - Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Three Months Ended March 31, 2004

Segment Results

Aerospace & Electronics sales of \$119.3 million increased \$31.9 million, or 37%, in the first quarter 2004 compared with sales of \$87.4 million in the first quarter 2003. First quarter 2004 included \$23.8 million in sales from P.L. Porter, acquired in late January 2004, and Signal Technology Corporation ("STC"), acquired in May 2003. Operating profit of \$20.2 million increased \$3.4 million, or 20%, compared with \$16.9 million in the first quarter 2003, primarily due to \$3.2 million in operating profit from the P.L. Porter and STC acquisitions. Operating profit margins were 17.0% in the first quarter 2004, compared with 19.3% in the first quarter 2003, attributable to unfavorable mix from lower commercial aftermarket spares volume compared with unusually strong spares shipments in the prior year first quarter, market pricing pressure and lower margins in the recently acquired businesses which have not yet been fully integrated into the Company.

Aerospace Group sales of \$73.1 million in the first quarter 2004 increased \$10.9 million, or 18%, from \$62.2 million in the prior year first quarter, primarily due to \$6.8 million of sales from the P.L. Porter acquisition and increased OEM shipments. First quarter 2004 operating profit was flat compared with the first quarter 2003, as positive P.L. Porter performance was offset by unfavorable mix from both stronger but lower margin military and commercial OEM volume and lower shipments of commercial aftermarket spares in the first quarter 2004 compared with unusually high spares shipments in the first quarter 2003.

Electronics Group sales of \$46.4 million in the first quarter 2004 increased \$21.1 million, or 84%, from \$25.3 million in the first quarter 2003. STC accounted for \$16.9 million of the sales increase. Operating profit increased 89% compared with the prior year first quarter, reflecting the STC acquisition and increased military/government demand for power solutions and supplies.

The Aerospace & Electronics Segment backlog was \$320.0 million at March 31, 2004, a \$42.8 million, or 15%, improvement compared with \$277.2 million at December 31, 2003. This increase principally resulted from three large multi-year orders received in the first quarter 2004, specifically a \$16 million order for a Federal Express retrofit program, with shipments beginning in late 2004, and \$15 million for two follow-on microelectronics contract awards to the STC Advanced Integrated Systems Division, as well as \$8 million in backlog at P.L. Porter.

Engineered Materials sales of \$69.0 million increased \$6.1 million, or 10%, in the first quarter 2004 compared with sales of \$62.9 million in the first quarter 2003. Segment operating profit of \$15.5 million in the first quarter 2004 increased \$2.6 million, or 20%, compared with operating profit of \$13.0 million in the first quarter 2003. First quarter 2004 results reflect continued strong demand for fiberglass-reinforced panels in both the RV and truck trailer markets. Operating profit margins improved to 22.5% from 20.6% in the prior year quarter as a result of favorable product mix. Backlog at March 31, 2004 was \$17.6 million, an increase of \$5.8 million, or 49%, over the \$11.8 million backlog at December 31, 2003.

Merchandising Systems sales of \$39.5 million in the first quarter 2004 increased \$1.8 million, or 5%, compared with sales of \$37.6 million in the first quarter 2003. Excluding \$2.4 million of favorable foreign currency translation, sales declined slightly in the quarter for this segment. Operating profit of \$0.5 million in the first quarter 2004 compared favorably to the operating loss of \$2.1 million in the first quarter 2003, reflecting \$1.5 million in lower severance costs in the European coin changer business and benefits realized from prior year workforce reductions. Crane Merchandising Systems ("CMS") first quarter 2004 sales were slightly higher than the prior year first quarter due to favorable foreign currency translation. CMS operating profit was slightly below the first quarter 2003 which had more favorable cost absorption from higher inventory production in anticipation of a strike that was ultimately averted. National Rejectors, Inc. ("NRI") first quarter 2004 sales improved slightly compared with the prior year first quarter partly due to favorable foreign currency translation.

Part I - Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Three Months Ended March 31, 2004

NRI continued to experience operating losses, although significantly less than in the prior year first quarter. Severance costs at NRI in the first quarter 2004 were \$1.2 million versus \$2.7 million in the prior year first quarter, reflecting continued efforts to right-size the business. Backlog at March 31, 2004 was \$11.2 million, an improvement of \$0.9 million, or 8%, over the \$10.3 million backlog at December 31, 2003.

Fluid Handling sales of \$203.9 million increased \$30.4 million, or 18%, in the first quarter 2004 compared with sales of \$173.5 million in the first quarter 2003. The first quarter 2004 increase included \$18.0 million in combined sales from the Hattersley brand acquired in January 2004 and the pipe coupling and fittings businesses acquired from Etex in June 2003, and \$12 million in favorable foreign currency translation impact. Operating profit of \$8.7 million in the first quarter 2004 increased \$1.3 million, or 18%, compared with \$7.4 million in the first quarter 2003, from increases at Crane Ltd., Pumps & Systems and Crane Supply. Operating profit margins were 4.3% in both the first quarter 2004 and first quarter 2003.

Valve Group first quarter 2004 sales of \$113.3 million increased \$10.5 million, or 10%, compared with sales of \$102.9 million in the prior year first quarter. The sales increase included \$7 million from favorable foreign currency translation. First quarter 2004 operating profit was even compared with the first quarter 2003.

Crane Ltd. first quarter 2004 sales more than doubled to \$28.4 million from \$12.0 million in the prior year first quarter. The acquisitions of the Hattersley valve brands in January 2004 and the pipe coupling and fittings businesses acquired from Etex in June 2003 provided sales of \$18.0 million which, combined with favorable foreign currency translation of \$1.3 million, offset weakness in base business sales. Operating profit increased 22% on higher volume from acquisitions and realization of synergies from consolidating manufacturing of acquired product lines into existing facilities. First quarter 2004 sales in the pump business were 5% above the prior year first quarter on strong demand from several new large customers. Operating profit margin was 10.6% for the first quarter 2004 compared with 7.8% in the first quarter 2003. Crane Supply sales in the first quarter 2004 increased 11% from the first quarter 2003 due to \$3.6 million in favorable foreign currency translation, which offset volume shortfalls due to weather impacts on the construction industry across Canada. Operating profit improved 19% from the prior year first quarter due to strong margin and cost discipline. Resistoflex-Industrial sales and operating profit declined in the first quarter of 2004 as this business continued to suffer from weak demand in the chemical process industry.

Total segment backlog at March 31, 2004 was \$164.0 million, an improvement of \$23.8 million, or 17%, over the \$140.2 million backlog at December 31, 2003.

Controls sales of \$16.8 million increased 10% in the first quarter 2004 compared with sales of \$15.2 million in the first quarter 2003. Operating profit more than doubled to \$0.9 million from \$0.4 million in the first quarter 2003. Sales and operating profit improvements were attributable to increased demand for air suspension valves and pressure and control valve orders into the hydraulics market at Barksdale and for products sold into the oil and gas exploration markets at Azonix. Backlog was \$13.0 million as of March 31, 2004, a 7% improvement compared with \$12.2 million at December 31, 2003.

Corporate expenses were \$7.2 million in the first quarter 2004 compared with \$7.4 million in the first quarter 2003.

Part I - Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Three Months Ended March 31, 2004

Financial Position Net debt totaled 29.9% of capital at March 31, 2004 compared with 24.4% at December 31, 2003.

Liquidity and Capital Resources

For the three months ended March 31, 2004, the Company used \$2.1 million in cash flow for operating activities as compared to generating \$22.6 million in the comparable three-month period of 2003. This use resulted mainly from increased working capital needs, primarily increased receivables in support of higher sales levels, and higher asbestos payments of \$3.4 million. The Company invested \$50.6 million for acquisitions and \$23.5 million for the repurchase of 755,500 shares during the first quarter 2004. The Company paid \$6.0 million in dividends to shareholders and invested \$5.1 million in capital expenditures. The current ratio at March 31, 2004 and December 31, 2003 was 1.5 and 1.6, respectively. Working capital at March 31, 2004 and December 31, 2003 totaled \$192.8 million and \$243.2 million, respectively. The Company had unused credit lines of \$317 million available at March 31, 2004.

On March 15, 2004 the Company redeemed its maturing \$100 million 8.5% Notes with available cash on hand and proceeds from short-term borrowings. It is anticipated that these short-term borrowings will be repaid with operating free cash flow over the course of the year.

All long-term debt outstanding at March 31, 2004 was at fixed rates as follows; \$100 million at 6.75% due 2006 and \$200 million at 5.50% due 2013.

Part I - Financial Information

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes since the disclosure in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Item 4. Controls and Procedures

Disclosure Controls and Procedures . The Company's Chief Executive Officer (who currently serves as Acting Chief Financial Officer) evaluated the effectiveness of the design and operation of its 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. Based on this evaluation, the Company's Chief Executive Officer has 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 March 31, 2004, there have been no changes in the Company's internal control over financial reporting, identified in connection with its evaluation thereof, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

The Company's asbestos claims are discussed in note 6 to the financial statements and are incorporated herein by reference. There have been no other material developments in any legal proceedings described in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Part II - Other Information

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
January 1-31	180,000	\$ 30.19	—	—
February 1-29	293,800	31.06	—	—
March 1-31	281,700	31.62	—	—
Total	755,500	\$ 31.06	—	—

Item 4. Submission of Matters to a vote of Security Holders

- A) The Annual Meeting of shareholders was held on April 26, 2004.
- B) The following four Directors were elected to serve for three years until the Annual Meeting of 2007.

Ms. Karen E. Dykstra	
Vote for	52,912,436
Vote withheld	933,171
Mr. Richard S. Forte	
Vote for	52,149,848
Vote withheld	1,695,759
Mr. William E. Lipner	
Vote for	52,833,475
Vote withheld	1,012,132
Mr. James L. L. Tullis	
Vote for	52,820,430
Vote withheld	1,025,177

The following Directors' terms of office continue following the Annual Meeting: E. Thayer Bigelow, Jr., Charles J. Queenan, Jr., Jean Gaulin, R.S. Evans, Eric C. Fast, Dorsey R. Gardner and Dwight C. Minton.

- C) The shareholders approved the selection of Deloitte & Touche LLP as independent auditors for the Company for 2004.

Vote for	52,096,117
Vote against	1,392,868
Abstained	356,622

- D) The shareholders approved the 2004 Stock Incentive Plan.

Vote for	35,964,289
Vote against	12,622,417
Abstained	733,438
Non-votes	4,525,463

- E) The shareholders approved the Corporate EVA Incentive Compensation Plan.

Vote for	50,448,204
Vote against	2,589,042
Abstained	808,361

Part II - Other Information**Item 4. Submission of Matters to a vote of Security Holders**

F) The shareholders rejected the adoption of the MacBride Principles in reference to the Company's operations in Northern Ireland.

Vote for	5,282,297
Vote against	40,268,988
Abstained	3,768,859
Non-votes	4,525,463

Item 6. Exhibits and Reports on Form 8-K**(a) Exhibits**

- 3.1 Certificate of Incorporation, as amended on May 25, 1999 (Incorporated by reference to Exhibit 3A to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999).
- 3.2 By-laws, as amended on January 24, 2000 (Incorporated by reference to Exhibit 3B to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999).
- 10.1 Crane Co. 2004 Stock Incentive Plan (filed herewith as Exhibit 10.1).
- 10.2 Crane Co. Corporate EVA Incentive Compensation Plan (filed herewith as Exhibit 10.2).
- 10.3 Amendment dated April 23, 2004 to Agreement dated April 23, 2001 between Crane Co. and Robert S. Evans (filed herewith as Exhibit 10.3).
- 31.1 Certification of Chief Executive Officer and Acting Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer and Acting Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

(b) Form 8-K

On January 22, 2004, the Company filed a Form 8-K containing the 2003 fourth quarter earnings release as well as updated information with respect to the Company's asbestos liability, including pending claims, settlement costs, defense costs and other information.

On March 3, 2004, the Company filed a Form 8-K containing information related to the temporary medical leave of absence of George S. Scimone, Vice President, Finance and Chief Financial Officer, for treatment of lymphoma. Eric C. Fast, President and Chief Executive Officer, has assumed the position of acting chief financial officer during Mr. Scimone's absence.

On April 22, 2004, the Company filed a Form 8-K containing the 2004 first quarter earnings release as well as updated information with respect to the Company's asbestos liability, including pending claims, settlement costs, defense costs and other information.

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 April 30, 2004

By

/s/ Eric C. Fast

Eric. C. Fast
President, Chief
Executive Officer and
Acting Chief Financial Officer

Date April 30, 2004

By

/s/ J. Atkinson Nano

J. Atkinson Nano
Vice President, Controller

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
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EXHIBIT 10.1

CRANE CO. 2004 STOCK INCENTIVE PLAN

1. PURPOSE AND ADOPTION OF THE PLAN

The purpose of the Crane Co. 2004 Stock Incentive Plan (as the same may be amended from time to time, the "Plan") is (i) to attract and retain key employees of Crane Co. (the "Company"), and its Subsidiaries (as defined below) who are and will be contributing to the success of the business; (ii) to motivate and reward key employees who have made significant contributions to the success of the Company and encourage them to continue to give their best efforts to its future success; (iii) to provide competitive incentive compensation opportunities; and (iv) to further opportunities for stock ownership by such key employees in order to increase their proprietary interest in the Company and their personal interest in its continued success.

The Plan was approved by the Board of Directors of the Company (the "Board") on January 26, 2004 and shall become effective upon approval by the stockholders of the Company (the "Effective Date"). The Plan shall remain in effect until terminated by action of the Board; provided, however, that no Award shall be granted under this Plan after January 25, 2014.

2. DEFINITIONS

For the purposes of this Plan, capitalized terms shall have the following meanings:

(a) "Award" means any grant to a Participant of one or a combination of Non-Qualified Stock Options or Incentive Stock Options described in Section 6 and Restricted Shares described in Section 8.

(b) "Award Agreement" means a written agreement between the Company and a Participant or a written notice from the Company to a Participant specifically setting forth the terms and conditions of an Award granted under the Plan.

(c) "Beneficiary" means an individual, trust or estate who or which, by a written designation of the Participant filed with the Company or by operation of law, succeeds to the rights and obligations of the Participant under the Plan and an Award Agreement upon the Participant's death.

(d) "Board" shall have the meaning given to such term in Section 1.

(e) "Change in Control" means the first to occur of the following events after the Effective Date: (i) the first purchase of shares pursuant to a tender offer or exchange offer (other than a tender offer or exchange offer by the Company) for all or part of the Company's Common Stock or any securities convertible into such Common Stock; (ii) the receipt by the Company of a Schedule 13D or other advice indicating that a person is the "beneficial owner" (as that term is defined in Rule 13d-3 under the Exchange Act) of 20% or more of the Company's Common Stock calculated as provided in paragraph (d) of said Rule 13d-3; (iii) the date of approval by the stockholders of the Company of an agreement providing for any Merger of the Company in which the Company will not be the continuing or surviving corporation or pursuant to which shares of Common Stock of the Company would be converted into cash, securities or other property, other than a Merger of the Company in which the holders of Common Stock of the Company immediately prior to the Merger would have the same proportion of ownership of common stock of the surviving corporation immediately after the Merger; (iv) the date of the approval by the stockholders of the Company of any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company; (v) the adoption of any plan or proposal for the liquidation (but not a partial liquidation) or dissolution of the Company; or (vi) the date upon which the individuals who constitute the Board as of the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to such date whose election,

or nomination for election by the Company's stockholders, was approved by a vote of at least three-quarters of the directors comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall, for purposes of this Plan, be considered as though such person were a member of the Incumbent Board.

(f) "Code" means the Internal Revenue Code of 1986, as amended. References to a section of the Code include that section and any comparable section or sections of any future legislation that amends, supplements or supersedes said section.

(g) "Committee" means the Management Organization and Compensation Committee of the Board or such other committee composed of at least three members of the Board as may be designated by the Board from time to time.

(h) "Company" shall have the meaning given to such term in Section 1.

(i) "Common Stock" means Common Stock, par value \$1.00 per share, of the Company.

(j) "Date of Grant" means the date as of which the Committee grants an Award. If the Committee contemplates an immediate grant to a Participant, the Date of Grant shall be the date of the Committee's action. If the Committee contemplates a date on which the grant is to be made other than the date of the Committee's action, the Date of Grant shall be the date so contemplated and set forth in or determinable from the records of action of the Committee; provided, however, that the Date of Grant shall not precede the date of the Committee's action.

(k) "Effective Date" shall have the meaning given to such term in Section 1.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "Fair Market Value" means, as of any applicable date, for all purposes in this Plan, the average of the high and low sales prices of the Common Stock on the New York Stock Exchange-Composite Transactions Tape on the ten (10) consecutive trading days ending on that day, or if no sale of stock has been recorded on such day, then on the next preceding day on which a sale was so made. In the event the Common Stock is not admitted to trade on a securities exchange, the Fair Market Value as of any given date shall be as determined in good faith by the Committee.

(n) "Incentive Stock Option" means a stock option within the meaning of Section 422 of the Code.

(o) "Merger" means any merger, reorganization, consolidation, share exchange, transfer of assets or other transaction having similar effect involving the Company.

(p) "Non-Qualified Stock Option" means a stock option which is not an Incentive Stock Option.

(q) "Options" means all Non-Qualified Stock Options and Incentive Stock Options granted at any time under the Plan.

(r) "Participant" means a person designated to receive an Award under the Plan in accordance with Section 5.

(s) "Permanent Disability" means a physical or mental disability or infirmity that prevents the performance of a Participant's services for the Company and its Subsidiaries lasting (or likely to last, based on competent medical evidence presented to the Committee) for a period of six months or longer. The Committee's reasoned and good faith judgment of Permanent Disability shall be final and shall be based on such competent medical evidence as shall be presented to it by such Participant or by any physician or group of physicians or other competent medical expert employed by the Participant or the Company to advise the Committee.

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- (t) “Plan” shall have the meaning given to such term in Section 1.
- (u) “Purchase Price,” with respect to Options, shall have the meaning set forth in Section 6(a).
- (v) “Restricted Shares” means Common Stock subject to restrictions imposed in connection with Awards granted under Section 8.
- (w) “Retirement” means a Participant’s retirement at or after age 65.
- (x) “Subsidiary” means a subsidiary of the Company within the meaning of Section 424(f) of the Code.

3. ADMINISTRATION

(a) This Plan shall be administered by the Committee, which shall at all times be constituted to comply with the “outside director” requirements established from time to time under Section 162(m) of the Code, the “non-employee director” requirements established from time to time by rules or regulations of the Securities and Exchange Commission under Section 16 of the Exchange Act, and the “independent director” requirements established from time to time under the corporate governance rules of the New York Stock Exchange. The Committee shall have the sole discretionary authority to interpret the Plan, to establish and modify administrative rules for the Plan, to impose such conditions and restrictions on Awards as it determines appropriate, and to take such steps in connection with the Plan and Awards granted hereunder as it may deem necessary or advisable. Decisions of the Committee in connection with the administration of the Plan shall be final, conclusive and binding upon all parties, including the Company, its stockholders and the Participants.

(b) The Committee may employ attorneys, consultants, accountants or other persons and the Committee and the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All usual and reasonable expenses of the Committee shall be paid by the Company. No Committee member shall receive compensation with respect to his or her services for the Committee except as may be authorized by the Board. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all employees who have received awards, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretations taken or made in good faith with respect to this Plan or Awards made hereunder, and all members of the Committee shall be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

4. SHARES

(a) The total number of shares of Common Stock authorized to be issued under the Plan shall not exceed 4,500,000 shares; provided that no more than 1,500,000 shares of Common Stock shall be issued as Restricted Shares. The number of shares available for issuance under the Plan shall be subject to adjustment in accordance with Section 9. The shares to be offered under the Plan shall be authorized and unissued shares of Common Stock, or issued shares of Common Stock which will have been reacquired by the Company, including shares purchased in the open market.

(b) Subject to the provisions of Section 6(d), any shares subject to an Option granted under this Plan or any predecessor stock option plan of the Company that expires or is terminated for any reason without having been exercised in full, shares of Common Stock forfeited as provided in Section 8(h) and shares of Common Stock subject to any Award under this Plan or any predecessor stock option or restricted stock plan of the Company that are otherwise surrendered by a Participant or terminated shall continue to be available for future grants under this Plan. If any shares of Common Stock are withheld from those otherwise issuable in connection with the exercise of an Option, only the net number of shares of Common Stock issued as a result of such exercise shall be deemed delivered for purposes of determining the maximum number of shares available for delivery under the Plan.

5. PARTICIPATION

Participants in the Plan shall be such key employees of the Company and its Subsidiaries as the Committee, in its sole discretion, may designate from time to time. For purposes of the Plan, "key employees" shall mean officers as well as other employees (including officers and other employees who are also directors of the Company or any Subsidiary) designated by the Committee in its discretion upon the recommendation of management, but shall not include any employee who, assuming the full exercise of such Option, would own more than 10% of the combined voting power of all classes of stock of the Company or any Subsidiary. Subject to adjustment in accordance with Section 9, the maximum Number of shares for which Awards may be granted under this Plan to any single individual in any calendar year shall not exceed 500,000 shares of Common Stock. Options under the Plan may be Incentive Stock Options within the meaning of Section 422 of the Code or Non-Qualified Stock Options. Awards granted hereunder shall be evidenced by Award Agreements in such form as the Committee shall approve, which Agreements shall comply with and be subject to the terms and conditions of this Plan.

6. GRANT AND EXERCISE OF STOCK OPTIONS

(a) The purchase price of each share of Common Stock upon exercise of any Options granted under the Plan shall not be less than 100% of the Fair Market Value of the Common Stock on the Date of Grant (the "Purchase Price"). Each Option shall have a stated term not to exceed 10 years from the Date of Grant.

(b) Each Option granted under this Plan shall be exercisable in whole or in part from time to time beginning from the Date of Grant, subject to the provision that an Option may not be exercised by the Participant, except as provided in Section 7, (i) more than 90 days after the termination of the participant's employment by the Company or a Subsidiary or later than the date of expiration of the term of the Option, or (ii) prior to the expiration of one year from the Date of Grant; provided further, that, unless otherwise determined by the Committee, the Option may not be exercised in excess of 50% of the total shares subject to such Option during the second year after the Date of Grant, 75% during the third year, and 100% thereafter.

(c) The Purchase Price of the shares purchased upon the exercise of an Option shall be paid in full at the time of exercise in cash or, in whole or in part, by tendering (either actually or by attestation) shares of Common Stock. The value of each share of Common Stock delivered in payment of all or part of the Purchase Price upon the exercise of an Option shall be the Fair Market Value of the Common Stock on the date the Option is exercised. Exercise of Options shall also be permitted, if approved by the Committee, in accordance with a cashless exercise program under which, if so instructed by a Participant, shares of Common Stock may be issued directly to the Participant's broker or dealer upon receipt of an irrevocable written notice of exercise from the Participant.

(d) The Committee, upon such terms and conditions as it shall deem appropriate, may (but shall not be obligated to) authorize on behalf of the Company the acceptance of the surrender of the right to exercise an Option or a portion thereof (but only to the extent and in the amounts that such Option shall then be exercisable) and the payment by the Company therefore of an amount equal to the excess of the Fair Market Value on the date of surrender of the shares of Common Stock covered by such Option or portion thereof over the aggregate option price of such shares. Such payment shall be made in shares of Common Stock (valued at such Fair Market Value) or in cash, or partly in cash and partly in shares of Common Stock, as the Committee shall determine. The shares of Common Stock covered by any Option or portion thereof, as to which the right to exercise shall have been so surrendered, shall not again be available for the purposes of this Plan.

(e) Each Option granted under this Plan shall not be transferable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, Non-Qualified Stock Options may be transferable, without payment of consideration, to immediate family members of the Participant or to trusts or partnerships for the benefit of such family members.

(f) No Participant may be granted Incentive Stock Options under the Plan (or any other plans of the Company and its Subsidiaries) that would result in shares with an aggregate Fair Market Value (measured on the Date of Grant) of more than \$100,000 first becoming exercisable in any one calendar year.

(g) The Company shall have the right to require a Participant to pay to the Company the cash amount of any taxes which the Company is required to withhold upon the exercise of an Option granted hereunder, provided that anything contained herein to the contrary notwithstanding, the Committee may, in accordance with such rules as it may adopt, accept shares of Common Stock received in connection with the exercise of the Option being taxed or otherwise previously acquired in satisfaction of any withholding requirements or tax liability arising from the exercise of such Option to the extent permitted by applicable law and regulations.

(h) The Committee, in its sole discretion, shall have the right (but shall not in any case be obligated), exercisable at any time after the Date of Grant, to permit the exercise of any Option prior to the time such Option would otherwise become exercisable under the terms of the Award Agreement.

7. EXERCISE OF OPTIONS UPON TERMINATION OF EMPLOYMENT

(a) If a Participant shall retire or shall cease to be employed by the Company or by a Subsidiary by reason of Permanent Disability or after a Change in Control, all Options theretofore granted to such Participant, whether or not previously exercisable, may be exercised in whole or in part, and/or the Committee may authorize the acceptance of the surrender of the right to exercise such Options or any portion thereof as provided in Section 6(d), at any time within 90 days after such Retirement, termination by reason of Permanent Disability, or termination after a Change in Control, but not after the expiration of the term of the Option.

(b) If a Participant shall die while employed by the Company or by a Subsidiary or within 90 days of the cessation or termination of such employment under circumstances described in Section 7(a), all Options theretofore granted to such Participant, whether or not previously exercisable, may be exercised in whole or in part, and/or the Committee may authorize the acceptance of the surrender of the right to exercise such Options or any portion thereof as provided in Section 6(d), by the estate of such Participant (or by a person who shall have acquired the right to exercise such Option by bequest or inheritance), at any time within one year after the death of such Participant but not after the expiration of the term of the Option.

(c) If a Participant's employment is terminated for any reason other than death, disability or retirement or after a Change in Control, such Participant may exercise any Option in whole or in part, at any time within 90 days after such termination of employment, but only to the extent such Option is exercisable at the date of termination in accordance with Section 6(b). In no event may any Option be exercised after the expiration of the term of the Option.

8. GRANT OF RESTRICTED SHARES

(a) The Committee may grant to any Participant an Award of such number of shares of Common Stock on such terms, conditions and restrictions, whether based on performance standards, periods of service, retention by the Participant of ownership of specified shares of Common Stock or other criteria, as the Committee shall establish. With respect to performance-based Awards of Restricted Shares intended to qualify for deductibility under the "performance-based" compensation exception contained in Section 162(m) of the Code, performance targets will include specified levels of one or more of the following (in absolute terms or relative to one or more other companies or indices): revenues, free cash flow, return on assets, operating income, return on investment, economic value added, return on stockholders' equity, stock price appreciation, total share return, earnings before interest, taxes, depreciation and amortization, earnings per share and/or growth in earnings per share. The terms of any Restricted Share Award granted under this Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with this Plan.

(b) As soon as practicable after the Date of Grant of a Restricted Share Award by the Committee, the Company shall cause to be transferred on the books of the Company or its agent, shares of Common Stock, registered on behalf of the Participant, evidencing the Restricted Shares covered by the Award, subject to forfeiture to the Company as of the Date of Grant if an Award Agreement with respect to the Restricted Shares covered by the Award is not duly executed by the Participant and timely returned to the Company. All shares of Common Stock covered by Awards under this Section 8 shall be subject to the restrictions, terms and conditions contained in the Plan and the applicable Award Agreements entered into by the appropriate Participants. Until the lapse or release of all restrictions applicable to an Award of Restricted Shares the share certificates representing such Restricted Shares may be held in custody by the Company or its designee, in physical or book entry form, or, if the certificates bear a restrictive legend, by the Participant. Upon the lapse or release of all restrictions with respect to an Award as described in Section 8(e), one or more share certificates, registered in the name of the Participant, for an appropriate number of shares as provided in Section 8(e), free of any restrictions set forth in the Plan and the related Award Agreement shall be delivered to the Participant.

(c) Beginning on the Date of Grant of a Restricted Share Award and subject to execution of the related Award Agreement as provided in Section 8(b), and except as otherwise provided in such Award Agreement, the Participant shall become a stockholder of the Company with respect to all shares subject to the Award Agreement and shall have all of the rights of a stockholder, including, but not limited to, the right to vote such shares and the right to receive dividends; provided, however, that any shares of Common Stock or other securities distributed as a dividend or otherwise with respect to any Restricted Shares as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such Restricted Shares and held or restricted as provided in Section 8(b).

(d) None of the Restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution or to an inter vivos trust with respect to which the Participant is treated as the owner under Sections 671 through 677 of the Code), pledged or sold prior to the lapse of the restrictions applicable thereto.

(e) Upon expiration or earlier termination of the forfeiture period without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of Section 8(i), the restrictions applicable to the Restricted Shares shall lapse. As promptly as administratively feasible thereafter, subject to the requirements of Section 8(k), the Company shall deliver to the Participant or, in case of the Participant's death, to the Participant's Beneficiary, one or more share certificates for the appropriate number of shares of Common Stock, free of all such restrictions, except for any restrictions that may be imposed by law.

(f) A Participant's Restricted Share Award shall not be contingent on any payment by or consideration from the Participant other than the rendering of services.

(g) The Committee will have the discretion, as to any Restricted Share Award, to award a separate cash amount, payable to the Participant at the time when the forfeiture restrictions on the Restricted Shares lapse or at such earlier time as the Participant may elect to be taxed with respect to such Restricted Shares equal to (i) the federal income tax and the Section 4999 golden parachute excise tax, if any, payable with respect to the lapse of such restrictions or with respect to such election, divided by (ii) one (1) minus the total effective federal income and excise tax rate applicable as a result of the lapse of such restrictions or a result of such election.

(h) Subject to Sections 8(i) and 8(j), Restricted Shares shall be forfeited and returned to the Company and all rights of the Participant with respect to such Restricted Shares shall terminate unless the Participant continues in the service of the Company or a Subsidiary until the expiration of the forfeiture period for such Restricted Shares and satisfies any and all other conditions set forth in the Award Agreement. The Committee shall determine the forfeiture period (which may, but need not, lapse in installments) and any other terms and conditions applicable with respect to any Restricted Share Award.

(i) Notwithstanding anything contained in this Section 8 to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including the death, disability or Retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Shares) as the Committee shall deem appropriate.

(j) Unless otherwise provided by the Committee in the applicable Award Agreement, in the event of a Change in Control, all restrictions applicable to the Restricted Share Award shall terminate fully and the Participant shall immediately have the right to the delivery of share certificates for such shares in accordance with Section 8(e).

(k) The Company shall have the right to require a Participant to pay to the Company the cash amount of any taxes which the Company is required to withhold with respect to any amount payable and/or shares issuable under such Participant's Award. The Company may defer payment of cash or issuance of shares upon exercise or vesting of an Award unless indemnified to its satisfaction against any liability for any such tax. The amount of such withholding or tax payment shall be determined by the Committee and shall be payable by the Participant at such time as the Committee determines.

9. ADJUSTMENTS TO REFLECT CAPITAL CHANGES

In the event that there is an increase in the number of issued shares of the Common Stock by reason of any stock dividend, stock split, recapitalization or other similar event, the total number of shares available for Awards under the Plan, the maximum number of shares for which Awards may be granted to any single individual in any calendar year and the number of shares remaining subject to purchase under each outstanding Option shall be increased and the Purchase Price per share of such outstanding Options shall be decreased, in proportion to such increase in issued shares. Conversely, in case the issued shares of Common Stock shall be combined into a smaller number of shares, the total number of shares available for Awards under the Plan, the maximum number of shares for which Awards may be granted to any single individual in any calendar year and the number of shares remaining subject to purchase under each outstanding Option shall be decreased and the Purchase Price per share of such outstanding Options shall be increased, in proportion to such decrease in issued shares. In the event of any Merger, the Committee may make such adjustment in the shares available for Awards under the Plan, the maximum number of shares for which Awards may be granted to any single individual in any calendar year and the shares subject to outstanding Awards and the Purchase Price thereof, if applicable, as the Committee, in its sole discretion, deems appropriate. In the event of an exchange of Common Stock, or other securities of the Company convertible into Common Stock, for the stock or securities of another corporation, the Committee may, in its sole discretion, equitably substitute such new stock or securities for a portion or all of the shares of Common Stock subject to outstanding Awards.

10. AMENDMENT AND TERMINATION

This Plan may be amended or terminated at any time by the Board except with respect to any Awards then outstanding, and any Award granted under this Plan may be terminated at any time with the consent of the Participant. The Board may make such changes in and additions to this Plan as it may deem proper and in the best interest of the Company; provided, however, that no such action shall, without the consent of the Participant, materially impair any Award theretofore granted under this Plan; and provided, further, that no such action shall be taken without the approval of the stockholders of the Company if such stockholder approval is required under applicable law or the rules of the New York Stock Exchange. Notwithstanding the foregoing, the Board may amend or revise this Plan to comply with applicable laws or governmental regulations.

11. GENERAL PROVISIONS

(a) Each Option granted under this Plan shall be evidenced by a written Award Agreement containing such terms and conditions as the Committee may require, and no person shall have any rights under any Award granted under this Plan unless and until such Award Agreement has been executed and delivered by the Participant and the Company.

(b) In the event of any conflict between the terms of this Plan and any provision of any Award Agreement, the terms of this Plan shall be controlling.

(c) No Participant or other person shall have any claim or right to be granted an Award under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ of the Company or any of its Subsidiaries. Unless otherwise agreed by contract, the Company reserves the right to terminate its employment relationship with any person at any time and for any reason.

(d) Income realized as a result of a grant or an exercise of any Award under this Plan shall not be included in the Participant's earnings for the purpose of any benefit plan in which the Participant may be enrolled or for which the Participant may become eligible unless otherwise specifically provided for in such plan.

(e) The obligation of the Company to sell and deliver shares of Common Stock with respect to any Award granted hereunder shall be subject to, as deemed necessary or appropriate by counsel for the Company, (i) all applicable laws, rules and regulations and such approvals by any governmental agencies as may be required, including, without limitation, the effectiveness of a registration statement under the Securities Act of 1933, and (ii) the condition that such shares shall have been duly listed on such stock exchanges as the Common Stock is then listed.

(f) Anything in this Plan to the contrary notwithstanding, it is expressly agreed and understood that if any one or more provisions of this Plan shall be illegal or invalid such illegality or invalidity shall not invalidate this Plan or any other provisions thereof, but this Plan shall be effective in all respects as though the illegal or invalid provisions had not been included.

(g) All determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Delaware, other than the conflict of laws provisions thereof, and construed in accordance therewith.

EXHIBIT 10.2

CRANE CO. CORPORATE EVA INCENTIVE COMPENSATION PLAN (AS IN EFFECT AS OF JANUARY 1, 2004)

1. PURPOSE.

In 1988, Crane Co., a Delaware corporation (the "Company"), initially adopted an annual incentive compensation program based on the principles of Economic Value Added. The purpose of this approach is to maximize shareholder value by aligning management's interests with those of the Company's shareholders and rewarding management for sustainable and continuous improvement in the business being managed. The Board of Directors of the Company (the "Board") has amended the Plan from time to time in various respects, including in order to more closely align the EVA calculations under the Plan for corporate office participants with the financial results reported to shareholders and to achieve greater transparency to the participants in the financial calculations required under the Plan. This document sets forth the Plan as in effect as of January 1, 2004 for the corporate office participants. For all periods prior to January 1, 2004, the provisions of the Plan as in effect prior to that date shall govern.

2. DEFINITIONS.

For purposes of this Plan, the following capitalized terms shall have the respective meanings set forth below:

(a) "Annual Payout" means an annual cash payment to a Participant determined in accordance with Section 7.

(b) "Average Capital Employed" means, for any Plan Year, the average monthly operating capital, but without deducting any reserves for asbestos-related claims, as determined by the Company following the close of the Plan Year.

(c) "Bank Account" means a bookkeeping account established for each Participant.

(d) "Board" shall have the meaning given to such term in Section 1.

(e) "Bonus Pool" means each of the bonus pools established in accordance with Section 5.

(f) "Company" shall have the meaning given to such term in Section 1.

(g) "Committee" means the Management Organization and Compensation Committee of the Board.

(h) "Cost of Capital" means, for any Plan Year, the weighted average cost of equity and after-tax cost of debt. The cost of equity shall be fixed by the Committee at the beginning of the Plan Year. The after-tax cost of debt shall be the actual interest cost paid by the Company during the Plan Year divided by the average monthly debt outstanding during such Plan Year, adjusted by a tax rate of 35 percent. The Cost of Capital calculation shall be reviewed and approved by the Committee following the close of the Plan Year.

(i) "EVA" means, for any Plan Year, the Return on Capital less the Cost of Capital, multiplied by the Average Capital Employed.

(j) "EVA Award" means each Participant's individual award amount for a Plan Year as determined in accordance with Section 6.

(k) "NOPAT" means net operating profit after tax for the Plan Year plus the after-tax amount of expenses for asbestos-related claims against the Company and its subsidiaries during such Plan Year.

(l) "Participants" means the individuals designated by the Committee in accordance with Section 4 as eligible to participate in the Plan.

(m) "Participation Percentage" means the Bonus Pool percentage established for each Participant in accordance with Section 6. The aggregate Participation Percentages of all Participants for a Plan Year shall not exceed 100%.

(n) "Plan Year" means each calendar year during the term of this Plan.

(o) "Return on Capital" means, for any Plan Year, NOPAT divided by Average Capital Employed.

(p) "Target Bonus" means a target bonus for each Participant, stated as a percentage of the Participant's base annual salary for the Plan Year, established by the Committee in accordance with Section 4.

3. ADMINISTRATION.

The Plan will be administered by the Committee. The Committee's decisions in the administration of the Plan shall be final and binding on all parties. The Committee shall have the sole discretionary authority to interpret the Plan, to establish and modify administrative rules for the Plan, to designate the employees eligible to participate in the Plan, to establish and adjust any EVA formula or calculation as provided in Sections 4, 5 and 6, to impose such conditions and restrictions on awards under the Plan as it determines appropriate, and to take such steps in connection with the Plan and awards made under the Plan as it may deem necessary or advisable. Notwithstanding the foregoing, the Committee may, in its discretion, delegate any or all of its powers and duties hereunder to the Company's Chief Executive Officer, provided that, with respect to the participation hereunder by the Chief Executive Officer and any other officers of the Company whose compensation is subject to the deduction limitation set forth in Section 162(m) of the Internal Revenue Code, all such powers and duties shall remain with the Committee to the extent necessary to ensure, to the extent practicable, that amounts payable under this Plan qualify as "performance-based compensation" under Section 162(m)(4)(C) of the Internal Revenue Code and the regulations thereunder.

The Committee may employ attorneys, consultants, accountants or other persons and the Committee and the Company and its officers and directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All usual and reasonable expenses of the Committee shall be paid by the Company. No Committee member shall receive compensation with respect to his or her services for the Committee except as may be authorized by the Board. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all employees who have received awards, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to this Plan or awards made hereunder, and all members of the Committee shall be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

4. ELIGIBILITY.

The persons who shall participate in this Plan shall be such officers and other key employees of the Company as may be designated as Participants by the Company's Chief Executive Officer. Not later than the end of the first month of each Plan Year, the Committee shall fix a Participation Percentage and a Target Bonus for each Participant, provided that the Participation Percentage and Target Bonus for a Participant who becomes a Participant during the Plan Year shall be fixed at the time such participation commences.

5. CALCULATION OF EVA AND DETERMINATION OF BONUS POOL.

As soon as practicable following the close of each Plan Year, the Company shall determine, subject to review and approval by the Committee, the EVA for such Plan Year upon which the Bonus Pool calculation shall be based.

For each Plan Year, a Bonus Pool shall be established by applying a formula to the EVA for the Plan Year. Such formula shall utilize both a percentage of the change in the EVA of the Company from the prior Plan Year, whether positive or negative, plus a percentage of the positive EVA, if any, in the current Plan Year. Unless and until revised by the Committee, the Bonus Pool for the Company shall be determined as follows:

IF PRIOR YEAR EVA WAS:	THE CURRENT PLAN YEAR EVA FORMULA IS:
Positive	10% of the change in EVA (positive or negative) from prior Plan Year plus 6% of any positive EVA in current Plan Year
Negative	15% of the change in EVA (positive or negative) from prior Plan Year

6. DETERMINATION OF PARTICIPANT EVA AWARDS.

Each Participant's EVA Award for a Plan Year shall be equal to the Bonus Pool for such Plan Year multiplied by such Participant's Participation Percentage. The Chief Executive Officer will retain discretion to revise a Participant's Participation Percentage if the Chief Executive Officer deems it appropriate as circumstances develop during the Plan Year; provided, however, in the case of an executive officer who is subject to the limitations of Section 162(m) of the Internal Revenue Code, such revision may be made only by the Committee and may only have a negative effect on the amount of such Participant's EVA Award for the Plan Year. As soon as practicable after the end of the Plan Year, the Committee will review and adopt a resolution approving the calculation of EVA, the Bonus Pool and the EVA Award for each Participant pursuant to the formula established at the beginning of the year (revised downward if the Committee so determines); provided, however, that no EVA Award with respect to any executive officer who is subject to the limitations of Section 162(m) of the Internal Revenue Code may exceed \$3,000,000 for any particular Plan Year.

7. ANNUAL PAYOUTS AND ALLOCATIONS TO PARTICIPANTS' BANK ACCOUNTS.

(a) Annual Payout. As soon as practicable after each Participant's EVA Award for a Plan Year has been determined, each Participant shall receive an Annual Payout equal to the lesser of (i) the total amount of such EVA Award or (ii) the Participant's Target Bonus. If a Participant's EVA Award exceeds such Target Bonus amount for that Plan Year, the excess shall be credited to the Participant's Bank Account and there shall be added to the Annual Payout described in the immediately preceding sentence an amount equal to one-third (1/3) of the amount in the Participant's Bank Account following such credit. If a Participant's EVA Award is less than the Target Bonus amount for that Plan Year, the Participant shall receive an additional amount from the Participant's Bank Account until the total amount received, including the EVA Award, equals the Target Bonus, and if there is any remaining amount in the Participant's Bank Account after such payment, the Participant shall receive one-third of such remaining amount. All Annual Payouts shall be paid in a lump sum as soon as practicable after the Annual Payout amounts are determined by the Committee.

(b) Bank Account. Following payment of the Annual Payout as described above, the remainder of the Bank Account balance will represent the Participant's "equity" in his or her EVA Bank Account for future years. Interest shall be credited to the undistributed positive amount credited to each Participant's Bank Account at the rate of 6% per annum.

8. TREATMENT OF PARTICIPANTS' BANK ACCOUNTS UPON TERMINATION OF EMPLOYMENT OR OTHER EVENTS.

If a Participant leaves the Company by reason of termination or resignation or ceases to be eligible to participate in the Plan, his or her Bank Account balance will be treated as follows:

EVENT	DISPOSITION OF ACCOUNT BALANCE/RESTRICTED SHARES*
Terminate/quit	Lose Bank Account balance; forfeit unvested restricted shares
Removed from plan/demotion	Bank Account balance paid out in two equal installments on the two succeeding Annual Payout dates; restricted shares continue to vest
Unit sold by Crane Co.	Receive Bank Account balance in cash; all restricted shares become fully vested
Normal retirement at age 65/death/disability	Receive Bank Account balance in cash; all restricted shares become fully vested
Unit spun off	No payout; Bank Account balance continued with spun off company; all restricted shares become fully vested
Crane Co. acquired	Receive Bank Account balance in cash; all restricted shares become fully vested
Transfer to another business unit	Bank Account balance transfers with Participant to new unit; restricted shares continue to vest

* Refers to restricted shares granted to certain Participants in payment of Bank Account balances remaining after the Annual Payout for Plan Year 2002.

9. MISCELLANEOUS.

(a) Plan Amendment and Termination. The Board may modify, suspend or terminate the Plan at any time.

(b) Effect of Award on Other Employee Benefits. By acceptance of participation in this Plan, each Participant agrees that his or her EVA Award is special additional compensation and that it will not affect any employee benefit, e.g., life insurance, etc., in which the recipient participates, except that Annual Payouts made under this Plan shall be included in the employee's compensation for purposes of the Company's qualified and nonqualified retirement and savings plan.

(c) Right to Continued Employment; Additional Awards. The receipt of an EVA Award shall not give the Participant any right to continued employment, and the right and power to dismiss any Participant from his or her employment is specifically reserved to the Company. In addition, the receipt of an EVA Award with respect to any Plan Year shall not entitle the recipient to an EVA Award with respect to any subsequent Plan Year.

(d) Adjustments to Performance Goals. When a performance goal is based on EVA or other quantifiable financial or accounting measure, it may be necessary to exclude significant non-budgeted or non-controllable gains or losses from actual financial results in order to properly measure performance. The Committee will decide those items that shall be considered in adjusting actual results.

(e) Withholding Taxes. The Company shall have the right to deduct from all payments under this Plan any Federal, state or local taxes required by law to be withheld with respect to such payments.

(f) Governing Law. This Plan shall be construed in accordance with and governed by the laws of the State of Delaware, other than the conflict of law provisions thereof.

EXHIBIT 10.3
AMENDMENT

THIS AMENDMENT is executed as of this 23rd day of April 2004 by and between Crane Co., a Delaware corporation (the "Company") and Robert S. Evans ("Mr. Evans").

WHEREAS, the parties entered into an Agreement dated as of April 23, 2001 pursuant to which the Company agreed to employ Mr. Evans as non-executive Chairman of the Board and Mr. Evans agreed to serve the Company in that position; and

WHEREAS, the parties desire to amend that Agreement in certain respects;

NOW, THEREFORE, pursuant to the amendment provisions of section 19 of the Agreement, the parties agree as follows:

1. Base Salary. The base salary payable by the Company to Mr. Evans shall be \$100,000 per annum, effective the date hereof.
2. Duties. Section 2 of the Agreement is hereby amended by deleting the last two sentences thereof.
3. Force and Effect. Except as specifically amended hereby, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed and Mr. Evans has hereunto set his hand as of the day and year first above written.

CRANE CO.

By: /s/ Eric C. Fast

Eric C. Fast
President and Chief Executive Officer

/s/ Robert S. Evans

Robert S. Evans

AGREEMENT

THIS AGREEMENT (this "Agreement), made as of this 23rd day of April, 2001 (the "Effective Date), by and between Crane Co., a Delaware corporation (the "Company"), and Robert S. Evans ("Mr. Evans").

WHEREAS, Mr. Evans has retired from his position as Chief Executive Officer of the Company after seventeen years of service in that capacity;

WHEREAS, the Company wishes to appoint Mr. Evans as non-executive Chairman of the Board of Directors of the Company (the "Board") and enter into an agreement with Mr. Evans with respect to such appointment; and

WHEREAS, Mr. Evans wishes to accept such appointment and to serve the Company on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound, the parties hereto agree as follows:

1. Position. Subject to the terms and provisions of this Agreement, the Company hereby confirms the appointment of Mr. Evans as non-executive Chairman of the Board ("Chairman") and Mr. Evans hereby agrees to serve the Company in that position; provided, however, that Mr. Evans' continued service on the Board shall be subject to any necessary approval by the Company's stockholders. Mr. Evans' status during the Term (as defined in Section 3) shall be that of an employee of the Company.

2. Duties. During the Term (as defined in Section 3), Mr. Evans shall serve as Chairman, and Mr. Evans shall make reasonable business efforts to attend all Board meetings, serve on appropriate subcommittees as reasonably requested by the Board, and perform such duties, services and responsibilities and have the authority commensurate to such position. Mr. Evans will devote at least fifty (50) days annually to the performance of such duties, services and responsibilities, and will use his best efforts to promote the interests of the Company. During the minimum of fifty (50) days annually, Mr. Evans shall be available, as appropriate, either at the Company's executive offices, or for reasonable and appropriate assignment outside of such offices.

3. Term. The term of this Agreement (the "Term") shall be for a three (3)-year period beginning on the Effective Date, unless otherwise terminated as provided herein. The Term shall be automatically extended upon the same terms and conditions contained herein for successive one-year periods unless a written notice of termination is given by either party at least 90 days before the end of the Term or any renewals or extensions thereof.

4. Compensation and Benefits.

(a) Base Salary. During the Term, Mr. Evans shall receive an annual base salary of \$400,000, subject to such increases as the Board may approve from time to time. Such base salary shall be payable no less frequently than monthly, in accordance with the Company's regular payroll practices.

(b) Expense Reimbursements. During the Term, the Company shall reimburse Mr. Evans for all reasonable out-of-pocket expenses incurred by Mr. Evans in carrying out his duties, services and responsibilities under this Agreement, provided that Mr. Evans complies with the generally applicable policies, practices and procedures of the Company for submission of expense reports, receipts or similar documentation of such expenses.

(c) EVA Incentive Compensation Plan. As promptly as is practicable after execution of this Agreement, the Company shall pay to Mr. Evans in cash the full amount credited to his bank account under the Company's EVA Incentive Compensation Plan as of March 31, 2001. Mr. Evans shall remain a participant in such Plan for 30% of the Corporate EVA Pool for the year 2001 prorated at 30.96% (113 days from 1/1/01-4/23/01 ÷ 365 days); and thereafter, Mr. Evans shall no longer be a participant in such Plan.

(d) Pension Plans. As of the Effective Date, Mr. Evans shall cease his participation in the Company's 401(k) plan and its qualified and non-qualified pension plans.

(e) Restricted Stock Awards. Appendix A hereto lists the retirement-based restricted shares presently held by Mr. Evans. As of the Effective Date, such retirement restricted shares shall be deemed fully vested and non-forfeitable. Appendix B hereto lists the performance-based restricted shares presently held by Mr. Evans. As of the Effective Date, the performance restricted shares granted on May 6, 1996 shall be forfeited and surrendered to the Company, and the performance restricted shares granted on April 21, 1997 shall remain subject to the same terms and conditions as were applicable immediately prior to the execution of this Agreement. As of the Effective Date, Mr. Evans shall be granted 100,000 shares of Crane Common Stock (the "Restricted Stock") under the Crane Co. Restricted Stock Award Plan or other applicable stock incentive plan (the "Restricted Stock Plan"). The Restricted Stock shall be subject to transfer and forfeiture restrictions that shall lapse with respect to 50,000 shares on each of the second and third anniversaries of the date of grant. All of the terms and conditions of the Restricted Stock shall be governed by and set forth in a written restricted stock agreement containing such terms and conditions, consistent with this Agreement and the Restricted Stock Plan, as are customary for such grants by the Company.

(f) Stock Options. Appendix C hereto lists the stock options presently held by Mr. Evans. As of the Effective Date, such stock options shall be deemed fully vested and exercisable. In addition, as of the Effective Date, Mr. Evans shall be granted non-qualified stock options to purchase 250,000 shares of Crane Common Stock. The exercise price per share of each such stock option shall be equal to the fair market value per share of the Common Stock on the date of grant of such option. For this purpose, the "fair market value" shall be determined by the average of the high and low prices of the Common Stock on the New York Stock Exchange on the ten consecutive trading days ending on the date of grant. Each option shall vest and become exercisable 50% one year after the grant date, 75% two years after the grant date and 100% three years after the grant date, and shall remain outstanding unless exercised for a term of 10 years notwithstanding any earlier termination of employment by Mr. Evans. All of the terms and conditions of each such option shall be governed by and set forth in a written stock option agreement containing such terms and conditions, consistent with this Agreement and the applicable stock option plan, as are customary for such grants by the Company.

(g) Employee Benefits and Perquisites.

(1) Mr. Evans and, as applicable, his family, shall have the right to participate in any employee benefit plans or other fringe benefit programs or perquisite arrangements maintained by the Company for its officers and/or other key management employees or as a part of the Company's regular compensation structure for its employees, including plans (to the extent offered) providing group hospitalization, medical, dental, accidental death and disability and long-term disability income replacement insurance benefits.

(2) Upon the termination of the group benefits described in Section 4(g)(1) at the end of the Term or as otherwise provided under this Agreement, Mr. Evans and, as applicable, his family shall be entitled to any group medical and/or life insurance coverage or other benefits offered to Company retirees (and their families) with similar years of service or any other applicable qualifications, including, but not limited to, retirees who, upon retirement, are eligible to receive an immediate retirement benefit under the Crane Co. Pension Plan for Non-Bargaining Employees.

(h) Office, Assistance and Technical Support. The Company shall provide Mr. Evans with an office and an office assistant at the Company's business headquarters. Additionally, the Company will provide Mr. Evans with appropriate technical support for Mr. Evans' office outside of the Company's headquarters.

(i) Company Airplane. Mr. Evans shall be authorized to use the Company's airplane for both business and personal use. The use of the Company's airplane by Mr. Evans shall be subject to the approval of the Chief Executive Officer of the Company, such approval not to be unreasonably withheld.

5. Death During Employment.

(a) If Mr. Evans dies during the Term, the Company shall pay to the estate of Mr. Evans the base salary to which he would otherwise be entitled in accordance with Section 4(a) above for a period equal to the lesser of (i) twelve (12) months from the date of death or (ii) the balance of the Term. This Agreement shall thereupon terminate, and the Company shall have no further obligation to the estate of Mr. Evans under the terms of this Agreement other than for compensation and benefits earned through the date of death.

(b) If Mr. Evans dies while payments are being made pursuant to Sections 8, 9 or 10, the balance of payments that would have been made to Mr. Evans shall be paid to his designated beneficiary (or, if Mr. Evans has not designated a beneficiary, to his estate) in the same amounts and at the same times as would have been paid to Mr. Evans had he lived.

6. Permanent Disability During Employment. If Mr. Evans becomes permanently disabled during the term of this Agreement, the Company shall pay to Mr. Evans the base salary to which he would otherwise be entitled in accordance with Section 4(a) above to the end of the month in which such permanent disability occurs and thereafter Mr. Evans shall continue to receive such base salary, minus any payments provided by the Company's benefit plans and by any government sponsored program, for a period equal to the lesser of (i) twenty-four (24) months or (ii) the balance of the Term. This Agreement shall thereupon terminate and the Company shall have no further obligation to Mr. Evans except as may be provided under the Company's short-term and long-term disability plans during the term of such disability. Permanent disability for purposes of this Agreement shall mean a physical or mental condition of Mr. Evans that renders Mr. Evans incapable of performing the essential duties of his job and which condition shall be medically determined to be of permanent duration as the same is construed under the Company's disability plans.

7. Termination of Employment for Cause. The Company may terminate Mr. Evans' employment at any time "for cause." The term "for cause" shall mean (i) a material default or other breach by Mr. Evans of his obligations under this Agreement or (ii) fraud, dishonesty, misappropriation of the Company's assets, or conviction of a felony. Upon the occurrence of (i) above, the Company shall be entitled to terminate the employment relationship hereunder upon thirty (30) days prior written notice to Mr. Evans, which notice shall state the reason for such termination and shall provide Mr. Evans an opportunity to remedy or cure such cause during such period. If such cause is not remedied or cured during such period, the Company may terminate Mr. Evans' employment immediately. In the event of a termination for cause, the Company shall have no obligation or liability to Mr. Evans under this Agreement except for the compensation and benefits earned through the date of termination.

8. Termination of Employment Without Cause.

(a) If the Company terminates this Agreement for any reason other than for cause, as specified in Section 7 above, Mr. Evans shall be entitled to receive in a lump sum payment within thirty (30) days of the date of termination an amount equal to his then current monthly base salary in accordance with Section 4(a) above times the number of full and partial months then remaining in the Term. Mr. Evans shall not be obligated in any way to mitigate the Company's obligations to him under this Section 8 and any amounts earned by Mr. Evans subsequent to his termination of employment shall not serve as an offset to the severance payments due him by the Company under this Section.

(b) If Mr. Evans is terminated without cause, to the extent permitted by law, he shall be permitted to continue to participate for the balance of the Term in any and all of the medical, disability, life insurance, and other benefits in which he was participating at the time of termination.

(c) Payments and benefits under this Section 8 are in addition to and not in lieu of any benefits under the other benefit programs of the Company. The Company shall thereafter have no other obligation or liability to Mr. Evans under this Agreement.

9. Termination of Employment For Good Reason.

(a) Mr. Evans may terminate his employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events:

(i) a material diminution in the scope of Mr. Evans' assigned duties and responsibilities or the assignment of duties or responsibilities that are inconsistent with the Mr. Evans' status in the Company;

(ii) a reduction by the Company in Mr. Evans's base salary;

(iii) a material reduction in any benefits set forth in Section 4 other than due to an across-the-board reduction applicable to all similarly situated employees;

(iv) the Company's requirement that Mr. Evans be based anywhere other than the Company's executive offices in Stamford, Connecticut; or

(v) the failure of a successor to the Company to assume in writing the obligations of the Company under this Agreement upon becoming a successor of the Company.

(b) If Mr. Evans shall terminate his employment for Good Reason, he shall be entitled to receive in a lump sum payment within thirty (30) days of the date of termination an amount equal to his then current monthly base salary in accordance with Section 4(a) times the number of full and partial months then remaining in the Term. Mr. Evans shall not be obligated in any way to mitigate the Company's obligations to him under this Section 9 and any amounts earned by Mr. Evans subsequent to his termination of employment shall not serve as an offset to the severance payments due him by the Company under this Section.

(c) If Mr. Evans shall terminate his employment for Good Reason, to the extent permitted by law, he shall be permitted to continue to participate for the balance of the Term in any and all of the medical, disability, life insurance, and other benefits in which he was participating at the time of termination.

(d) Payments and benefits under this Section 9 are in addition to and not in lieu of any benefits under the other benefit programs of the Company. The Company shall thereafter have no other obligation or liability to Mr. Evans under this Agreement.

10. Change in Control.

(a) This Section 10 shall be applicable only upon the occurrence of a Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean the occurrence of any of the following:

(i) the acquisition, other than from the Company, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, but excluding, for this purpose, any such acquisition by the Company or any of its subsidiaries, or any employee benefit plan (or related trust) of the Company or its subsidiaries, or the Crane Fund, a charitable trust under the laws of the State of Illinois, or any corporation with respect to which, following such acquisition, more than 50% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by substantially the same individuals and entities who were the beneficial owners, respectively, of the common stock and voting securities of the Company immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the then outstanding shares of common stock of the Company or the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, as the case may be; or

(ii) individuals who, as of the date hereof, constitute the Board (as of the date hereof the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming

a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(iii) approval by the stockholders of the Company of a reorganization, merger or consolidation, in each case, with respect to which substantially the same individuals and entities who were the respective beneficial owners of the common stock and voting securities of the Company immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation, or a complete liquidation or dissolution of the Company or of the sale or other disposition of all or substantially all of the assets of the Company.

(b) If a Change of Control occurs and Mr. Evans resigns from his position as Chairman of the Board, he shall be entitled to receive in a lump sum payment within thirty (30) days of the date of such Change of Control an amount equal to his then current monthly base salary in accordance with Section 4(a) above times thirty-six (36). Mr. Evans shall not be obligated in any way to mitigate the Company's obligations to him under this Section 10 and any amounts earned by Mr. Evans subsequent to his termination of employment shall not serve as an offset to the severance payments due him by the Company under this Section.

(c) If a Change of Control occurs, to the extent permitted by law, Mr. Evans shall be permitted to continue to participate for the balance of the Term in any and all of the medical, disability, life insurance, and other benefits in which he was participating at the time of termination.

(d) Payments and benefits under this Section 10 are in addition to and not in lieu of any benefits under the other benefit programs of the Company. The Company shall thereafter have no other obligation or liability to Mr. Evans under this Agreement.

11. Non-Waiver of Rights. The failure to enforce at any time the provisions of this Agreement or to require at any time performance by the other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement or any part hereof, or the right of either party to enforce each and every provision in accordance with its terms. No waiver by either party hereto of any breach by the other party hereto of any provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions at that time or at any prior or subsequent time.

12. Notices. Every notice relating to this Agreement shall be in writing and shall be given by personal delivery by registered or certified mail, or by Federal Express postage prepaid, return receipt requested; to:

If to the Company:

Crane Co.
100 First Stamford Place
Stamford, CT 06902
Attention: Corporate Secretary

If to Mr. Evans:

Robert S. Evans
114 Glenwood Drive
Greenwich, CT 06830

Either of the parties hereto may change their address for purposes of notice hereunder by giving notice in writing to such other party pursuant to this Section 12.

13. Tax Withholding. The payments to Mr. Evans under this Agreement shall be subject to all applicable tax withholdings.

14. Binding Effect/Assignment. This Agreement is personal to Mr. Evans and without the prior written consent of the Company shall not be assignable by Mr. Evans. This Agreement shall inure to the benefit of and be enforceable by Mr. Evans' legal representatives.

15. Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, written or oral, between them as to such subject matter. Notwithstanding the foregoing, the Indemnification Agreement between Mr. Evans and the Company, dated as of January 22, 1996, and the stock option and restricted stock agreements evidencing the option and restricted stock awards described in Appendix A, Appendix B and Appendix C hereto (other than the restricted stock award dated May 6, 1996) shall remain in full force and effect in accordance with their respective terms, but the Employment/Severance Agreement between Mr. Evans and the Company, dated as of March 1, 1995, shall be deemed terminated in its entirety upon execution of this Agreement.

16. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without reference to principles of conflict of laws.

18. Legal Fees. The parties hereto agree that the non-prevailing party in any dispute, claim, action or proceeding between the parties hereto arising out of or relating to the terms and conditions of this Agreement or any provision thereof (a "Dispute"), shall reimburse the prevailing party for reasonable attorney's fees and expenses incurred by the prevailing party in connection with such Dispute; provided, however, that Mr. Evans shall only be required to reimburse the Company for its fees and expenses incurred in connection with a Dispute, if Mr. Evans' position in such Dispute was found by the court, arbitrator or other person or entity presiding over such Dispute to be frivolous or advanced not in good faith.

19. Modifications. Neither this Agreement nor any provision hereof may be modified, altered, amended or waived except by an instrument in writing duly signed by the party to be charged.

20. Tense and Headings. Whenever any words used herein are in the singular form, they shall be construed as though they were also used in the plural form in all cases where they would so apply. The headings contained herein are solely for the purposes of reference, are not part of this Agreement and shall not in any way affect the meaning or interpretation of this Agreement.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by authority of its Board of Directors, and Mr. Evans has hereunto set his hand, on the day and year first above written.

CRANE CO.

By: _____

Title _____

Robert S. Evans

Appendix A

Retirement-Based Restricted Shares
held by R. S. Evans

<u>Award Date</u>	<u>Current Outstanding Shares</u>
May 8, 1995	254,003
May 6, 1996	43,523
April 21, 1997	21,088
April 20, 1998	12,764
May 26, 2000	165,850

Appendix B

Performance-Based Restricted Shares
held by R. S. Evans

<u>Award Date</u>	<u>Current Outstanding Shares</u>
May 6, 1996	95,132
April 21, 1997	79,277

Appendix C

Non-Qualified Stock Options held by R. S. Evans

<u>Grant Date</u>	<u>Total Shares</u>	<u>Exercisable*</u>	<u>Option Price</u>
May 8, 1995	73,188	73,188	\$14.12
May 6, 1996	73,188	73,188	\$16.96
April 21, 1997	97,584	97,584	\$20.71
April 20, 1998	260,225	195,168	\$33.54
April 5, 1999	216,854	108,427	\$21.96
January 24, 2000	175,000	—	\$19.86

* All options vest 50% after one year, 75% after two years and 100% after three years.

Exhibit 31.1

CERTIFICATIONS

I, Eric C. Fast, President and Chief Executive Officer and Acting Chief Financial Officer of Crane Co., certify that:

(1) I have reviewed this Report on Form 10-Q of Crane Co.;

(2) Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

(3) Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Report;

(4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and I have:

- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
- b) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
- c) disclosed in this Report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

(5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors:

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ Eric C. Fast

Eric C. Fast
President, Chief Executive Officer and Acting Chief
Financial Officer
April 30, 2004

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND ACTING CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Crane Co. (the "Company") on Form 10-Q for the quarter ended March 31, 2004 as filed with the

Securities and Exchange Commission on the date hereof (the "Report"), I, Eric C. Fast, President, Chief Executive Officer and Acting Chief Financial Officer of the Company, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, hereby certify to the best of my knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This Certification accompanies this Form 10-Q and shall not be treated as having been filed as part of this Form 10-Q.

/s/ Eric C. Fast

Eric C. Fast
President, Chief Executive Officer and Acting Chief
Financial Officer
April 30, 2004

End of Filing

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