

Crane Co. Reports Third Quarter Earnings Increased 27%

STAMFORD, CONNECTICUT - October 24, 2011 - Crane Co. (NYSE: CR), a diversified manufacturer of highly engineered industrial products, reported that third quarter 2011 earnings per diluted share increased 27% to \$0.89 compared to \$0.70 in the third quarter of 2010.

Third quarter 2011 sales of \$659 million increased \$99 million, or 17.6%, compared to the third quarter of 2010, resulting from a core sales increase of \$63 million (11.2%), favorable foreign currency translation of \$19 million (3.3%) and an increase in sales from acquisitions, net of divestitures, of \$17 million (3.1%).

Operating profit in the third quarter of 2011 increased 31% to \$82.1 million, compared to \$62.9 million in the third quarter of 2010, and operating profit margin increased to 12.5%, compared to 11.2% in the third quarter of 2010.

"I am pleased with our results as we continue to have a successful year. We have registered double-digit core growth in each quarter thus far in 2011, driven by recovering end markets and solid execution," said Crane Co. president and chief executive officer Eric C. Fast. "Although there are indications of a slowing global economy, our strengthened portfolio of businesses and broad geographic exposure position us well for profitable growth."

Full Year 2011 Guidance

Full year 2011 EPS is expected to be in a range of \$3.35 - \$3.45 per diluted share, reflecting an increase of \$.05 to the lower end of the Company's prior guidance range. This guidance includes a \$.05 per share gain recorded in miscellaneous income in the first quarter primarily related to the sale of real estate. Sales in 2011 are expected to increase in a range of 15% - 16%, the higher end of prior guidance, reflecting 9-10% core growth, 3% from favorable foreign exchange translation, and 3% from acquisitions. Free cash flow (cash provided by operating activities less capital spending) is expected to be in a range of \$140 - \$160 million, unchanged from prior guidance. (Please see the Condensed Statement of Cash Flows and Non-GAAP table.)

Cash Flow and Financial Position

Cash provided by operating activities in the third quarter of 2011 was \$49.8 million, compared to cash used by operating activities of \$4.6 million in the third quarter of 2010 (which included a \$25 million discretionary pension contribution). The Company's cash position at September 30, 2011 was \$211 million, as compared to \$231 million at June 30, 2011, reflecting the acquisition of W. T. Armatur in July for approximately \$38 million.

Segment Results

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

Aerospace & Electronics

<i>(dollars in millions)</i>	Third Quarter		Change	
	2011	2010		
Sales	\$172.2	\$143.2	\$29.1	20%
Operating Profit	\$35.6	\$25.4	\$10.3	40%
Profit Margin	20.7%	17.7%		

Third quarter 2011 sales increased \$29.1 million, or 20%, reflecting a \$21.0 million (25%) improvement in Aerospace Group sales and an increase of \$8.1 million (14%) in Electronics Group revenue. The Aerospace Group sales increase reflected higher commercial OEM shipments and continued strength in both commercial and military aftermarket sales. Electronics Group sales growth was driven by Power Solutions and Microelectronics. Segment operating profit of \$35.6 million increased by \$10.3 million, or 40%, reflecting effective leverage of the strong sales growth in both groups.

Aerospace & Electronics order backlog was \$409 million at September 30, 2011, compared to \$431 million at December 31, 2010, and \$402 million at September 30, 2010.

Engineered Materials

<i>(dollars in millions)</i>	Third Quarter		Change	
	2011	2010		
Sales	\$53.1	\$54.9	(\$1.8)	-3%
Operating Profit	\$5.9	\$8.0	(\$2.0)	-26%
Profit Margin	11.1%	14.5%		

Segment sales of \$53.1 million decreased 3% compared to the third quarter of 2010, as a result of a decline in sales to recreational vehicle manufacturers, partially offset by higher revenues from transportation and building products customers. Although pricing was improved from prior year levels, operating margin declined to 11.1%, reflecting higher raw material costs and the lower sales volume.

Merchandising Systems

<i>(dollars in millions)</i>	Third Quarter		Change	
	2011	2010		
Sales	\$98.8	\$77.2	\$21.6	28%
Operating Profit	\$10.8	\$6.3	\$4.6	73%
Profit Margin	11.0%	8.1%		

Merchandising Systems sales of \$98.8 million increased \$21.6 million, or 28%, including \$14.4 million (19%) of sales associated with the December 2010 acquisition of Money Controls. Excluding the acquisition, both Payment Solutions and Vending sales increased in the quarter. Operating profit of \$10.8 million increased from the prior year driven primarily by higher sales and continued improvements in operating efficiency.

Fluid Handling

<i>(dollars in millions)</i>	Third Quarter		Change	
	2011	2010		
Sales	\$303.6	\$255.8	\$47.7	19%
Operating Profit	\$40.9	\$33.2	\$7.7	23%
Profit Margin	13.5%	13.0%		

Third quarter 2011 sales increased \$47.7 million, or 19%, which included a core sales increase of \$28.2 million (11%), favorable foreign currency translation of \$14.4 million (6%), and sales of \$5.1 million (2%) from the W. T. Armatur acquisition. Sales increased and order activity remained strong, particularly in the late, long cycle Energy and ChemPharma businesses. Operating margins improved 50 basis points to 13.5%. Backlog was \$329 million at September 30, 2011, compared to \$272 million at December 31, 2010 and \$267 million at September 30, 2010.

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

Controls

(dollars in millions)	Third Quarter		Change	
	2011	2010		
Sales	\$31.8	\$29.6	\$2.2	7%
Operating Profit	\$4.6	\$1.9	\$2.7	137%
Profit Margin	14.5%	6.6%		

Third quarter 2011 sales of \$31.8 million increased 7%, primarily reflecting continuing strength in industrial, transportation, and upstream oil and gas related demand. Operating profit of \$4.6 million increased significantly over 2010, reflecting strong sales leverage and the absence of operating losses associated with divested businesses.

Additional Information

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

Conference Call

Crane Co. has scheduled a conference call to discuss the third quarter financial results on Tuesday, October 25, 2011 at 10:00 A.M. (Eastern). All interested parties may listen to a live webcast of the call at <http://www.craneco.com>. An archived webcast will also be available to replay this conference call directly from the Company's website.

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

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

(Financial Tables Follow)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Sales:				
Aerospace & Electronics	\$ 172,216	\$ 143,161	\$ 505,690	\$ 416,105
Engineered Materials	53,101	54,904	175,034	167,305
Merchandising Systems	98,815	77,199	287,703	221,897
Fluid Handling	303,553	255,842	856,660	758,218
Controls	31,771	29,608	89,162	80,294
Total Net Sales	\$ 659,456	\$ 560,714	\$ 1,914,249	\$ 1,643,819
Operating Profit (Loss):				
Aerospace & Electronics	\$ 35,640	\$ 25,368	\$ 106,839	\$ 76,072
Engineered Materials	5,919	7,965	25,192	26,677
Merchandising Systems	10,845	6,261	22,632	19,340
Fluid Handling	40,866	33,197	113,262	93,338
Controls	4,619	1,949	11,447	2,900
Corporate	(15,773)	(11,861)	(44,453)	(36,864)
Total Operating Profit	82,116	62,879	234,919	181,463
Interest Income	442	299	1,121	760
Interest Expense	(6,474)	(6,738)	(19,525)	(20,121)
Miscellaneous- Net	(73)	1,522	3,262 *	897
Income Before Income Taxes	76,011	57,962	219,777	162,999
Provision for Income Taxes	23,605	16,359	68,456	48,049
Net income before allocations to noncontrolling interests	52,406	41,603	151,321	114,950
Less: Noncontrolling interest in subsidiaries' (losses) earnings	(134)	96	(123)	168
Net income attributable to common shareholders	\$ 52,540	\$ 41,507	\$ 151,444	\$ 114,782
Share Data:				
Earnings per Diluted Share	\$ 0.89	\$ 0.70	\$ 2.55	\$ 1.92
Average Diluted Shares Outstanding	59,058	59,525	59,330	59,645
Average Basic Shares Outstanding	58,048	58,608	58,202	58,710
Supplemental Data:				
Cost of Sales	\$ 436,437	\$ 373,171	\$ 1,257,328	\$ 1,087,221
Selling, General & Administrative	140,903	124,664	422,002	375,135
Depreciation and Amortization **	15,581	14,751	47,208	44,596
Stock-Based Compensation Expense	3,858	3,306	11,132	9,650

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

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

CRANE CO.
Condensed Balance Sheets
(in thousands)

	September 30, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 211,183	\$ 272,941
Accounts Receivable, net	379,764	301,918
Current Insurance Receivable - Asbestos	33,000	33,000
Inventories, net	363,751	319,077
Other Current Assets	70,079	61,725
Total Current Assets	1,057,777	988,661
Property, Plant and Equipment, net	289,667	280,746
Long-Term Insurance Receivable - Asbestos	156,810	180,689
Other Assets	408,204	446,316
Goodwill	821,731	810,285
Total Assets	\$ 2,734,189	\$ 2,706,697
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	\$ 752	\$ 984
Accounts Payable	180,917	157,051
Current Asbestos Liability	100,000	100,000
Accrued Liabilities	224,746	229,462
.....	22,528	11,657

income taxes	52,558	11,031
Total Current Liabilities	<u>538,953</u>	<u>498,554</u>
Long-Term Debt	398,869	398,736
Long-Term Deferred Tax Liability	47,344	48,852
Long-Term Asbestos Liability	536,554	619,666
Other Liabilities	131,041	147,859
Total Equity	<u>1,081,428</u>	<u>993,030</u>
Total Liabilities and Equity	<u>\$ 2,734,189</u>	<u>\$ 2,706,697</u>

CRANE CO.
Condensed Statements of Cash Flows
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating Activities:				
Net income attributable to common shareholders	\$ 52,540	\$ 41,507	\$ 151,444	\$ 114,782
Noncontrolling interest in subsidiaries' (losses) earnings	(134)	96	(123)	168
Net income before allocations to noncontrolling interests	<u>52,406</u>	<u>41,603</u>	<u>151,321</u>	<u>114,950</u>
Gain on divestiture	-	(1,015)	(4,258)	(1,015)
Depreciation and amortization	15,581	14,751	47,208	44,596
Stock-based compensation expense	3,858	3,306	11,132	9,650
Defined benefit plans and postretirement expense	1,811	3,077	5,403	9,227
Deferred income taxes	8,219	17,693	21,739	30,913
Cash provided by (used for) operating working capital	8,479	(35,721)	(76,912)	(56,367)
Defined benefit plans and postretirement contributions	(6,696)	(33,717) *	(17,054)	(40,006) *
Environmental payments, net of reimbursements	(2,601)	(4,588)	(8,735)	(10,905)
Other	(7,654)	6,177	(5,617)	1,912
Subtotal	<u>73,403</u>	<u>11,566</u>	<u>124,227</u>	<u>102,955</u>
Asbestos related payments, net of insurance recoveries	(23,612)	(16,167)	(59,233)	(43,652)
Total provided by (used for) operating activities	<u>49,791</u>	<u>(4,601)</u>	<u>64,994</u>	<u>59,303</u>
Investing Activities:				
Capital expenditures	(9,421)	(5,199)	(27,703)	(13,589)
Proceeds from disposition of capital assets	190	143	4,720	185
Payment for acquisition, net of cash acquired	(35,594)	-	(35,594)	(51,167)
Proceeds from divestiture	-	4,615	1,000	4,615
Total used for investing activities	<u>(44,825)</u>	<u>(441)</u>	<u>(57,577)</u>	<u>(59,956)</u>
Financing Activities:				
Dividends paid	(15,098)	(13,453)	(41,957)	(37,011)
Reacquisition of shares on open market	-	(19,999)	(49,999)	(29,989)
Stock options exercised - net of shares reacquired	2,913	3,962	19,937	16,351
Excess tax benefit from stock-based compensation	347	851	5,706	1,820
Change in short-term debt	(806)	834	(1,336)	(2,299)
Total used for financing activities	<u>(12,644)</u>	<u>(27,805)</u>	<u>(67,649)</u>	<u>(51,128)</u>
Effect of exchange rate on cash and cash equivalents	(12,504)	12,882	(1,526)	(5,369)
Increase (decrease) in cash and cash equivalents	(20,182)	(19,965)	(61,758)	(57,150)
Cash and cash equivalents at beginning of period	231,365	335,529	272,941	372,714
Cash and cash equivalents at end of period	<u>\$ 211,183</u>	<u>\$ 315,564</u>	<u>\$ 211,183</u>	<u>\$ 315,564</u>

* Includes a \$25 million discretionary pension contribution.

* Includes Order Backlog of \$3.8 million at September 30, 2011, \$6.2 million at June 30, 2011, \$5.3 million at March 31, 2011 and \$8.4 million at December 31, 2010 pertaining to the 2010 acquisition of Money Controls.

** Includes Order Backlog of \$5.4 million at September 30, 2011 pertaining to the 2011 acquisition of WTA.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
<u>CASH FLOW ITEMS</u>				
Cash Provided by Operating Activities before Asbestos - Related Payments	\$ 73,403	\$ 11,566 *	\$ 124,227	\$ 102,955 *
Asbestos Related Payments, Net of Insurance Recoveries	(23,612)	(16,167)	(59,233)	(43,652)
Cash Provided by (used for) Operating Activities	49,791	(4,601)	64,994	59,303
Less: Capital Expenditures	(9,421)	(5,199)	(27,703)	(13,589)
Free Cash Flow	<u>\$ 40,370</u>	<u>\$ (9,800)</u>	<u>\$ 37,291</u>	<u>\$ 45,714</u>

* Includes a \$25 million discretionary pension contribution.

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

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

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

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

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