

Crane Co. Reports Strong Operating Results Before Provisions Extending Asbestos And Environmental Liability Estimates; Sets 2012 EPS Guidance Of \$3.75 - \$3.95

STAMFORD, CONNECTICUT - January 23, 2012 - Crane Co. (NYSE: CR), a diversified manufacturer of highly engineered industrial products, reported a fourth quarter 2011 net loss of \$2.16 per share, compared to earnings of \$0.66 per diluted share in the fourth quarter of 2010. Fourth quarter 2011 results include an after-tax asbestos provision of \$157 million and an after-tax environmental provision of \$20 million (totaling \$3.05 per share). Fourth quarter 2010 results were impacted by net after-tax charges from Special Items of \$0.02 per diluted share. Excluding these Special Items, fourth quarter 2011 earnings per diluted share increased 29% to \$0.88 compared to \$0.68 in the fourth quarter of 2010. (Please see the attached Non-GAAP Financial Measures table for pretax, after-tax and earnings per share amounts of Special Items.)

Fourth quarter 2011 sales of \$632 million increased \$58 million, or 10%, compared to the fourth quarter of 2010, resulting from a core sales increase of \$40 million (7%), an increase in sales from acquired businesses (net of divestitures) of \$16 million (3%), and favorable foreign currency translation of \$2 million.

The operating loss in the fourth quarter of 2011 was \$192.7 million compared to an operating profit of \$53.7 million in the fourth quarter of 2010. Excluding Special Items, fourth quarter 2011 operating profit increased 26.3% to \$79.3 million compared to \$62.8 million in the fourth quarter of 2010, and operating profit margin increased to 12.6%, compared to 10.9% in the fourth quarter of 2010. (Please see the attached Non-GAAP Financial Measures table.)

Full Year 2011 Results

Total sales in 2011 were \$2.55 billion, an increase of 15% from \$2.22 billion in 2010, resulting from a core sales increase of \$217 million (10%), an increase in sales from acquired businesses (net of divestitures) of \$60 million (3%), and favorable foreign currency translation of \$51 million (2%).

Operating profit for the full year 2011 was \$42.3 million compared to \$235.2 million in 2010. Excluding Special Items, 2011 operating profit increased 29.3% to \$314.2 million compared to \$243.1 million in 2010, and operating profit margin increased to 12.3%, compared to 11.0% in 2010.

Full year 2011 earnings per diluted share declined to \$0.44, compared to \$2.59 in 2010. Excluding Special Items, 2011 earnings per diluted share increased 32% to \$3.43 compared to \$2.59 in 2010. (Please see the attached Non-GAAP Financial Measures table.)

Order backlog was \$778 million at December 31, 2011 compared to \$768 million at December 31, 2010.

"We are pleased to report a record full year EPS of \$3.43, excluding Special Items, in line with our most recently issued guidance and significantly better than the \$2.80-\$3.00 range for 2011 that we expected a year ago," said Crane Co. president and chief executive officer, Eric C. Fast. "Excluding Special Items, full year operating margin was 12.3%, a substantial improvement over 11.0% in 2010, and we expect to achieve our 13% operating margin target in 2012. The more stable trends we have experienced over the last several years enable us to extend our reserve for asbestos."

Fourth Quarter 2011 Special Items

As of December 31, 2011, the Company extended the time horizon of its estimate of asbestos liability from 2017 to 2021, reflecting stabilization in key trends, such as indemnity and defense costs and the number of claims filed against the Company. The following table shows the Company's estimate of its asbestos liability, net of insurance reimbursements and net of tax, of \$277 million prior to extending the timeframe of the liability estimate; the \$157 million effect of the extension; and the total of \$434 million as of December 31, 2011.

(\$ millions)	Liability Thru 2017	Impact to Extend Liability to 2021	
	Before 4Q 2011 Provision	4Q 2011 Provision	Balance @ 12/31/11
Asbestos Liability	\$ 608	\$ 285	\$ 894
Insurance Receivable	(181)	(44)	(225)
Net Asbestos Liability	427	242	668
Tax Benefit	(149)	(85)	(234)
After-Tax Asbestos Liability	\$ 277	\$ 157	\$ 434

The Company estimates that its annual, after-insurance, after-tax cash outflow associated with its asbestos liability will generally be in the \$40 - \$50 million range through 2021, similar to the level of outflow experienced during 2010 and 2011. Additional information on the Company's asbestos liability exposure is available in its Form 8-K filed with the SEC today.

As of December 31, 2011, the Company increased its environmental liability for its legacy Superfund Site in Goodyear, Arizona by \$30 million (\$20 million after tax), reflecting changes in site remediation requirements and accrued costs through 2016.

Cash Flow and Financial Position

Cash provided by operating activities in the fourth quarter of 2011 was \$84.8 million, after the effect of a \$30 million discretionary pension contribution made in December, compared to \$74.2 million in the fourth quarter of 2010. Free cash flow (cash provided by operating activities less capital spending) for the fourth quarter of 2011 was \$77.8 million, compared to \$66.8 million in the fourth quarter of 2010. For the full year 2011, cash provided by operating activities was \$149.8 million compared to \$133.5 million in 2010. Free cash flow for the full year 2011 was \$115.1 million, compared to \$112.5 million in the prior year, in line with our October guidance before discretionary pension contributions; discretionary pension contributions were \$30 million and \$25 million, respectively, in 2011 and 2010. The Company repurchased 1,706,903 shares of its common stock during 2011 at a cost of \$80 million, including 650,773 shares in the fourth quarter for \$30 million. The Company's cash position was \$245 million at December 31, 2011, as compared to \$211 million at September 30, 2011. (Please see the Condensed Statement of Cash Flows and Non-GAAP table.)

Segment Results

All comparisons detailed in this section refer to the fourth quarter 2011 versus the fourth quarter 2010. **The commentary refers to the results before Special Items.**

Aerospace & Electronics

<i>(dollars in millions)</i>	Fourth Quarter		Change	
	2011	2010		
Sales	\$172.0	\$161.1	\$10.9	7%
Operating Profit	\$38.8	\$33.2	\$5.6	17%
Operating Profit, before Special Items*	\$38.8	\$33.3	\$5.5	17%
Profit Margin	22.6%	20.6%		
Profit Margin, before Special Items	22.6%	20.7%		

* 4Q'10 excludes restructuring charges of \$0.2 million

Fourth quarter 2011 sales increased \$10.9 million, or 7%, reflecting a \$12.7 million increase (13%) in Aerospace Group sales and a decrease of \$1.8 million (3%) in Electronics Group revenue. The Aerospace sales growth reflected higher OEM and aftermarket activity, with an increase in both commercial and military related demand. Segment operating profit increased by 17% and margins improved to 22.6% as the higher volume and margins in the Aerospace Group offset the modest decline in the Electronics Group.

Aerospace & Electronics order backlog was \$411 million at December 31, 2011 compared to \$409 million at September 30, 2011 and \$431 million at December 31, 2010.

Engineered Materials

<i>(dollars in millions)</i>	Fourth Quarter		Change	
	2011	2010		
Sales	\$45.0	\$45.0	-	-
Operating Profit	\$4.6	\$3.5	\$1.1	32%
Profit Margin	10.1%	7.7%		

Segment sales of \$45.0 million were equal to the fourth quarter of 2010, with slightly lower sales to recreational vehicle manufacturers offset by higher sales to transportation and building products customers. Operating profit and margins improved to \$4.6 million and 10.1%, respectively, primarily reflecting the impact of higher selling prices and improved productivity.

Merchandising Systems

<i>(dollars in millions)</i>	Fourth Quarter		Change	
	2011	2010		
Sales	\$86.2	\$76.1	\$10.1	13%
Operating Profit	\$7.7	(\$2.6)	\$10.3	NM
Operating Profit, before Special Items*	\$7.7	\$2.9	\$4.8	167%
Profit Margin	8.9%	-3.4%		
Profit Margin, before Special Items	8.9%	3.8%		

* Excludes \$4.2 million of restructuring charges and \$1.3 million of transaction costs associated with the Money Controls acquisition in 4Q'10

Merchandising Systems sales of \$86.2 million increased \$10.1 million, or 13%, primarily reflecting sales associated with the December 2010 acquisition of Money Controls. Operating profit and margins increased reflecting improved operating results in both Vending and Payment Solutions, including a positive contribution from Money Controls.

Fluid Handling

<i>(dollars in millions)</i>	Fourth Quarter		Change	
	2011	2010		
Sales	\$297.5	\$261.7	\$35.8	14%
Operating Profit	\$38.8	\$29.3	\$9.5	33%
Operating Profit, before Special Items*	\$38.8	\$32.7	\$6.1	19%
Profit Margin	13.0%	11.2%		
Profit Margin, before Special Items	13.0%	12.5%		

* Excludes \$3.5 million of restructuring charges in 4Q'10

Fourth quarter 2011 sales increased \$35.8 million, or 13.7%, which included a core sales increase of \$29.9 million (11.4%), an increase in sales from the acquisition of W. T. Armatur (WTA) of \$4.8 million (1.9%), and favorable foreign currency translation of \$1.0 million (0.4%). The sales increase was broad based across Fluid Handling and operating margin improved to 13%. Fluid Handling order backlog was \$314 million at December 31, 2011, compared to \$329 million at September 30, 2011 and \$272 million at December 31, 2010.

Controls

<i>(dollars in millions)</i>	Fourth Quarter		Change	
	2011	2010		
Sales	\$30.9	\$30.1	\$0.8	3%
Operating Profit	\$3.2	\$2.9	\$0.3	9%
Profit Margin	10.4%	9.8%		

Fourth quarter 2011 sales of \$30.9 million increased 3%, driven by continued improvement in industrial, transportation and upstream oil and gas related end markets. The operating profit increase reflected leverage of the higher sales volume.

Full Year 2012 Guidance

Sales for 2012 are expected to increase approximately 3-5% driven by a core sales increase of 5-6%, incremental sales from the WTA acquisition of less than 1%, partially offset by unfavorable foreign exchange of approximately 2%. Our 2012 earnings guidance is a range of \$3.75 - \$3.95 per diluted share, reflecting revenue and profit growth across all of our segments. On a comparable basis and before Special Items, 2011 earnings per diluted share were \$3.43. Segment-specific sales and operating profit guidance will be provided at our Investor Day conference on February 16, 2012. The Company's 2012 free cash flow (cash provided by operating activities less capital spending) guidance of \$160 - \$190 million includes the effect of asbestos related cash flows.

Please see 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 fourth quarter financial results on Tuesday, January 24, 2012 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. Investor Day

The Company will hold its annual Investor Day conference on Thursday, February 16 in New York City from 8:30 am to noon and will be available on the web at www.craneco.com.

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)

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Net Sales:				
Aerospace & Electronics	\$ 171,973	\$ 161,059	\$ 677,663	\$ 577,164
Engineered Materials	45,037	44,975	220,071	212,280
Merchandising Systems	86,204	76,143	373,907	298,040
Fluid Handling	297,475	261,719	1,154,135	1,019,937
Controls	30,929	30,110	120,091	110,404
Total Net Sales	\$ 631,618	\$ 574,006	\$ 2,545,867	\$ 2,217,825
Operating Profit (Loss):				
Aerospace & Electronics	\$ 38,785	\$ 33,156	\$ 145,624	\$ 109,228
Engineered Materials	4,562	3,466	29,754	30,143
Merchandising Systems	7,705	(2,611)	30,337	16,729
Fluid Handling	38,804	29,252	152,066	122,590
Controls	3,211	2,943	14,658	5,843
Corporate	(13,748)	(12,507)	(58,201)	(49,371)
Asbestos Provision	(241,647)	-	(241,647)	-
Environmental Provision	(30,327)	-	(30,327)	-
Total Operating Profit (Loss)	(192,655)	53,699	42,264	235,162
Interest Income	514	424	1,635	1,184
Interest Expense	(6,730)	(6,720)	(26,255)	(26,841)
Miscellaneous- Net	(452)	527	2,810 *	1,424
Income (Loss) Before Income Taxes	(199,323)	47,930	20,454	210,929
Provision (Benefit) for Income Taxes	(74,518)	8,690	(6,062)	56,739
Net income (loss) before allocations to noncontrolling interests	(124,805)	39,240	26,516	154,190
Less: Noncontrolling interest in subsidiaries' earnings (losses)	324	(148)	201	20
Net income (loss) attributable to common shareholders	\$ (125,129)	\$ 39,388	\$ 26,315	\$ 154,170
Share Data:				
Earnings (Loss) per Diluted Share	\$ (2.16)	\$ 0.66	\$ 0.44	\$ 2.59
Average Diluted Shares Outstanding	57,903	59,317	59,204	59,562
Average Basic Shares Outstanding	57,903	58,275	58,120	58,601
Supplemental Data:				
Cost of Sales	\$ 425,765	\$ 385,381	\$ 1,683,093	\$ 1,472,602
Asbestos Provision	241,647	-	241,647	-
Environmental Provision	30,327	-	30,327	-
Selling, General & Administrative	126,534	134,926	548,536	510,061
Depreciation and Amortization **	15,735	15,245	62,943	59,841
Stock-Based Compensation Expense	3,840	3,676	14,972	13,326

* 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)

	December 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 245,089	\$ 272,941
Accounts Receivable, net	349,250	301,918
Current Insurance Receivable - Asbestos	16,345	33,000
Inventories, net	360,689	319,077
Other Current Assets	60,859	61,725
Total Current Assets	<u>1,032,232</u>	<u>988,661</u>
Property, Plant and Equipment, net	284,146	280,746
Long-Term Insurance Receivable - Asbestos	208,952	180,689
Other Assets	497,377	446,316
Goodwill	<u>820,824</u>	<u>810,285</u>
Total Assets	<u>\$ 2,843,531</u>	<u>\$ 2,706,697</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	\$ 1,112	\$ 984
Accounts Payable	194,158	157,051
Current Asbestos Liability	100,943	100,000
Accrued Liabilities	226,717	229,462
Income Taxes	<u>10,165</u>	<u>11,057</u>
Total Current Liabilities	533,095	498,554
Long-Term Debt	398,914	398,736
Long-Term Deferred Tax Liability	41,668	48,852
Long-Term Asbestos Liability	792,701	619,666
Other Liabilities	255,097	147,859
Total Equity	<u>822,056</u>	<u>993,030</u>
Total Liabilities and Equity	<u>\$ 2,843,531</u>	<u>\$ 2,706,697</u>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
Operating Activities:				
Net income (loss) attributable to common shareholders	\$ (125,129)	\$ 39,388	\$ 26,315	\$ 154,170
Noncontrolling interest in subsidiaries' earnings (losses)	324	(148)	201	20
Net income (loss) before allocations to noncontrolling interests	<u>(124,805)</u>	<u>39,240</u>	<u>26,516</u>	<u>154,190</u>
Asbestos provision, net	241,647	-	241,647	-
Environmental provision, net	30,327	-	30,327	-
Gain on divestiture	-	-	(4,258)	(1,015)
Depreciation and amortization	15,735	15,245	62,943	59,841
Stock-based compensation expense	3,840	3,676	14,972	13,326
Defined benefit plans and postretirement expense	1,959	5,485	7,362	14,712
Deferred income taxes	(66,574)	540	(44,835)	31,453
Cash provided by (used for) operating working capital	34,957	48,105	(41,955)	(8,262)
Defined benefit plans and postretirement contributions	(31,059) *	(3,220)	(48,113) *	(43,226) **
Environmental payments, net of reimbursements	(799)	(158)	(9,534)	(11,063)
Other	(366)	(11,601)	(5,983)	(9,689)
Subtotal	<u>104,862</u>	<u>97,312</u>	<u>229,089</u>	<u>200,267</u>
Asbestos related payments, net of insurance recoveries	<u>(20,044)</u>	<u>(23,079)</u>	<u>(79,277)</u>	<u>(66,731)</u>
Total provided by operating activities	<u>84,818</u>	<u>74,233</u>	<u>149,812</u>	<u>133,536</u>
Investing Activities:				
Capital expenditures	(7,034)	(7,444)	(34,737)	(21,033)
Proceeds from disposition of capital assets	73	190	4,793	375
Payment for acquisition, net of cash acquired	(996)	(89,294)	(36,590)	(140,461)
Proceeds from divestiture	-	-	1,000	4,615
Total used for investing activities	<u>(7,957)</u>	<u>(96,548)</u>	<u>(65,534)</u>	<u>(156,504)</u>
Financing Activities:				
Dividends paid	(15,035)	(13,360)	(56,992)	(50,371)
Reacquisition of shares on open market	(30,000)	(19,999)	(79,999)	(49,988)
Stock options exercised - net of shares reacquired	3,295	6,024	23,232	22,375
Excess tax benefit from stock-based compensation	391	1,470	6,097	3,290
Change in short-term debt	333	(440)	(1,003)	(2,739)

Total used for financing activities	(41,016)	(26,305)	(108,665)	(77,433)
Effect of exchange rate on cash and cash equivalents	(1,939)	5,997	(3,465)	628
Increase (decrease) in cash and cash equivalents	33,906	(42,623)	(27,852)	(99,773)
Cash and cash equivalents at beginning of period	211,183	315,564	272,941	372,714
Cash and cash equivalents at end of period	<u>\$ 245,089</u>	<u>\$ 272,941</u>	<u>\$ 245,089</u>	<u>\$ 272,941</u>

* Includes a \$30 million discretionary pension contribution.

** Includes a \$25 million discretionary pension contribution.

**CRANE CO.
Order Backlog
(in thousands)**

	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010
Aerospace & Electronics	\$ 410,794	\$ 409,284	\$ 431,799	\$ 454,559	\$ 431,467
Engineered Materials	11,110	9,879	13,087	13,826	11,831
Merchandising Systems	15,212	20,929	26,898	25,008	30,170
Fluid Handling	313,715 *	328,757 *	323,045	305,255	271,825
Controls	27,120	32,145	30,323	24,015	22,354
Total Backlog	<u>\$ 777,951</u>	<u>\$ 800,994</u>	<u>\$ 825,152</u>	<u>\$ 822,663</u>	<u>\$ 767,647</u>

* Includes Order Backlog of \$7.1 million at December 31, 2011 and \$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 December 31,		Twelve Months Ended December 31,		Percent Change December 31, 2011 Three Months	Percent Change December 31, 2011 Twelve Months
	2011	2010	2011	2010		
INCOME ITEMS						
Net Sales	\$ 631,618	\$ 574,006	\$ 2,545,867	\$ 2,217,825	10.0%	14.8%
Operating Profit (Loss)	(192,655)	53,699	42,264	235,162	-458.8%	-82.0%
Percentage of Sales	-30.5%	9.4%	1.7%	10.6%		
<u>Special Items impacting Operating Profit (Loss):</u>						
Asbestos Provision - Pre-Tax (a)	241,647	-	241,647	-		
Environmental Provision - Pre-Tax (b)	30,327	-	30,327	-		
Restructuring Charges - Pre-Tax (c)	-	7,841	-	6,676		
Non-deductible Acquisition Transaction Costs (d)	-	1,276	-	1,276		
Operating Profit before Special Items	<u>\$ 79,319</u>	<u>\$ 62,816</u>	<u>\$ 314,238</u>	<u>\$ 243,114</u>	26.3%	29.3%
Percentage of Sales	12.6%	10.9%	12.3%	11.0%		
Net Income (Loss) Attributable to Common Shareholders	\$ (125,129)	\$ 39,388	\$ 26,315	\$ 154,170		
Per Share	\$ (2.16)	\$ 0.66	\$ 0.44	\$ 2.59	-425.4%	-82.8%
<u>Special Items impacting Net Income (Loss) Attributable to Common Shareholders:</u>						
Asbestos Provision - Net of Tax (a)	157,071	-	157,071	-		
Per Share	\$ 2.71		\$ 2.65			
Environmental Provision - Net of Tax (b)	19,713	-	19,713	-		
Per Share	\$ 0.34		\$ 0.33			
Restructuring Charges - Net of Tax (c)	-	5,293	-	4,470		
Per Share		\$ 0.09		\$ 0.08		
Non-deductible Acquisition Transaction Costs (d)	-	1,276	-	1,276		
Per Share		\$ 0.02		\$ 0.02		
Reversal of Tax Provision on Undistributed Foreign Earnings (e)	-	(\$5,625)	-	(\$5,625)		
Per Share		\$ (0.09)		\$ (0.09)		
Net Income Attributable To Common Shareholders Before Special Items	<u>\$ 51,654</u>	<u>\$ 40,332</u>	<u>\$ 203,098</u>	<u>\$ 154,291</u>	28.1%	31.6%
Per Basic Share	\$ 0.89	\$ 0.69	\$ 3.49	\$ 2.63		
Per Diluted Share	\$ 0.88	\$ 0.68	\$ 3.43	\$ 2.59	29.2%	32.4%

In the three months ended December 31, 2011, Average Shares Outstanding excluding the effect of diluted stock options were used to compute the per share amounts since this period was in a loss position. Had Net Income Attributable To Common Shareholders been reported for this period, Average Shares Outstanding would have included the effect of diluted stock options when computing per share amounts (see chart below).

Effect of Diluted Stock Options	915
Average Shares Outstanding including the effect of Stock Options	58,818

When considering the effect of dilutive stock options on shares outstanding, Net Income Attributable To Common Shareholders Before Special Items is \$0.88 per share for the three months ended December 31, 2011.

- (a) During the three months ended December 31, 2011, the Company recorded an Asbestos Provision.
- (b) During the three months ended December 31, 2011, the Company recorded a charge related to an increase in the Company's expected liability at its Goodyear, AZ Superfund Site.
- (c) Amounts represent restructuring charges in connection with the Restructuring Program.
- (d) During the three months ended December 31, 2010, the Company recorded non-deductible transaction costs associated with the acquisition of Money Controls.
- (e) During the three months ended December 31, 2010, the Company recorded a tax benefit caused by the reinvestment of non-U.S. earnings associated with the acquisition of Money Controls.

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2011	2010	2011	2010
<u>CASH FLOW ITEMS</u>				
Cash Provided by Operating Activities before Asbestos - Related Payments	\$ 104,862 *	\$ 97,312	\$ 229,089 *	\$ 200,267 **
Asbestos Related Payments, Net of Insurance Recoveries	(20,044)	(23,079)	(79,277)	(66,731)
Cash Provided by Operating Activities	84,818	74,233	149,812	133,536
Less: Capital Expenditures	(7,034)	(7,444)	(34,737)	(21,033)
Free Cash Flow	<u>\$ 77,784</u>	<u>\$ 66,789</u>	<u>\$ 115,075</u>	<u>\$ 112,503</u>

* Includes a \$30 million discretionary pension contribution.

** 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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