

CRANE

**Crane Co.
Q4 2014 Earnings Release Call**

Forward-Looking Statements – Disclaimer

The information in this presentation includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical information or statements about our current condition. You can identify forward-looking statements by the use of terms such as “believes,” “contemplates,” “expects,” “may,” “could,” “should,” “would,” or “anticipates,” other similar phrases, or the negatives of these terms. We have based the forward-looking statements relating to our operations on our current expectations, estimates and projections about us and the markets we serve. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, actual outcomes and results may differ materially from what we have expressed or forecast in the forward-looking statements. Any differences could result from a variety of factors, including those detailed on Page 1 of our Annual Report on Form 10-K for 2013 and in our subsequent disclosures filed with the Securities and Exchange Commission.

(\$ Millions except per-share amounts)

	Q4 2014	Q4 2013	Change
Sales	\$730.7	\$681.4	+7.2%
Operating Profit*	\$107.3	\$97.9	+9.5%
Operating Margin*	14.7%	14.4%	+31 bps
Earnings per Share*	\$1.13	\$1.04	+8.8%
Free Cash Flow**	\$138.9	\$138.0	+0.7%

Q4 2014 Details

	Q4 2014		Q4 2014
Core Growth	0.0%	Diluted EPS: GAAP	\$0.95
Acquisitions, net***	+10.0%	M&A related items	\$0.08
FX Translation	(2.8%)	Repositioning	\$0.17
Total Sales Change	+7.2%	Real estate gain	(\$0.06)
		Diluted EPS: non-GAAP*	\$1.13

* Operating Profit, Operating Margin, and Earnings per Share exclude Special Items. Please see non-GAAP Financial Measures tables for details.

** Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP Financial Measures tables for details.

*** MEI acquisition impact is net of the previously announced licensing of the Currenza C2 coin recycler product line for the European marketplace, divestiture of the B2B bill recycler product line, and the Crane Water divestiture.

Full-Year 2014 Earnings

(\$ Millions except per-share amounts)

	FY 2014	FY 2013	Change
Sales	\$2,925	\$2,595	+12.7%
Operating Profit*	\$426.1	\$375.3	+13.5%
Operating Margin*	14.6%	14.5%	+11 bps
Earnings per Share*	\$4.45	\$4.18	+6.6%
Free Cash Flow**	\$220.2	\$210.0	+4.9%

FY2014 Details

	FY 2014		FY 2014
Core Growth	+0.3%	Diluted EPS: GAAP	\$3.23
Acquisitions, net***	+12.8%	M&A related items	\$0.31
FX Translation	(0.4%)	Repositioning	\$0.30
Total Sales Change	+12.7%	Environmental & Legal items****	\$0.68
		Real estate gain	(\$0.07)
		Diluted EPS: non-GAAP*	\$4.45

*Operating Profit, Operating Margin, and Earnings per Share exclude Special Items. Please see non-GAAP Financial Measures tables for details.

** Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP Financial Measures tables for details.

*** MEI acquisition impact is net of the previously announced licensing of the Currenza C2 coin recycler product line for the European marketplace, divestiture of the B2B bill recycler product line, and the Crane Water divestiture.

****Includes lawsuit settlement charge from Q2 2014 and environmental provision from Q3 14. Please see non-GAAP Financial Measures tables for details.

(\$ Millions)

	Q4 2014	Q4 2013	Change
Sales	\$313.9	\$319.7	(1.8%)
Operating Profit*	\$47.0	\$48.2	(2.4%)
Operating Margin*	15.0%	15.1%	(10 bps)
Backlog**	\$311.0	\$328.4	(5.3%)

Q4 2014 Highlights

- Continued strong margins despite negative mix and unfavorable foreign exchange
- Backlog decline reflects weakness across process valve end markets
- Commercial valve business performed well in the quarter

	Q4 2014
Core Growth	+2.8%
Divestiture	(0.9%)
FX Translation	(3.7%)
Total Sales Change	(1.8%)

* Operating Profit and Operating Margin in 2014 exclude Special Items. Please see non-GAAP tables for details.

** Backlog for Q4 2013 excludes \$5.5 million related to a business which was divested in Q2 2014.

Payment & Merchandising Technologies

(\$ Millions)

	Q4 2014	Q4 2013	Change
Sales	\$177.2	\$122.7	+44.5%
Operating Profit*	\$24.3	\$13.7	+77.8%
Operating Margin*	13.7%	11.2%	+250 bps

Q4 2014 Highlights

- Full year 2014 synergies of approximately \$10 million, with expectation for an incremental \$9 million in 2015
- Raising target for annualized synergies by end of 2016 to \$33 million, from \$25 million
- Exceeded target of \$0.20 EPS accretion in 2014*
- Strong margin progression throughout 2014

	Q4 2014
Core Growth	(8.0%)
MEI Acquisition, net**	+57.9%
FX Translation	(5.5%)
Total Sales Change	+44.5%

* Operating Profit and Operating Margin in 2014, and EPS accretion exclude Special Items. Please see non-GAAP tables for details.

** MEI acquisition impact is net of the previously announced licensing of the Currenza C2 coin recycler product line for the European marketplace and divestiture of the B2B bill recycler product line.

(\$ Millions)

	Q4 2014	Q4 2013	Change
Sales	\$182.3	\$186.7	(2.4%)
Operating Profit*	\$40.7	\$44.7	(8.9%)
Operating Margin*	22.3%	23.9%	(160 bps)
Backlog	\$422.1	\$361.3	+16.8%

Q4 2014 Highlights

Aerospace Group	Q4 2014	Total Segment	Q4 2014
Commercial OE	+5%	Core Growth	(2.2%)
Aftermarket	(4%)	FX Translation	(0.2%)
OE / Aftermarket mix	62% / 38%	Total Sales Change	(2.4%)

- Continued investments for growth
- Cabin accelerated product launch cost issues largely resolved
- Backlog includes a large, multi-year radar order at Electronics
- Aerospace sales (0.2%) to \$115.9 million
- Electronics sales (5.9%) to \$66.4 million
- Aftermarket decline reflects strong Q4 2013 for commercial spares, and lower military demand in 2014

* Operating Profit and Operating Margin in 2014 exclude Special Items. Please see non-GAAP tables for details.

(\$ Millions)

	Q4 2014	Q4 2013	Change
Sales	\$57.2	\$52.4	+9.3%
Operating Profit	\$7.2	\$5.8	+24.1%
Operating Margin	12.6%	11.1%	+150 bps

Q4 2014 Highlights

	Q4 2014		Q4 2014
Recreational Vehicle	+20%	Core Growth	+9.3%
Building Products	(3%)	FX Translation	0.0%
Transportation	+1%	Total Sales Change	+9.3%

- Margin improvement primarily reflects leverage on higher volume and productivity

- Continued market share gains in the recreational vehicle market

Cash Flow, Balance Sheet, and Tax

	(\$ Millions)		
	Q4 2014	Q4 2013	Better / (Worse)
Cash Provided from Operating Activities	\$150.5	\$148.4	+1.4%
Capital Expenditures	(\$11.6)	(\$10.4)	(10.9%)
Free Cash Flow*	\$138.9	\$138.0	+0.7%
Effective (GAAP) Tax Rate	32.5%	37.8%	+530 bps
Non-GAAP (adjusted) Tax Rate **	30.8%	33.3%	+250 bps
Total Debt	\$850	\$875	+\$25
Cash	\$346	\$271	+\$76

*Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP tables for details.

** Please see Non-GAAP Financial Measures table for details.

2015 Guidance Details

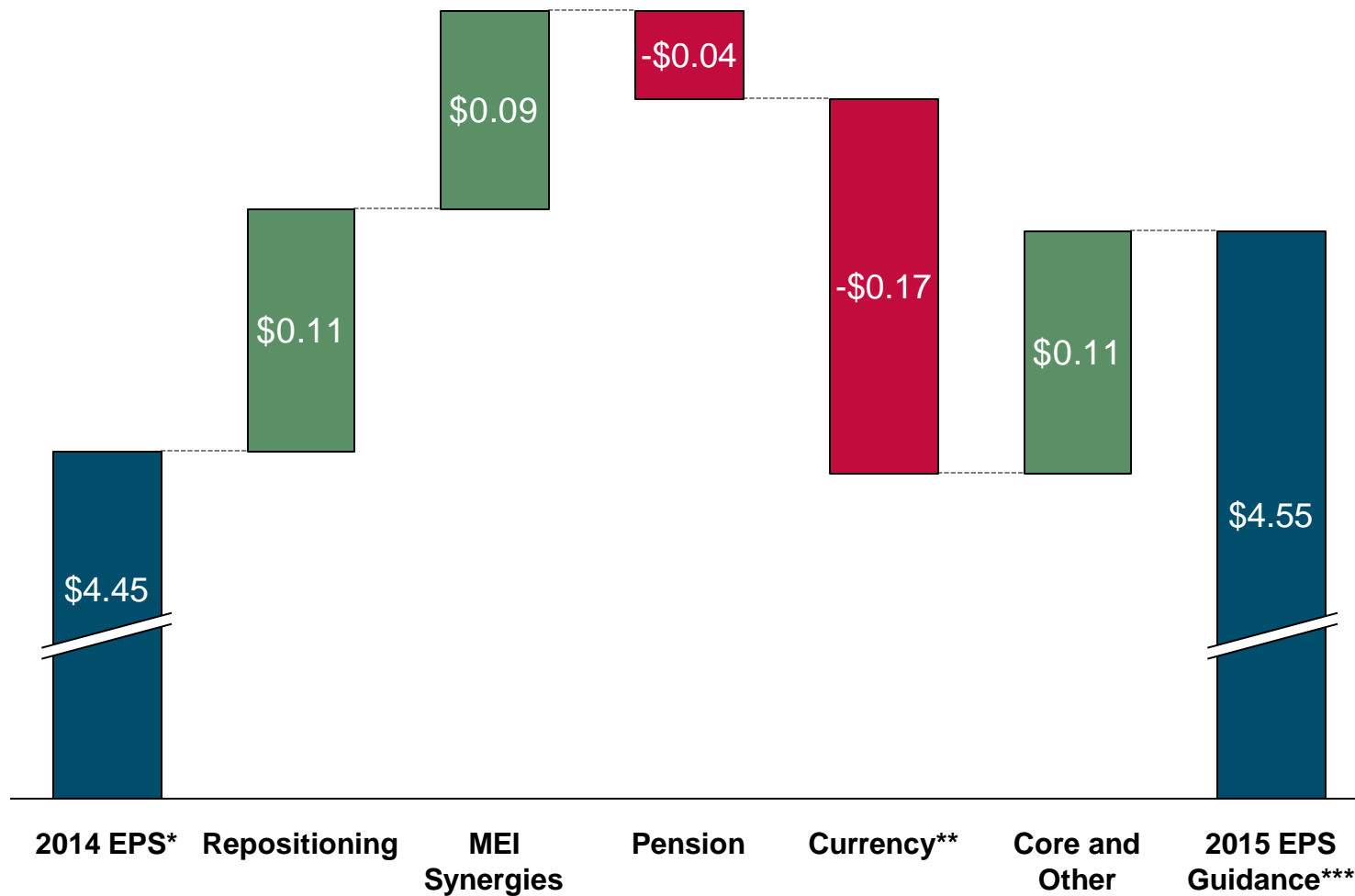
	(\$ Millions)		
	2014A	2015 Guidance	YoY Change
Sales	\$2,925	\$2,850	(2.5%)
Core Growth	+0.3%	0% to +2%	nm
Foreign Exchange*	(0.4%)	(2%) to (4%)	nm
Acquisitions net of Divestitures	+12.8%	(0.5%)	nm
EPS (Adjusted)**	\$4.45	\$4.45-\$4.65	0% to +5%
EPS (GAAP)	\$3.23	\$4.32-\$4.52	+34% to +40%
Free Cash Flow***	\$220	\$210-\$240	(5%) to +9%

* Currency impact is based on foreign exchange rates as of December 31, 2014.

** EPS guidance excludes Special Items. Please see non-GAAP Financial Measures tables for details.

*** Free cash flow is defined as cash provided by operating activities less capital spending. Please see non-GAAP tables for details.

2015 Guidance Details



* 2014 EPS excludes Special Items. Please see non-GAAP Financial Measures tables for details.

** Currency impact is based on foreign exchange rates as of December 31, 2014

*** Reflects the midpoint of 2015 EPS guidance, excluding Special Items. Please see non-GAAP Financial Measures tables for details

Repositioning and MEI Synergy Update

	(\$ Millions)		
	2014A*	2015E Incremental	End 2016E Annualized
Repositioning charges	\$22.7	\$4-\$6	
MEI related integration and restructuring costs	\$24.9	\$6-\$8	
Total Special Items**	\$47.6	\$10-\$14	
Repositioning benefits		\$10	\$19
MEI synergies	\$10	\$9	\$33
Total repositioning benefits and synergies	\$10	\$19	\$52

*Please see non-GAAP Financial Measures tables for details.

**Special Items are excluded from 2014 adjusted EPS and 2015 EPS guidance. Please see non-GAAP Financial Measures tables for details.



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Director, Investor Relations
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Non-GAAP Information

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

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

<u>INCOME ITEMS</u>	Three Months Ended		Twelve Months Ended		Percent Change December 31, 2014	Percent Change December 31, 2014
	December 31,		December 31,			
	2014	2013	2014	2013	Three Months	Twelve Months
Net Sales	\$ 730,658	\$ 681,449	\$ 2,924,997	\$ 2,595,281		
Operating Profit	89,591	83,121	316,290	347,876	7.2%	12.7%
Percentage of Sales	12.3%	12.2%	10.8%	13.4%	7.8%	-9.1%
<u>Special Items impacting Operating Profit:</u>						
Acquisition transaction costs (a)	-	10,170	-	22,765		
Acquisition related inventory and backlog amortization (b)	-	4,654	4,790	4,654		
Acquisition related integration costs (c)	2,014	-	9,753	-		
Acquisition related restructuring costs (d)	4,594	-	10,322	-		
Repositioning charges (e)	11,095	-	22,687	-		
Lawsuit settlement charge (f)	-	-	6,500	-		
Environmental Provision (g)	-	-	55,800	-		
Operating Profit before Special Items	\$ 107,294	\$ 97,945	\$ 426,142	\$ 375,295	9.5%	13.5%
Percentage of Sales	14.7%	14.4%	14.6%	14.5%		
Net Income Attributable to Common Shareholders	\$ 56,212	\$ 49,706	\$ 192,672	\$ 219,502		
Per Share	\$ 0.95	\$ 0.84	\$ 3.23	\$ 3.73	12.7%	-13.3%
<u>Special Items impacting Net Income Attributable to Common Shareholders:</u>						
Acquisition transaction costs - Net of Tax (a)	-	9,837	-	22,432		
Per Share	\$ -	\$ 0.17	\$ -	\$ 0.38		
Acquisition related inventory and backlog amortization - Net of Tax (b)	-	2,839	3,018	2,839		
Per Share	\$ -	\$ 0.05	\$ 0.05	\$ 0.05		
Acquisition related integration costs - Net of Tax (c)	1,367	-	7,130	-		
Per Share	\$ 0.02	\$ -	\$ 0.12	\$ -		
Acquisition related restructuring costs - Net of Tax (d)	3,212	-	7,017	-		
Per Share	\$ 0.05	\$ -	\$ 0.12	\$ -		
Repositioning charges - Net of Tax (e)	9,919	-	17,982	-		
Per Share	\$ 0.17	\$ -	\$ 0.30	\$ -		
Lawsuit settlement charge - Net of Tax (f)	-	-	4,225	-		
Per Share	\$ -	\$ -	\$ 0.07	\$ -		
Environmental Provision - Net of Tax (g)	-	-	36,270	-		
Per Share	\$ -	\$ -	\$ 0.61	\$ -		
Loss on business divestiture - Net of Tax (h)	-	-	1,055	-		
Per Share	\$ -	\$ -	\$ 0.02	\$ -		
Gain on real estate divestitures - Net of Tax (i)	(3,498)	-	(4,158)	-		
Per Share	\$ (0.06)	\$ -	\$ (0.07)	\$ -		
Withholding taxes related to acquisition funding (j)	-	1,192	-	2,892		
Per Share	\$ -	\$ 0.02	\$ -	\$ 0.05		
Acquisition remedy related gain on sale of product line (k)	-	(2,006)	-	(2,006)		
Per Share	\$ -	\$ (0.03)	\$ -	\$ (0.03)		
Net Income Attributable To Common Shareholders Before Special Items	\$ 67,212	\$ 61,568	\$ 265,211	\$ 245,659	9.2%	8.0%
Per Share	\$ 1.13	\$ 1.04	\$ 4.45	\$ 4.18	8.8%	6.6%

Non-GAAP Financial Measures

- (a) During the three and twelve months ended December 30, 2013, the Company recorded transaction costs associated with the acquisition of MEI.
- (b) During the three months ended March 31, 2014 and three months ended December 31, 2013 the Company recorded inventory step-up and backlog amortization relating to the acquisition of MEI.
- (c) During the three and twelve months ended December 31, 2014, the Company recorded integration costs associated with the acquisition of MEI.
- (d) During the three and twelve months ended December 31, 2014, the Company recorded restructuring costs associated with the acquisition of MEI.
- (e) During the three and twelve months ended December 31, 2014, the Company recorded repositioning charges in our Fluid Handling and Aerospace & Electronics segments.
- (f) During the three months ended June 30, 2014, the Company recorded a \$6.5 million charge related to the settlement of the previously disclosed environmental lawsuits by certain homeowners in Roseland, New Jersey.
- (g) During the three months ended September 30, 2014, the Company recorded two Environmental Provisions, 1) a \$49.0 million charge related to an increase in the Company's liability at its Goodyear, AZ Superfund Site, and 2) \$6.8 million charge for expected remediation costs associated with a previously disclosed environmental site in Roseland, New Jersey.
- (h) During the three month ended June 30, 2014, the Company recorded a loss on the divestiture of a small business.
- (i) During the three and twelve month ended December 31, 2014, the Company recorded gains on real estate divestitures.
- (j) In the three and twelve months ended December 31, 2013, the Company incurred withholding taxes related to the cash marshaling activities supporting the acquisition of MEI.
- (k) During the three months ended December 31, 2013, the Company divested a product line within the Merchandising Systems segment pertaining to the execution of remedies associated with the MEI acquisition.

Non-GAAP Financial Measures – EPS

CRANE CO.
Non-GAAP Financial Measures

2015 Full Year Guidance

2015 Earnings Per Share Guidance

	Low	High
Earnings Per Share - GAAP basis	\$ 4.32	\$ 4.52
Acquisition integration costs - Net of Tax (l)	0.08	0.08
Anticipated repositioning actions - Net of Tax (m)	0.05	0.05
Earnings Per Share - Non-GAAP basis	\$ 4.45	\$ 4.65

(l) In 2015, the Company expects to incur integration related costs in a range of \$6 million to \$10 million in connection with the MEI acquisition. The \$0.08 represents the estimated Earnings Per Share impact for the mid-point of the \$6 million to \$10 million range.

(m) In 2015, the Company expects to incur costs associated with facility repositioning actions related to the consolidation of certain smaller manufacturing sites.

Non-GAAP Financial Measures – Cash Flow

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

CASH FLOW ITEMS

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2014	2013	2014	2013
Cash Provided from Operating Activities before Asbestos - Related Payments	\$ 165,622	\$ 162,946	\$ 325,249	\$ 302,259
Asbestos Related Payments, Net of Insurance Recoveries	(15,104)	(14,513)	(61,297)	(62,827)
Cash Provided from Operating Activities	150,518	148,433	263,952	239,432
Less: Capital Expenditures	(11,580)	(10,445)	(43,732)	(29,461)
Free Cash Flow	\$ 138,938	\$ 137,988	\$ 220,220	\$ 209,971

	2015 Full Year Guidance	
	Low	High
Cash Provided from Operating Activities before Asbestos - Related Payments	\$ 328,500	\$ 338,500
Asbestos Related Payments, Net of Insurance Recoveries	(63,500)	(53,500)
Cash Provided from Operating Activities	265,000	285,000
Less: Capital Expenditures	(55,000)	(45,000)
Free Cash Flow	\$ 210,000	\$ 240,000

Non-GAAP Financial Measures - Segments

CRANE CO. Non-GAAP Financial Measures

(\$ Millions)

For the three months ended December 31, 2014

	Fluid Handling	Payment & Merchandising Technologies	Aerospace & Electronics	Engineered Materials	Corporate	Total Company
Net Sales	313.9	177.2	182.3	57.2	-	730.7
Operating Profit - GAAP	36.8	17.8	39.9	7.2	(12.1)	89.6
Acquisition related integration costs		1.9			0.1	2.0
Acquisition related restructuring costs		4.6				4.6
Repositioning Charges	10.2		0.9			11.1
Operating Profit before Special Items	47.0	24.3	40.7	7.2	(12.0)	107.3
<i>Percentage of Sales</i>	<i>15.0%</i>	<i>13.7%</i>	<i>22.3%</i>	<i>12.6%</i>		<i>14.7%</i>

(\$ Millions)

For the three months ended December 31, 2013

	Fluid Handling	Payment & Merchandising Technologies	Aerospace & Electronics	Engineered Materials	Corporate	Total Company
Net Sales	319.7	122.7	186.7	52.4	-	681.4
Operating Profit - GAAP	48.2	7.9	44.7	5.8	(23.5)	83.1
Acquisition transaction costs		1.1			9.1	10.2
Acquisition related inventory and backlog amortization		4.7				4.7
Operating Profit before Special Items	48.2	13.7	44.7	5.8	(14.4)	97.9
<i>Percentage of Sales</i>	<i>15.1%</i>	<i>11.2%</i>	<i>23.9%</i>	<i>11.1%</i>		<i>14.4%</i>

Non-GAAP Financial Measures - Tax

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

	Three Months Ended December 31,	
	2014	2013
Income Before Income Taxes	83,826	80,594
<u>Special Items impacting Income Before Income Taxes</u>		
Acquisition transaction costs	-	10,170
Acquisition related inventory and backlog amortization		4,654
Acquisition remedy related gain on sale of product line		(2,727)
Acquisition related integration costs	2,014	-
Acquisition related restructuring costs	4,594	-
Repositioning charges	11,095	-
Gain on real estate divestiture	(4,111)	-
Income Before Income Taxes before Special Items	\$ 97,418	\$ 92,691
Less: Noncontrolling interest in subsidiaries' earnings	360	406
Income Before Income Taxes Attributable to Common Shareholders before Special Items	<u>\$ 97,058</u>	<u>\$ 92,285</u>
Provision for Income Taxes	27,254	30,482
Effective Tax Rate	32.5%	37.8%
<u>Special Items impacting Provision for Income Taxes</u>		
Acquisition Transaction Costs	-	333
Acquisition related inventory and backlog amortization	-	1,815
Acquisition remedy related gain on sale of product line	-	(721)
Acquisition related integration costs	647	-
Acquisition related restructuring costs	1,382	-
Repositioning charges	1,176	-
Gain on real estate divestiture	(613)	-
Withholding taxes related to acquisition funding		(1,192)
Provision for Income Taxes before Special Items	<u>\$ 29,846</u>	<u>\$ 30,717</u>
Non-GAAP Tax Rate	30.8%	33.3%