

Crane Co. Reports Fourth Quarter '08 Results; Provides 2009 EPS Guidance Of \$2.10 - \$2.40

STAMFORD, CONNECTICUT - January 26, 2009 - Crane Co. (NYSE: CR), a diversified manufacturer of highly engineered industrial products, reported a fourth quarter 2008 net loss of \$8.3 million, or \$0.14 per diluted share, compared with fourth quarter 2007 net income of \$45.2 million, or \$0.74 per share. Fourth quarter 2008 results were adversely impacted by an after-tax restructuring charge of \$25.7 million (\$0.44 per share) and an after-tax environmental provision of \$15.8 million (\$0.27 per share), as detailed below. Excluding special items in both years, fourth quarter 2008 net income was \$33.2 million, or \$0.56 per diluted share, compared to \$47.3 million, or \$0.77 per diluted share in the fourth quarter of 2007. (Please see the attached Non-GAAP Financial Measures table.)

Fourth quarter 2008 sales decreased \$76.7 million, or 12%, including a core business decline of \$46.3 million (7%) and unfavorable foreign currency translation of \$41.2 million (6%), partially offset by an increase in sales from acquired businesses of \$10.8 million (1%).

Net income for the full year 2008 was \$135.2 million, or \$2.24 per diluted share. For the full year 2007, the Company reported a net loss of \$62.3 million, or \$1.04 per share, which included certain special items including a provision of \$4.22 per share to extend its asbestos liability from 2011 to 2017. Excluding special items in 2007 and 2008, full year 2008 net income was \$176.7 million, or \$2.93 per diluted share, compared to \$195.1 million, or \$3.19 per diluted share in 2007. (Please see the attached Non-GAAP Financial Measures table.)

Total sales in 2008 were \$2.6 billion, essentially flat with 2007 levels. Full year 2008 core business sales decreased \$51.7 million (2%) partially offset by an increase in sales from acquired businesses of \$31.9 million (1%) and favorable foreign currency translation of \$5.0 million.

Order backlog at December 31, 2008 was \$782 million, slightly higher than the September 30, 2008 backlog of \$779 million and 9% higher than the December 31, 2007 backlog of \$720 million.

Special Items in Fourth Quarter 2008

In October 2008, the Company announced it would take steps to reduce costs, and that such actions could result in a fourth quarter pretax charge of up to \$25 million (the "Restructuring Program"). In light of further deterioration in the U.S. and global economy and its impact on Crane's end markets during the fourth quarter, the Company expanded the scope and size of the Restructuring Program, resulting in a charge of \$40.7 million pretax (\$25.0 million cash and \$15.7 million non-cash; \$25.7 million after-tax, or \$0.44 per share). The restructuring actions reflect a broad-based program to align the Company's cost base to market conditions, and include several facility consolidations, severance and other related costs. The Company expects to record approximately \$15 million pretax (\$10 million after-tax, \$0.16 per share) of additional charges in 2009 associated with the 2008 Restructuring Program and integration expenses associated with the Krombach acquisition. During the fourth quarter, the Company also increased its environmental liability for its Superfund site in Goodyear, Arizona, by \$24.3 million pretax (\$15.8 million after-tax or \$0.27 per share) reflecting additional remediation costs through 2014, resulting from changed site conditions during the latter part of 2008. (Please see the Non-GAAP Financial Measures table for additional details on special items.)

Cash Flow and Financial Position

Cash provided by operating activities was \$60.9 million in the fourth quarter of 2008, compared to \$86.5 million in the fourth quarter of 2007. During the quarter, the Company repurchased 1,333,406 shares of its common stock (\$20.0 million), completed the acquisition of the Krombach group (\$48.5 million), made capital expenditures (\$11.5 million) and paid a quarterly dividend (\$11.7 million).

The Company's cash position was \$232 million at December 31, 2008, down from \$283 million at December 31, 2007. Significant cash flow items for 2008 were: cash provided by operating activities (\$191.4 million), capital expenditures (\$45.1 million), payments for acquisitions (\$76.5 million), dividends paid (\$45.2 million), common shares acquired on the open market (\$60.0 million), and the unfavorable effect of exchange rates on cash and cash equivalents (\$29.6 million). (Please see the Condensed Statement of Cash Flows and the Non-GAAP Financial Measures table.)

"Crane, like many of our peer companies, saw significant deterioration in demand across several segments of our businesses in the fourth quarter as a result of the worldwide recession," said Crane Co. president and chief executive officer Eric C. Fast.

"Excluding special items, our full year 2008 earnings per share slightly exceeded our October guidance range of \$2.75-\$2.90, and our free cash flow of \$146 million exceeded our guidance of \$130 million. We have taken and will continue to take important steps to reduce costs, and we estimate that the Restructuring Program, together with an anticipated reduction in Aerospace engineering spending and other general cost efforts will result in pretax year-over-year savings approaching \$75 million in

2009.

"With \$232 million in cash, \$300 million available under our revolving bank credit agreement, and no near-term debt maturities, we have a strong liquidity position as we enter 2009. This will allow us to continue to fund targeted internal growth opportunities and make selective acquisitions, such as our recently completed Delta Fluid Products and Krombach acquisitions, which strengthen our existing businesses. The wide range of our 2009 earnings per share guidance of \$2.10 - \$2.40 reflects considerable uncertainty about the global economy."

Segment Results All comparisons detailed in this section refer to the fourth quarter 2008 versus the fourth quarter 2007, excluding restructuring charges.

Aerospace & Electronics

<i>(dollars in millions)</i>	<u>Fourth Quarter</u>		<u>Change</u>	
	<u>2008</u>	<u>2007</u>		
Sales	\$154.6	\$161.3	(\$6.7)	(4%)
Operating Profit Before Restructuring	\$ 10.8	\$ 17.7	(\$6.9)	(39%)
Profit Margin before Restructuring	7.0%	11.0%		

The fourth quarter 2008 sales decrease of \$6.7 million reflected a sales decrease of \$1.7 million in the Aerospace Group and a decrease of \$5.0 million in the Electronics Group. Segment operating profit declined by \$6.9 million primarily as a result of a \$7.1 million increase in engineering expenses related to products for the Boeing 787 and Airbus A400M programs.

The Aerospace & Electronics segment backlog was \$418 million at December 31, 2008, flat to \$418 million on September 30, 2008 and an increase of 6% over \$393 million at December 31, 2007.

Engineered Materials

<i>(dollars in millions)</i>	<u>Fourth Quarter</u>		<u>Change</u>	
	<u>2008</u>	<u>2007</u>		
Sales	\$41.5	\$74.8	(\$33.3)	(45%)
Operating Profit (Loss) Before Restructuring	(\$0.8)	\$ 8.6	(\$9.4)	(110%)
Profit (Loss) Margin Before Restructuring	(2.0%)	11.5%		

Reflecting further weakening demand from recreational vehicle, transportation and, to a lesser extent, building products end markets, segment sales were down \$33.3 million, or 45%. The operating loss of \$0.8 million in the fourth quarter reflected significantly lower sales. As a result of declining demand during 2008, employment has been reduced by 34% compared to year-end 2007 levels and other cost reduction initiatives are being implemented as part of the Restructuring Program.

Merchandising Systems

<i>(dollars in millions)</i>	<u>Fourth Quarter</u>		<u>Change</u>	
	<u>2008</u>	<u>2007</u>		
Sales	\$78.2	\$91.8	(\$13.6)	(15%)
Operating Profit Before Restructuring	\$ 2.8	\$ 8.4	(\$5.6)	(67%)
Profit Margin Before Restructuring	3.6%	9.1%		

Because of the economic downturn, total Merchandising Systems sales declined \$13.6 million, or 15%, reflecting a sharp decline in Vending sales during the quarter and, to a lesser extent, a sales decline in the Payment Solutions businesses. While

margins in Payment Systems improved, operating profit decreased \$5.6 million primarily as a result of the sales decline in Vending.

Fluid Handling

<i>(dollars in millions)</i>	Fourth Quarter		Change	
	2008	2007		
Sales	\$278.7	\$300.9	(\$22.2)	(7%)
Operating Profit before Restructuring	\$ 38.8	\$38.2	\$0.6	2%
Profit Margin before Restructuring	13.9%	12.7%		

Fourth quarter 2008 sales decreased \$22.2 million, or 7%, including unfavorable foreign currency translation of \$32.3 million (11%) and a decline of \$0.7 million of core sales, partially offset by sales from acquired businesses, net of \$10.8 million (4%). Profit margins increased to 13.9% from 12.7%, as pricing discipline, productivity and a favorable sales mix more than offset the effects of unfavorable foreign exchange and slightly lower core sales volume.

In December 2008, the Company purchased all of the capital stock of the Krombach group, of Kreuztal, Germany, a leading manufacturer of specialty valve flow solutions for the power, oil and gas, and chemical markets. The purchase price was \$51 million in cash and the assumption of approximately \$18 million of net debt. In addition to a manufacturing and headquarters location in Germany, Krombach has foundry, machining and assembly facilities in Slovenia and China. Krombach's full-year 2008 sales were approximately \$100 million. This acquisition will significantly strengthen and broaden Crane's product offering in our global power and energy infrastructure business, particularly for larger diameter, highly-engineered valves.

The Fluid Handling segment backlog was \$303 million at December 31, 2008, an increase of 6% from \$286 million at September 30, 2008, and an increase of 25% over \$243 million at December 31, 2007, in large part reflecting the backlog associated with the Krombach acquisition in December 2008.

Controls

<i>(dollars in millions)</i>	Fourth Quarter		Change	
	2008	2007		
Sales	\$36.3	\$37.1	(\$0.8)	(2%)
Operating Profit Before Restructuring	\$ 3.8	\$ 1.6	\$ 2.2	142%
Profit Margin before Restructuring	10.5%	4.2%		

Fourth quarter 2008 sales declined \$0.8 million. Operating profit increased \$2.2 million primarily reflecting margin expansion in certain Controls businesses and the absence of integration expenses related to the acquisition of the Mobile Rugged Business division of Kontron America, Inc. in 2007.

Full Year 2009 Guidance

Core revenue for 2009 is expected to decline approximately 7%, with lower demand anticipated across each of the five business segments.

Our 2009 earnings per share guidance of \$2.10 - \$2.40 reflects considerable uncertainty about the global economy and the timing and ultimate impact of worldwide fiscal and monetary stimulus packages. Free cash flow is expected to exceed the \$146 million achieved in 2008. (Please see Non-GAAP table) The guidance reflects headwinds from pension expense and foreign exchange, and assumes an estimated annual tax rate of approximately 30%. The guidance includes an expected additional charge in 2009 of approximately \$15 million pretax (\$10 million after-tax, \$0.16 per share, all cash) related to the Restructuring Program, and integration costs associated with the Krombach acquisition. The guidance also assumes that development activities in connection with the current design of the Boeing 787 brake control system will be substantially completed in the spring of 2009 resulting in a decrease in Aerospace engineering spending. The Company noted that its earnings in the first half of 2009 are expected to be substantially lower than the second half of the year reflecting the very difficult current economic

conditions and because the full benefit of the cost savings initiatives, restructuring efforts and the anticipated reduction in Aerospace engineering spending will not be realized until the latter part of 2009.

Please see the Non-GAAP Financial Measures table attached to this press release for 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's financial results on Tuesday, January 27, 2009 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 conference on Thursday, February 19 in New York City from 8:30 am to noon. It 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 12,000 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, 2007 and subsequent reports filed with the Securities and Exchange Commission.

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Net Sales:				
Aerospace & Electronics	\$ 154,563	\$ 161,296	\$ 638,658	\$ 628,859
Engineered Materials	41,550	74,850	255,434	331,030
Merchandising Systems	78,229	91,838	401,577	388,227
Fluid Handling	278,666	300,860	1,161,887	1,135,843
Controls	36,271	37,119	146,751	135,212
Total Net Sales	\$ 589,279	\$ 665,963	\$ 2,604,307	\$ 2,619,171
Operating Profit (Loss)*:				
Aerospace & Electronics	\$ 10,760	\$ 17,695	\$ 56,138	\$ 86,176
Engineered Materials	(825)	8,626	23,339	58,339
Merchandising Systems	2,785	8,386	45,146	39,684
Fluid Handling	38,809	38,154	165,042	140,168
Controls	3,801	1,570	11,925	9,901
Corporate**	(9,034)	(9,837)	(39,056)	(51,945)
Restructuring	(40,703)	19,083	(40,703)	19,083
Environmental Provision	(24,342)	(18,912)	(24,342)	(18,912)
Asbestos Provision	-	0	-	(390,150)
Total Operating Profit (Loss)	(18,749)	64,765	197,489	(107,656)
Interest Income	1,884	2,422	10,263	6,259
Interest Expense	(6,563)	(6,790)	(25,799)	(27,404)
Miscellaneous- Net	21	6,313	1,899	9,906
Income (Loss) Before Income Taxes	(23,407)	66,710	183,852	(118,895)
Provision for Income Taxes	(15,096)	21,483	48,694	(56,553)
Net Income (Loss)	\$ (8,311)	\$ 45,227	\$ 135,158	\$ (62,342)
Share Data:				
Net Income (Loss) per Diluted Share	\$ (0.14)	\$ 0.74	\$ 2.24	\$ (1.04)
Average Diluted Shares Outstanding	59,165	61,221	60,298	60,037
Average Basic Shares Outstanding	59,165	60,093	59,667	60,037

Supplemental Data:

Operating Profit (Loss) amounts include restructuring

Cost of Sales - Operations	\$ 408,476	\$ 454,597	\$ 1,751,036	\$ 1,776,157
Asbestos Provision	-	-	-	390,150
Environmental Provision	24,342	18,912	24,342	18,912
Restructuring Loss (Gain)	40,703	(19,083)	40,703	(19,083)
Selling, General & Administrative	134,507	146,772	590,737	560,691
Depreciation and Amortization***	13,197	16,570	57,162	61,310
Stock Compensation Expense	2,880	4,074	13,327	15,247

* Segment and Corporate operating profit excludes restructuring charges totaling \$40.7 million recorded in the three and twelve months ended December 31, 2008 and a restructuring gain of \$19.1 million recorded in the three and twelve months ended December 31, 2007.

** Operating profit for the twelve months of 2007 includes a \$7.6 million provision for a legal settlement.

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

CRANE CO.
Condensed Balance Sheets
(in thousands)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 231,840	\$ 283,370
Accounts Receivable	334,263	345,176
Current Insurance Receivable - Asbestos	41,300	33,600
Inventories	349,926	327,719
Other Current Assets	63,911	47,757
Total Current Assets	1,021,240	1,037,622
Property, Plant and Equipment	290,814	289,683
Long-Term Insurance Receivable - Asbestos	260,660	306,557
Long-Term Deferred Tax Assets	233,165	220,370
Other Assets	187,377	256,510
Goodwill	781,232	766,550
Total Assets	\$ 2,774,488	\$ 2,877,292
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	\$ 16,622	\$ 548
Accounts Payable	182,147	177,978
Current Asbestos Liability	91,000	84,000
Accrued Liabilities	246,915	230,295
Income Taxes	1,980	731
Total Current Liabilities	538,664	493,552
Long-Term Debt	398,479	398,301
Deferred Tax Liability	22,971	31,880
Long-Term Asbestos Liability	839,496	942,776
Other Liabilities	229,057	117,586
Minority Interest	7,759	8,394
Shareholders' Equity	738,062	884,803
Total Liabilities and Shareholders' Equity	\$ 2,774,488	\$ 2,877,292

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Operating Activities:				
Net income (loss)	\$ (8,311)	\$ 45,227	\$ 135,158	\$ (62,342)
Asbestos provision	-	-	-	390,150
Environmental provision	24,342	18,912	24,342	18,912
Restructuring - Non Cash	15,745	(27,838)	15,745	(27,838)
Gain on sale of joint venture	-	(4,144)	-	(4,144)
Income from joint venture	-	(1,524)	-	(5,322)
(Gain) loss on divestitures	-	-	(932)	975
Depreciation and amortization	13,197	16,570	57,162	61,310
Stock-based compensation expense	2,880	4,074	13,327	15,247
Deferred income taxes	(56,558)	27,602	(33,919)	(112,641)
Cash provided by (used for) operating working capital	52,995	32,210	17,560	(7,322)
Other	39,806	(7,065)	21,032	(23,954)
Subtotal	84,096	104,024	249,475	243,031
Asbestos related payments, net of insurance recoveries	(23,168)	(17,509)	(58,083)	(10,198)
Total provided by operating activities	60,928	86,515	191,392	232,833
Investing Activities:				
Capital expenditures	(11,478)	(13,757)	(45,136)	(47,169)
Proceeds from sale of equity investment	-	32,996	-	32,996
Proceeds from disposition of capital assets	1,143	36,827	1,871	48,437
Proceeds from divestitures	-	-	2,106	2,005
Payment for acquisition, net of cash acquired	(48,518)	(332)	(76,527)	(65,498)
Total (used for) provided by investing activities	(58,853)	55,734	(117,686)	(29,229)
Financing Activities:				
Dividends paid	(11,682)	(10,823)	(45,203)	(39,651)
Reacquisition of shares on the open market	(20,001)	-	(60,001)	(50,001)
Stock options exercised - net of shares reacquired	251	4,955	8,955	15,057
Excess tax benefit from stock-based compensation	608	2,897	1,996	6,978
Net decrease in short-term debt	(1,782)	(24,184)	(1,371)	(8,992)
Total used for financing activities	(32,606)	(27,155)	(95,624)	(76,609)
Effect of exchange rate on cash and cash equivalents	(16,060)	6,028	(29,612)	17,768
Increase (decrease) in cash and cash equivalents	(46,591)	121,122	(51,530)	144,763
Cash and cash equivalents at beginning of period	278,431	162,248	283,370	138,607
Cash and cash equivalents at end of period	<u>\$ 231,840</u>	<u>\$ 283,370</u>	<u>\$ 231,840</u>	<u>\$ 283,370</u>

CRANE CO.
Order Backlog
(in thousands)

	December 31, 2008	September 30, 2008	December 31, 2007
Aerospace & Electronics	\$ 418,382	\$ 418,317	\$ 392,822
Engineered Materials	6,942	11,035	14,802
Merchandising Systems	23,407	25,676	34,093
Fluid Handling	302,653	285,988	242,591
Controls	30,509	37,816	35,273
Total Backlog	<u>\$ 781,893</u>	<u>\$ 778,832</u>	<u>\$ 719,581</u>

CRANE CO.
Non-GAAP Financial Measures
(in thousands, except for per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,		Percent Change December 31, 2008	
	2008	2007	2008	2007	Three Months	Twelve Months
<u>INCOME ITEMS:</u>						
Net Sales	\$589,279	\$665,963	\$2,604,307	\$2,619,171	-11.5%	-0.6%
Operating Profit (Loss)	(18,749)	64,765	197,489	(107,650)		
<u>Special Items impacting Operating Profit:</u>						
Asbestos Provision - Pre-Tax (a)				390,150		
Government Settlement - Pre-Tax (b)				7,600		
Restructuring Charge - Pre-Tax (c)	40,703		40,703			
Foundry Restructuring - Pre-Tax (d)		(19,083)		(19,083)		
Environmental Provision - Pre-Tax (e)	24,342	18,912	24,342	18,912		
Operating Profit before Special Items	<u>\$46,296</u>	<u>\$64,594</u>	<u>\$262,534</u>	<u>\$289,923</u>	-28.3%	-9.4%
Percentage of Sales	7.9%	9.7%	10.1%	11.1%		
Net Income (Loss)	(\$8,311)	\$45,227	\$135,158	(\$62,342)		
Per Share	\$ (0.14)	\$ 0.74	\$ 2.24	(\$1.04)		
<u>Special Items impacting Net Income:</u>						
Asbestos Provision - Net of Tax (a)		3,597		253,597		
Per Share		\$ 0.06		\$ 4.22		
Government Settlement - Net of Tax (b)				5,396		
Per Share				\$ 0.09		
Restructuring Charge - Net of Tax (c)	25,737		25,737			
Per Share	\$ 0.44		\$ 0.43			
Foundry Restructuring - Net of Tax (d)		(18,402)		(18,402)		
Per Share		\$ (0.30)		\$ (0.31)		
Environmental Provision - Net of Tax (e)	15,822	12,293	15,822	12,293		
Per Share	\$ 0.27	\$ 0.20	\$ 0.26	\$ 0.20		
Gain on Sale of Partnership Interest - Net of Tax (f)		(5,846)		(5,846)		
Per Share		\$ (0.10)		\$ (0.10)		
Tax Provision on Undistributed Foreign Earnings (g)		10,400		10,400		
Per Share		\$ 0.17		\$ 0.17		
Net Income before Special Items	<u>\$33,248</u>	<u>\$47,269</u>	<u>\$176,717</u>	<u>\$195,096</u>	-29.7%	-9.4%
Per Basic Share	\$ 0.56	\$ 0.79	\$ 2.96	\$ 3.23		
Per Diluted Share	\$ 0.56	\$ 0.77	\$ 2.93	\$ 3.19		

In the three months ended December 31, 2008 and the twelve months ended December 31, 2007, Average Shares Outstanding excluding the effect of diluted stock options were used to compute the per share amounts since both periods were in a loss position. Had net income been reported for these periods, Average Shares Outstanding would have included the effect of diluted stock options when computing per share amounts (see chart below).

Average Basic Shares Outstanding	59,165	60,037
Effect of Diluted Stock Options	<u>152</u>	<u>1,093</u>
Average Shares Outstanding including the effect of Stock Options	59,317	61,130

When considering the effect of dilutive stock options on shares outstanding, Net Income before Special Items is \$0.56 per share for the three months ended December 31, 2008 and \$3.19 for the twelve months ended December 31, 2007, respectively.

- (a) During the three months ended September 30, 2007, the Company recorded an Asbestos Provision.
- (b) During the three months ended June 30, 2007, the Company recorded a settlement with the US Government.
- (c) During the three months ended December 31, 2008, the Company recorded a restructuring charge in connection with initiatives to reduce its cost structure.
- (d) During the three months ended December 31, 2007, the Company recorded a net restructuring gain related to the consolidation of its remaining foundry operations in the UK and Canada.
- (e) During the three months ended December 31, 2008 and 2007, the Company recorded a charge related to an increase in the Company's expected liability at its Goodyear, AZ Superfund site.
- (f) During the three months ended December 31, 2007, the Company recorded a gain on the sale of its share of the Industrial Motion Control, LLC joint venture.
- (g) During the three months ended December 31, 2007, the Company recorded an income tax provision related to the potential repatriation of foreign cash.

CRANE CO.
Non-GAAP Financial Measures
(in thousands, except for per share amounts)

	December 31, 2008	December 31, 2007
BALANCE SHEET ITEMS		
Notes Payable and Current Maturities of Long-Term Debt	\$ 16,622	\$ 548
Long-Term Debt	398,479	398,301
Total Debt	415,101	398,849
Less: Cash and Cash Equivalents	(231,840)	(283,370)
Net Debt	183,261	115,479
Shareholders' Equity	738,062	884,803
Net Capitalization	<u>\$ 921,323</u>	<u>\$ 1,000,282</u>
Percentage of Net Debt to Net Capitalization	19.9%	11.5%

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
CASH FLOW ITEMS				
Cash Provided from Operating Activities before Asbestos - Related Payments	\$ 84,096	\$ 104,024	\$ 249,475	\$ 243,031
Asbestos Related Payments, Net of Insurance Recoveries	(23,168)	(17,509)	(58,083)	(41,698)
Equitas Receipts	-	-	-	31,500
Cash Provided from Operating Activities	60,928	86,515	191,392	232,833
Less: Capital Expenditures	(11,478)	(13,757)	(45,136)	(47,169)
Free Cash Flow	<u>\$ 49,450</u>	<u>\$ 72,758</u>	<u>\$ 146,256</u>	<u>\$ 185,664</u>

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 positive cash flow. 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.