

CRANE CO /DE/
Form DEF 14A
March 08, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant x
Filed by a Party other than Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240.14a-12

CRANE CO.

(Name of Registrant as Specified in Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
 1. Amount previously paid:
 2. Form, Schedule or Registration Statement No.:
 3. Filing Party:
 4. Date Filed:
-

CRANE CO. 100 FIRST STAMFORD PLACE STAMFORD, CONNECTICUT 06902

March 9, 2011

DEAR CRANE CO. SHAREHOLDER:

Crane Co. cordially invites you to attend the Annual Meeting of the Shareholders of Crane Co., at 10:00 a.m. Eastern Daylight Time on Monday, April 18, 2011 in the First Floor Conference Room at 200 First Stamford Place, Stamford, Connecticut.

The Notice of Meeting and Proxy Statement on the following pages describe the matters to be presented at the meeting. Management will report on current operations, and there will be an opportunity for discussion of Crane Co. and its activities. Our 2010 Annual Report accompanies this Proxy Statement.

It is important that your shares be represented at the meeting, regardless of the size of your holdings. If you are unable to attend in person, we urge you to participate by voting your shares by proxy. You may do so by filling out and returning the enclosed proxy card, or by using the internet address or the toll-free telephone number on the proxy card.

Sincerely,

R.S. EVANS

Chairman of the Board

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 18, 2011.**

**THIS PROXY STATEMENT AND THE 2010 ANNUAL REPORT TO SHAREHOLDERS
ARE AVAILABLE AT
WWW.CRANECO.COM/AR**

**CRANE CO.
100 FIRST STAMFORD PLACE
STAMFORD, CONNECTICUT 06902**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
APRIL 18, 2011**

March 9, 2011

To the Shareholders of Crane Co.:

THE ANNUAL MEETING OF THE SHAREHOLDERS OF CRANE CO. will be held in the First Floor Conference Room at 200 First Stamford Place, Stamford, Connecticut on Monday, April 18, 2011 at 10:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect three directors to serve for three-year terms until the Annual Meeting of Shareholders in 2014;
2. To consider and vote on a proposal to ratify the selection of Deloitte & Touche LLP as independent auditors for Crane Co. for 2011;
3. To consider and vote on a proposal to approve the Annual Incentive Plan;
4. To approve, by a non-binding advisory vote, the compensation paid by the Company to certain executive officers;
5. To recommend, by a non-binding advisory vote, the frequency with which the shareholders of the Company will be asked to approve the compensation paid by the Company to certain executive officers; and
6. To conduct any other business that properly comes before the meeting, in connection with the foregoing or otherwise.

The Board of Directors has fixed the close of business on February 28, 2011 as the record date for the meeting; shareholders at that date and time are entitled to notice of and to vote at the meeting or any postponement or adjournment of the meeting. A complete list of shareholders as of the record date will be open to the examination of any shareholder during regular business hours at the offices of Crane Co., 100 First Stamford Place, Stamford, Connecticut, for ten days before the meeting, as well as at the meeting.

In order to assure a quorum, it is important that shareholders who do not expect to attend the meeting in person fill in, sign, date and return the enclosed proxy in the accompanying envelope, or use the internet address or the toll-free telephone number on the enclosed proxy card.

By Order of the Board of Directors,

AUGUSTUS I. DUPONT

Secretary

IF YOU EXPECT TO ATTEND THE MEETING IN PERSON, PLEASE WRITE FOR YOUR ADMISSION CARD TO THE CORPORATE SECRETARY, CRANE CO., 100 FIRST STAMFORD PLACE, STAMFORD, CONNECTICUT 06902.

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**CRANE CO.
100 FIRST STAMFORD PLACE STAMFORD, CONNECTICUT 06902**

**PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
APRIL 18, 2011**

GENERAL MEETING MATTERS

The Board of Directors of Crane Co. asks you to complete and return the enclosed proxy for use at the Annual Meeting of Shareholders to be held in the First Floor Conference Room at 200 First Stamford Place, Stamford, Connecticut, on Monday, April 18, 2011, at 10:00 a.m., Eastern Daylight Time, or at any postponement or adjournment of the meeting.

This Proxy Statement and enclosed form of proxy are first being sent to shareholders on or about March 9, 2011.

Shares represented by the enclosed proxy, if properly executed, received by the Secretary prior to the meeting, and not revoked, will be voted in accordance with the directions indicated on the proxy. If no directions are indicated on a properly executed and returned proxy, the shares represented by the proxy will be voted **for** each nominee named in this Proxy Statement for election as a director, **for** the proposal to ratify the selection of Deloitte & Touche LLP as our independent auditors for 2011, **for** the proposal to approve the Annual Incentive Plan, **for** the non-binding advisory vote regarding executive compensation and in favor of **annual** votes by shareholders on executive compensation. If any other matter is presented at the Annual Meeting upon which a vote may properly be taken, the shares represented by the proxy will be voted in accordance with the discretion of the person or persons named in the proxy.

A shareholder may revoke a proxy at any time before the vote is taken, either by written notice to the Corporate Secretary, by submitting a new proxy, or by casting a vote in person at the meeting.

As an alternative to using the written form of proxy, shareholders of record may vote by using the toll-free number listed on the enclosed proxy card, proving their identity by using the Personal Identification Number shown on the card. Alternatively, shareholders of record may give voting instructions at the website www.investorvote.com/cr. Both procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. The enclosed proxy card includes specific instructions to be followed by any shareholder of record wishing to vote by telephone or on the internet.

Outstanding Shares and Required Votes. As of the close of business on February 28, 2011, the record date for determining shareholders entitled to vote at the Annual Meeting, Crane Co. had issued and outstanding 58,513,759 shares of common stock, par value \$1.00 per share. Each share of Crane Co. common stock is entitled to one vote at the meeting.

Nominees for the Board of Directors will be elected if more votes are cast in favor of the nominee than are cast against the nominee by the holders of shares present in person or represented by proxy and entitled to vote at the meeting. Each other matter to be voted upon at the meeting requires the affirmative vote of a majority of the votes cast by the holders of shares of common stock present in person or represented by proxy and entitled to vote at the meeting.

except for the advisory vote on the frequency of future advisory votes on executive compensation. This is a choice among three alternatives, and the provisions of our by-laws concerning shareholder approval are not applicable to this matter. The alternative which receives the largest number of votes, even if not a majority, will be considered the preference of our shareholders.

Shareholders may abstain from voting on any or all proposals expected to be brought before the meeting. Abstentions will have no effect on the election of directors, as each nominee will be elected if the number of votes cast in favor of such nominee exceeds the number of votes cast against such nominee. Abstentions will also have no effect on the non-binding advisory vote on the frequency of future advisory votes on executive compensation, as whichever alternative receives the largest number of votes (even if not a majority of votes cast) will be considered the preference of our shareholders. On all other matters, abstaining from voting will have the same effect as a negative vote.

Under the rules of the NYSE, brokers holding shares for customers have authority to vote on certain matters even if they have not received instructions from the beneficial owners, but do not have such authority as to certain

other matters (broker non-votes). Member firms of the NYSE may vote without specific instructions from beneficial owners on the ratification of the selection of auditors, but not in the election of directors or the other questions to be considered at the meeting. Broker non-votes do not count as votes cast for or against a matter or as shares entitled to vote, and therefore will not affect the outcome of the voting at the meeting.

ITEM 1: ELECTION OF DIRECTORS

The Board of Directors currently consists of eleven members divided into three classes.

E. Thayer Bigelow, Philip R. Lochner, Jr. and Ronald F. McKenna have been nominated for election by shareholders to hold office for three-year terms until the Annual Meeting in 2014 and until their successors are elected and qualified. Charles J. Queenan, Jr., who has been a director of the Company since 1986, has chosen not to stand for reelection, with the size of the Board therefore being reduced to ten members effective at the Annual Meeting.

The Board believes that a company's directors should possess and demonstrate, individually and as a group, an effective and diverse combination of skills and experience to guide the management and direction of the company's business and affairs. The Board has charged the Nominating and Governance Committee with the responsibility for evaluating the mix of skills and experience of the Company's directors and potential director nominees, as well as leading the evaluation process for the Board and its committees. In conducting its annual review of director skills and Board composition, the Nominating and Governance Committee determined and reported to the Board its judgment that the Board as a whole demonstrates a diversity of organizational experience, professional experience, education and other background, viewpoint, skills, and other personal qualities and attributes that enable the Board to perform its duties in a highly effective manner. The Nominating and Governance Committee also considers the Board's overall diversity of experience, education, background, skills and attributes when identifying and evaluating potential director nominees.

The Nominating and Governance Committee has proposed, and the Board of Directors recommends, that each of the three nominees (all of whom are current members of the Board) be elected to the Board. If, before the meeting, any nominee becomes unavailable for election as a director, the persons named in the enclosed form of proxy will vote for whichever nominee, if any, the Board of Directors recommends to fill the vacancy, or the Board of Directors may reduce the number of directors to eliminate the vacancy.

Shown below for each of the nominees for election and for each of those directors whose terms will continue are the individual's age, position with Crane Co. if any, period of service as a Crane Co. director, business experience and directorships in other public companies during at least the past five years, and the areas of experience and qualifications that led the Nominating and Governance Committee and the Board to the conclusion that the person should serve as a director of Crane Co. Holdings of Crane Co. stock as of February 28, 2011, are also shown, determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, which includes shares subject to stock options exercisable within 60 days. No director except Mr. E. C. Fast beneficially owns more than 1% of the outstanding shares of Common Stock. For more information on shareholdings of directors and officers, please see Beneficial Ownership of Common Stock by Directors and Management, page 15.

**Common Shares
Beneficially
Owned**

Nominees to be Elected for Terms to Expire in 2014

E. THAYER BIGELOW

51,041

Age 69; Director since 1984. Managing Director, Bigelow Media, New York, NY (advisor to media and entertainment companies) since September 2000 and Senior Advisor, Time Warner Inc., New York, NY (media and entertainment) since October 1998. Other directorships: Huttig Building Products, Inc. since 1999; Lord Abbett & Co. Mutual Funds since 1994 (lead independent director of Lord Abbett Family of 42 mutual funds); Expo TV, Inc. since 2010; Adelpia Communications, Inc. from 2003 to 2007; R. H. Donnelly, Inc. from April 2009 to January 2010. Relevant skills and experience: operational and financial expertise gained by extensive experience as chief executive and financial officer of and advisor to media and entertainment companies.

**Common Shares
Beneficially
Owned****PHILIP R. LOCHNER, JR.**

15,318

Age 68; Director since December 2006. Director of public companies. Senior Vice President and Chief Administrative Officer, Time Warner, Inc., New York, NY (media and entertainment) from 1991 to 1998. A Commissioner of the Securities and Exchange Commission from 1990 to 1991. Other directorships: Adelphia Communications from 2005 (post-Chapter 11 filing) to 2008; Apria Healthcare from 1998 to 2008; Gtech Holdings from 2001 to 2006; Monster Worldwide from 2006 to 2008; Solutia Inc. from 2002 to 2008; Clarcor Inc. since 1999; CMS Energy Corporation since 2005; Gentiva Health Services since 2009. Relevant skills and experience: legal and administrative expertise gained as senior executive of public company (including certain responsibility for internal audit, shareholder relations, legal, public affairs, compensation and benefits, governance, real estate and other administrative matters); expertise in securities and disclosure matters gained as a Commissioner of the Securities and Exchange Commission; expertise in management and governance matters gained as a director of public companies.

RONALD F. MCKENNA

23,730

Age 70; Director since January 2006. Retired December 2005 as Chairman, and December 2004 as President and Chief Executive Officer, of Hamilton Sundstrand Corporation, a subsidiary of United Technologies Corporation, Hartford, CT (high technology products and services for building and aerospace industries). President and Chief Executive Officer of Hamilton Sundstrand Corporation from 1999 through December 2004. Other directorships: Advanced Power Technology, Inc. from 2005 to 2006; Environmental Systems Products Holdings, Inc. from 2006 to 2007. Relevant skills and experience: operational, sales and manufacturing expertise gained as senior executive officer of high-technology manufacturing enterprise with particular focus in aerospace industry.

Directors Whose Terms Expire in 2013**KAREN E. DYKSTRA**

22,295

Age 52; Director since 2004. Former Partner, Plainfield Asset Management LLC, Stamford, CT (a registered investment advisor) from January 2007 to December 2010; Chief Operating Officer and Chief Financial Officer of Plainfield Direct LLC, Stamford, CT (a direct lending and investment business of Plainfield Asset Management LLC) from 2006 to 2010. Vice President Finance and Chief Financial Officer of Automatic Data Processing, Inc. (ADP), Roseland, NJ (provider of computerized transaction processing, data communications and information services) from February 2003 to May 2006. Vice President Finance of ADP from July 2001 to January 2003. Corporate Controller of ADP from October 1998 to July 2001. Other directorships: Gartner, Inc. since 2007; Plainfield Direct LLC from 2007 to 2010; AOL Inc. since 2009. Relevant skills and experience: financial expertise gained as controller and chief financial officer of public company and chief operating officer and chief financial officer of private investment vehicle.

RICHARD S. FORTÉ

26,057

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Age 66; Director since 1983. Retired. Chairman, Forté Cashmere Company, South Natick, MA (importer and manufacturer) from January 2002 to April 2004. President, Dawson Forté Cashmere Company (importer) from 1997 to 2001. Other directorships: Huttig Building Products, Inc. since 1999. Relevant skills and experience: operational, sales and manufacturing expertise gained as chairman and chief executive officer of importing/manufacturing enterprises.

**Common Shares
Beneficially
Owned**

JAMES L. L. TULLIS

26,787

Age 63; Director since 1998. Chief Executive Officer, Tullis-Dickerson & Co., Inc., Greenwich, CT (venture capital investments in the health care industry) since 1986. Other directorships: Viacell, Inc. from 2005 to 2007; Lord Abbett & Co. Mutual Funds (42 funds) since 2006. Relevant skills and experience: financial and organizational expertise gained as chief executive officer of venture capital investment group; expertise in management, strategy and governance matters gained as director of public and private companies.

Directors Whose Terms Expire in 2012

DONALD G. COOK

17,372

Age 64; Director since August 2005. General, United States Air Force (Retired). Commander, Air Education and Training Command, Randolph Air Force Base, San Antonio, TX from December 2001 to August 2005. Vice Commander, Air Combat Command, Langley Air Force Base, Hampton, VA from June 2000 to December 2001. Vice Commander, Air Force Space Command, Peterson Air Force Base, Colorado Springs, CO from July 1999 to June 2000. Other directorships: Burlington Northern Santa Fe Corporation from 2005 to February 2010; Hawker Beechcraft Inc. since 2007; USAA Federal Savings Bank since 2007; Precision Turbine Aviation, LLC from 2005 to 2006. Relevant skills and experience: experience with organizational and intellectual capital matters gained throughout an extensive career with the United States Air Force.

R. S. EVANS

513,143

Age 66; Director since 1979. Chairman of the Board of Crane Co. since April 2001. Chairman and Chief Executive Officer of Crane Co. from 1984 to 2001. Other directorships: HBD Industries, Inc. since 1989; Huttig Building Products, Inc. since 1972. Relevant skills and experience: unique familiarity with the operations, history and culture of the Company gained as its former Chief Executive Officer and as its Chairman of the Board of Directors.

ERIC C. FAST

1,060,948

Age 61; Director since 1999. President and Chief Executive Officer of Crane Co. since April 2001. President and Chief Operating Officer of Crane Co. from September 1999 to April 2001. Other directorships: Automatic Data Processing Inc. since 2007; Convergys Corporation from 2000 to 2007; Regions Financial Corp. since May 2010. Relevant skills and experience: financial and transactional experience over a 15-year career in investment banking; understanding of business operations, strategy and intellectual capital gained from management of the Company as President and Chief Executive Officer.

DORSEY R. GARDNER

58,745

Age 68; Director from 1982 to 1986 and since 1989. President, Kelso Management Company, Inc., Boston, MA (investment management) since 1980. Other directorships: Huttig Building Products, Inc. from 2006 to 2007; Kelso Management Company, Inc. from 1980 to 2010; Otologics, LLC since 2005; The Thomas Group, Inc. since 2007. Relevant skills and experience: financial and industry expertise gained as senior executive of investment

management enterprises.

CORPORATE GOVERNANCE MATTERS

The Board of Directors has adopted Corporate Governance Guidelines which reflect the Board's commitment to monitor the effectiveness of policy-making and decision-making both at the Board and management level, with a view to enhancing long-term shareholder value. The Corporate Governance Guidelines are available on our website at www.craneco.com/governance.

Board Leadership Structure. Our Corporate Governance Guidelines do not require the separation of the roles of Chairman of the Board and Chief Executive Officer, as the Board believes that effective board leadership structure can be highly dependent on the experience, skills and personal interaction between persons in leadership roles. Since 2001, these leadership roles have been filled separately by our current non-executive Chairman of the Board and our current President and Chief Executive Officer. To assist in defining this leadership structure, the Board adopted a position description for the role of the non-executive Chairman of the Board, which has now been incorporated into our Corporate Governance Guidelines. The principal duties are as follows:

provide leadership to the Board and ensure that each director is making an appropriate contribution;

guide the Board's discharge of its duties including monitoring risk management and compliance activities, reviewing corporate strategy and evaluating senior management performance and succession planning;

chair meetings of the Board of Directors and the Annual Meeting of Shareholders;

organize and approve the agendas for Board meetings based on input from directors and the Chief Executive Officer; and

conduct a performance evaluation of the Board.

The Board believes this leadership structure has afforded the Company an effective combination of internal and external experience, continuity and independence that has served the Board and the Company well.

Board Role in Oversight of Risk. The Board recognizes its duty to assure itself that the Company has effective procedures for assessing and managing risks to the Company's operations, financial position and reputation, including compliance with applicable laws and regulations. The Board has charged the Audit Committee with the responsibility for monitoring the Company's processes and procedures for risk assessment, risk management and compliance, including regular reports on any violations of law or Company policies and consequent corrective action. The Audit Committee receives presentations regarding these matters from management at each in-person meeting (at least quarterly). The Company's Director of Compliance and Ethics, as well as the Vice President, Internal Audit, has a direct reporting relationship to the Audit Committee. The Chair of the Audit Committee reports any significant matters to the Board as part of her reports on the Committee's meetings and activities. In addition, the Board schedules an annual presentation by management on the Company's risk management practices. The Board also receives reports from management at each meeting regarding operating results, the Company's asbestos liability, pending and proposed acquisition and divestiture transactions (each of which must be approved by the Board before completion), capital expenditures and other matters.

Conflicts of Interest; Transactions with Related Persons. Crane Co. has established a Conflict of Interest Policy, CP-103, to which all directors, officers and salaried employees are subject. Those subject to the policy are required to disclose to the General Counsel in writing each outside relationship, activity and interest that creates a potential

conflict of interest, including prior disclosure of transactions with third parties. The General Counsel will determine whether the matter does or does not constitute an impermissible conflict of interest, or may in his discretion refer the question to the Nominating and Governance Committee, which will review the facts and make a recommendation to the Board. All directors, executive officers and other salaried employees are required to certify in writing each year whether they are personally in compliance with CP-103 and whether they have knowledge of any other person's failure to comply. In addition, each director and executive officer is required to complete an annual questionnaire which calls for disclosure of any transactions above a stated amount in which Crane Co. or a Crane Co. affiliate is or is to be a participant on the one hand, and in which the director or officer or any member of his or her family has a direct or indirect material interest on the other. The Board of Directors is of the opinion that these procedures in the aggregate are sufficient to allow for the review, approval or ratification of any Transactions with Related Persons that would be required to be disclosed under applicable SEC rules.

Attendance. The Board of Directors met ten times during 2010. Each director attended over 85% of the Board and Committee meetings held in the period during which he or she was a director and Committee member. In addition, it is Crane Co.'s policy that each of our directors attend the Annual Meeting; all directors were in attendance at the 2010 Annual Meeting with the exception of Mr. Evans, who was prevented from attending due to the disruption of air traffic to and from Europe caused by a volcanic eruption in Iceland.

Executive Sessions of Non-Management Directors. Seven of the meetings of the Board during 2010 included executive sessions without management present, presided over by R. S. Evans, Chairman of the Board. Crane's Corporate Governance Guidelines require our non-management directors to meet in executive session without management on a regularly scheduled basis, but not less than two times a year. The Chairman of the Board presides at executive sessions, unless he is a member of management, in which case the presiding person at executive sessions rotates on an annual basis among the Chairs of the Nominating and Governance Committee, the Audit Committee and the Management Organization and Compensation Committee. If the designated person is not available to chair an executive session, then the non-management directors select a person to preside.

Share Ownership Guidelines for Directors. The Board of Directors has adopted share ownership guidelines which require each director to hold shares of Crane Co. stock having a fair market value not less than five times the director's annual retainer. A director must have attained this ownership level by the fifth anniversary of his or her first election as a director. As of the Record Date, all directors who had attained their fifth anniversary of service were in compliance with this ownership guideline.

Shareholder Communications with Directors. The Board has established a process to receive communications from shareholders and other interested parties. Shareholders and other interested parties may contact any member (or all members) of the Board, any Board committee or any Chair of any such committee by mail or electronically. To communicate with the Board of Directors, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any individual director or group or committee of directors by either name or title. All such correspondence should be sent to Crane Co., c/o Corporate Secretary, 100 First Stamford Place, Stamford, CT 06902. To communicate with any of our directors electronically, shareholders should use the following e-mail address: adupont@craneco.com.

All communications received as set forth in the preceding paragraph will be opened by the office of the Corporate Secretary for the sole purpose of determining whether the contents represent a message to our directors. Any contents will be forwarded promptly to the addressee unless they are in the nature of advertising or promotion of a product or service, or are patently offensive or irrelevant. To the extent that the communication involves a request for information, such as an inquiry about Crane Co. or stock-related matters, the Corporate Secretary's office may handle the inquiry directly. In the case of communications to the Board or any group or committee of directors, the Corporate Secretary's office will make sufficient copies of the contents to send to each director who is a member of the group or committee to which the envelope or e-mail is addressed.

Independent Status of Directors

Standards for Director Independence. No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with Crane Co. The Board has adopted the standards set forth below in order to assist the Nominating and Governance Committee and the Board itself in making determinations of director independence. Any of the following relationships would preclude a director from qualifying as an independent director:

The director is or was an employee, or the director's immediate family member is or was an executive officer, of Crane Co. other than as an interim Chairman or interim CEO, unless at least three years have passed since

the end of such employment relationship.

The director is or was within the past three years an executive officer or an employee, or the director's immediate family member is or was within the past three years an executive officer, of an organization (other than a charitable organization) that in any of the last three completed fiscal years made payments to, or received payments from, Crane Co. for property or services, if the amount of such payments exceeded the greater of \$1 million, or 2% of the other organization's consolidated gross revenues.

The director has received, or the director's immediate family member has received, direct compensation from Crane Co., if the director is a member of the Audit Committee or the amount of such direct

compensation received during any twelve-month period within the preceding three years has exceeded \$120,000 per year, excluding (i) director and committee fees and pension and other forms of deferred compensation for prior services (so long as such compensation is not contingent in any way on continued service); (ii) compensation received as interim Chairman or CEO; or (iii) compensation received by an immediate family member for service as a non-executive employee of Crane Co.

The director is a current partner of or employed by, or the director's immediate family member is a current partner of, or an employee who participates in audit, assurance or tax compliance (but not tax planning) at, a firm that is the internal or external auditor of Crane Co., or the director was, or the director's immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Crane Co. audit at that time.

The director is or was employed, or the director's immediate family member is or was employed, as an executive officer of another organization, and any of Crane Co.'s present executive officers serves or served on that other organization's compensation committee, unless at least three years have passed since the end of such service or the employment relationship.

The director is a member of a law firm, or a partner or executive officer of any investment banking firm, that has provided services to Crane Co., if the director is a member of the Audit Committee or the fees paid in any of the last three completed fiscal years or anticipated for the current fiscal year exceed the greater of \$1 million or 2% of such firm's consolidated gross revenues.

The existence of any relationship of the type referred to above, but at a level lower than the thresholds referred to, does not, if entered into in the ordinary course of business, preclude a director from being independent. The Nominating and Governance Committee and the Board review all relevant facts and circumstances before concluding that a relationship is not material or that a director is independent.

Crane Co.'s Standards for Director Independence, along with its Corporate Governance Guidelines and Code of Ethics, which applies to Crane Co.'s directors and to all officers and other employees, including our chief executive officer, chief financial officer and controller, are available on our website at www.craneco.com/governance. Crane Co. intends to satisfy any disclosure requirements concerning amendments to, or waivers from, the Code of Ethics by posting such information at that website address.

Independence of Directors. The Nominating and Governance Committee has reviewed whether any of the directors or nominees for director, other than Mr. Fast and Mr. Evans, has any relationship that, in the opinion of the Committee, (i) is material (either directly or as a partner, shareholder or officer of an organization that has a relationship with Crane Co.) and, as such, reasonably likely to interfere with the exercise by such person of independent judgment in carrying out the responsibilities of a director or (ii) would otherwise cause such person not to qualify as an independent director under the rules of the NYSE and, in the case of members of the Audit Committee, the additional requirements under Section 10A of the Securities Exchange Act of 1934 and the associated rules. The Nominating and Governance Committee determined that all of Crane Co.'s current directors, other than Mr. Fast and Mr. Evans, are independent in accordance with the foregoing standards, and the Board of Directors has reviewed and approved the determinations of the Nominating and Governance Committee. Mr. Fast is President and Chief Executive Officer of Crane Co. Mr. Evans serves as non-executive Chairman of the Board pursuant to an agreement under which he receives cash compensation of \$225,000 per year, maintains an office and secretarial support at Crane Co.'s principal executive office and is permitted to use the corporate aircraft for personal travel, for which he reimburses the Company its incremental operating costs. He was an employee of the Company until December 31, 2010. See Compensation of Directors below.

In reaching their determinations regarding the independence of the other directors, the Committee and the Board applied the Standards for Director Independence described above, noted among other things the matters described under the caption Other Transactions and Relationships on page 41, and determined that the amount and nature of such transactions were not likely to affect the independence of those directors judgment.

Committees of the Board; Charters

The Board of Directors has established an Audit Committee, a Nominating and Governance Committee and a Management Organization and Compensation Committee. Copies of the charters of all three committees are available on our website at www.craneco.com/governance. The Board of Directors has also established an

Executive Committee, which meets when a quorum of the full Board of Directors cannot be readily obtained. The memberships of these committees during 2010 were as follows:

Executive Committee:

E. T. Bigelow
R. S. Evans (Chair)
E. C. Fast
C. J. Queenan, Jr.

Audit Committee:

K. E. Dykstra (Chair)
R. S. Forté
D. R. Gardner
P. R. Lochner, Jr.

Nominating and Governance Committee:

E. T. Bigelow
D. R. Gardner (Chair)
P. R. Lochner, Jr.
C. J. Queenan, Jr.

Management Organization and Compensation Committee:

E. T. Bigelow
D. G. Cook
R. F. McKenna (Chair)
J. L. L. Tullis

Audit Committee. The Audit Committee is the Board's principal agent in fulfilling legal and fiduciary obligations with respect to matters involving Crane Co.'s accounting, auditing, financial reporting, internal control and legal compliance functions. The Audit Committee has the authority and responsibility for the appointment, retention, compensation and oversight of our independent auditors. The Audit Committee met seven times in 2010, including three meetings by conference telephone to review quarterly financial information, with Crane Co.'s management, internal auditors and independent accountants to review matters relating to the quality of financial reporting and internal accounting controls and the nature, extent and results of audits. The Audit Committee's report appears on page 13.

Audit Committee Qualifications. All members of the Audit Committee meet the independence and expertise requirements of the New York Stock Exchange, and all qualify as independent under the provisions of Securities and Exchange Commission Rule 10A-3. In addition, the Board of Directors has determined that Ms. Dykstra is an audit committee financial expert as defined in regulations of the Securities and Exchange Commission.

Nominating and Governance Committee. The duties of the Nominating and Governance Committee include developing criteria for selection of and identifying potential candidates for service as directors, policies regarding tenure of service and retirement for members of the Board of Directors and responsibility for and oversight of corporate governance matters. The Nominating and Governance Committee met three times in 2010.

Management Organization and Compensation Committee. The duties of the Management Organization and Compensation Committee include: coordinating the annual evaluation of the Chief Executive Officer; recommending to the Board of Directors all actions regarding compensation of the Chief Executive Officer; reviewing the compensation of other officers and business unit presidents; reviewing director compensation; administering the annual incentive compensation plans and Stock Incentive Plan; reviewing and approving any significant changes in or additions to compensation policies and practices; and reviewing management development and succession planning policies.

The Management Organization and Compensation Committee met 12 times in 2010. The Management Organization and Compensation Committee's report appears on page 29.

Independence of Committee Members. As noted above, each of the members of the Audit Committee, the Nominating and Governance Committee and the Management Organization and Compensation Committee is independent under applicable rules of the NYSE and in the case of members of the Audit Committee, the additional requirements under Section 10A of the Securities Exchange Act of 1934 and the associated rules.

Executive Committee. The Board of Directors has also established an Executive Committee, which meets when a quorum of the full Board of Directors cannot be readily obtained. The Executive Committee may exercise any of the powers of the Board of Directors, except for (i) approving an amendment of the Certificate of Incorporation or By-Laws, (ii) adopting an agreement of merger or sale of all or substantially all of Crane Co. s

assets or dissolution of Crane Co., (iii) filling vacancies on the Board or any committee thereof or (iv) electing or removing officers. The Executive Committee did not meet during 2010.

Director Nominating Procedures

Our Corporate Governance Guidelines provide that the Board should generally have from nine to twelve directors, a substantial majority of whom must qualify as independent directors under the listing standards of the NYSE.

Criteria for Board Membership. Criteria for Board membership take into account skills, expertise, integrity, diversity and other qualities which are expected to enhance the Board's ability to manage and direct Crane Co.'s business and affairs. In general, nominees for director should have an understanding of the workings of large business organizations such as Crane Co., and senior level executive experience as well as the ability to make independent, analytical judgments, the ability to be an effective communicator and the ability and willingness to devote the time and effort to be an effective and contributing member of the Board. A director who serves as our Chief Executive Officer should not serve on more than two public company boards in addition to our Board, and other directors should not sit on more than four public company boards in addition to our Board. The members of the Audit Committee should not serve on more than two other audit committees of public companies.

The Nominating and Governance Committee will, from time to time, seek to identify potential candidates for director to sustain and enhance the composition of the Board with the appropriate balance of knowledge, experience, skills, expertise and diversity. In this process, the Committee will consider potential candidates proposed by other members of the Board, by management or by shareholders, and the Committee has the sole authority to retain a search firm to assist in this process, at Crane Co.'s expense.

Nominations by Shareholders. In considering candidates submitted by shareholders, the Nominating and Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the Committee, a shareholder must submit the recommendation in writing and must supply the following information:

the name and business address of the proposed candidate;

qualifications to be a director of Crane Co.;

a description of what would make the proposed candidate a good addition to the Board;

a description of any relationships that could affect the proposed candidate's qualifying as an independent director, including identifying all other public company board and committee memberships;

a confirmation of the proposed candidate's willingness to serve as a director if selected by the Nominating and Governance Committee and nominated by the Board;

the name of the shareholder submitting the name of the proposed candidate, together with information as to the number of shares owned and the length of time of ownership; and

any information about the proposed candidate that would, under the SEC's proxy rules, be required to be included in our proxy statement if the person were a nominee, including, without limitation, the number of shares of Crane Co. stock beneficially owned by the proposed candidate.

Any shareholder recommendation for next year's Annual Meeting, together with the information described above, must be sent to the Corporate Secretary at 100 First Stamford Place, Stamford, CT 06902 and, in order to allow for timely consideration, must be received by the Corporate Secretary no earlier than December 20, 2011, and no later than January 19, 2012.

Once a person has been identified by the Nominating and Governance Committee as a potential candidate, the Committee, as an initial matter, may collect and review publicly available information regarding the person to assess whether the person should be considered further. Generally, if the person expresses a willingness to be considered and to serve on the Board, and the Committee believes that the person has the potential to be a good candidate, the Committee would seek to gather information from or about the candidate, review the person's accomplishments and qualifications in light of any other candidates that the Committee might be considering, and, as appropriate, conduct one or more interviews with the candidate. In certain instances, Committee members may contact one or more references provided by the candidate or may contact other members of the business community

or other persons that may have greater first-hand knowledge of the candidate's accomplishments. The Committee's evaluation process does not vary based on whether or not a candidate is recommended by a shareholder, although, as stated above, the Board may take into consideration the number of shares held by the recommending shareholder and the length of time that such shares have been held.

Majority Voting for Directors and Resignation Policy

On January 26, 2009, the Board of Directors adopted an amendment to the By-Laws providing that directors running for re-election to the Board without opposition must receive a majority of votes cast. Any director who fails to receive the required number of votes for re-election is required by Crane Co. policy to tender his or her written resignation to the Chairman of the Board for consideration by the Nominating and Governance Committee. The Committee will consider such tendered resignation and make a recommendation to the Board concerning the acceptance or rejection of the resignation. In determining its recommendation to the Board, the Committee will consider all factors deemed relevant by the members of the Committee including, without limitation, the stated reason or reasons why shareholders voted against such director's re-election, the qualifications of the director (including, for example, whether the director serves on the Audit Committee of the Board as an audit committee financial expert and whether there are one or more other directors qualified, eligible and available to serve on the Audit Committee in such capacity), and whether the director's resignation from the Board would be in the best interests of the Company and its shareholders.

COMPENSATION OF DIRECTORS

The standard retainer payable to each non-employee director is currently \$75,000 per year. Pursuant to the 2009 Non-Employee Director Compensation Plan, non-employee directors receive, in lieu of cash, Deferred Stock Units (DSUs) (rounded to the nearest share) with a market value equal to 50% of the standard annual retainer. The other 50% of the annual retainer is paid in cash; however, directors may elect to receive the retainer entirely in DSUs. All directors other than Mr. Fast, the President and Chief Executive Officer, and Mr. Evans, the Chairman of the Board, participate in the plan. Mr. Evans receives a retainer for his service as non-executive Chairman of the Board that was increased from \$100,000 to \$225,000 effective July 26, 2010. The retainer fee for Mr. Evans is paid pursuant to an agreement under which the Company also provides him with an office, office assistant and technical support. The Company also has a time-sharing agreement with Mr. Evans under which he is permitted personal use of the corporate aircraft, for which he reimburses the Company the aggregate incremental cost. See Other Agreements and Information Use of Company Aircraft on page 40. The DSUs are issued each year as of the date of the Annual Meeting, are forfeitable if the director ceases to remain a director until Crane Co.'s next Annual Meeting, except in the case of death, disability or change in control, and entitle the director to receive an equivalent number of shares of Crane Co. stock upon the director's ceasing to be a member of the Board. In April 2010 each non-employee director received DSUs pursuant to this plan; three directors who had elected to receive the entire retainer in DSUs received 2,068 DSUs, and the remaining seven non-employee directors received 1,034 DSUs. On January 24, 2011, the Board approved an increase in the annual retainer for non-employee directors to \$100,000 effective at the 2011 Annual Meeting.

In addition, under the 2009 Non-Employee Director Compensation Plan an option to purchase 2,000 shares of Common Stock is granted to each non-employee director as of the date of each Annual Meeting of shareholders. Each such option has an exercise price equal to the fair market value at the date of grant, has a term of 10 years and vests 25% after one year, 50% after two years, 75% after three years and 100% after four years from the date of grant, or upon the Director's death or disability or termination of service after a change in control. On April 19, 2010 each participating director other than Mr. Queenan received an option to purchase 2,000 shares at an exercise price of \$36.26 per share. Mr. Queenan elected to continue to participate in the Crane Co. Retirement Plan for Non-Employee Directors (see description below), and therefore does not receive any stock option grants under the Non-Employee

Director Stock Compensation Plan.

Non-employee directors also receive \$2,000 for each Board meeting attended. Non-employee members of the Executive Committee receive a supplemental annual retainer of \$2,000. Members of other committees receive \$2,000 for each committee meeting attended, and committee chairs receive a supplemental annual retainer of \$10,000 for the Audit Committee (increased to \$12,500 effective at the Annual Meeting in 2011) and \$7,500 for the Management Organization and Compensation Committee and the Nominating and Governance Committee.

The Crane Co. Retirement Plan for Non-Employee Directors (terminated as to active directors other than Mr. Queenan in 2000) provides for a benefit upon retirement at or after age 65 equal to the participant's annual retainer in effect at the time service terminates, payable for a period of time equal to the number of years the participant has served on the Board and not as an employee. After two years of service, participants are 50% vested in benefits payable, and after each full year of service thereafter, participants are vested in an additional 10%. In the event of death, disability or change in control, participants are automatically 100% vested and, in the case of a change in control, a minimum of seven years of retirement benefits is payable. Additionally, a participant leaving the Board after a change in control would be entitled to receive, in lieu of installment payments, a lump sum cash payment such that the participant will retain, after all applicable taxes, the actuarial equivalent of the benefits payable under the plan. A former director may receive his benefits prior to age 65 on an actuarially reduced basis. The plan is unfunded and benefits thereunder are payable from Crane Co.'s general assets, either in the form of a joint and survivor annuity or, if the director so elects upon reaching age 55, in the form of a survivor annuity should the director die while in service. The Retirement Plan for Non-Employee Directors was terminated as to active directors when the Non-Employee Director Stock Compensation Plan was approved by shareholders in April 2000, but Mr. Queenan elected to continue his participation in the Retirement Plan in lieu of any option grants under the Stock Compensation Plan, with a cap on his annual benefit accrual of \$35,000. Certain former Crane Co. directors continue to receive their retirement benefits under the Retirement Plan.

Director Compensation in 2010

The following table shows the compensation in 2010 of all directors except Mr. Fast, the President and Chief Executive Officer, whose compensation is shown in the Summary Compensation Table on page 30.

Name	Fees Earned or			Total (\$)
	Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(3)	
E. T. Bigelow	\$ 96,629	\$ 41,730	\$ 29,120	\$ 167,479
D. G. Cook	\$ 83,500	\$ 41,730	\$ 29,120	\$ 154,350
K. E. Dykstra	\$ 79,500	\$ 41,730	\$ 29,120	\$ 150,350
R. S. Evans	\$ 154,452			\$ 154,452
R. S. Forté	\$ 69,500	\$ 42,553	\$ 29,120	\$ 141,173
D. R. Gardner	\$ 81,000	\$ 41,730	\$ 29,120	\$ 151,850
W. E. Lipner(4)	\$ 12,011	\$ 1,190		\$ 13,201
P. R. Lochner, Jr.	\$ 38,000	\$ 82,592	\$ 29,120	\$ 149,712
R. F. McKenna	\$ 50,443	\$ 82,592	\$ 29,120	\$ 162,155
C. J. Queenan, Jr.	\$ 65,504	\$ 41,730		\$ 107,234
J. L. L. Tullis	\$ 83,500	\$ 41,730	\$ 29,120	\$ 154,350

- (1) Directors who are not employees of Crane Co. receive a standard retainer of \$75,000 per year, half of which is payable in cash and half in DSUs. Beginning in April 2008, directors may elect to receive the full annual retainer in DSUs. In addition, non-employee directors receive a retainer of \$7,500 per year for service as Chair of a Committee of the Board (\$10,000 for service as the Chair of the Audit Committee), \$2,000 per year for service as a member of the Executive Committee, and \$2,000 for each Board and committee meeting attended. Mr. Evans receives a retainer for his service as non-executive Chairman of the Board, which was increased effective July 25, 2010 from \$100,000 to \$225,000.

- (2) Amounts shown in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718, with respect to awards of DSUs made during the indicated year. Awards of DSUs during 2010, all pursuant to the 2009 Non-Employee Director Compensation Plan, were as follows:

2,068 DSUs on April 19 in connection with the Annual Meeting, and an aggregate of 201.47 additional DSUs in connection with the payment of regular quarterly dividends on Crane Co. stock on March 10, June 10, September 10 and December 10 to each of Mr. Lochner and Mr. McKenna;

1,034 DSUs on April 19 in connection with the Annual Meeting, and an aggregate of 134.25 additional DSUs in connection with the payment of regular quarterly dividends on Crane Co. stock on March 10, June 10, September 10 and December 10 to Mr. Forté;

1,034 DSUs on April 19 in connection with the Annual Meeting, and an aggregate of 112.33 additional DSUs in connection with the payment of regular quarterly dividends on Crane Co. stock on March 10, June 10, September 10 and December 10 to each of Ms. Dykstra and Messrs. Bigelow, Cook, Gardner, Queenan and Tullis; and

35.3 DSUs on March 10 in connection with the payment of a regular quarterly dividend to Mr. Lipner.

The grant date fair value of each DSU granted on April 19, 2010 was \$36.26. At December 31, 2010, Messrs. Lochner and McKenna each held 9,135.24 DSUs, Mr. Forté held 6,000.48 DSUs, and Ms. Dykstra and Messrs. Bigelow, Cook, Gardner, Queenan and Tullis each held 5,062.80 DSUs.

There were no forfeitures of DSUs by any of the directors during the year. The assumptions on which this valuation is based are set forth in Note 12 to the audited financial statements included in Crane Co. s annual report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2011.

- (3) Amounts shown in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718, with respect to awards of options to purchase shares of Crane Co. stock made during the indicated year. Awards of stock options during 2010, all pursuant to the 2009 Non-Employee Director Compensation Plan, were as follows: Ms. Dykstra and Messrs. Bigelow, Cook, Forté, Gardner, Lochner, McKenna and Tullis, 2,000 options on April 19 in connection with the Annual Meeting. The grant date fair value of each option was \$14.56. Mr. Evans and Mr. Queenan do not participate in the Non-Employee Director Compensation Plan. At December 31, 2010, each non-employee director held options, with various grant dates and strike prices, as follows: Mr. Bigelow, 20,000; Mr. Cook, 11,500; Ms. Dykstra, 14,000; Mr. Forté, 10,500; Mr. Gardner, 20,000; Mr. Lochner, 8,833; Mr. McKenna, 10,500; and Mr. Tullis, 20,000. There were no forfeitures of stock options by any of the directors during the year. The assumptions on which this valuation is based are set forth in Note 12 to the audited financial statements included in Crane Co. s annual report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2011.
- (4) Mr. Lipner was a member of the Board of Directors from 1999 to the Annual Meeting in April 2010, and did not stand for reelection at that time.

ITEM 2: RATIFICATION OF THE SELECTION OF AUDITORS

The Board of Directors proposes and recommends that the shareholders ratify the Audit Committee s selection of the firm of Deloitte & Touche LLP as independent auditors for Crane Co. for 2011. Deloitte & Touche LLP have been Crane Co. s independent auditors since 1979. Although ratification of this selection is not required by law, the Board of Directors believes that it is desirable as a matter of corporate governance. If the shareholders do not ratify the selection of Deloitte & Touche LLP, the Audit Committee will reconsider the appointment of Deloitte & Touche LLP as Crane Co. s independent auditor. We expect that representatives of Deloitte & Touche LLP will attend the Annual Meeting, where they will have an opportunity to make a statement if they wish to do so and to respond to appropriate questions.

Unless otherwise directed by the shareholders, proxies that are properly executed and returned will be voted **for** approval of the ratification of Deloitte & Touche LLP to audit our consolidated financial statements for 2011.

Principal Accounting Firm Fees

Set forth below is a summary of the fees paid for the years ended December 31, 2010 and 2009 to Crane Co. s principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates:

2010	2009
(\$ in thousands)	

Audit fees (a)	\$ 4,081	\$ 3,663
Audit-related fees (b)	297	231
Tax fees (c)	563	529
All other fees (d)	22	73
Total	\$ 4,963	\$ 4,496

- (a) Audit services consisted of: (i) audit of Crane Co. s annual financial statements; (ii) reviews of Crane Co. s quarterly financial statements; (iii) Sarbanes-Oxley Act, Section 404 attestation matters; and (iv) statutory and regulatory audits, comfort letters, consents and other services related to Securities and Exchange Commission matters.
- (b) Audit-related services consisted of (i) benefit plan audit fees paid by Crane Co., (ii) agreed-upon procedures reports and (iii) financial accounting and reporting consultations.
- (c) Fees for tax compliance services totaled \$406 and \$505 in 2010 and 2009, respectively. Tax compliance services are services rendered based upon facts already in existence or transactions that have already occurred to document, compute, and obtain government approval for amounts to be included in tax filings. Fees for tax planning and advice services totaled \$156 and \$24 in 2010 and 2009, respectively.
- (d) Fees for all other services billed consisted of fees for software licenses, and services related to inventory.

	2010	2009
Ratio of tax planning and advice fees and all other fees to audit fees, audit-related fees and tax compliance fees	3.7%	2.2%
Percentage of non-audit services approved by the Audit Committee	100%	100%

AUDIT COMMITTEE REPORT

In accordance with its written charter adopted by the Board of Directors, the Audit Committee (the Committee) assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of Crane Co. All of the members of the Committee qualify as independent under the provisions of Section 10A of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder.

The members of the Committee are not professionally engaged in the practice of auditing or accounting and are not, and do not represent themselves to be, performing the functions of auditors or accountants. Members of the Committee rely without independent verification on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Committee's considerations and discussions referred to below do not assure that the audit of Crane Co.'s financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States), that the financial statements are presented in accordance with generally accepted accounting principles or that Crane Co.'s auditors are in fact independent.

In discharging its oversight responsibility as to the audit process, the Committee received the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Committee concerning independence, and has discussed with the independent auditors the independent auditors' independence. The Committee discussed with the auditors any activities that may impact their objectivity and independence, including fees for non-audit services, and satisfied itself as to the auditors' independence. The Committee received a report on the quality control procedures of the independent auditors. The Committee also discussed with management, the internal auditors and the independent auditors the quality and adequacy of Crane Co.'s internal controls, with particular focus on compliance with Section 404 of the Sarbanes-Oxley Act of 2002, as well as the internal audit function's organization, responsibilities, budget and staffing. The Committee reviewed with the independent auditors and the internal auditors their audit plan and audit scope. The Committee reviewed with management the risk assessment and risk management procedures of Crane Co., as well as the procedures and findings of Crane Co.'s compliance program, including quarterly reports to the Department of the Navy under the Administrative Agreement entered into in July 2007, which was terminated in accordance with its terms in July 2010.

The Committee discussed with the independent registered public accountants the matters required to be discussed by Statement on Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance and, both with and without members of management present, discussed and reviewed the independent auditors' examination of the financial statements. The Committee also discussed the results of the internal audit examinations.

The Committee reviewed the audited financial statements of Crane Co. as of and for the year ended December 31, 2010, with management and the independent auditors. Management is responsible for the preparation, presentation and integrity of Crane Co.'s financial statements, Crane Co.'s internal controls and financial reporting process and the procedures designed to assure compliance with accounting standards and applicable laws and regulations. Crane Co.'s independent auditors are responsible for performing an independent audit of Crane Co.'s financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

Based on the above-mentioned review and discussions with the independent auditors, the Committee recommended to the Board of Directors that Crane Co. s audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2010, for filing with the Securities and Exchange Commission.

The Committee approved a policy regarding services by Crane Co. s independent auditors, effective January 1, 2003. Under this policy, the independent auditors are prohibited from performing certain services in accordance with Section 202 of the Sarbanes-Oxley Act of 2002. With respect to non-prohibited services to be provided by the independent auditors, the policy requires that a budget for such services be prepared by management and approved

by the Committee at the beginning of each fiscal year, and any expenditure outside of the budget or within the approved budget but in excess of \$100,000 must also be approved by the Committee in advance. Pursuant to this policy, the Committee reviewed and approved the budget for the audit and other services to be provided by Deloitte & Touche LLP in 2011. The Committee also approved the reappointment of Deloitte & Touche LLP to serve as independent auditors; the Board of Directors concurred in such appointment, and directed that this action be presented to shareholders for ratification.

Submitted by:

The Audit Committee of the
Board of Directors of Crane Co.

K.E. Dykstra, Chair
R.S. Forté
D.R. Gardner
P.R. Lochner, Jr.

**BENEFICIAL OWNERSHIP OF COMMON STOCK
BY DIRECTORS AND MANAGEMENT**

Crane Co. believes that officers and other key employees, in order to focus their attention on growth in shareholder value, should have a significant equity stake in the Company. We therefore encourage our officers and key employees to increase their ownership of and to hold Crane Co. stock through the Stock Incentive Plan and the Savings and Investment Plan, as discussed in the Compensation Discussion and Analysis on page 17. Directors also receive 50% of their annual retainer, and may elect to receive the entire retainer, in the form of Deferred Stock Units issued under the 2009 Non-Employee Director Compensation Plan. Beneficial ownership of stock by the non-executive directors, the executive officers named in the Summary Compensation Table (other than Mr. MacCarrick, whose employment terminated in May 2010), all other executive officers as a group and all directors and executive officers of Crane Co. as a group as of February 28, 2011 is as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)				Total Shares Beneficially Owned	Percent of Class
		Shares Owned Directly or Beneficially	Units Under Restricted Stock Plans(2)	Stock Options Exercisable Within 60 Days	Shares in Company Savings Plan (401(k))		
Common Stock	E. T. Bigelow	30,979	5,062	15,000		51,041	*
	D. G. Cook	3,810	5,062	8,500		17,372	*
	K. E. Dykstra	10,233	5,062	7,000		22,295	*
	R. S. Evans	500,721			12,422	513,143	*
	E. C. Fast	381,023	211,905	465,000	3,020	1,060,948	1.8%
	R. S. Forté	12,557	6,000	7,500		26,057	*
	D. R. Gardner	46,683	5,062	7,000		58,745	*
	P. R. Lochner	350	9,135	5,833		15,318	*
	R. F. McKenna	7,095	9,135	7,500		23,730	*
	C. J. Queenan	31,669	5,062			36,731	*
	J. L. L. Tullis	6,725	5,062	15,000		26,787	*
	R. A. Maue	2,700	7,375	26,250	860	37,185	*
	A. L. Krawitt	8,216	6,750	11,250	4,391	30,607	*
	A. I. duPont	70,221	24,961	135,000	3,877	234,059	*
	M. H. Mitchell	34,673	18,750	76,250	1,768	131,441	*
	B. L. Ellis	85,179	17,962	181,250	5,228	289,619	*
	Other Executive Officers (7 persons)	60,718	57,829	371,250	34,368	524,165	*

Total Directors and Executive Officers as a Group (23 persons)	1,293,552	400,174	1,339,583	65,934	3,099,243(3)	5.2%
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* Less than one percent.

- (1) As determined in accordance with Rule 13d-3 under the Securities and Exchange Act of 1934.
- (2) Restricted shares are subject to forfeiture if established service conditions are not met.
- (3) Does not include 7,778,416 shares of Common Stock owned by The Crane Fund (see Principal Shareholders of Crane Co., page 16); nor 510,471 shares of Common Stock owned by the Crane Fund for Widows and Children; nor an aggregate of 674,715 shares of Common Stock held in trusts for the pension plans of Crane Co. and certain subsidiaries, which shares may be voted and disposed of in the discretion of the trustees unless the sponsor of a particular plan directs otherwise. Mr. Krawitt, Mr. duPont and one other executive officer, Ms. E. M. Kopczick, are trustees of The Crane Fund and the Crane Fund for Widows and Children. None of the directors or trustees has any beneficial interest in, and all disclaim beneficial ownership of, the shares held by the trusts. In addition, as of February 28, 2011, employees and former employees of Crane Co. held 1,765,409 shares of Common Stock in the Crane Co. Savings and Investment Plan.

PRINCIPAL SHAREHOLDERS OF CRANE CO.

The following table sets forth the ownership by each person who owned of record or was known by Crane Co. to own beneficially more than 5% of our common stock on February 28, 2011.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	The Crane Fund (1) 100 First Stamford Place Stamford, CT 06902	7,778,416	13.3%
Common Stock	GAMCO Investors, Inc. One Corporate Center Rye, NY 10580-1435	5,093,900(2)	8.7%

- (1) The Crane Fund, a trust established for the benefit of former employees, is managed by trustees appointed by the Board of Directors of Crane Co. The incumbent trustees are A.I. duPont, E. M. Kopczick and A. L. Krawitt, all of whom are executive officers of Crane Co. Pursuant to the trust instrument, the shares held by the trust are voted by the trustees as directed by the Board of Directors, the distribution of the income of the trust for its intended purposes is subject to the control of the Board of Directors and the shares may be sold by the trustees only upon the direction of the Board of Directors. None of the directors or the trustees has any direct beneficial interest in, and all disclaim beneficial ownership of, shares held by The Crane Fund.
- (2) As reported in a Form 13F filed February 3, 2011 by GAMCO Investors, Inc. et al., giving information on shareholdings as of December 31, 2010. The amount shown represents the aggregate of holdings of Crane Co. stock reported by GAMCO Asset Management, Inc. (3,744,800 shares) and Gabelli Funds, LLC (1,349,100 shares). According to documents previously filed with the Securities and Exchange Commission, each of such entities is an investment adviser registered under the Investment Advisers Act of 1940, and a wholly-owned subsidiary of GAMCO Investors, Inc., which is a New York Stock Exchange-listed asset management and financial services company.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis explains Crane Co.'s compensation program as it applies to the executive officers named in the Summary Compensation Table on page 30. It should be noted that the compensation information presented in the Summary Compensation Table for a given year includes (i) salaries that are set at the beginning of the year based on available competitive data, (ii) economic value added (EVA) incentive plan compensation that is formula-driven based on parameters set at the beginning of the year in relation to anticipated performance for that year and then determined when financial results are confirmed after the conclusion of that year, (iii) stock and option awards that are also generally granted at the beginning of the year but are based upon performance assessments and competitive data for the previous year, and (iv) pension accruals and other compensation that is paid or accrued during the year in accordance with ongoing benefit plans and policies. The discussion that follows therefore describes decisions by the Management Organization and Compensation Committee that reflect performance assessments, competitive data and general economic and other circumstances that are inherently variable, particularly in periods of volatility such as 2009 and 2010. The principal focus of the discussion is the executive compensation decisions taken by the Committee in 2010, including salaries and stock grants set in January 2010 based on performance assessments and competitive data for 2009, EVA parameters set in January and February 2010 in relation to expected performance in 2010 and EVA payouts determined in January 2011 in accordance with the plan based on actual results for 2010. This discussion and analysis should be read in conjunction with the Summary Compensation Table, its accompanying footnotes and the additional tabular and narrative disclosure that follows the Summary Compensation Table.

Overview of 2010

During 2010, the Committee approved certain changes to the Company's executive compensation program including a new annual incentive plan and performance-based restricted share units intended to increase the linkage between pay and performance as well as more clearly define the Company's performance goals. These changes are described in the following pages.

The Company's performance in 2010 outpaced our initial expectations by a wide margin. Despite relatively flat revenue, earnings per share of \$2.59 considerably exceeded our guidance of \$2.15 - \$2.35 early in the year and the \$2.28 recorded in 2009. Our strategy during the past two years has been to use our substantial cash balance and liquidity position to fund key initiatives to accelerate our growth as market demand returns. Throughout the downturn since 2008, we have significantly strengthened the Company and built a strong foundation for future growth with increased market share in key markets and significant reduction of our cost base. These efforts were recognized by the stock market, as the Company's total shareholder return in 2010 was 38%, compared to 15% for the S&P 500, 36% for the S&P Midcap 400 Capital Goods Group median shareholder return and 28% for the Russell 3000 Capital Goods Group median shareholder return. Salary increases for the Company's executive officers in 2010 reflected the cost conscious outlook, averaging 2.9% after no increases in 2009, except for one significant market adjustment for Max Mitchell, Group President of Fluid Handling, and mid-year increases for Richard Maue, Vice President and Controller, and Andrew Krawitt, Vice President and Treasurer, when they took on additional responsibilities with the departure of Timothy MacCarrick, the Company's former Chief Financial Officer. In practice, salaries for all management employees in the corporate office, including Eric Fast, our Chief Executive Officer, and certain operating units were reduced 1.9% due to a mandatory one-week unpaid furlough during 2010.

Under the Company's Corporate EVA Incentive Compensation Plan, annual bonuses are based on the excess of net operating profit after tax compared to an expected cost of capital return on invested capital. Given the highly uncertain outlook in early 2010, the Committee set the corporate EVA framework for 2010 at 12% of positive EVA with no increase or decrease for any change from 2009. As in 2009, the Committee excluded average cash balances in excess

of \$25 million from the invested capital base (a provision incorporated into the Corporate EVA Incentive Compensation Plan approved by shareholders in 2009), to promote liquidity and assure a balanced and measured application of the Company's free cash flow. Based on the Company's investor guidance in early 2010, this framework was anticipated to yield a corporate EVA bonus pool of \$2.4 million to \$3.8 million. Based on actual results for 2010, the corporate EVA bonus pool was \$5.6 million.

The stock-based compensation awards shown in the Summary Compensation Table were granted by the Committee in January 2010 based upon competitive data compiled by the Committee's independent compensation

consultant, Aon Hewitt, which compared actual stock grants to the Company's executive officers in 2009 to the 50th and 75th percentile grants reported by peer group companies and others included in Aon Hewitt's survey data. The Aon Hewitt report showed that the Company's 2009 grants were generally less than half of the 50th percentile grants and well below the 75th percentile grants. Taking into account the Company's strong response to the difficult economic conditions in 2009 and the shortfall in 2009 stock-based compensation due to constraints resulting from a previous "burn rate" commitment, in January 2010 the Committee approved awards consisting of approximately 10% more stock options than in prior years and an increase of approximately 45% in the aggregate number of restricted share units (RSUs) compared to the previous year, with an option exercise price (and RSU award value) of \$31.94 per share, which was the closing price of our common stock on the date of grant. For the named executive officers in the Summary Compensation Table, these awards were as follows: Mr. Fast, 180,000 options and 80,000 RSUs; Mr. Maue, 15,000 options and 3,500 RSUs; Mr. Krawitt, 15,000 options and 3,000 RSUs; Mr. duPont, 30,000 options and 6,000 RSUs; Mr. Mitchell, 40,000 options and 15,000 RSUs; Mr. Ellis, 35,000 options and 10,000 RSUs; and Mr. MacCarrick, 30,000 options and 3,000 RSUs. In February 2010, after further review and discussion of the Chief Executive Officer's performance in 2009 and aggregate incentive compensation for the years 2008 and 2009, the Committee approved additional grants to Mr. Fast of 30,000 stock options and 40,000 RSUs, with an option exercise price and RSU award value of \$32.65 per share, which was the closing price of our common stock on the date of grant.

The extended consideration of equity grants in early 2010 led the Committee to undertake a thorough review of the Company's incentive compensation program, including both the annual cash incentives and the long-term stock-based incentives, with the goals of increasing the linkage between pay and performance and establishing more clearly defined terms and provisions to set performance goals for management. With the assistance of Aon Hewitt and in coordination with a senior management team that provided analysis and alternative models for discussion, the Committee met 10 times from March 2010 to early January 2011 (four meetings in person and six by conference call), a process that concluded with (i) the Committee's recommendation to the Board to approve and submit for approval by shareholders the new Annual Incentive Plan presented under Item Three on page 42 and (ii) the Committee's decision to change from time-based restricted share units (TRSUs) to performance-based restricted share units (PRSUs) for the Chief Executive Officer and other members of the senior management team (currently 17 persons), as described below. At the outset of this process, the leadership of the Committee changed as Mr. Bigelow stepped down from his role as Chair of the Committee after 12 years, and Mr. McKenna, a member of the Committee since he joined the Board in 2006, was appointed Committee Chair. The Committee's deliberations also led to an important clarification of compensation philosophy as the Committee moved from an aspirational targeting of incentive compensation at the 75th percentile of competitive peer company compensation to a more structured approach, embedded in both the new Annual Incentive Plan and the PRSUs, in which base award values for targeted performance are calibrated to the 50th percentile of competitive peer company compensation with significant upside potential for performance that exceeds target and lesser (or zero) payouts if performance is below target. In so doing, the Committee has increased the linkage between pay and performance, particularly for the senior management team, with the annual incentive framework adopted for 2011 (subject to shareholder approval of the new Annual Incentive Plan) and the stock options and PRSUs granted in January 2011. It is the Committee's current intention to continue granting TRSUs to key executives other than the Chief Executive Officer and the senior management team, and in cases of particular need for retention of senior management personnel. In addition, the Committee determined it was advisable to grant modest awards of TRSUs (constituting approximately 10% of the total stock-based compensation for each executive) to the Chief Executive Officer and the senior management team for transition purposes as the PRSUs granted in January 2011 will not be eligible for vesting until January 2014.

Other actions taken by the Committee in 2010 included adopting a modified form of change-in-control agreement for executive officers going forward. The modified form of change-in-control agreement is substantially similar to the agreements that have been entered into with the Company's executive officers since 1987 except that severance benefits under the modified agreement require a second "trigger" of adverse employment action by the acquiring

company after the change in control and do not permit the executive to terminate employment unilaterally on the first anniversary of the change in control, and the modified agreement does not provide any gross-up for the so-called golden parachute excise tax. During 2010, agreements in the modified form were entered into with

Mr. Ellis and three other group presidents, while agreements in the previous form remain in place with Messrs. Fast, Maue, Krawitt, duPont, Mitchell, and certain other executive officers.

Objectives of the Executive Compensation Program

Crane Co.'s executive compensation program is designed and operated with the following objectives:

- To attract and retain highly-qualified executives;
- To provide those executives with incentives to continuously improve operating results and to increase shareholder value without encouraging unnecessary and excessive risk-taking by our executives;
- To provide benefit programs that are competitive with those of relevant peer companies; and
- To ensure continuity in the event of a change-in-control transaction.

In pursuit of these objectives, our executive compensation program includes the following elements, each of which is more thoroughly described in this Compensation Discussion and Analysis:

Short-Term: Crane Co. endeavors to pay its executives annual base salary at competitive levels, generally targeting the 50th percentile of pay scales for similar positions at companies within our peer group (see the discussion below captioned "Role of Peer Group Analysis"). Certain perquisites that have been judged to be reasonable and competitive elements of compensation are provided to senior executives as well.

Short- to Medium-Term: The principal means of short- to medium-term compensation has been the corporate and operating group EVA plans, which are described below. For senior executives who participate in the corporate and operating group EVA plans, including all the named executive officers, this amount is contingent on firm-wide or group financial performance as well as on individual performance. For 2011 and going forward, if approved by shareholders, the annual cash incentive program will utilize metrics derived from the annual operating plan and resulting investor guidance, such as earnings per share, operating profit and cash flow, as well as key performance indicators such as inventory turns and on-time delivery. See "Item 3: Approval of Annual Incentive Plan" on page 42.

Long-Term: Long-term compensation, which consists primarily of grants of stock options and RSUs, is granted in order to focus the attention and efforts of executives and other key employees on shareholder return; for retention purposes, these grants typically vest over a period of years. Since January 2007, stock options vest 25% per year over four years. We changed the term of stock options from 10 years to six years in 2004. We also make annual grants of RSUs which vest 25% per year over four years. As noted above and described in more detail below, for 2011 and going forward RSUs for the Chief Executive Officer and other senior management will be performance-based rather than time-based.

For medium and long-term compensation, the Committee calibrates award values for targeted performance by reference to the 50th percentile of competitive peer company compensation (see "Role of Peer Group Analysis" below), with allowance for variability, particularly in the number of stock options awarded, based on Company and individual performance during the previous year.

Crane Co. provides a 401(k) plan for substantially all its U.S. employees, and matches 50% (reduced to 25% in 2009 and 2010) of employee contributions up to six percent subject to Internal Revenue Code limitations; such matching contributions are paid in shares of Crane Co. stock and are fully vested when an employee has five years of service. The named executive officers other than Messrs. Maue and Krawitt also participate in a defined benefit pension plan,

and certain executive officers previously received additional grants of restricted stock, and now participate in the Benefit Equalization Plan, to restore pension benefits limited by federal tax regulations, as described below under Retirement Shares and Benefit Equalization Plan.

Role of Peer Group Analysis

In late 2005 and 2006, the Compensation Committee developed a list of companies to serve as a peer group for compensation purposes. The Committee developed this peer group in collaboration with management and with the assistance of its independent compensation consultant, Hewitt Associates. Although Crane Co. pays the fees and expenses of Hewitt Associates, the firm is retained by the Compensation Committee. While Hewitt Associates does not perform any other services for Crane Co., in October 2010 Hewitt was acquired by AON Corporation, a worldwide provider of risk management, insurance and reinsurance brokerage services, and renamed Aon Hewitt.

AON provides certain insurance brokerage services to the Company and received fees of approximately \$250,000 from the Company in 2010.

During 2008, the Committee reviewed and updated the composition of the peer group first established in late 2005 and early 2006. This review yielded a list with many of the same companies as the Company's original peer group, and so the Committee determined to make a limited, incremental change in the peer group by deleting four companies whose revenues or market capitalization were greater or smaller than the general range of companies in the peer group and adding four companies with better fit under these metrics. The resulting list of 15 peer companies is as follows: Ametek, Inc., Carlisle Companies Inc., Curtiss-Wright Corp., Dover Corp., Esterline Corp., Flowserve Corporation, Harsco Corporation, IDEX Corporation, Pall Corporation, Pentair, Inc., Roper Industries, Inc., SPX Corporation, Teledyne Technologies, Inc., Teleflex Inc., and Trinity Industries, Inc. The Committee used the same peer group for 2010, except that Teleflex, Inc. was eliminated from the peer group due to a significant change in the nature of its business.

Aon Hewitt provides the Compensation Committee with comparative compensation data on the peer companies from publicly available sources. In addition, Aon Hewitt provides the Committee with comparative compensation data compiled from a broad group of industrial companies with revenues ranging from \$1.0 billion to \$5.0 billion, using regression analysis to determine market values for companies of comparable size to the Company. This data includes base salary, cash bonus compensation and stock-based incentive compensation for the named executive officers, as well as the 50th and 75th percentiles for each category. Aon Hewitt also presents comparable salary, bonus and equity compensation data for Mr. Fast and the other named executive officers. The Committee uses this comparative data during its review of salaries, annual cash incentive compensation and aggregate stock option and RSU grant values for the named executive officers, with the view that base salary should generally be at approximately the 50th percentile of the peer group and base award values of cash incentive compensation and stock-based compensation should be calibrated by reference to the 50th percentile of the peer group for targeted performance, with significant upside potential for performance that exceeds target and lesser (or zero) payouts if performance is below target. As noted above, the Committee uses its judgment and discretion to vary the award values, particularly the number of stock options, based on Company and individual performance during the previous year, historical stock price trends and other factors.

Self-Assessment Process

Each year, the Chief Executive Officer proposes a set of goals and objectives for himself, which are reviewed and approved by the Board as part of an annual self-assessment and review process managed by the Committee. The goals and objectives include quantitative goals based on the annual operating plan and related metrics, as well as certain qualitative objectives relating to business strategy, organization and intellectual capital development. At the end of each year, Mr. Fast prepares and delivers to the Committee a self-assessment of his performance during that year, with reference to the goals and objectives established at the beginning of the year as well as challenges and opportunities that arose during the year. This self-assessment is shared with the other members of the Board of Directors, and their responses and other observations are compiled by the Chair of the Committee and discussed with Mr. Fast, who then responds to the full Board.

The principal conclusion of this assessment process for 2009 (shaping the Committee's decisions particularly as to stock-based compensation in January and February 2010) were (1) strong leadership during very difficult economic conditions, including disciplined focus on cost reduction, preservation of liquidity and investment in customer-facing activities, (2) continued development of the Company's intellectual capital and (3) successful execution on the Company's core business strategies. The Committee took these conclusions and findings into account, along with other data and information referred to above, in determining Mr. Fast's compensation for 2009 and going into 2010.

The principal conclusions of this assessment process for 2010 (shaping the Committee's compensation decisions in January 2011) were (1) excellent results with respect to earnings and stock price performance, particularly given the modest revenue growth, (2) high marks for executive leadership regarding development and execution of the strategic plan and cost reductions to drive margin improvements, (3) continued strengthening of management teams in operating businesses and (4) incremental strengthening of the Company's businesses with the acquisition of Merrimac Industries and Money Controls. The Committee took these conclusions and findings into account, along with other data and information referred to above, in determining Mr. Fast's cash and stock-based

incentive compensation for 2010. A similar process is followed for each of the Company's other named executive officers except that it is the Chief Executive Officer who reviews the self-assessment by such executive officer and provides the conclusions and findings that help guide the compensation decisions affecting such officer.

Use of Tally Sheets

The Committee reviews tally sheets for each named executive officer for several purposes. The Committee has found that the tally sheets present a comprehensive and detailed data set for compensation paid and accrued for each executive officer. This data serves as a useful reference point for the competitive market data presented by Aon Hewitt, promoting continuity and a sound footing for compensation decisions. In addition, the Committee uses the tally sheet to track contractual commitments under change-in-control agreements as the elements of compensation and relevant amounts change from year to year. In making annual compensation decisions, the Committee refers to the tally sheets for the purpose of gauging whether the annual stock grants are appropriate in light of previous wealth accumulation. However, as only one of several information sources used by the Committee (other data points include competitive market data provided by Aon Hewitt, the size of cash awards under the annual bonus plan, historical grant practices by the Company, and analysis of the shares available under the Stock Incentive Plan), the tally sheets are not determinative with respect to any particular element of compensation, the amount awarded or the manner in which the Company's compensation program is implemented.

Design and Operation of Executive Compensation Program

Base Salary

Base salaries for executive officers are established at the date of hire based on competitive market data (see the discussion of "Role of Peer Group Analysis" above), current salary levels within Crane Co. and the bargaining process needed to attract the particular executive. Mr. Fast has an employment agreement, executed in January 2001 in connection with his promotion to Chief Executive Officer, which provides for an annual salary of not less than \$650,000. His salary was reviewed by the Compensation Committee in January 2010 by reference to peer group data and other relevant competitive market data compiled for the Committee by Aon Hewitt. On the recommendation of the Compensation Committee, the Board of Directors determined to increase Mr. Fast's annual salary from \$950,000 to \$980,000, an increase of 3.2% and the first increase since 2007. Salaries for other named executive officers are reviewed in a similar manner but are determined by the Chief Executive Officer and then reviewed with the Compensation Committee. Increases in base salary for the named executive officers other than Mr. Fast averaged 2.9% in 2010, excluding the significant market adjustment for Mr. Mitchell and the mid-year promotional increases for Messrs. Maue and Krawitt.

According to the competitive data provided by Aon Hewitt in January 2010, the annual salary for each named executive officer in relation to the median 50th percentile of peer group and survey data, before giving effect to the salary increases noted above, was as follows: Mr. Fast, 2.6% above; Mr. Maue, 5.4% above; Mr. Krawitt, 3.0% below; Mr. duPont 8.3% below; Mr. Mitchell, 24.4% below; Mr. Ellis, 16.2% below; and Mr. MacCarrick, 13.2% below. The Committee approved the Chief Executive Officer's approach of generally modest increases in annual salary to reduce these gaps while remaining focused on controlling costs in an uncertain business environment.

EVA

Executive officers and other senior corporate executives, as well as members of senior management of individual business units, participate in non-equity incentive compensation plans based on EVA, which is generally defined as the amount by which net operating profit after tax exceeds cost of capital. These plans are designed to reward executives for sustained, continuous improvement in operating profit in relation to the invested capital employed in

the business.

Cash payments to eligible participants are based on either or both of the aggregate EVA for the relevant unit and the growth of EVA over the prior year, as determined by the Compensation Committee, as well as a participation percentage for each individual. The participation percentage of the Chief Executive Officer is set by the Compensation Committee, while the percentages of the other participants are recommended by the Chief Executive Officer and approved by the Committee, subject to maximum participation percentages set by the Committee. Messrs. Fast, Maue, Krawitt and duPont participate in the Crane Co. Corporate EVA Incentive Compensation Plan (the Corporate EVA Plan), which is based on the results of the Company as a whole, while Mr. Mitchell participates in the EVA Plan for the Fluid Handling Group and Mr. Ellis participates in the EVA Plan for the

Merchandising Systems Group. Mr. Ellis also participates in the Corporate EVA Plan by reason of his responsibilities overseeing the deployment of the Crane Business System across the Company.

EVA Corporate EVA Plan.

Calculation of EVA; Establishment of EVA Bonus Pool. The cost of capital used in the Corporate EVA Plan is comprised of two components, a cost of equity fixed in advance by the Compensation Committee and a cost of debt which is Crane Co.'s actual after-tax interest cost. At the beginning of each year the Compensation Committee determines the cost of equity component of the cost of capital; in 2010, after reviewing the cost of equity used for the Corporate EVA Plan over the past 10 years and a calculation of the cost of equity based upon several alternative methodologies, the Committee fixed the cost of equity for the Corporate EVA Plan at 11.10% (the same rate used since 2006). This cost of equity was then blended on a monthly weighted average basis with the actual cost of debt to determine the overall cost of capital for the Corporate EVA Plan, which was 9.1% for 2010.

The bonus pool, which may be positive or negative, is then determined using a methodology set forth in the plan; generally, if the prior year's EVA was positive, 6% of current year positive EVA plus 10% of the change from the prior year's EVA; if the prior year's EVA was negative, 15% of the change from the prior year's EVA; provided that the Compensation Committee may determine, in its discretion, to fix different percentages and combinations of current EVA and change from the prior year in order to target a corporate EVA bonus pool appropriate to planned performance. In February 2010, given the continuing uncertain outlook, the Committee fixed the Corporate EVA framework at 12% of positive EVA with no increase or decrease for the change from the prior year. The Committee also excluded average cash balances in excess of \$25 million from the invested capital base to promote liquidity and assure a balanced and measured application of the Company's free cash flow. Under the terms of the Corporate EVA Plan, provisions relating to Crane Co.'s asbestos and Superfund environmental liabilities, which are regarded as being legacy liabilities for which current management should not be held accountable, are excluded from the calculation of EVA. To the extent permitted by the requirements of Section 162(m) of the Internal Revenue Code, the Compensation Committee may also exclude other significant non-budgeted or non-controllable gains or losses in order to properly measure executive performance. In February 2010, the Committee reviewed and approved the cost of equity component of the cost of capital calculation for 2010, and in January 2011, the Committee reviewed and approved the final determination of the aggregate Corporate EVA bonus pool for 2010, which was \$5.6 million.

The Corporate EVA bonus pool for 2010 was calculated substantially as follows (dollars in millions):

A. Net Operating Profit After Tax	\$ 176.5
B. Average Capital Employed	\$ 1,429.5
x Cost of Capital	x 9.1%
C. Expected Return on Capital	\$ 129.6
D. Economic Value Added (A-C)	\$ 47.0
E. Current Year EVA x 12%	\$ 5.6
F. Corporate Bonus Pool	\$ 5.6
G. CEO Participation (30%)	\$ 1.68

All participants in the Corporate EVA Plan (there were 11 participants in 2010) share in this award in accordance with their respective participation percentages, as described below.

Participation Percentages; Target Bonuses; Payouts. At the beginning of each year, the Compensation Committee establishes a maximum participation percentage for executive officers; for 2010, the participation percentages were fixed at 30% for Mr. Fast and a maximum of 15% for any other executive officer named in the Summary

Compensation Table, subject to determination of the final participation percentage after the end of the year. The participation percentage for each participant generally falls within a range established at the beginning of the year, with the final percentage fixed by the Committee after review of the EVA bonus pool calculation for the year, the relative performance assessments for all participants in the particular bonus pool and the recommendation of the Chief Executive Officer. The total of the participation percentages of all participants equals 100 percent. In January 2011, the Compensation Committee approved the participation percentages of the participants in the Corporate EVA Plan, including Messrs. Fast (30%), Maue (9%), Krawitt (9%), duPont (10%), and Ellis (5%) based on competitive market analysis, prior participation percentages and the number of and relative performance of all participants in the Corporate EVA Plan and, in the case of Mr. Ellis, his participation in the Merchandising Systems EVA Plan. (Mr. MacCarrick,

whose employment ended in May 2010, did not receive an EVA award or payout in 2011.) This amount appears in the Summary Compensation Table in the column headed Non-Equity Incentive Plan Compensation, and in the Grants of Plan-Based Awards Table in the column headed Estimated Future Payouts under Non-Equity Incentive Plan Awards Target. An amount equal to 6% interest on the portion of EVA awards earned but not paid out in previous years appears in the Summary Compensation Table in the column headed Change in Pension Value and Nonqualified Deferred Compensation Earnings. (For years in which the EVA award is negative, as it was for participants in the Corporate EVA Plan for 2008, the Summary Compensation Table indicates zero compensation in this category.)

If the EVA award in a particular year is negative, an executive may still receive a cash payment from his or her bank account up to the target bonus, before the negative EVA award is applied to the bank account, a bookkeeping account established for each participant in the Plan. If the bank account balance is negative, the executive receives no incentive compensation payment the following year unless the EVA award is positive. Each year, Crane Co. adds interest to a positive balance at six percent. The EVA bank account is subject to forfeiture in the event an executive leaves Crane Co. by reason of termination or resignation, but is paid in full if the executive dies, becomes disabled or retires at age 65 (or earlier at the discretion of the Committee) or upon a change in control of Crane Co.

Under the terms of the Corporate EVA Plan, Messrs. Fast, Maue, Krawitt and duPont each received a cash payout in February 2011 equal to the sum of (i) the executive's target bonus as a percentage of base salary (90% for Mr. Fast and 70% for Messrs. Maue, Krawitt and duPont) and (ii) one-third of the executive's bank account, which is comprised of the unpaid portion of previous awards plus six percent annual interest, plus any remaining amount from the award for 2010 after deducting the target bonus.

If the new Annual Incentive Plan is approved by shareholders, the earned but unpaid amounts under the EVA plans will be paid in two annual installments, with interest at the rate of 2% per year.

EVA Operating Groups

Senior business unit management, including Mr. Mitchell and Mr. Ellis, participate in EVA Plans based upon the performance of their own business units, which are similar in general structure to the Corporate EVA Plan but have certain significant differences. It should be noted that because of these differences, the sum of the EVA bonus pools for all of our operating units does not equal the Corporate EVA bonus pool.

Calculation of EVA; Establishment of EVA Bonus Pool. Because the capital structure of our business units is subject to many factors outside the control of management of the particular unit, the operating group EVA Plans use a fixed cost of capital of 9.5%. Aggregate EVA is calculated for each unit in the same manner as for the Corporate EVA Plan, but in certain cases the percentage of aggregate EVA and/or the percentage of the improvement from prior year are adjusted by the Chief Executive Officer and reviewed by the Committee to reflect the particular circumstances, goals and objectives of the units. In 2010 the aggregate EVA award pool for the Fluid Handling Group was \$2.43 million, and the aggregate EVA award pool for the Merchandising Systems Group was \$1.13 million.

Participation Percentages and Payouts. Participation percentages for the business unit EVA pools are established by the Chief Executive Officer, subject, in the case of executive officers, to the approval of the Committee. For 2010, Mr. Mitchell's participation percentage was 13% of Fluid Handling Group EVA, and Mr. Ellis' participation percentage was 20% of Merchandising Systems Group EVA. The awards for 2010 to Messrs. Mitchell and Ellis are shown in the Summary Compensation Table in the column headed Non-Equity Incentive Plan Compensation, and in the Grants of Plan-Based Awards Table in the column headed Estimated Future Payouts under Non-Equity Incentive Plan Awards Target. An amount equal to 6% interest on the portion of EVA awards earned but not paid out in previous years is included in the summary Compensation Table in the column headed Change in Pension Value and Nonqualified Deferred Compensation Earnings.

Under the terms of the operating group EVA Plans, participating executives generally receive a cash payment equal to 50% of the sum of (i) the award for the current year and (ii) the unpaid bank balance from the prior year plus interest at six percent, except that in the case of new participants the payment is 70% of such sum in the first year. The operating group EVA Plans do not use target bonuses.

Activity for each of the named executive officers in the EVA Plans for 2010 (other than Mr. MacCarrick) was as follows:

Name	Bank- Beginning Balance	Interest at 6% on Balance	2010 EVA Award	Payout of Target Bonus (participants in Crane Co. EVA Plan only)	Additional Payout from EVA Bank (1)	Total Payout	Bank- Ending Balance
E.C. Fast	\$ 54,548	\$ 3,273	\$ 1,690,424	\$ 882,000	\$ 288,719	\$ 1,170,719	\$ 577,526
R. A. Maue A. L.	\$ 59,536	\$ 3,572	\$ 507,127	\$ 207,917	\$ 120,761	\$ 328,678	\$ 241,557
Krawitt	\$ 99,897	\$ 5,994	\$ 507,127	\$ 178,923	\$ 144,684	\$ 323,607	\$ 289,411
A. I. duPont M. H.	\$ 130,036	\$ 7,802	\$ 563,475	\$ 232,675	\$ 156,197	\$ 388,872	\$ 312,441
Mitchell	\$ 411,951	\$ 24,717	\$ 315,454	\$	\$ 376,061	\$ 376,061	\$ 376,061
B. L. Ellis	\$ 20,231	\$ 1,214	\$ 507,975	\$ 127,879	\$ 175,123	\$ 303,002	\$ 226,418

(1) For Messrs. Fast, Maue, Krawitt and duPont, the amount shown is equal to one-third of the remaining bank balance after payment of the target bonus and application of the balance of the 2010 award. For Mr. Mitchell and Mr. Ellis, who do not have a target bonus under, respectively, the Fluid Handling Group EVA Plan and the Merchandising Systems Group EVA Plan, the amount shown is 50% and 66%, respectively, of the sum of the 2010 award plus the beginning bank balance, if any, and 6% interest on the unpaid bank balance from the previous year.

By reference to the competitive data provided by Aon Hewitt in January 2011 (using available proxy statement data for peer companies and other survey data, which generally presented bonus payments paid in 2010 for performance in 2009), the EVA bonus payouts for each of the named executive officers in relation to the previously targeted 75th percentile was as follows: Mr. Fast, 5.4% above; Mr. Maue, 16.2% above; Mr. Krawitt, 16.3% above; Mr. duPont, 35.9% above; Mr. Mitchell, 13.1% below; and Mr. Ellis, 21.3% above. No comparative data was provided for Mr. MacCarrick as he had left the Company in May 2010. The Committee took note that given the improving economic environment through 2010, annual bonuses for 2010 performance at other industrial companies were likely to be higher than the bonus data for 2009 provided by Aon Hewitt.

Stock-Based Compensation

The Stock Incentive Plan is used to provide long-term incentive compensation through stock options and performance-based restricted share units, as well as retention of highly regarded executives through time-based restricted share units. We believe that executive officers approach their responsibilities more like owners as their holdings of and potential to own stock increase. Under the Stock Incentive Plan, stock options must be granted at no less than fair market value on the date of grant and vest and become exercisable 25% per year over four years. Accordingly, executives can realize a gain only if the share price increases from the date of grant, directly linking this incentive compensation to increases in shareholder value. Although broad market dynamics can strongly influence our

share price, the Board of Directors believes that with stock options executives are motivated to take actions that improve the share price, such as profitable sales growth through internal growth as well as acquisitions, improvement in operating margins to generate increased operating profit and drive higher multiple valuations and prudent use of free cash flow through capital expenditures, dividends, acquisitions and stock repurchases.

The Stock Incentive Plan also authorizes the Board of Directors, acting through the Compensation Committee, to grant restricted stock (now restricted share units, or RSUs) subject to such terms and conditions as the Committee may deem appropriate. In 2010, as in previous years, the Committee granted RSUs having time-based vesting conditions, for purposes of retaining highly regarded executives. The vesting conditions for the RSUs granted to the named executive officers in 2010 were 25% per year over four years.

In determining the size of the stock option and restricted share unit grants in January 2010, the Compensation Committee considered the peer group data compiled by Aon Hewitt, as well as our historical grant practices including the number of shares, as well as fair market value of the stock and, for stock options, Black-Scholes values on the dates of grant.

Grants in 2010. In January 2010 (and including the additional grants made to Mr. Fast in February 2010), the Committee granted an aggregate of 1,030,000 stock options, of which 210,000 or 20.4% were granted to Mr. Fast and an aggregate of 165,000 or 16% were granted to Messrs. Maue, Krawitt, duPont, Mitchell, Ellis and MacCarrick. In January 2010 (and including the additional grants made to Mr. Fast in February 2010), the

Committee also granted an aggregate of 315,500 restricted share units, of which 120,000 or 38% were granted to Mr. Fast and 40,500 or 12.8% were granted to Messrs. Maue, Krawitt, duPont, Mitchell, Ellis and MacCarrick. The grant date fair value of each such grant of options and RSUs is presented in the Grants of Plan-Based Awards Table under the caption Grant Date Fair Value of Stock and Option Awards. For more information regarding the number of unexercised stock options and unvested restricted stock and restricted share units held by each of our named executive officers as of December 31, 2010, please see the 2010 Outstanding Equity Awards at Fiscal Year-End table on page 34.

The Committee approved higher grant values of stock options and RSUs in 2010 in order to recognize management's strong response to the difficult economic conditions in 2009, the superior share price return of the Company's common stock in 2009 and the shortfall in 2009 stock-based compensation due to constraints resulting from the burn rate commitment for the period 2007-2009. By reference to the competitive data provided by Aon Hewitt in January 2010 (using available proxy statement data for peer companies and Form 4 transaction reports for their executives as available, which generally presented stock grants made in 2009), the aggregate grant value of stock options and restricted stock units for each of the named executive officers in relation to the previously targeted 75th percentile was as follows: Mr. Fast, 61% above, including the additional grants in February 2010; Mr. Maue, 23% above; Mr. Krawitt, 51% above; Mr. duPont, 18% below; Mr. Mitchell, 17% above; Mr. Ellis, 32% above; and Mr. MacCarrick, 61% below. The variability of the comparative percentages from executive to executive is principally due to differences in the competitive compensation data available, and the difficulty in matching the named executive officers to comparable positions in other companies with different organizational structures. The Committee uses such data for reference purposes but it is not determinative with respect to any particular compensation award by the Committee.

During the balance of 2010, the Committee granted an additional 30,000 stock options and 16,000 restricted share units under the Stock Incentive Plan, none of which were granted to any named executive officer other than 2,000 RSUs granted to each of Mr. Maue and Mr. Krawitt in May when they took on additional responsibilities upon the departure of Mr. MacCarrick.

Grants in 2011. The PRSUs awarded to members of the senior management team in January 2011 are based on a relative measurement of total shareholder return (share price appreciation plus reinvested dividends), or TSR, for Crane Co. over the three-year period January 1, 2011 through December 31, 2013 (with the share price on each date being defined as the average of the closing prices on each of the preceding twenty trading days) compared to the median TSR for the S&P Midcap 400 Capital Goods Group (approximately 40 companies, including seven of the companies in our peer group for compensation purposes). The Committee selected the larger comparator group for relative TSR purposes based on the advice of Aon Hewitt that a larger group is appropriate for continuity in measuring relative TSR over a three-year period. The PRSUs will vest as shares of Crane Co. common stock in accordance with the following formula:

**Crane Co. TSR Relative to
S&P Midcap 400 Capital
Goods Group**

**PRSU
Vesting**

Less than 35 th percentile	0%
35 th percentile	50%
50 th percentile	100%
70 th percentile or greater	175%

For TSR between the 35th and 50th percentiles and between the 50th and 70th percentiles, the vesting would be interpolated on a straight line basis. If Crane Co. 's TSR for the three-year period is negative, the maximum vesting is 100%. In addition, the maximum value that can be earned under the PRSUs (total shares earned multiplied by the final share price) cannot exceed 3.5 times the base award value.

The PRSUs granted in January 2011 to the named executive officers in the Summary Compensation Table on page 30 are as follows: Mr. Fast 30,900; Mr. Maue 3,300; Mr. Krawitt 3,300; Mr. duPont 4,400; Mr. Mitchell 6,500; and Mr. Ellis 4,400. Such grants constitute approximately 30 percent of the stock-based incentive compensation awarded to each executive officer. Approximately 60 percent of the stock-based incentive compensation to such executive officers was granted in the form of stock options with the customary vesting of 25 percent per year over four years and a six year term. In addition, the Committee determined that it was appropriate to grant a limited

number of TRSUs for transition purposes as the PRSUs do not vest, if at all, for three years; such grants constitute approximately 10 percent of the stock-based incentive compensation to such executive officers. Grants of TRSUs in January 2011 to the named executive officers are as follows: Mr. Fast 9,600; Mr. Maue 1,000; Mr. Krawitt 1,000; Mr. duPont 1,350; Mr. Mitchell 2,000; and Mr. Ellis 1,350. Going forward, the Committee expects that stock-based compensation for the senior management group will be 60% (by value) in options and 40% in PRSUs.

Policies with Respect to Timing of Stock-Based Awards and Exercise Price of Stock Options. Annual grants of stock options and restricted stock (now RSUs) to executive officers have been made at the Compensation Committee's January meeting, when all annual executive compensation decisions are made. The February 2010 grants to Mr. Fast discussed on page 18 under the caption Overview of 2010 should be viewed as part of this annual grant process. The Committee also grants stock options and RSUs at other dates to newly hired or promoted executives. The exercise price of stock options under the 2009 Stock Incentive Plan is equal to the fair market value at the date of grant, determined on the basis of the closing price on the date of grant.

Retirement Shares. From 1995 to 2008, the Committee administered a program using grants of restricted stock to make up the shortfall in executive officer and key employee pension benefits imposed by certain federal tax policies which limit the amount of compensation that can be considered in determining benefits under tax-qualified pension plans. Under this program, the Committee granted from time to time, to certain executive officers, including certain of the named executive officers, and to certain other key employees who were impacted by such tax limitations, amounts of restricted stock calculated by our actuaries to make up that portion of the retirement benefit at normal retirement (age 65) lost by reason of the tax limitations. This plan was discontinued in 2008.

Benefit Equalization Plan

In January 2008, at the recommendation of the Committee, the Board of Directors adopted the Benefit Equalization Plan in lieu of the Retirement Shares plan discussed in the preceding paragraph, under which participating executives will receive a retirement benefit intended to restore the portion of the retirement benefit under the Company's pension plan that is not payable due to certain federal tax policies that limit the amount of compensation that can be considered in determining benefits under tax-qualified pension plans. The Benefit Equalization Plan is designed only to restore retirement benefits under the Company's regular pension plan that are limited by the tax code; there is no supplemental benefit based on deemed service or enhanced compensation formulas. As discussed above, these shortfall amounts were previously addressed by periodic, discretionary awards of restricted stock calculated by the Company's actuaries to make up that portion of the retirement benefit at normal retirement (age 65) lost by reason of the tax limitations. The original grant value of all prior grants of so-called Retirement Shares is deducted in determining the benefit payable under the Benefit Equalization Plan. Benefits accrued under this plan are not funded or set aside in any manner. In the event of retirement at age 62 with 10 years of service, a participating executive would be eligible to receive benefits under that plan without the reduction factor set forth in the Company's tax-qualified pension plan of three percent per year prior to age 65. The executives currently participating in this plan are Messrs. Fast, duPont and Ellis and one other executive officer.

Stock Ownership Guidelines

Crane Co. has established stock ownership guidelines for executive officers and business unit presidents. The ownership guidelines for executive officers are expressed as a multiple of base salary:

Salary Range

\$125,001 - \$175,000

Minimum Ownership Level

2 x Base Salary

\$175,001	\$300,000	3 x Base Salary
\$300,001	\$500,000	4 x Base Salary
Above \$500,000		5 x Base Salary

The policy permits executives to sell up to 50% of the net shares realized upon an option exercise or vesting of restricted stock (i.e., the total shares covered by the option exercised or the restricted share grant vesting less the number of shares surrendered to satisfy tax withholding obligations), while retaining at least 50% of such net shares in order to meet the stock ownership guidelines. Shares which count toward the satisfaction of the guidelines are (i) shares owned by the executive, (ii) shares held in the executive's 401(k) account and (iii) restricted stock and RSUs held by the executive. Once such guidelines are met, the policy permits executives to sell any shares held

above the required ownership guidelines. Executives are expected to reach the applicable minimum ownership level by the fifth anniversary of their date of hire or first date in the relevant executive position.

Clawback Policy

Under the Company's clawback policy, the Company may recoup from the Chief Executive Officer, the Chief Financial Officer, the General Counsel, and other executive officers (including all the named executive officers) the annual incentive bonuses and amounts realized from stock option exercises and vesting of restricted stock and restricted share units based upon financial statements that are subsequently restated, as a result of fraud or similar misconduct by such executives. The Compensation Committee administers this policy and has the discretion to determine when it is to be applied, to whom and to which compensation.

Impact of Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code limits to \$1 million per employee the deductibility of compensation paid to the named executive officers unless the compensation meets certain specific requirements. The Corporate and operating group EVA incentive compensation plans are intended to constitute performance-based plans meeting the criteria for continued deductibility set out in the applicable regulations. In addition, we believe that all stock options granted to date under our stock incentive plans meet the requirements of Section 162(m) for deductibility. Time-based RSUs such as those granted in 2010 do not satisfy the performance-based criteria of Section 162(m), and accordingly compensation expense in respect of income recognized by the executive officer upon lapse of the restrictions is not deductible to the extent that such income, together with all other compensation in such year that did not satisfy the criteria of Section 162(m), exceeded \$1 million. In 2010, approximately \$1.7 million of compensation received by Mr. Fast, principally due to the vesting of restricted stock granted in previous years, was not deductible under Section 162(m). As a matter of policy, the Committee intends to develop and administer compensation programs which will maintain deductibility under Section 162(m) for all executive compensation, except in the limited circumstance when the materiality of the deduction is in the judgment of the Committee significantly outweighed by the incentive or retention value of the compensation. The PRSUs to be granted to the Chief Executive Officer and senior management beginning in 2011 are expected to be deductible and thus are expected to further this policy goal.

Other Compensation

The All Other Compensation and Change in Pension Value and Nonqualified Deferred Compensation Earnings columns of the Summary Compensation Table and the accompanying footnote set forth the details of other compensation received by the named executive officers. In certain cases, such as the Crane Co. contributions to defined contribution plans and the increase in actuarial value of the defined benefit pension, such compensation is determined on the same basis as that used for all other employees. In other cases, such as automobile allowances, executive health exams and other personal benefits, the compensation is provided to certain key employees but not to all employees and we have determined it to be reasonable and competitive compensation for the named executive officers in relation to general industry practices.

In the case of personal use of the corporate aircraft, this benefit is restricted to the Chief Executive Officer and the Chairman of the Board (our former chief executive officer). The Chief Executive Officer, Mr. Fast, has an agreement with Crane Co. as described under the caption Other Agreements and Information on page 40 pursuant to which he reimburses the Company for a portion of the costs of such personal use based upon U.S. Treasury regulations establishing the fair market value of such personal use for tax purposes, and the net incremental cost to Crane Co. above the reimbursed amount is included in the All Other Compensation column of the Summary Compensation Table. The Chairman of the Board, Mr. Evans, has an agreement providing that he pay the aggregate incremental cost of aircraft operation. Under applicable Treasury regulations, Crane also loses a portion of the federal income tax

deduction for the costs of operating or leasing employer-provided aircraft to the extent the costs attributable for personal use (as determined pursuant to such regulations) exceed the amount reimbursed. For 2010, the disallowed deduction was approximately \$1.7 million. The Board of Directors has approved this personal use of the aircraft for Mr. Fast because the Board believes that such personal use of the aircraft permits the most efficient use of time by Mr. Fast and thereby benefits Crane Co.; for Mr. Evans, our former chief executive officer, the Board of Directors has approved this use in connection with his continued service as non-executive Chairman of the Board and in recognition

of his long service and substantial contributions to Crane Co. For more information regarding the use of the Company aircraft, see the section captioned "Use of Company Aircraft" on page 40.

Change in Control Provisions

Certain executive officers have an agreement which, in the event of a change in control of Crane Co., provides for continued employment for a period of three years following the change in control. Upon termination within such employment period after a change in control, either by the employer without cause or by the executive with "Good Reason" (as defined in the agreement to include the executive's right to terminate such employment without specifying any reason within the 30-day period commencing on the first anniversary of the change in control), the executive is entitled to receive a multiple of base salary and average annual bonus payments based on the number of years in the employment period, and certain other benefits. The EVA plans, stock options and restricted stock and RSUs contain similar features which accelerate vesting in the event of a change in control. The change in control agreements obligate Crane Co. to make additional payments to the employee such that after payment of all taxes including any excise tax under section 4999 of the Internal Revenue Code resulting from such payments and the accelerated vesting of EVA bank balances, stock options, restricted stock and RSUs, the employee will retain an amount sufficient to pay the excise tax on all such payments. As stated above under "Overview of 2010", the Committee approved a modified form of agreement for executive officers going forward which does not include the discretionary right to terminate or provide for any payments in respect of excise taxes, and agreements in this modified form were entered into during 2010 with Mr. Ellis and three other operating group presidents.

As set forth below under "Potential Payments upon Termination or Change in Control", the aggregate payments to the named executive officers under the change in control agreements would range from \$2,336,398 for Mr. Ellis to \$8,269,681 for Mr. Fast. The corresponding additional payments in respect of excise taxes would range from nil for Messrs. Fast and Ellis to \$1,430,385 for Mr. Mitchell. The Board of Directors has approved these agreements and other provisions to assure the continuity of management in the event of a change in control and considers these agreements and provisions to be competitive with terms offered by other companies with which we compete for executive talent, particularly with the adoption in 2010 of the modified form of agreement for executive officers in 2010 and going forward.

MANAGEMENT ORGANIZATION AND COMPENSATION COMMITTEE REPORT

The Management Organization and Compensation Committee of the Board of Directors has submitted the following report for inclusion in this Proxy Statement:

The Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on our review and discussions with management, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement, and incorporated by reference in Crane Co. s Annual Report on Form 10-K for the year ended December 31, 2010.

Submitted by:

The Management Organization and Compensation Committee of the Board of Directors of Crane Co.

Ronald F. McKenna, Chair
E. Thayer Bigelow
Donald G. Cook
James L. L. Tullis

2010 SUMMARY COMPENSATION TABLE

The table below summarizes the compensation for 2008, 2009 and 2010 earned by Crane Co.'s Chief Executive Officer; its Vice President - Controller and its Vice President - Treasurer, who have shared the responsibilities of the Chief Financial Officer position since May 24, 2010; each of the three other most highly paid executive officers who were serving as executive officers at December 31, 2010; and its former Chief Financial Officer, whose employment began as of July 28, 2008 and terminated as of May 21, 2010. These individuals are sometimes referred to in this Proxy Statement as the named executive officers. Amounts shown in the columns headed Stock Awards and Option Awards relate to grants made in January of the indicated year except that in the case of Mr. MacCarrick, the 2008 grants were made in July 2008, and in the cases of Mr. Krawitt and Mr. Maue, additional grants were made in May 2010 when they were promoted to take on additional duties. Amounts shown in the column headed Non-Equity Incentive Plan Compensation relate to EVA awards made, on the basis of performance during the indicated year, in January of the year following.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	Change in	All Other Compensation (\$)(5)	Total (\$)
						Pension Value and Nonqualified Deferred Earnings Compensation (\$)(4)		
Mr. Fast	2010	\$ 957,692	\$ 3,861,200	\$ 1,961,700	\$ 1,690,424	\$ 617,106	\$ 351,141	\$ 9,433,163
Vice President and Chief Financial Officer (6)	2009	\$ 931,731	\$ 985,800	\$ 439,400	\$ 813,000	\$ 682,131	\$ 267,341	\$ 4,119,273
Mr. A. Maue	2008	\$ 950,000	\$ 3,955,910(7)	\$ 867,100	\$ 0	\$ 774,316	\$ 375,893	\$ 6,923,109
Vice President, Controller	2010	\$ 277,283	\$ 173,110	\$ 139,800	\$ 507,127	\$ 3,572	\$ 33,210	\$ 1,134,992
Principal Accounting Officer (8)	2009	\$ 250,096	\$ 32,860	\$ 50,700	\$ 216,800	\$ 0	\$ 42,789	\$ 590,385
Mr. L. Krawitt	2008	\$ 255,000	\$ 36,460	\$ 66,700	\$ 0	\$ 0	\$ 33,039	\$ 395,209
Vice President, Treasurer	2010	\$ 238,089	\$ 157,140	\$ 139,800	\$ 507,127	\$ 5,994	\$ 26,067	\$ 1,074,117
Principal Financial Officer (9)	2009	\$ 215,220	\$ 32,860	\$ 50,700	\$ 176,150	\$ 4,100	\$ 41,390	\$ 520,360
Mr. I. duPont	2008	\$ 219,440	\$ 72,920	\$ 66,700	\$ 0	\$ 14,200	\$ 36,901	\$ 410,261
Vice President, General Counsel and Secretary	2010	\$ 324,885	\$ 191,640	\$ 279,600	\$ 563,475	\$ 221,588	\$ 43,623	\$ 1,624,131
Mr. J. Mitchell	2009	\$ 316,506	\$ 49,290	\$ 101,400	\$ 243,900	\$ 286,952	\$ 59,266	\$ 1,057,054
Vice President, Fluid Handling Group	2008	\$ 322,712	\$ 397,414(7)	\$ 200,100	\$ 0	\$ 246,470	\$ 57,477	\$ 1,224,763
Mr. J. Ellis	2010	\$ 357,889	\$ 479,100	\$ 372,800	\$ 315,454	\$ 50,641	\$ 34,986	\$ 1,610,869
Vice President, Merchandising Group	2009	\$ 307,002	\$ 131,440	\$ 101,400	\$ 150,645	\$ 69,545	\$ 46,857	\$ 806,894
Mr. J. MacCarrick	2008	\$ 313,022	\$ 218,760	\$ 200,100	\$ 650,940	\$ 41,111	\$ 45,800	\$ 1,469,733
Vice President	2010	\$ 282,615	\$ 319,400	\$ 326,200	\$ 507,975	\$ 61,915	\$ 37,551	\$ 1,534,656
Mr. J. MacCarrick	2009	\$ 270,644	\$ 131,440	\$ 101,400	\$ 0	\$ 107,995	\$ 49,987	\$ 661,466
Vice President	2008	\$ 270,644	\$ 247,928(7)	\$ 200,100	\$ 249,961	\$ 58,370	\$ 44,812	\$ 1,071,815
Mr. J. MacCarrick	2010	\$ 166,535	\$ 95,820	\$ 279,600	\$ 0	\$ 0	\$ 14,907	\$ 550,862
Vice President	2009	\$ 372,692	\$ 49,290	\$ 101,400	\$ 230,350	\$ 0	\$ 41,934	\$ 794,266

Financial	2008	\$ 156,093	\$ 220,920	\$ 180,000	\$	0(11)	\$	0	\$ 344,851	\$ 90
r (10)										

- (1) Amounts shown in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718, with respect to awards of time-based and retirement-based restricted shares of Crane Co. stock or RSUs made during the indicated year. For details of individual grants of RSUs during 2010 please see the Grants of Plan-Based Awards table below. Mr. MacCarrick forfeited the unvested portion of his previous grants of restricted stock and RSUs, including the entire grant received in 2010, when his employment terminated on May 21, 2010; there were no other forfeitures of restricted shares or RSUs by any of the named executive officers during the fiscal year. The assumptions on which these valuations are based are set forth in Note 12 to the audited financial statements included in Crane Co. s annual report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2011.
- (2) Amounts shown in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718, with respect to awards of options to purchase Crane Co. stock made during the indicated year. For details of individual grants of stock options during 2010 please see the Grants of Plan-Based Awards table below. Mr. MacCarrick forfeited the unvested portion of his previous grants of stock options, including the entire grant received in 2010, when his employment terminated on May 21, 2010; there were no other forfeitures of Crane Co. stock options by any of the named executive officers during the fiscal year. The assumptions on which these valuations are based are set forth in Note 12 to the audited financial statements included in Crane Co. s annual report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2011.