

CRANE CO /DE/  
Form DEF 14A  
March 06, 2009

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**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):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

o Fee paid previously with preliminary materials:

- 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:
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-

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CRANE CO. 100 FIRST STAMFORD PLACE STAMFORD, CONNECTICUT 06902

March 6, 2009

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 20, 2009 in the Elm Meeting Room at the Hilton Stamford Hotel, One 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 2008 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 20, 2009.**

**THIS PROXY STATEMENT AND THE 2008 ANNUAL REPORT TO SHAREHOLDERS  
ARE AVAILABLE AT  
[WWW.CRANECO.COM/AR](http://WWW.CRANECO.COM/AR)**

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

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
APRIL 20, 2009**

March 6, 2009

To the Shareholders of Crane Co.:

THE ANNUAL MEETING OF THE SHAREHOLDERS OF CRANE CO. will be held in the Elm Meeting Room at the Hilton Stamford Hotel, One First Stamford Place, Stamford, Connecticut on Monday, April 20, 2009 at 10:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect four directors to serve for three-year terms until the Annual Meeting of Shareholders in 2012;
2. To consider and vote on a proposal to ratify the selection of Deloitte & Touche LLP as independent auditors for Crane Co. for 2009;
3. To consider and vote on a proposal to approve the 2009 Stock Incentive Plan;
4. To consider and vote on a proposal to approve the 2009 Non-Employee Director Compensation Plan;
5. To consider and vote on a proposal to approve the 2009 Corporate EVA Incentive Compensation Plan;
6. To consider and vote on a proposal submitted by certain shareholders concerning adoption of the MacBride Principles in reference to the operations of a Crane Co. subsidiary in Northern Ireland; and
7. 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 27, 2009 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 20, 2009**

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 Elm Meeting Room at the Hilton Stamford Hotel, One First Stamford Place, Stamford, Connecticut, on Monday, April 20, 2009, 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 6, 2009.

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, 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 2009; **for** the proposal to approve the 2009 Stock Incentive Plan; **for** the proposal to approve the 2009 Non-Employee Director Compensation Plan; **for** the proposal to approve the 2009 Corporate EVA Incentive Compensation Plan; and **against** the shareholder proposal concerning the MacBride Principles. 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](http://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. Counsel has advised us that these procedures are consistent with the requirements of applicable law. The enclosed proxy card includes specific instructions to be followed by any shareholder of record interested in voting by telephone or on the Internet.

**Outstanding Shares and Required Votes.** As of the close of business on February 27, 2009, the record date for determining shareholders entitled to vote at the Annual Meeting, Crane Co. had issued and outstanding 58,441,380 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.

Candidates for the Board of Directors will be elected if more votes are cast in favor of the candidate than against the candidate by the holders of shares present in person or represented by proxy and entitled to vote at the meeting. Pursuant to the rules of the New York Stock Exchange (the "NYSE"), the 2009 Stock Incentive Plan and 2009 Non-Employee Director Compensation Plan requires the affirmative vote of a majority of votes cast on the particular proposal, provided that the total vote cast on the proposal represents over 50% in interest of all securities entitled to



vote on the proposal. 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. 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 candidate will be elected if the number of votes cast in favor of that candidate exceeds the number of votes cast against him. 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 ). The NYSE has advised us that member firms of the NYSE may vote without specific instructions from beneficial owners on the election of directors and the ratification of the selection of

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auditors. Broker non-votes do not count as votes cast for or against the question, and therefore will not affect the outcome of the voting at the meeting.

**ELECTION OF DIRECTORS**

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

At the Annual Meeting, Gen. Donald G. Cook (Ret.), Mr. Robert S. Evans, Mr. Eric C. Fast and Mr. Dorsey R. Gardner have been nominated for election by shareholders to hold office for three-year terms until the Annual Meeting in 2012 and until their successors are elected and qualified.

The Nominating and Governance Committee has proposed, and the Board of Directors recommends, that each of the four 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 during at least the past five years and directorships in other public companies. Holdings of Crane Co. stock as of February 27, 2009, 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 10.

**Common Shares  
Beneficially  
Owned**

**Nominees to Be Elected For Terms to Expire in 2012**

<b>DONALD G. COOK</b>	10,042
Age 62; 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; Hawker Beechcraft Inc.; USAA Federal Savings Bank.	
<b>R. S. EVANS</b>	512,419
Age 64; 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; Huttig Building Products, Inc.	
<b>ERIC C. FAST</b>	1,613,608
Age 59; 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.; National Integrity Life Insurance.

DORSEY R. GARDNER

51,868

Age 66; 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.; Kelso Management Company, Inc; Otologics, LLC; The Thomas Group, Inc.

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	<b>Common Shares Beneficially Owned</b>
<b>Directors Whose Terms Expire in 2011</b>	
E. THAYER BIGELOW Age 67; 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.; Lord Abbett & Co. Mutual Funds (42 funds).	70,078
PHILIP R. LOCHNER, JR Age 65; 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: Clarcor Inc.; CMS Energy Corporation.	5,173
RONALD F. MCKENNA Age 68; 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.	13,670
CHARLES J. QUEENAN, JR. Age 78; Director since 1986. Senior Counsel (retired) since 1995, and prior thereto Partner, K&L Gates LLP, Pittsburgh, PA (attorneys at law).	31,678
<b>Directors Whose Terms Expire in 2010</b>	
KAREN E. DYKSTRA Age 50; Director since 2004. Partner, Plainfield Asset Management LLC, Greenwich, CT (a registered investment advisor) since January 2007, and Chief Operating Officer and Chief Financial Officer of Plainfield Direct Inc., Greenwich, CT (a direct lending and investment business of Plainfield Asset Management LLC) since May 2006. 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 January 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.; Plainfield Direct Inc.	18,106
RICHARD S. FORTÉ Age 64; 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.	18,570



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	<b>Common Shares Beneficially Owned</b>
<p><b>WILLIAM E. LIPNER</b> Age 61; Director since 1999. Chairman and Chief Executive Officer, Insight Express, Inc., Stamford, CT (online marketing research services) since April 2005. Executive Vice Chairman, Taylor Nelson Sofres PLC, London, England (market research services) from July 2003 to March 2004. Chairman and Chief Executive Officer, NFO WorldGroup, Inc., Greenwich, CT (marketing information research services worldwide) from 1982 to March 2004. Other Directorships: Insight Express, Inc.; Branches Station Ltd.; Highland Resorts Ltd.</p>	26,735
<p><b>JAMES L. L. TULLIS</b> Age 61; Director since 1998. Chief Executive Officer, Tullis-Dickerson &amp; Co., Inc., Greenwich, CT (venture capital investments in the health care industry) since 1986. Other directorships: Lord Abbett &amp; Co. Mutual Funds (42 funds).</p>	32,925

**Corporate Governance Matters**

The Board of Directors has adopted Corporate Governance Guidelines which reflect the Board's commitment to monitor the effectiveness of policy 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](http://www.craneco.com/governance). Copies are also available in print free of charge upon request to the Corporate Secretary at 100 First Stamford Place, Stamford, CT 06902.

*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. 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 eight times during 2008. 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 2008 Annual Meeting.

*Executive Sessions of Non-Management Directors.* Four of the meetings of the Board during 2008 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 December 31, 2007, all directors who had attained their fifth anniversary of service

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were in compliance with this ownership guideline. As of December 31, 2008, however, the sharp decline in the Company's stock price had caused five directors to fall out of compliance with the guideline. The Board of Directors has determined that each such director shall have a reasonable time to reestablish compliance with the 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 pursuant to the guidelines and requirements set forth by the NYSE. 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 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.



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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

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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, are available on our website at [www.craneco.com/governance](http://www.craneco.com/governance). Copies are also available in print free of charge upon request to the Corporate Secretary at 100 First Stamford Place, Stamford, CT 06902.

*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 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. Evans serves as non-executive Chairman of the Board pursuant to an employment agreement under which he receives cash compensation of \$100,000 per year and medical and dental insurance benefits comparable to those available to the Company's employees generally, maintains an office and secretarial support at Crane Co.'s principal executive office and is permitted to use the corporate aircraft for personal travel. See *Other Agreements and Information* below. Mr. Fast is President and Chief Executive Officer of Crane Co.

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 35, and determined that the amount and nature of such transactions were not likely to affect the independence of those directors' judgment.

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**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](http://www.craneco.com/governance). Copies are also available in print free of charge upon request to Crane Co., addressed to the Corporate Secretary at 100 First Stamford Place, Stamford, CT 06902. 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 2008 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 (Chair)  
D. G. Cook  
W. E. Lipner  
R. F. McKenna  
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 ten times in 2008, including four 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 36.

*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 four times in 2008.

*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 EVA Incentive Compensation Plan and Stock Incentive Plan;

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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 five times in 2008. The Management Organization and Compensation Committee's report appears on page 22.

*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 met three times during 2008.

**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

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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 21, 2009, and no later than January 20, 2010.

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 candidate 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.

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**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 12. 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 2007 Non-Employee Director Compensation Plan. Beneficial ownership of stock by the non-executive directors, the executive officers named in the Summary Compensation Table, all other executive officers as a group and all directors and executive officers of Crane Co. as a group as of February 27, 2009 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	Shares/Share Units Restricted Stock Plans(2)	Shares in Stock Options Exercisable Within 60 Days	Shares in Company Savings Plan (401(k))		
Common Stock	E. T. Bigelow	30,862	1,816	37,400		70,078	*
	D. G. Cook	3,226	1,816	5,000		10,042	*
	K. E. Dykstra	8,790	1,816	7,500		18,106	*
	R. S. Evans	500,721			11,698	512,419	*
	E. C. Fast	331,172	207,305	1,072,500	2,631	1,613,608	2.7%
	R. S. Forté	11,871	2,699	4,000		18,570	*
	D. R. Gardner	14,152	1,816	35,900		51,868	*
	W. E. Lipner	7,919	1,816	17,000		26,735	*
	P. R. Lochner	350	2,699	2,124		5,173	*
	R. F. McKenna	6,971	2,699	4,000		13,670	*
	C. J. Queenan	29,862	1,816			31,678	*
	J. L. L. Tullis	15,609	1,816	15,500		32,925	*
	T. J. MacCarrick		9,000			9,000	*
	M. H. Mitchell	25,446	15,500	21,250	1,458	63,654	*
	A. I. duPont	63,542	26,598	265,000	3,441	358,581	*
	B. L. Ellis	58,183	19,412	249,185	4,558	331,338	*
	Other Executive Officers (10 persons)	153,473	103,192	449,503	23,114	729,282	1.2%
	Total Directors and Executive	1,262,149	401,816	2,185,862	46,900	3,896,727(3)	6.4%



Officers as a Group  
(26 persons)

\* 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 11); 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. duPont and two other executive officers, Ms. E. M. Kopzick and Mr. A. L. Krawitt, 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 27, 2009, employees and former employees of Crane Co. held 2,132,110 shares of Common Stock in the Crane Co. Savings and Investment Plan and 693 shares of Common Stock in the Crane Co. Union Employees Savings and Investment Plan.

**Table of Contents****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 27, 2009.

<b>Title of Class</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
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	5,350,262(2)	9.2%
Common Stock	Sprucegrove Investment Management Ltd. 181 University Avenue, Suite 1300 Toronto, Ontario, Canada M5H 3M7	3,175,950(3)	5.4%

- (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 an amended Form 13F filed February 13, 2009, giving information on shareholdings as of December 31, 2008. The amount shown represents the aggregate of holdings of Crane Co. stock reported by GAMCO Asset Management, Inc. (4,007,962 shares) and Gabelli Funds, LLC (1,342,300 shares). According to documents filed with the Securities and Exchange Commission, each of such entities is a registered investment adviser and a wholly-owned subsidiary of GAMCO Investors, Inc., which is a New York Stock Exchange-listed asset management and financial services company.
- (3) As reported in a Schedule 13G filed jointly by Sprucegrove Investment Management Ltd. and John Watson on February 13, 2009, giving information on shareholdings as of December 31, 2008. According to such Schedule 13G, Sprucegrove Investment Management Ltd., an investment adviser, beneficially owns 3,174,950 shares, and John Watson, an individual and a control person with respect to the reporting group, beneficially owns 1,000 shares, of Crane Co. stock.

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**EXECUTIVE COMPENSATION**

**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 23. 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 2008**

The Company's operating performance in 2008 was comprised of a record first half, with operating profit and earnings per share up 15.3% and 21.2%, respectively, over the first half of 2007, followed by a rapidly deteriorating second half, with operating profit and earnings per share down 29.0% and 29.3%, respectively, from the second half of 2007, excluding special items in 2007 and 2008. The worldwide economic crisis that struck in the third and fourth quarter clearly impacted the Company's operating performance, and the record stock market decline had an even greater negative effect on the Company's stock price. During the first half of 2008, the Company's stock traded in the range of \$33.54 to \$46.30. During the second half of 2008, the Company's stock traded as low as \$10.87, closing at \$17.24 on December 31, 2008.

These conditions have had a significant impact on the compensation of the Company's executive officers and other employees, as well as the Company's directors. For example, under the Corporate EVA Incentive Compensation Plan based on principles of economic value added (EVA), the aggregate corporate EVA bonus pool for 2008, determined in January 2009, was a negative \$827,000, compared to a positive \$6,548,000 for 2007. Under these circumstances, the EVA Plan provides that bonuses may be paid out of awards from previous years that were not paid out currently but were set aside in bank accounts for participating executives. Even with these bank accounts, however, the total bonus payment to Corporate EVA participants declined 37 percent from the prior year. After these payments and the application of the negative award, the Corporate EVA bank accounts were substantially reduced and certain executives had zero balances. The Committee determined that, given the impact of these economic conditions on the EVA calculation and the negative EVA awards for 2008 received by all participants in the Corporate EVA Plan and certain operating group EVA plans, any resulting negative balances would be reset to zero. See "Design and Operation of Executive Compensation Program - EVA" on page 15.

The decline of the Company's stock price in September, October and November left the stock trading in a range that was below the strike price of virtually all outstanding stock options. The weighted average exercise price for stock options outstanding at December 31, 2008 was \$31.83 per share, compared to the year end closing price of \$17.24. For a number of key executives hired within the past three years, who have not yet been able to exercise many options or accumulate shares of restricted stock (which itself has declined substantially in value), previously granted equity awards have virtually no retention value, and very little incentive value. While the awards granted in January 2009 have begun to address this problem, the Committee believes that additional action is required in this regard. However, there are certain constraints imposed by the number of shares available under the 2007 Stock Incentive Plan, as well as the Board's commitment to shareholders in the 2007 proxy statement not to exceed a burn rate of 2.57 percent over the three year period 2007-2009.

**Significant Committee Actions in 2008**

The Committee met five times in 2008. In January the Committee reviewed executive officer salaries, approved the calculation of EVA incentive compensation bonuses for executive officers, approved grants of stock options and

restricted stock to executive officers and other key employees, approved grants of restricted stock to certain executive officers to restore pension benefits limited by federal tax regulations and approved the Benefit Equalization Plan on a going forward basis to restore such pension benefits upon retirement rather than via grants of restricted stock. See Adoption of Benefit Equalization Plan on page 19.

In February 2008, the Committee approved the cost of equity and certain other parameters under the EVA Plan for the 2008 Plan year, as well as an amendment of the EVA Plan for operating units to permit the payout of up to one-half of the bank balance after application of the current year award, at the discretion of the Chief Executive Officer, rather than the fixed formula of one-third of such balance. The Committee also reviewed tally sheets for

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each executive officer, compiling 2007 compensation and wealth accumulation from stock option exercises and restricted stock vesting in the past three years, as well as potential payments upon termination of employment, including in connection with a change in control. The Committee also reviewed and approved the Compensation Discussion and Analysis set forth in the proxy statement for the annual meeting of shareholders in April 2008.

In July 2008, with the assistance of its independent compensation consultant, Hewitt Associates, the Committee reviewed the Company's compensation peer group established in 2006 and determined to modify the peer group incrementally to maintain appropriate alignment in terms of size and business characteristics, adding four companies and deleting four companies. The Committee received a report from Hewitt on executive compensation trends and corporate governance, including discussion of clawback policies for recovery of compensation from management in the event of restatement of the financial statements due to misconduct; such a policy was adopted at the October meeting. The Committee also received a report from Hewitt analyzing the Company's severance and change in control provisions in comparison to the peer group. See Role of Peer Group Analysis on page 14.

In October 2008, the Committee reviewed a report from Hewitt on the relationship of realized pay and performance for the Company in comparison to the peer group companies. The Committee approved a clawback policy and reviewed a proposal from management to include an alternative retirement provision, based on age 62 with 10 years of service rather than age 65 only, in future grants of stock options and restricted stock and Benefit Equalization Plan benefits. The Committee also reviewed reports from management regarding share usage under the 2007 Stock Incentive Plan and the need for additional share authorization in 2009. See Adoption of Clawback Policy on page 20.

In December 2008, the Committee received the annual report from the Vice President-Human Resources on the Company's intellectual capital, including discussion of the strengths and weaknesses of key leaders and appropriate development plans, as well as succession planning for the Chief Executive Officer and other senior leadership positions. The Committee reviewed and approved a revised proposal from management regarding alternative retirement provisions for future grants of stock options, restricted share units to replace restricted stock and retirement benefits under the Benefit Equalization Plan. The Committee also reviewed the year-end compensation outlook for EVA bonus awards and available shares under the Stock Incentive Plan, taking note of the severe economic downturn and dramatic stock price decline in the latter part of the year as noted above. See Stock-Based Compensation Alternative Retirement Provisions on page 18.

## 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 50<sup>th</sup> 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 are the corporate and operating group economic value added (EVA) plans, which are described below. For senior executives who participate in the corporate or 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. These plans are designed to allow executives to share directly in the economic value added to the business during the year, but

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contain features for target bonuses and deferred payment to encourage retention as well as to buffer individuals against year-to-year variations in the results of the business.

*Long-Term:* Long-term compensation, which consists primarily of grants of stock options and restricted stock, 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. Prior to 2007, Crane Co. granted options to purchase Crane Co. stock which vest 50% after one year, 75% after two years and in full after three years; however, beginning with the grants made in 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 restricted stock, which, before 2007, generally vested one-third after one year, two-thirds after two years and fully after three years; beginning in 2007, restricted stock grants vest 25% per year over four years.

Crane provides a 401(k) plan for substantially all its U.S. employees, and matches 50% 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 Mr. MacCarrick also participate in a defined benefit pension plan, and certain executive officers previously received additional grants of restricted stock, and now participate in the BEP, to restore pension benefits limited by federal tax regulations, as described below under Retirement Shares and Adoption of Benefit Equalization Plan.

## Role of Peer Group Analysis

In late 2005 and 2006, the Compensation Committee developed the following group of companies to serve as a peer group for compensation purposes: Ametek, Inc., Carlisle Companies Inc., Diebold, Inc., Flowserve Corporation, Goodrich Corporation, Graco, Inc., Harsco Corporation, IDEX Corporation, Pall Corporation, Pentair, Inc., Precision Castparts Corp., Roper Industries, Inc., SPX Corporation, Teleflex Inc., and Trinity Industries, Inc. 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 and does not perform any other services for Crane Co.

For 2008, Hewitt Associates provided the Compensation Committee with comparative compensation data on the peer companies from publicly available sources. In addition, Hewitt Associates provided 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 included base salary, bonus compensation and stock-based equity compensation for the five named executive officers, as well as the 50<sup>th</sup> and 75<sup>th</sup> percentiles for each category. Hewitt Associates also presented comparable salary, bonus and equity compensation data for Mr. Fast and the other named executive officers. For Messrs. Mitchell and Ellis, the industry comparative data was compiled from a Hewitt Associates survey of compensation data for group presidents of comparably sized businesses. The Committee used this comparative data to calibrate the proposed salary increases, EVA bonus payments and aggregate stock option and restricted stock grant values for the named executive officers, with the view that base salary (which is based primarily on competitive market data) should generally be at approximately the 50<sup>th</sup> percentile of the peer group while bonus payouts and stock-based compensation (which are performance-based) should target the 75<sup>th</sup> percentile of the peer group subject to Committee review for overall performance results and extraordinary items.

During 2008, the Committee reviewed and updated the composition of the peer group first established in late 2005 and early 2006. This peer group review was comprised of two screening processes, one to examine the current peer group of companies for comparability to the Company in terms of revenues and market capitalization, nature of business and complexity of operations, and a second process to identify, without reference to the current peer group, a somewhat larger group of diversified industrial manufacturing companies based on similar metrics of size and business

characteristics. The second screening process 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 was 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 peer companies is as follows: Ametek, Inc., Carlisle Companies Inc., Curtiss-Wright Corp. (new), Dover Corp. (new), Esterline Corp. (new), Flowserve Corporation, Harsco Corporation, IDEX Corporation, Pall



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Corporation, Pentair, Inc., Roper Industries, Inc., SPX Corporation, Teledyne Technologies, Inc. (new), Teleflex Inc., and Trinity Industries, Inc. The four companies deleted from the peer group were: Diebold, Inc., Goodrich Corporation, Graco, Inc. and Precision Castparts Corp.

**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 not less than \$650,000. His salary was reviewed by the Compensation Committee in January 2008 by reference to peer group data and other relevant competitive market data compiled for the Committee by Hewitt Associates. On the recommendation of the Compensation Committee, targeting the 50th percentile of the peer group data, the Board of Directors determined to leave Mr. Fast's \$950,000 annual salary unchanged for 2008. 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 2008 for the named executive officers other than Mr. Fast ranged from 0% to 5%. For prerequisites and other items of short-term compensation, please see below under *Other Compensation*.

**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 economic value added (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. The Board of Directors believes that, compared to such common performance measures as return on capital, return on equity, growth in earnings per share and growth in cash flow, EVA has the highest correlation with the creation of value for shareholders over the long term.

The EVA plans do not involve pre-established goals, as such. Rather, the aggregate EVA of Crane Co. or of the relevant unit for the year, together with the increase or decrease in EVA compared to the prior year, forms the basis for any incentive compensation award, thereby motivating executives to focus on continuous value improvement.

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, MacCarrick 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.

**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 interest cost. At the beginning of each year the Compensation Committee determines the cost of equity component of the cost of capital; in 2008, 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%. 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 8.97% for 2008.

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The bonus pool, which may be positive or negative, is then determined using a methodology set forth in the plan; 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. Under the terms of the Corporate EVA Plan, provisions relating to Crane Co.'s asbestos and Superfund liabilities, which are regarded as being legacy liabilities largely outside the control of management and 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 2008, the Committee reviewed and approved the cost of equity component of the cost of capital calculation for 2008, and in January 2009, the Committee reviewed and approved the final determination of the aggregate Corporate EVA bonus pool for 2008, which was a negative \$827,000.

*Participation Percentages and Payouts.* At the beginning of each year, the Compensation Committee establishes a maximum participation percentage for executive officers; for 2008, 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. In January 2009, the Compensation Committee approved the participation percentages of the participants in the Corporate EVA Plan, including Messrs. Fast (30%), MacCarrick (10%) and duPont (9.5%), based on competitive market analysis, prior participation percentages and relative performance of all participants in the Corporate EVA Plan. This amount, together with 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 "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." (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. 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. As discussed above, the Committee determined in January 2009 that, given the impact of volatile economic conditions on the EVA calculation, any resulting negative balances would be reset to zero.

Under the terms of the Corporate EVA Plan, each of such executives (other than Mr. MacCarrick) received a cash payout in February 2009 equal to the sum of (i) the executive's target bonus as a percentage of base salary (90% for Mr. Fast and 70% for Mr. duPont) and (ii) one-third of the executive's bank account which is comprised of the unpaid portion of previous awards plus interest, less the negative award for 2008. Mr. MacCarrick received a guaranteed EVA payout of \$200,000 pursuant to terms of employment negotiated in connection with his hiring on July 28, 2008.

**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

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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 2008 the aggregate EVA award pool for the Fluid Handling Group was \$5,120,631, and the aggregate EVA award pool for the Merchandising Systems Group was \$1,249,805.

***Participation Percentages and Payouts.*** Participation percentages for the business unit EVA pools are established by the Chief Executive Officer and reviewed by the Compensation Committee. For 2008, 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 2008 to Messrs. Mitchell and Ellis, plus 6% interest on the portion of EVA awards earned but not paid out in previous years, 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."

Under the terms of the operating group EVA Plans, participating executives generally receive a cash payment equal to one-third 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, 50% in the second year and one-third each year thereafter. As noted above, during 2008 the Committee approved an amendment to the EVA Plan for Operating Groups to permit payouts up to 50% of the foregoing sum total, in the discretion of the Chief Executive Officer.

Activity for each of the named executive officers in the EVA plans for 2008 was as follows:

<b>Name</b>	<b>Bank- Beginning Balance</b>	<b>Interest at 6% on Balance</b>	<b>2008 EVA Award</b>	<b>Payout of Target Bonus (participants in Crane Co. EVA Plan only)</b>	<b>Additional Payout from EVA Bank (1)</b>	<b>Total Payout</b>	<b>Bank- Ending Balance</b>
E.C. Fast	\$ 1,205,949	\$ 72,357	\$ (248,100)	\$ 855,000	\$ 58,396	\$ 913,396	\$ 116,810
T. J. MacCarrick	\$ 0		\$ (82,700)	\$ 200,000(2)		\$ 200,000	\$ 0(3)
M. H. Mitchell	\$ 584,298	\$ 35,058	\$ 650,940		\$ 635,148	\$ 635,148	\$ 635,148
A. I. duPont	\$ 523,568	\$ 31,414	\$ (78,565)	\$ 225,898	\$ 83,498	\$ 309,396	\$ 167,021
B. L. Ellis	\$ 293,078	\$ 17,585	\$ 249,961		\$ 280,312	\$ 280,312	\$ 280,312

(1) For Messrs. Fast 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 negative 2008 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% of the total bank balance (after application of the 2008 award and 6% interest on the unpaid bank balance from the previous year).

(2) Mr. MacCarrick received a guaranteed EVA payout of \$200,000 pursuant to terms of employment negotiated in connection with his hiring on July 28, 2008.

- (3) Pursuant to the Committee's action in January 2009, EVA bank balances which would otherwise be negative after activity related to 2008 results are deemed to be zero balances.

Stock-Based Compensation

The Stock Incentive Plan is used to provide long-term incentive compensation through stock options as well as retention of highly regarded executives through restricted stock with time-based vesting. 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 (prior to 2007, the vesting schedule was 50% on the first anniversary of the date of grant, 75% on the second anniversary and 100% on the third anniversary). 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.

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The Stock Incentive Plan also authorizes the Board of Directors, acting through the Compensation Committee, to grant restricted stock subject to such terms and conditions as the Committee may deem appropriate. In 2008, as in previous years, the Committee granted shares of restricted stock having time-based vesting conditions, for purposes of retaining highly regarded executives. The vesting conditions for the restricted stock granted to the named executive officers in 2008 were 25% per year over four years; grants prior to 2007 generally vested one-third on the first anniversary of the date of grant, one-third on the second anniversary and one-third on the third anniversary.

In determining the size of the stock option and restricted stock grants in 2008, the Compensation Committee referred to the peer group data compiled by Hewitt Associates, 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. The Committee also reviewed tally sheets for Messrs. Fast, Mitchell, duPont and Ellis which set forth all annual compensation as well as retirement program balances, accumulated holdings of stock options, restricted stock and other Crane Co. stock owned by the executive. The Committee used these reference points in order to reach a judgment as to the appropriate proportions of stock options and restricted stock for the named executive officers as well as to size the aggregate grants for all employees.

In January 2008, the Committee granted an aggregate of 942,800 stock options, of which 130,000 or 13.8% were granted to Mr. Fast and an aggregate of 90,000 or 9.5% were granted to Messrs. Mitchell, duPont and Ellis. In January 2008, the Committee also granted an aggregate of 208,250 shares of time-based restricted stock, of which 80,000 or 38.4% were granted to Mr. Fast and 16,000 or 7.7% were granted to Messrs. Mitchell, duPont and Ellis. The Committee granted 25,000 stock options and 6,000 shares of restricted stock to Mr. MacCarrick as part of the terms negotiated in connection with his hiring on July 28, 2008. The grant date fair value of each such grant of options and time-based restricted stock 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 shares of restricted stock held by each of our named executive officers as of December 31, 2008, please see the 2008 Outstanding Equity Awards at Fiscal Year-End table on page 27.

During the balance of 2008, the Committee granted an additional 39,000 stock options and 24,500 shares of restricted stock under the Stock Incentive Plan, none of which were granted to any named executive officer.

*Policies with Respect to Timing of Stock-Based Awards and Exercise Price of Stock Options.* Since 2000, annual grants of stock options and restricted stock to executive officers have been made at the Compensation Committee's January meeting, when all annual executive compensation decisions are made, except for 2004 when the stock grants were deferred until shareholders approved a new plan in April of that year. The Committee also grants stock options and restricted stock at other dates to newly hired or promoted executives. The exercise price of stock options under the 2009 Stock Incentive Plan (like the 2007 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. For grants under plans prior to 2007, the exercise price of stock options was defined as the average of the high and low market prices of the stock over the ten trading days ending on the date of grant.

*Alternative Retirement Provisions.* At the request of the Committee, Hewitt analyzed the retirement provisions of stock option and restricted stock awards under the Company's Stock Incentive Plan, as well as the benefits to participating executives under the Benefit Equalization Plan. The Committee was assisted in this review by the Company's pension actuary, Buck Consultants. After comparing these retirement provisions against plans disclosed by the Company's peer group companies, and based on its general experience as a compensation consultant, Hewitt advised the Committee that the Company's retirement provisions were restrictive in relation to market practice and could be adjusted to achieve the Committee's objective of enhancing the incentive aspects of stock grants as executives approach eligibility for retirement, aligning the interests of the executive with the Company for a reasonable additional period after retirement and maintaining a consistent approach to retirement under the Benefit Equalization

Plan. After further review, discussion and analysis, the Committee approved the following alternative retirement provisions under these plans:

Eligibility for retirement at age 62 with at least 10 years of service, or otherwise at age 65.

Stock options will vest upon retirement and will remain exercisable for two years after retirement (although not longer than the original stated term).



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Restricted share units will replace awards of restricted stock in order to preserve the same accounting treatment notwithstanding the earlier eligibility for retirement. Restricted share units will vest upon retirement.

Under the Benefit Equalization Plan, 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.

These provisions were approved on December 8, 2008 and are applicable to grants and awards after that date, except that the provisions regarding stock options will be applicable only to grants made under the 2009 Stock Incentive Plan if it is approved by shareholders. Outstanding stock options and restricted stock awards are not affected by these new terms.

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. For Mr. Fast, the retirement-based restricted shares vest upon early retirement (before age 65) provided he has at least 10 years of service from his hire date of September 27, 1999. If Mr. Fast chooses to take early retirement before he has ten years of service, a pro-rated portion of such shares would vest on his 60th birthday (i.e. July 10, 2009). No shares were granted under this program in 2007. In January 2008, the Committee granted retirement shares to participating executives in respect of retirement benefits accrued for service during 2006 and 2007: Mr. Fast, 28,500 shares; Mr. duPont, 6,900 shares; Mr. Ellis, 800 shares; and three other executive officers, an aggregate of 21,800 shares. In each case, based upon calculations by Buck Consultants, slightly more than one-half of such shares were attributable to retirement benefits accrued for service during 2007; for Mr. Fast, 15,105 shares (or 53%) were attributable to 2007 service and 13,395 shares (or 47%) were attributable to 2006 service.

## Adoption of 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. The Benefit Equalization Plan was amended and restated effective December 8, 2008 to incorporate the alternative retirement provisions described above. The executives currently participating in this plan are Messrs. Fast, duPont, Ellis and three other executive officers.

## 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:

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<b>Salary Range</b>	<b>Minimum Ownership Level</b>
\$125,001 - \$175,000	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 Restricted Share Units 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. All executive officers who had attained their fifth anniversary of service were in compliance with these stock ownership guidelines at the Record Date, February 27, 2009.

**Adoption of Clawback Policy**

On October 27, 2008 after review of materials provided by Hewitt and discussion with management, the Compensation Committee recommended, and the Board of Directors approved, a clawback policy providing that 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 EVA bonuses and amounts realized from stock option exercises and vesting of restricted stock 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. The shares of time-based restricted stock granted in 2008, as well as retirement shares granted to offset the impact of the tax limitations on pension benefits as described above, 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 2008, approximately \$3.1 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.

**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

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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). Each of them has an agreement with Crane Co. (as described under the caption Other Agreements and Information on page 34) pursuant to which they reimburse the Company for a portion of the costs of such personal use based upon 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. 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 2008, the disallowed deduction was approximately \$2.5 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 R.S. Evans, our former chief executive officer, the Board of Directors has approved this use in recognition of his long service and substantial contributions to Crane Co. as well as his continued service as Chairman of the Board. For more information regarding the use of the Company aircraft, see the section captioned Use of Company Aircraft on page 35.

**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 years following the change in control (three for Messrs. Fast, MacCarrick, Mitchell, duPont and Ellis). 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 ability to terminate such employment for 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 grants 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 and restricted stock, the employee will retain an amount sufficient to pay the excise tax on all such payments. As set forth below under Potential Payments upon Termination or Change in Control, the aggregate payments to the named executive officers would range from \$1,654,698 for Mr. MacCarrick to \$7,705,257 for Mr. Fast. The corresponding additional payments in respect of excise taxes would range from nil to \$1,337,904. 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.

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**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, 2008.

Submitted by:

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

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

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**Summary Compensation Table**

The table below summarizes the compensation for 2006, 2007 and 2008 earned by Crane Co.'s Chief Executive Officer; its Chief Financial Officer (whose employment began as of July 28, 2008); and each of the three other most highly paid executive officers who were serving as executive officers at December 31, 2008. 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 (in the case of Mr. MacCarrick, in July 2008). 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	Salary	Stock Awards	Option Awards	Non-Equity Incentive Plan	Change in Pension Value and Nonqualified Deferred Compensation	All Other
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