CRANE

NEWS RELEASE

Crane Co. Reports Fourth Quarter Results and Provides 2015 EPS Guidance

2015-01-26

Fourth Quarter 2014 Highlights:

- Excluding Special Items, earnings per diluted share (EPS) of $1.13 increased 9% compared to 2013 (GAAP EPS of $0.95 increased 13% compared to 2013)
- Sales of $731 million increased 7.2% compared to 2013, with flat core sales
- Introducing 2015 EPS guidance of $4.45-$4.65, excluding Special Items (GAAP EPS guidance of $4.32-$4.52)
- Incremental repositioning actions announced in Fluid Handling
- Raising 2016 MEI synergy target to $33 million, from $25 million
- Completed $50 million of share repurchases during the fourth quarter of 2014

Crane Co. (NYSE:CR), a diversified manufacturer of highly engineered industrial products, reported fourth quarter 2014 earnings of $0.95 per diluted share, compared to $0.84 per share in the fourth quarter of 2013. Fourth quarter 2014 results included Special Items, net, of $11.0 million in after tax charges, or $0.18 per diluted share. Fourth quarter 2013 results included Special Items, net, of $11.9 million in after tax charges, or $0.20 per diluted share. Excluding these Special Items in both years, fourth quarter 2014 earnings per diluted share increased 9% to $1.13, compared to $1.04 in the fourth quarter of 2013. As expected, fourth quarter 2014 earnings included a $0.05 per share benefit associated with the reinstatement of the R&D tax credit in the United States. (Please see the attached Non-GAAP Financial Measures tables for additional details.)

Special Items in the fourth quarter of 2014 consisted of the following after-tax charges: $9.9 million, or $0.17 per share, related to repositioning charges, reflecting both previously announced actions, as well as additional cost

reduction measures in Fluid Handling; $4.6 million, or $0.08 per share, of integration-related charges associated with the MEI acquisition; and a $3.5 million gain, or $0.06 per share, related to a real estate divestiture. Special Items in the fourth quarter of 2013 included net costs of $11.9 million, or $0.20 per share, related to the acquisition of MEI.

Fourth quarter 2014 sales were $730.7 million, an increase of 7.2% compared to $681.4 in the fourth quarter of 2013. The sales growth was comprised of flat core sales; sales from acquisitions, net of divestitures, of $68.0 million, or 10.0%; partially offset by unfavorable foreign exchange of $18.8 million, or 2.8%.

Operating profit in the fourth quarter increased to $89.6 million, up 7.8% compared to the fourth quarter of 2013. Excluding Special Items, fourth quarter operating profit increased to $107.3 million, up 9.5% compared to the fourth quarter of 2013. (Please see the attached Non-GAAP Financial Measures tables.)

Full Year 2014 Results

Full year 2014 earnings per diluted share were $3.23, compared to $3.73 in 2013. Excluding Special Items, 2014 earnings per diluted share increased 6.6% to $4.45, compared to $4.18 in 2013. Full year 2014 earnings per diluted share included a $0.05 benefit associated with the reinstatement of the R&D tax credit in the United States compared to a $0.10 benefit in 2013. (Please see the attached Non-GAAP Financial Measures tables.)

Total sales in 2014 were $2.92 billion, an increase of 12.7% from 2013. The sales growth was comprised of a core sales increase of $8.6 million, or 0.3%; sales from acquisitions, net of divestitures, of $332.1 million, or 12.8%; partially offset by unfavorable foreign exchange of $11.0 million, or -0.4%.

Operating profit for the full year 2014 was $316.3 million, compared to $347.9 million in 2013. Excluding Special Items, operating profit in 2014 increased 13.5% to $426.1 million. (Please see the attached Non-GAAP Financial Measures tables.)

“Our fourth quarter results were in line with our most recent guidance,” said Max Mitchell, Crane Co. President and Chief Executive Officer. “Our adjusted full year operating margin was strong at 14.6%, reflecting solid execution and strong productivity in a challenging growth environment. I am pleased with our progress on a number of fronts, most notably with the integration of MEI, where we exceeded our $0.20 EPS accretion target. In addition, we secured several important new program wins at Aerospace & Electronics, and drove strong operating margin expansion at Fluid Handling, reaching 15.6%, excluding Special Items, reflecting a 50 basis point improvement over last year.”

“However, global growth was a challenge for us throughout the year, and we expect the difficult revenue

environment to persist into 2015, driven by a decline in our process valve business in Fluid Handling. This challenge will be exacerbated by unfavorable foreign exchange and higher pension expense. In response, we have initiated incremental repositioning actions at Fluid Handling and identified additional synergy opportunities related to the MEI acquisition. Reflecting our confidence in our longer-term outlook, we repurchased $50 million of Crane shares during the fourth quarter. Considering these factors, we expect earnings per diluted share, excluding Special Items, in a range of flat to up 5% compared to 2014." (Please see the attached Non-GAAP Financial Measures tables.)

Cash Flow and Other Financial Metrics

Cash provided by operating activities for the fourth quarter of 2014 was $150.5 million, compared to $148.4 million in the fourth quarter of 2013. Cash provided by operating activities for the full year 2014 was $264.0 million, compared to $239.4 million in 2013. Capital expenditures in the fourth quarter of 2014 were $11.6 million, compared to $10.4 million in the fourth quarter of 2013. Capital expenditures for the full year 2014 were $43.7 million, compared to $29.5 million in 2013. The Company repurchased 812,793 shares of its common stock during the fourth quarter at a cost of $50 million. The Company's cash position was $346.3 million at December 31, 2014, compared to $270.6 million at December 31, 2013. Total debt was $850 million at December 31, 2014, compared to $875 million at December 31, 2013.

Segment Results

All comparisons detailed in this section refer to operating results for the fourth quarter 2014 versus the fourth quarter 2013, excluding Special Items.

Fluid Handling

(dollars in millions)	Fourth Quarter 2014	2013	Change	
Sales	$313.9	$319.7	($5.8)	-1.8%
Operating Profit	$36.8	$48.2	($11.4)	-23.6%
Operating Profit, before Special Items*	$47.0	$48.2	($1.2)	-2.4%
Profit Margin	11.7%	15.1%		
Profit Margin, before Special Items*	15.0%	15.1%		

*Excludes $10.2 million of repositioning charges in the fourth quarter of 2014

Fourth quarter 2014 sales decreased $5.8 million, or -1.8%, which included a core sales increase of $9.1 million, or 2.8%, which was more than offset by unfavorable foreign exchange of $11.7 million, or -3.7%, and the impact from the second quarter divestiture of Crane Water of $3.0 million, or -0.9%. Adjusted operating margins were strong at 15.0%, reflecting continued productivity gains, lower pension expense and the impact of the higher volume, offset by unfavorable foreign exchange and mix. Fluid Handling order backlog was $311.0 million at December 31, 2014; after adjusting for the impact of the divestiture, comparable backlog was $328.4 million at December 31, 2013.

Payment & Merchandising Technologies

(dollars in millions)	Fourth Quarter 2014	2013	Change	
Sales	$177.2	$122.7	$54.6	44.5%
Operating Profit	$17.8	$7.9	$9.9	125.1%
Operating Profit, before Special Items*	$24.3	$13.7	$10.6	77.8%
Profit Margin	10.1%	6.5%		
Profit Margin, before Special Items*	13.7%	11.2%		

* Excludes $6.5 million of integration-related expenses in the fourth quarter of 2014 and $5.8 million of transaction- and integration-related expenses in the fourth quarter of 2013

Segment sales of $177.2 million increased $54.6 million, or 44.5%, driven primarily by $71.0 million of sales related to the MEI transaction, partially offset by a core sales decline of $9.8 million, or -8.0%, and unfavorable foreign exchange of $6.7 million, or -5.5%. Adjusted operating profit increased to $24.3 million, primarily reflecting the impact of the MEI acquisition, and adjusted operating margins expanded 250 basis points to 13.7%, driven primarily by integration synergies and the mix benefit of the MEI acquisition.

Aerospace & Electronics

(dollars in millions)	Fourth Quarter 2014	2013	Change	
Sales	$182.3	$186.7	($4.4)	-2.4%
Operating Profit	$39.9	$44.7	($4.9)	-10.9%
Operating Profit, before Special Items*	$40.7	$44.7	($4.0)	-8.9%

Profit Margin	21.9%	23.9%
Profit Margin, before Special Items*	22.3%	23.9%

* Excludes $0.9 million of repositioning charges in the fourth quarter of 2014

Fourth quarter 2014 sales decreased $4.4 million, or -2.4%, reflecting flat sales in the Aerospace Group and a sales decline of $4.2 million, or -5.9%, in the Electronics Group. Adjusted operating profit decreased $4.0 million, driven by higher levels of engineering spending and the impact of the lower sales in Electronics. Aerospace & Electronics order backlog was $422.1 million at December 31, 2014, compared to $361.3 million at December 31, 2013.

Engineered Materials

(dollars in millions)	Fourth Quarter 2014	2013	Change	
Sales	$57.2	$52.4	$4.9	9.3%
Operating Profit	$7.2	$5.8	$1.4	24.1%
Profit Margin	12.6%	11.1%		

Sales of $57.2 million were 9.3% higher than the fourth quarter of 2013, driven by higher sales to recreational vehicle manufacturers. Adjusted operating profit increased 24.1% to $7.2 million, primarily reflecting leverage on the higher sales and strong productivity.

2015 Guidance

Sales for 2015 are expected to be approximately $2.85 billion, reflecting core sales of 0% to +2%, more than offset by unfavorable foreign exchange of -2% to -4%, and the impact from 2014 divestitures of -0.5%. Excluding Special Items, earnings are expected to be in a range of $4.45-$4.65 per diluted share which reflects growth of 0% to 5% compared to 2014 earnings of $4.45 per diluted share. On a GAAP basis, we expect earnings of $4.32-$4.52 per diluted share. Full year 2015 free cash flow (cash provided by operating activities less capital spending) is expected to be in a range of $210-$240 million. (Please see the attached Non-GAAP Financial Measures tables.)

During 2014, repositioning charges were $22.7 million, which includes previously announced actions, as well as additional repositioning actions in Fluid Handling. Repositioning charges are expected to be $4-$6 million in 2015.

Total repositioning benefits are now expected to be approximately $10 million in 2015, with an annualized rate of approximately $19 million by the end of 2016.

During 2014, MEI-related Special Items included transaction, integration and restructuring related costs, and inventory step-up and backlog amortization charges. These items totaled $24.9 million, and included previously announced integration and restructuring related actions, as well as additional charges in the fourth quarter associated with incremental integration and restructuring activities to consolidate certain manufacturing facilities. Total integration and restructuring related charges are expected to be $6-$8 million in 2015. Total synergy savings were $10 million in 2014 and are expected to grow to $19 million in 2015. As a result of the newly announced plant consolidation, the total annualized synergy run-rate is now expected to reach $33 million by the end of 2016, compared to the prior forecast of $25 million. (Please see the attached Non-GAAP Financial Measures table.)

Additional guidance details will be provided at the Company's Investor Day conference on February 26, 2015.

Additional Information

Please see the Non-GAAP Financial Measures tables attached to this press release for supporting details. Additional information with respect to the Company's asbestos liability and related accounting provisions and cash requirements is set forth in the Current Report on Form 8-K filed with a copy of this press release.

Conference Call

Crane Co. has scheduled a conference call to discuss the fourth quarter financial results on Tuesday, January 27, 2015 at 10:00 A.M. (Eastern). All interested parties may listen to a live webcast of the call at **http://www.craneco.com**. An archived webcast will also be available to replay this conference call directly from the Company's website. Slides that accompany the conference call will be available on the Company's website.

Crane Co. is a diversified manufacturer of highly engineered industrial products. Founded in 1855, Crane provides products and solutions to customers in the hydrocarbon processing, petrochemical, chemical, power generation, unattended payment, automated merchandising, aerospace, electronics, transportation and other markets. The Company has four business segments: Fluid Handling, Payment & Merchandising Technologies, Aerospace & Electronics and Engineered Materials. Crane has approximately 11,500 employees in the Americas, Europe, the Middle East, Asia and Australia. Crane Co. is traded on the New York Stock Exchange (NYSE:CR). For more information, visit **www.craneco.com**.

This press release may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements present management's expectations, beliefs, plans and objectives regarding future

financial performance, and assumptions or judgments concerning such performance. Any discussions contained in this press release, except to the extent that they contain historical facts, are forward-looking and accordingly involve estimates, assumptions, judgments and uncertainties. There are a number of factors that could cause actual results or outcomes to differ materially from those addressed in the forward-looking statements. Such factors are detailed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and subsequent reports filed with the Securities and Exchange Commission.

(Financial Tables Follow)

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net Sales:				
Fluid Handling	$ 313,910	$ 319,698	$ 1,263,722	$ 1,288,624
Payment & Merchandising Technologies	177,206	122,649	711,959	380,576
Aerospace & Electronics	182,326	186,737	695,998	693,783
Engineered Materials	57,216	52,365	253,318	232,298
Total Net Sales	730,658	681,449	2,924,997	2,595,281
Operating Profit (Loss):				
Fluid Handling	36,794	48,191	181,626	194,879
Payment & Merchandising Technologies	17,829	7,920	69,054	34,822
Aerospace & Electronics	39,864	44,719	138,176	159,976
Engineered Materials	7,209	5,809	36,811	34,347
Corporate *	(12,105)	(23,518)	(53,577)	(76,148)
Environmental Provision	-	-	(55,800)	-
Total Operating Profit	89,591	83,121	316,290	347,876
Interest Income	577	379	1,713	1,867
Interest Expense	(10,093)	(5,809)	(39,222)	(26,460)
Miscellaneous- Net	3,751	2,903	2,375	2,733
Income Before Income Taxes	83,826	80,594	281,156	326,016
Provision for Income Taxes	27,254	30,482	87,587	105,065
Net income before allocation to noncontrolling interests	56,572	50,112	193,569	220,951
Less: Noncontrolling interest in subsidiaries' earnings	360	406	897	1,449
Net income attributable to common shareholders	$ 56,212	$ 49,706	$ 192,672	$ 219,502
Share Data:				
Earnings per Diluted Share	$ 0.95	$ 0.84	$ 3.23	$ 3.73
Average Diluted Shares Outstanding	59,344	59,156	59,603	58,839
Average Basic Shares Outstanding	58,526	58,161	58,770	57,896
Supplemental Data:				
Cost of Sales	$ 479,965	$ 454,598	$ 1,901,240	$ 1,707,105
Selling, General & Administrative	143,399	128,906	604,115	512,881
Environmental Provision	-	-	55,800	-
Repositioning Charges (see non-GAAP measures)	11,095	-	22,687	-
Acquisition Related Charges (see non-GAAP measures)	6,608	14,824	24,865	27,419
Depreciation and Amortization **	17,812	16,678	75,766	54,837
Stock-Based Compensation Expense	4,914	6,492	20,858	22,791

* Corporate includes $6.5 million for a settlement of a lawsuit recorded in June 2014. Corporate also included acquisition related costs of $0.1 million and $9.1 million for the three months ended December 31, 2014 and 2013, respectively and $1.3 million and $21.7 million of cost for the twelve months ended December 31, 2014 and 2013, respectively.
** Amount included within cost of sales and selling, general & administrative costs.

CRANE CO.
Condensed Balance Sheets
(in thousands)

	December 31, 2014	December 31, 2013
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 346,266	$ 270,643
Accounts Receivable, net	410,931	437,541
Current Insurance Receivable - Asbestos	20,500	22,783
Inventories, net	369,719	368,886
Other Current Assets	47,602	49,239
Total Current Assets	1,195,018	1,149,092
Property, Plant and Equipment, net	290,264	305,055
Long-Term Insurance Receivable - Asbestos	126,750	148,222
Other Assets	644,437	707,922
Goodwill	1,191,459	1,249,316
Total Assets	$ 3,447,928	$ 3,559,607
LIABILITIES AND EQUITY		
Current Liabilities		
Notes Payable and Current Maturities of Long-Term Debt	$ 100,806	$ 125,826
Accounts Payable	228,822	229,828
Current Asbestos Liability	79,000	88,038
Accrued Liabilities	225,772	223,148
Income Taxes	5,624	2,062
Total Current Liabilities	640,024	668,902
Long-Term Debt	749,213	749,170
Long-Term Deferred Tax Liability	46,301	76,041
Long-Term Asbestos Liability	534,515	610,530
Other Liabilities	410,131	240,291
Total Equity	1,067,744	1,214,673
Total Liabilities and Equity	$ 3,447,928	$ 3,559,607

CRANE CO.

Condensed Statements of Cash Flows

(in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Operating Activities				

Operating Activities:				
Net income attributable to common shareholders	$ 56,212	$ 49,706	$ 192,672	$ 219,502
Noncontrolling interest in subsidiaries' earnings	360	406	897	1,449
Net income before allocations to noncontrolling interests	56,572	50,112	193,569	220,951
Environmental provision	-	-	55,800	-
Gain on divestiture	(4,111)	(2,727)	(4,111)	(2,727)
Restructuring - Non Cash	-	-	954	-
Depreciation and amortization	17,812	16,678	75,766	54,837
Stock-based compensation expense	4,914	6,492	20,858	22,791
Defined benefit plans and postretirement (credit) expense	(2,925)	1,240	(11,700)	4,779
Deferred income taxes	32,797	30,840	36,483	48,964
Cash provided by (used for) operating working capital	72,012	62,136	24,702	(26,672)
Defined benefit plans and postretirement contributions	(5,122)	(2,744)	(27,866)	(15,929)
Environmental payments, net of reimbursements	(1,808)	(4,201)	(10,405)	(15,403)
Other	(4,519)	5,120	(28,801)	10,668
Subtotal	165,622	162,946	325,249	302,259
Asbestos related payments, net of insurance recoveries	(15,104)	(14,513)	(61,297)	(62,827)
Total provided by operating activities	150,518	148,433	263,952	239,432
Investing Activities:				
Capital expenditures	(11,580)	(10,445)	(43,732)	(29,461)
Proceeds from disposition of capital assets	4,718	83	9,694	455
Proceeds from divestiture	-	6,836	2,081	6,836
Proceeds from (payments for) acquisitions	-	(801,781)	6,100	(801,781)
Total used for investing activities	(6,862)	(805,307)	(25,857)	(823,951)
Financing Activities:				
Dividends paid	(19,125)	(17,494)	(73,884)	(67,272)
Reacquisition of shares on open market	(50,000)	-	(50,000)	-
Stock options exercised - net of shares reacquired	(561)	839	8,186	24,922
Excess tax benefit from stock-based compensation	(168)	566	7,701	6,353
Proceeds received from credit facility	-	-	-	125,000
Change in short-term debt	(14,000)	1,482	(25,000)	(321)
Proceeds received from issuance of long-term notes	-	550,000	-	550,000
Debt issuance costs	-	(6,006)	-	(6,006)
Repayment of long-term debt	-	-	-	(200,000)
Total used for financing activities	(83,854)	529,387	(132,997)	432,676
Effect of exchange rate on cash and cash equivalents	(15,208)	(5,274)	(29,475)	(1,461)
Increase (decrease) in cash and cash equivalents	44,594	(132,761)	75,623	(153,304)
Cash and cash equivalents at beginning of period	301,672	403,404	270,643	423,947
Cash and cash equivalents at end of period	$ 346,266	$ 270,643	$ 346,266	$ 270,643

CRANE CO.
Order Backlog
(in thousands)

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Fluid Handling *	$ 310,996	$ 349,618	$ 369,483	$ 350,720	$ 333,860
Payment & Merchandising Technologies	68,286	58,832	69,857	58,787	51,888
Aerospace & Electronics	422,104	404,833	396,835	397,541	361,323
Engineered Materials	16,690	14,406	17,017	16,624	14,661
Total Backlog	$ 818,076	$ 827,689	$ 853,192	$ 823,672	$ 761,732

* Includes Order Backlog of $5.4 million at March 31, 2014 and $5.5 million at December 31, 2013 pertaining to a business divested in June 2014.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,		Percent Change December 31, 2014	Percent Change December 31, 2014
	2014	2013	2014	2013	Three Months	Twelve Months
Net Sales	$730,658	$681,449	$2,924,997	$2,595,281	7.2 %	12.7 %
Operating Profit	89,591	83,121	316,290	347,876	7.8 %	-9.1 %
Percentage of Sales	12.3 %	12.2 %	10.8 %	13.4 %		
Special Items impacting Operating Profit:						
Acquisition transaction costs (a)	-	10,170	-	22,765		
Acquisition related inventory and backlog amortization (b)	-	4,654	4,790	4,654		
Acquisition related integration costs (c)	2,014	-	9,753	-		
Acquisition related restructuring costs (d)	4,594	-	10,322	-		
Repositioning charges (e)	11,095	-	22,687	-		
Lawsuit settlement charge (f)	-	-	6,500	-		
Environmental Provision (g)	-	-	55,800	-		
Operating Profit before Special Items	$107,294	$97,945	$426,142	$375,295	9.5 %	13.5 %
Percentage of Sales	14.7 %	14.4 %	14.6 %	14.5 %		
Net Income Attributable to Common Shareholders	$56,212	$49,706	$192,672	$219,502		
Per Share	$0.95	$0.84	$3.23	$3.73	12.7 %	-13.3 %
Special Items impacting Net Income Attributable to Common Shareholders:						
Acquisition transaction costs - Net of Tax (a)	-	9,837	-	22,432		
Per Share		$0.17		$0.38		
Acquisition related inventory and backlog amortization - Net of Tax (b)	-	2,839	3,018	2,839		
Per Share		$0.05	$0.05	$0.05		
Acquisition related integration costs - Net of Tax (c)	1,367	-	7,130	-		
Per Share	$0.02		$0.12			
Acquisition related restructuring costs - Net of Tax (d)	3,212	-	7,017	-		
Per Share	$0.05		$0.12			

Repositioning charges - Net of Tax (e) Per Share	9,919 $0.17	-	17,982 $0.30	-				
Lawsuit settlement charge - Net of Tax (f) Per Share	- $-	-	4,225 $0.07	-				
Environmental Provision - Net of Tax (g) Per Share	 $-	-	36,270 $0.61	-				
Loss on business divestiture - Net of Tax (h) Per Share	-	-	1,055 $0.02	-				
Gain on real estate divestitures - Net of Tax (i) Per Share	(3,498) $(0.06)	-	(4,158) $(0.07)	-				
Withholding taxes related to acquisition funding (j) Per Share	-	1,192 $0.02	-	2,892 $0.05				
Acquisition remedy related gain on sale of product line (k) Per Share	-	(2,006) $(0.03)	-	(2,006) $(0.03)				
Net Income Attributable To Common Shareholders Before Special Items Per Share	$67,212 $1.13	$61,568 $1.04	$265,211 $4.45	$245,659 $4.18	9.2 8.8	% %	8.0 6.6	% %

(a) During the three and twelve months ended December 30, 2013, the Company recorded transaction costs associated with the acquisition of MEI.

(b) During the three months ended March 31, 2014 and three months ended December 31, 2013 the Company recorded inventory step-up and backlog amortization relating to the acquisition of MEI.

(c) During the three and twelve months ended December 31, 2014, the Company recorded integration costs associated with the acquisition of MEI.

(d) During the three and twelve months ended December 31, 2014, the Company recorded restructuring costs associated with the acquisition of MEI.

(e) During the three and twelve months ended December 31, 2014, the Company recorded repositioning charges in our Fluid Handling and Aerospace & Electronics segments.

(f) During the three months ended June 30, 2014, the Company recorded a $6.5 million charge related to the settlement of the previously disclosed environmental lawsuits by certain homeowners in Roseland, New Jersey.

(g) During the three months ended September 30, 2014, the Company recorded two Environmental Provisions, 1) a $49.0 million charge related to an increase in the Company's liability at its Goodyear, AZ Superfund Site, and 2) $6.8 million charge for expected remediation costs associated with a previously disclosed environmental site in Roseland, New Jersey.

(h) During the three month ended June 30, 2014, the Company recorded a loss on the divestiture of a small business.

(i) During the three and twelve month ended December 31, 2014, the Company recorded gains on real estate divestitures.

(j) In the three and twelve months ended December 31, 2013, the Company incurred withholding taxes related to the cash marshaling activities supporting the acquisition of MEI.

(k) During the three months ended December 31, 2013, the Company divested a product line within the Merchandising Systems segment pertaining to the execution of remedies associated with the MEI acquisition.

	2015 Full Year Guidance	
2015 Earnings Per Share Guidance	Low	High
Earnings Per Share - GAAP basis	$ 4.32	$ 4.52
Acquisition integration costs - Net of Tax (l)	0.08	0.08
Anticipated repositioning actions - Net of Tax (m)	0.05	0.05

Earnings Per Share - Non-GAAP basis	$ 4.45	$ 4.65

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

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

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

CASH FLOW ITEMS

	Three Months Ended December 31,		Twelve Months Ended December 31,		2015 Full Year Guidance	
	2014	2013	2014	2013	Low	High
Cash Provided from Operating Activities before Asbestos - Related Payments	$ 165,622	$ 162,946	$ 325,249	$ 302,259	$ 328,500	$ 338,500
Asbestos Related Payments, Net of Insurance Recoveries	(15,104)	(14,513)	(61,297)	(62,827)	(63,500)	(53,500)
Cash Provided from Operating Activities	150,518	148,433	263,952	239,432	265,000	285,000
Less: Capital Expenditures	(11,580)	(10,445)	(43,732)	(29,461)	(55,000)	(45,000)
Free Cash Flow	$ 138,938	$ 137,988	$ 220,220	$ 209,971	$ 210,000	$ 240,000

Certain non-GAAP measures have been provided to facilitate comparison with the prior year.

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that non-GAAP financial measures which exclude certain non-recurring items present additional useful comparisons between current results and results in prior operating periods, providing investors with a clearer view of the underlying trends of the business. Management also uses these non-GAAP financial measures in making financial, operating, planning and compensation decisions and in evaluating the Company's performance.

In addition, Free Cash Flow provides supplemental information to assist management and investors in analyzing the Company's ability to generate liquidity from its operating activities. The measure of Free Cash Flow does not take into consideration certain other non-discretionary cash requirements such as, for example, mandatory principal payments on the Company's long-term debt. Non-GAAP financial measures, which may be inconsistent with similarly captioned measures presented by other companies, should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

Crane Co.

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