CRANE CO /DE/
Form DEF 14A
March 13, 2014
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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 þ

Filed by a Party other than Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ 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):

þ No fee required

¨ 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:

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¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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CRANE CO. 100 FIRST STAMFORD PLACE STAMFORD CONNECTICUT 06902

March 13, 2014

DEAR CRANE CO. SHAREHOLDER:

Crane Co. cordially invites you to attend the Annual Meeting of Shareholders of Crane Co., at 10:00 a.m., Eastern Daylight Time, on Monday, April 28, 2014 in the First Floor Conference Room at 200 First Stamford Place, Stamford, Connecticut.

The Notice of Meeting and Proxy Statement on the following pages describe the matters to be presented at the meeting. Management will report on current operations, and there will be an opportunity for discussion of Crane Co. and its activities. Our 2013 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 28, 2014.

THIS PROXY STATEMENT AND THE 2013 ANNUAL REPORT TO SHAREHOLDERS

ARE AVAILABLE AT

WWW.CRANECO.COM/AR

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CRANE CO.

100 FIRST STAMFORD PLACE

STAMFORD, CONNECTICUT 06902

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

APRIL 28, 2014

March 13, 2014

To the Shareholders of Crane Co.:

THE ANNUAL MEETING OF SHAREHOLDERS OF CRANE CO. will be held in the First Floor Conference Room at 200 First Stamford Place, Stamford, Connecticut on Monday, April 28, 2014 at 10:00 a.m., Eastern Daylight Time, for the following purposes:

1. To elect three directors to serve for three-year terms until the Annual Meeting of Shareholders in 2017;

2. To consider and vote on a proposal to ratify the selection of Deloitte & Touche LLP as independent auditors for Crane Co. for 2014;

3. To consider and vote on a proposal to approve, by a non-binding advisory vote, the compensation paid by the Company to certain executive officers; and

4. To conduct any other business that properly comes before the meeting, in connection with the foregoing or otherwise.

The Board of Directors has fixed the close of business on February 28, 2014 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 28, 2014

GENERAL MEETING MATTERS

The Board of Directors of Crane Co. asks you to complete and return the enclosed proxy for use at the Annual Meeting of Shareholders to be held in the First Floor Conference Room at 200 First Stamford Place, Stamford, Connecticut, on Monday, April 28, 2014, 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 13, 2014.

Voting by Written Proxy. Shares represented by the enclosed proxy, if properly executed, received by the Secretary prior to the meeting, and not revoked, will be voted in accordance with the directions indicated on the proxy.

Treatment of Unmarked Proxies. If no directions are indicated on a properly executed and returned proxy with respect to any particular matter, the shares represented by the proxy will be voted **for** each nominee named in this Proxy Statement for election as a director; **for** the proposal to ratify the selection of Deloitte & Touche LLP as our independent auditors for 2014; and **for** the non-binding advisory vote regarding executive compensation, as the case may be. 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.

Revocation of Instructions. 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.

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

Shares Outstanding. As of the close of business on February 28, 2014, the record date for determining shareholders entitled to vote at the Annual Meeting, Crane Co. had issued and outstanding 58,720,621 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. Information about the ownership of our common stock appears on pages 50 and 51.

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

Effect of Abstentions. Shareholders may abstain from voting on any proposal expected to be brought before the meeting. Abstentions will have no effect on the election of directors, as each nominee will be elected if the number of votes cast in favor of such nominee exceeds the number of

votes cast against such nominee. On all other matters, the choice that receives the majority of votes cast will be considered approved. Abstentions from voting are not treated as votes cast and therefore will have no effect on any of these proposals.

Effect of Broker Non-Votes. Under the rules of the New York Stock Exchange, brokers holding shares for customers have authority to vote on certain matters even if the broker has not received instructions from the

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beneficial owner, but do not have such authority as to certain other matters (broker non-votes). Member firms of the Exchange may vote without specific instructions from beneficial owners on the ratification of the selection of auditors, but not on the election of directors or the approval, by a non-binding advisory vote, of the compensation paid by the Company to certain executive officers. Broker non-votes are counted for the purpose of convening a quorum but do not count as votes cast for or against a matter or as shares entitled to vote, and therefore will not affect the outcome of the voting at the meeting.

ITEM 1: ELECTION OF DIRECTORS

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

E. Thayer Bigelow, Philip R. Lochner, Jr., and Max H. Mitchell, who are current members of the Board, have been nominated for election by shareholders to hold office for three-year terms until the Annual Meeting in 2017 and until their successors are elected and qualified. Eric C. Fast, our Chief Executive Officer from 2001 until his retirement on January 31, 2014, also retired from the Board on that date. He was succeeded by Mr. Mitchell, our current President and Chief Executive Officer. Ronald F. McKenna, who has been a member of the Board since 2006, has chosen not to stand for reelection.

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

The Nominating and Governance Committee has proposed, and the Board of Directors recommends, that each of the three nominees 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.

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NOMINEES AND CONTINUING DIRECTORS

Shown below for each of the nominees for election and for each of those directors whose terms will continue are the individual s:

Age as of the record date,

Period of service as a Crane Co. director (if already a member of the Board),

Position with Crane Co., if any, and business experience during at least the past five years,

Directorships in other public companies during at least the past five years, and

Areas of experience and qualifications that led the Nominating and Governance Committee and the Board to the conclusion that the individual should serve, or continue to serve, as a director of Crane Co.

Holdings of Crane Co. stock as of February 28, 2014 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 and Deferred Stock Units that will vest within 60 days.

No director 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, beginning on page 51.

Nominees to be Elected for Terms to Expire in 2017

Common Shares Beneficially Owned

E. THAYER BIGELOW — 51,770

Age 72; Director since 1984. Managing Director, Bigelow Media, New York, NY (advisor to media and entertainment companies) since 2000 and Senior Advisor, Time Warner Inc., New York, NY (media and entertainment) since 1998.

Other directorships: Huttig Building Products, Inc. since 1999; Lord Abbett & Co. Mutual Funds since 1994 (Lead independent director, and Chairman since 2013) (Lord Abbett family of 42 mutual funds); Expo TV, Inc. since 2010; Adelphia Communications, Inc. from 2003 (post-Chapter 11 filing) to 2007; R. H. Donnelly, Inc. from 2009 to 2010.

Relevant skills and experience: operational and financial expertise gained by extensive experience as senior executive and financial officer of and advisor to media and entertainment companies; expertise in management and governance matters gained as a director of public companies.

PHILIP R. LOCHNER, JR. — 24,469

Age 70; Director since 2006. Director of public companies. Senior Vice President and Chief Administrative Officer, Time Warner, Inc., New York, NY (media and entertainment) from 1991 to 1998. A Commissioner of the Securities and Exchange Commission from 1990 to 1991.

Other directorships: Adelphia Communications from 2005 (post-Chapter 11 filing) to 2008; Apria Healthcare Group Inc. from 1998 to 2008; Gtech Holdings Corporation from 2001 to 2006; Monster Worldwide, Inc. from 2006 to 2008; Solutia Inc. from 2002 to 2008; Clarcor Inc. since 1999; CMS Energy Corporation since 2005; Gentiva Health

Services, Inc. since 2009.

Relevant skills and experience: legal and administrative expertise gained as senior executive of public company (including certain responsibility for internal audit, shareholder relations, legal, public affairs, compensation and benefits, governance, real estate and other administrative matters); expertise in securities and disclosure matters gained as a Commissioner of the Securities and Exchange Commission; expertise in management and governance matters gained as a director of public companies.

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	Common Shares Beneficially Owned
MAX H. MITCHELL Age 50; Director since January 2014. President and Chief Executive Officer of the Company since January 2014; President and Chief Operating Officer from January 2013 to January 2014; Executive Vice President and Chief Operating Officer from May 2011 to January 2013; Group President, Fluid Handling segment of the Company from 2005 to October 2012. Vice President, Operational Excellence of the Company from March 2004 to 2005. Other directorships: none. Relevant skills and experience: comprehensive knowledge of the Company s culture and operations gained from successive positions as head of its Operational Excellence system, president of its largest segment, and its President and Chief Operating Officer.	203,521

Directors Whose Terms Expire in 2016

RICHARD S. FORTÉ Age 69; Director since 1983. Retired. Chairman, Forté Cashmere Company, South Natick, MA (importer and manufacturer) from 2002 to 2004. Other directorships: HBD Industries, Inc. since 2013; Huttig Building Products, Inc. since 1999. Relevant skills and experience: operational, sales and manufacturing expertise gained as chairman and chief executive officer of importing/manufacturing enterprises.	24,999
ELLEN MCCLAIN Age 49; Director since 2013. President from May 2012 to April 2013, and Chief Operating Officer from September 2011 to April 2013, Executive Vice President from September 2011 to May 2012, and Senior Vice President and Chief Financial Officer from 2009 to September 2011, of New York Racing Association, Inc., Ozone Park, NY (operator of thoroughbred racetracks). Vice President, Finance, Hearst-Argyle Television, Inc. (operator of local television stations) from 2004 to 2009. Other directorships: none. Relevant skills and experience: financial and organizational expertise gained as chief financial officer of public and private enterprises.	1,647
JENNIFER M. POLLINO Age 49; Director since 2013. Executive Coach and Consultant. Executive Vice President, Human Resources and Communications, Goodrich Corporation, Charlotte, NC (diversified manufacturer) from 2005 to July 2012. Other directorships: Society for Human Resources Management Relevant skills and experience: broad experience with governance, intellectual capital and organizational issues, as well as financial expertise, gained in over 20 years as senior executive and general manager with large manufacturer of aerospace products; financial expertise gained as controller of savings and loan association and field accounting officer at Resolution Trust Corporation; certified public accountant.	1,647

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	Common Shares Beneficially Owned
JAMES L. L. TULLIS Age 66; Director since 1998. Chief Executive Officer, Tullis-Dickerson & Co., Inc., Greenwich, CT (venture capital investments in the health care industry) since 1986. Other directorships: Viacell, Inc. from 2005 to 2007; Lord Abbett & Co. Mutual Funds since 2006 (Lord Abbett family of 42 mutual funds). Relevant skills and experience: financial and organizational expertise gained as chief executive officer of venture capital investment group; expertise in management, strategy and governance matters gained as director of public and private companies.	27,540
Directors Whose Terms Expire in 2015	
DONALD G. COOK Age 67; Director since 2005. General, United States Air Force (Retired). Other directorships: Burlington Northern Santa Fe Corporation from 2005 to 2010; Beechcraft LLC (formerly Hawker Beechcraft Inc.) since 2007; USAA Federal Savings Bank since 2007; U.S. Security Associates, Inc. since November 2011. Relevant skills and experience: experience with organizational and intellectual capital matters gained throughout an extensive career with the United States Air Force.	20,362
R. S. EVANS Age 69; Director since 1979. Chairman of the Board of Crane Co. since 2001. Chairman and Chief Executive Officer of Crane Co. from 1984 to 2001. Other directorships: HBD Industries, Inc. since 1989; Huttig Building Products, Inc. since 1972. Relevant skills and experience: unique familiarity with the operations, history and culture of the Company gained as its former Chief Executive Officer and as its Chairman of the Board of Directors.	454,375
RONALD C. LINDSAY Age 55; Director since 2013. Chief Operating Officer, Eastman Chemical Company, Kingsport, TN (manufacturer of specialty chemicals, plastic compounds and acetate fibers) since January 2014. Positions of increasing responsibility with Eastman Chemical from 1980, including Senior Vice President from 2006 to 2009 and Executive Vice President from 2009 to 2014. Other directorships: none. Relevant skills and experience: operational, sales and manufacturing expertise gained by extensive senior executive experience with large industrial manufacturer.	1,647

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CORPORATE GOVERNANCE MATTERS

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

Board Leadership Structure. Our Corporate Governance Guidelines do not require the separation of the roles of Chairman of the Board and Chief Executive Officer, as the Board believes that effective board leadership structure can be highly dependent on the experience, skills and personal interaction between persons in leadership roles. Since 2001, these leadership roles have been filled separately by our current non-executive Chairman of the Board, Mr. Evans, and by our Chief Executive Officers, Eric C. Fast, who held the position from 2001 through January 2014, and Mr. Mitchell, who was elected Chief Executive Officer effective January 31, 2014. To assist in defining this leadership structure, the Board adopted a position description for the role of the non-executive Chairman of the Board, which is incorporated into our Corporate Governance Guidelines. The principal duties are as follows:

- Provide leadership to the Board and ensure that each director is making an appropriate contribution;
- Guide the Board s discharge of its duties, including monitoring risk management and compliance activities, reviewing corporate strategy and evaluating senior management performance and succession planning;
- Chair meetings of the Board of Directors and the Annual Meeting of Shareholders;
- Organize and approve the agendas for Board meetings based on input from directors and the Chief Executive Officer; and
- Conduct a performance evaluation of the Board.

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

Board Role in Oversight of Risk. The Board recognizes its duty to assure itself that the Company has effective procedures for assessing and managing risks to the Company s operations, financial position and reputation, including compliance with applicable laws and regulations. The Board has charged the Audit Committee with the responsibility for monitoring the Company s processes and procedures for risk assessment, risk management and compliance, including regular reports on any violations of law or Company policies and consequent corrective action. The Audit Committee receives presentations regarding these matters from management at each in-person meeting (at least quarterly). The Company s Director of Compliance and Ethics, as well as the Chief Audit Executive, has a direct reporting relationship to the Audit Committee. The Chair of the Audit Committee reports any significant matters to the Board as part of his reports on the Committee s meetings and activities. The Management Organization and Compensation Committee of the Board has established a process for assessing the potential that the Company s compensation plans and practices may encourage executives to take risks that are reasonably likely to have a material adverse effect on the Company. The conclusions of this assessment are set forth in the Compensation Discussion and Analysis under the heading Compensation Risk Assessment on page 34. In addition, the Board schedules an annual presentation by management on the Company s risk management practices. The Board also receives reports from management at each meeting regarding operating results, the Company s asbestos liability, pending and proposed acquisition and divestiture transactions (each of which must be approved by the Board before completion), capital expenditures and other matters.

Conflicts of Interest; Transactions with Related Persons. Crane Co. has established Conflict of Interest Policies: CP-103, to which all officers and salaried employees are subject, and CP-103D, to which non-employee directors are subject. Those subject to the policies are required to disclose to the General Counsel in writing each outside relationship, activity and interest that creates a potential conflict of interest, including prior disclosure of transactions with third parties. The General Counsel will determine whether the matter does or does not constitute an impermissible conflict of interest, or may in his discretion refer the question to the Nominating and Governance Committee, which will review the facts and make a recommendation to the Board. All directors, executive officers and other salaried employees are required to certify in writing each year whether they are

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personally in compliance with CP-103 or CP-103D, as applicable, 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 Securities and Exchange Commission rules.

Attendance. The Board of Directors met eight times during 2013. 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 2013 Annual Meeting.

Executive Sessions of Non-Management Directors. Four of the meetings of the Board during 2013 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 cash portion of the annual retainer for directors, currently $50,000. A director must have attained this ownership level by the fifth anniversary of his or her first election as a director. As of the Record Date, all directors who had attained their fifth anniversary of service were in compliance with this ownership guideline.

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

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

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Independent Status of Directors

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

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

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

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

The director is a current partner of or employed by, or the director s immediate family member is a current partner of, or an employee who personally works on the audit of Crane Co. 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 a partner or employee of such a firm and personally worked on the Crane Co. audit at that time.

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

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

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

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

Independence of Directors. The Nominating and Governance Committee has reviewed whether any of the directors, other than Mr. Mitchell, 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

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requirements under Section 10A of the Securities Exchange Act of 1934 and the associated rules. The Nominating and Governance Committee determined that all of Crane Co. s current directors and all persons who served as a director of Crane Co. at any time during 2013, other than Mr. Mitchell and Mr. Fast, 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. Mitchell is Chief Executive Officer of Crane Co., and Mr. Fast was Chief Executive Officer until his retirement on January 31, 2014.

In reaching their determinations regarding the independence of the other directors, the Committee and the Board applied the Standards for Director Independence described above and determined that there were no transactions that were likely to affect the independence of those directors judgment.

Committees of the Board; Charters

The Board of Directors has established an Audit Committee, a Nominating and Governance Committee and a Management Organization and Compensation Committee. Copies of the charters of these committees are available on our website at *www.craneco.com/CharterAudit*, *www.craneco.com/CharterNominating* and *www.craneco.com/CharterCompensation*, respectively. The Board of Directors has also established an Executive Committee, which meets when a quorum of the full Board of Directors cannot be readily convened. The memberships of these committees during 2013 were as follows:

Executive Committee:
- E. T. Bigelow
- R. S. Evans (Chair)
- E. C. Fast

Audit Committee:
- E. T. Bigelow (Chair)
- P. R. Lochner, Jr.
- E. McClain (since April 2013)
- J. M. Pollino (since April 2013)

Nominating and Governance Committee:
- D. G. Cook
- R. S. Forte (Chair)
- P. R. Lochner, Jr.
- J. L. L. Tullis

Management Organization and Compensation Committee:
- E. T. Bigelow (to April 2013)
- D. G. Cook
- R. C. Lindsay (since April 2013)
- R. F. McKenna (Chair)
- J. L. L. Tullis

Audit Committee. The Audit Committee is the Board s principal agent in fulfilling legal and fiduciary obligations with respect to matters involving Crane Co. s accounting, auditing, financial reporting, internal control and legal compliance functions. The Audit Committee has the authority and responsibility for the appointment, retention, compensation and oversight of our independent auditors. The Audit Committee met seven times in 2013, including three meetings by conference telephone to review quarterly financial information, with Crane Co. s management, internal auditors and independent accountants to review matters relating to the quality of financial reporting and internal accounting controls and the nature, extent and results of audits. The Audit Committee s report appears beginning on page 15.

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 Mr. Bigelow is an audit committee financial expert as defined in regulations of the Securities and Exchange Commission.

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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. All members of the Nominating and Governance Committee meet the independence requirements of the New York Stock Exchange. The Nominating and Governance Committee met four times in 2013.

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; approving the compensation of other named executive officers and reviewing the compensation of other officers and business unit presidents; reviewing director compensation; administering the annual incentive compensation plans and stock incentive plan; reviewing and approving any significant changes in or additions to compensation policies and practices; and reviewing management development and succession planning policies.

All members of the Management Organization and Compensation Committee meet the independence requirements of the New York Stock Exchange. The Management Organization and Compensation Committee met five times in 2013. The Management Organization and Compensation Committee s report appears on page 35.

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 convened. 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 twice during 2013.

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 a 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.

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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. A shareholder proposing to nominate a director must provide us with the following information about the nominating stockholder and the director nominee, and must update such information as of the record date for the meeting:

- the number of shares of Company stock, including details regarding any derivative securities, held by the nominating shareholder and the director nominee and any of their respective affiliates or associates;
- a description of any agreement regarding how the director nominee would vote, if elected, on a particular matter, including a representation that there are no other understandings;
- a description of any agreement with respect to compensation as a director from any person other than Crane Co., including a representation that there are no other understandings;
- a representation that the director nominee will comply with all publicly disclosed Board policies, including those relating to confidentiality;
- a completed questionnaire similar to the one required of existing directors, a copy of which the Corporate Secretary will provide upon request;
- a description of any material interest the nominating shareholder has in any such nomination; and
- any other 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.

Such notice must also be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director, if elected.

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 23, 2014, and no later than January 22, 2015.

Once a person has been identified by the Nominating and Governance Committee as a potential candidate, the Committee, as an initial matter, may collect and review publicly available information regarding the person to assess whether the person should be considered further. Generally, if the person expresses a willingness to be considered and to serve on the Board, and the Committee believes that the person has the potential to be a good candidate, the Committee would seek to gather information from or about the person, 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 person. 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 prospective 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

Our By-Laws provide that nominees for director and 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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COMPENSATION OF DIRECTORS

The members of the Board of Directors, other than Mr. Evans, Mr. Fast and Mr. Mitchell, receive the following compensation:

A retainer of $135,000 per year, payable $50,000 in cash and $85,000 in the form of Deferred Stock Units (DSUs) of equivalent value; the terms of DSUs are described immediately below. The DSU portion of the annual retainer has been increased to $110,000 effective at the date of the Annual Meeting. A director may also elect to receive 100% of the retainer in DSUs;

A meeting fee of $2,000 for each Board meeting attended;

A meeting fee of $2,000 for each Committee meeting attended;

A retainer of $12,500 per year for the Chair of the Audit Committee;

A retainer of $7,500 for each of the Chair of the Management Organization and Compensation Committee and the Chair of the Nominating and Governance Committee; and

A retainer of $2,000 per year for each member of the Executive Committee.

The compensation of Mr. Mitchell, who is Chief Executive Officer in addition to having been a Director since January 31, 2014, and of Mr. Fast, who was Chief Executive Officer and a Director until January 31, 2014, is shown in the Summary Compensation Table on page 36.

Mr. Evans, the non-executive Chairman of the Board, receives a cash retainer in the amount of $225,000 for his service pursuant to an agreement under which the Company also provides him with an office, office assistant and technical support. The annual retainer payable to the Chairman of the Board is paid 50% in cash (in monthly installments) and 50% in Deferred Stock Units (the Chairman of the Board may elect to take 100% of his annual retainer in Deferred Stock Units). The Company also has a time-sharing agreement with Mr. Evans under which he is permitted personal use of the corporate aircraft, for which he reimburses the Company the aggregate incremental cost. See Other Agreements and Information Use of Company Aircraft on page 49.

DSUs. DSUs are issued each year as of the date of the Annual Meeting; are forfeitable if the director ceases to remain a director until Crane Co. s next Annual Meeting, except in the case of death, disability or change in control; and entitle the director to receive an equivalent number of shares of Crane Co. stock upon the director s ceasing to be a member of the Board. In April 2013, each non-employee director received DSUs pursuant to this plan; Mr. Evans received 2,149 DSUs, one director who had elected to receive the entire retainer in DSUs received 2,579 DSUs, and the remaining non-employee directors each received 1,624 DSUs.

Director Compensation in 2013

The following table shows the compensation in 2013 of all directors except for Mr. Fast, who was Chief Executive Officer until January 31, 2014, whose compensation is shown in the Summary Compensation Table on page 36.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Total ($)
E. T. Bigelow	$ 98,504	$ 95,208	$ 193,712
D. G. Cook	$ 78,000	$ 95,208	$ 173,208
R. S. Evans	$ 112,500	$ 117,234	$ 229,734

R. S. Forté	$ 83,500	$ 96,358	$ 179,858
R. C. Lindsay	$ 55,500	$ 86,435	$ 141,935
P. R. Lochner, Jr.	$ 86,000	$ 101,497	$ 187,497
E. McClain	$ 59,509	$ 86,435	$ 145,944
R. F. McKenna	$ 33,500	$ 153,595	$ 187,095
J. M. Pollino	$ 59,509	$ 86,435	$ 145,944
J. L. L. Tullis	$ 82,000	$ 95,208	$ 177,208

(1) Directors who are not employees of Crane Co. received a standard retainer of $135,000 per year, $50,000 of which is payable in cash and $85,000 in DSUs. Directors may elect to receive the full annual retainer in DSUs. In addition, non-employee directors received a retainer of $7,500 per year for service as Chair of a Committee of the Board ($12,500 for service as the Chair of the Audit Committee), $2,000 per year for service as a member of the Executive Committee, and $2,000 for each Board and committee meeting attended. Mr. Evans received a retainer of $225,000 for his service as non-executive Chairman of the Board.

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(2) Amounts shown in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718, with respect to awards of DSUs made during the indicated year. Awards of DSUs during 2013, all pursuant to the 2013 Stock Incentive Plan, were as follows:

1,624 DSUs to each of Messrs. Bigelow, Cook, Forte, Lindsay, Lochner and Tullis, and Ms. McClain and Ms. Pollino; 2,579 to DSUs to Mr. McKenna; and 2,149 DSUs to Mr. Evans on April 22 in connection with the Annual Meeting;

An aggregate of 171.74 additional DSUs to each of Messrs. Bigelow, Cook and Tullis; 79.23 additional DSUs to Mr. Evans; 191.18 additional DSUs to Mr. Forte; 278.11 additional DSUs to Mr. Lochner; and 313.32 additional DSUs to Mr. McKenna, in connection with the payment of regular quarterly dividends on Crane Co. stock on March 9, June 11, September 11 and December 10; and

An aggregate of 23.36 additional DSUs to each of Mr. Lindsay, Ms. McClain and Ms. Pollino, in connection with the payment of regular quarterly dividends on Crane Co. stock on June 11, September 11 and December 10.

The grant date fair value of each DSU granted on April 22, 2013 was $52.34.

At December 31, 2013, each non-employee director held DSUs as follows:

Mr. Bigelow	9,300
Gen. Cook	9,300
Mr. Evans	4,671
Mr. Forté	10,303
Mr. Lindsay	1,647
Mr. Lochner	14,786
Ms. McClain	1,647
Mr. McKenna	16,861
Ms. Pollino	1,647
Mr. Tullis	9,300

The assumptions on which this valuation is based are set forth in Note 13 to the audited financial statements included in Crane Co. s annual report on Form 10-K filed with the Securities and Exchange Commission on Febraury 24, 2014.

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ITEM 2: RATIFICATION OF THE SELECTION OF AUDITORS

The Board of Directors proposes and recommends that the shareholders ratify the Audit Committee s selection of the firm of Deloitte & Touche LLP as independent auditor for Crane Co. for 2014. Deloitte & Touche LLP has been Crane Co. s independent auditor since 1979. Although ratification of this selection is not required by law, the Board of Directors believes that it is desirable as a matter of corporate governance. If the shareholders do not ratify the selection of Deloitte & Touche LLP, the Audit Committee will reconsider the appointment of Deloitte & Touche LLP as Crane Co. s independent auditor. We expect that representatives of Deloitte & Touche LLP will attend the Annual Meeting, where they will have an opportunity to make a statement if they wish to do so and to respond to appropriate questions.

Unless otherwise directed by the shareholders, proxies that are properly executed and returned will be voted **for** approval of the ratification of Deloitte & Touche LLP to audit our consolidated financial statements for 2014.

PRINCIPAL ACCOUNTING FIRM FEES

Set forth below is a summary of the fees paid for the years ended December 31, 2013 and 2012 to Crane Co. s principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates:

	2013	2012
	($ in thousands)	
Audit fees(a)	$ 4,857	$ 4,646
Audit-related fees(b)	186	285
Tax fees(c)	564	503
All other fees(d)	5	106
Total	$ 5,612	$ 5,534

(a) Audit services consisted of: (i) audit of Crane Co. s annual financial statements; (ii) reviews of Crane Co. s quarterly financial statements; (iii) Sarbanes-Oxley Act, Section 404 attestation matters; and (iv) statutory and regulatory audits, comfort letters, consents and other services related to Securities and Exchange Commission matters.

(b) Audit-related services consisted of (i) benefit plan audit fees paid by Crane Co., (ii) agreed-upon procedures reports and (iii) financial accounting and reporting consultations.

(c) Fees for tax compliance services totaled $394 and $361 in 2013 and 2012, respectively. Tax compliance services are services rendered based upon facts already in existence or transactions that have already occurred to document, compute, and obtain government approval for amounts to be included in tax filings. Fees for tax planning and advice services totaled $170 and $142 in 2013 and 2012, respectively.

(d) Fees for all other services billed consisted of fees for software licenses, and services related to inventory review procedures.

	2013	2012
Ratio of tax planning and advice fees and all other fees to audit fees, audit-related fees and tax compliance fees	3.2%	4.7%
Percentage of non-audit services approved by the Audit Committee	100%	100%

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REPORT OF AUDIT COMMITTEE

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

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

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

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

The Committee reviewed the audited financial statements of Crane Co. as of and for the year ended December 31, 2013, with management and the independent auditors. Management is responsible for the preparation, presentation and integrity of Crane Co. s financial statements, Crane Co. s internal controls and financial reporting process and the procedures designed to assure compliance with accounting standards and applicable laws and regulations. Crane Co. s independent auditors are responsible for performing an independent audit of Crane Co. s financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

Based on the above-mentioned review and discussions with the independent auditors, the Committee recommended to the Board of Directors that Crane Co. s audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the Securities and Exchange Commission.

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

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the budget must also be approved by the Committee in advance. Pursuant to this policy, the Committee reviewed and approved the budget for the audit and other services to be provided by Deloitte & Touche LLP in 2014. The Committee also approved the reappointment of Deloitte & Touche LLP to serve as independent auditors; the Board of Directors concurred in such appointment, and directed that this action be presented to shareholders for ratification.

Submitted by:

The Audit Committee of the

Board of Directors of Crane Co.

E. Thayer Bigelow, Chair

Philip R. Lochner, Jr.

Ellen McClain

Jennifer M. Pollino

Incorporation by Reference. The Audit Committee Report in this Proxy Statement shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, and shall not be deemed filed under those Acts, except to the extent that Crane Co. specifically incorporates any such matter in a filed document by reference.

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ITEM 3: ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

At the Company s 2011 Annual Meeting of Shareholders, the Company s shareholders voted on a proposal to recommend, by a non-binding vote, the frequency with which the shareholders of the Company will be asked to approve the compensation paid by the Company to its named executive officers. Based on the voting results for that proposal and its consideration of those results, the Company has determined that it will hold a non-binding advisory vote to approve the compensation paid by the Company to its named executive officers every year, until the next required shareholder vote to recommend the frequency of such votes. The Company is required to hold such frequency votes at least every six years. Accordingly, we are asking shareholders to express their opinion of the compensation of the named executive officers in 2013, as described in the pages that follow in this Proxy Statement.

We believe that the compensation of our executive officers should be:

(1) closely linked to the performance of the Company as a whole, the executive s business unit and the individual executive;

(2) aligned with the Company s annual operating plan and long-term strategic plans and objectives;

(3) attractive in the markets in which we compete for executive talent; and

(4) structured so as to reward actions in accordance with the Company s values and standards and to discourage the taking of inappropriate risks, and thereby to uphold Crane Co. s high standards of corporate governance.

The Compensation Discussion and Analysis beginning on the following page explains in detail the elements of the Company s executive compensation program and the steps taken by the Company to ensure that the program, as implemented in 2013, was aligned with these core principles. Balancing annual and long-term compensation elements, the program directly links incentive compensation for executives with increases in shareholder value, principally by means of annual cash bonuses based on achievement of performance goals set by the Committee at the beginning of the year, Performance-Based Restricted Share Units which vest in accordance with the Company s performance relative to its peers over a three-year period, stock options and time-based restricted share units that vest over a four year period. The Company believes that this system, as put into practice under the supervision of the Management Organization and Compensation Committee, is instrumental in enabling the Company to achieve superior financial performance and investor returns.

The Board strongly endorses the Company s actions in this regard, and recommends that shareholders vote **for** the following resolution:

RESOLVED, that the compensation of the named executive officers as disclosed in the Proxy Statement is approved.

Vote Required

Approval of the above resolution requires the affirmative vote of a majority of the votes cast on this question at the Annual Meeting of Shareholders by holders of shares of common stock present in person or represented by proxy and entitled to vote at the meeting. See Required Votes, page 1. In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and the related SEC rules, the resolution is non-binding and advisory; however, the Board will give due consideration to the opinion of the Company s shareholders expressed pursuant to this vote.

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section of the Proxy Statement explains how, under the guidance of our Management Organization and Compensation Committee (the Committee), our executive compensation program is designed and operated with respect to our named executive officers or NEOs , whose compensation is set forth in the Summary Compensation Table and other compensation tables contained in this Proxy Statement:

Eric C. Fast, Chief Executive Officer (retired in January 2014);

Richard A. Maue, Vice President, Finance and Chief Financial Officer;

Max E. Mitchell, President and Chief Operating Officer (elected Chief Executive Officer effective January 31, 2014);

Louis V. Pinkham, Group President-Fluid Handling;

Augustus I. duPont, Vice President, General Counsel and Secretary; and

Andrew L. Krawitt, Vice President, Treasurer (shared CFO role until January 28, 2013).

This discussion is organized into six sections:

Section	Topics Covered
Overview of 2013 And 2012	- *Financial Results* - *Impact on Compensation* - *Certain Actions for 2013 and Future Periods*
Overview of Compensation Program	- *Compensation Principles* - *Elements of Compensation* - *Compensation Consultant and Peer Group Analysis*
Cash Compensation	- *Base Salary* - *Annual Incentive Compensation* - *Annual Incentive Objectives for 2013* - *Named Executive Officers Bonuses for 2013*
Stock -Based Compensation	- *Stock Incentive Plan* - *Grants in 2013*

Other Compensation Components And Considerations	- *Retirement Benefits* - *Other Compensation* - *Stock Ownership Guidelines* - *Policies with Respect to Timing of Stock- Based Awards and Exercise Price of Stock Options* - *Policy with Respect to Hedging and Pledging of Company Stock* - *Clawback Policy* - *Impact of Internal Revenue Code Section 162 (m)* - *Change in Control Provisions*
Decision -Making Process	- *Committee s Role* - *Role of CEO and Management* - *Say-on-Pay Vote in 2013* - *Self-Assessment Process* - *Use of Tally Sheets* - *Compensation Risk Assessment*

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OVERVIEW OF 2013 AND 2012

Financial Results

The Company reported 2013 earnings per share of $3.73, compared to $3.72 per share in 2012. Included in these results as Special Items were transaction-related costs of $0.45 per share in 2013 associated with the acquisition of MEI Conlux Holdings, and a net charge of $0.03 per share in 2012 comprised of MEI transaction costs of $0.07 per share and repositioning charges of $0.29 per share, largely offset by gains on divestitures, net of tax, of $0.33 per share. Excluding Special Items in both years, 2013 earnings per share increased 12.7% to $4.18 (including $0.02 per share from MEI after the acquisition on December 11, 2013), compared to $3.70 per share in 2012. Operating margins reached a record 14.5% in 2013, a substantial improvement over 13.0% in 2012 and over 200 basis points better than the 2011 level of 12.3%. Free cash flow in 2013 was $210 million, up from $205 million in 2012 and $145 million (before the $30 million discretionary pension contribution) in 2011.

In 2013, Crane again increased its quarterly cash dividend, from $.28 to $.30 per share, or 7%, reflecting the strength in earnings and our balanced capital deployment strategy.

The Company s stock price performed very strongly in 2013, as our total shareholder return exceeded both the S&P 500 Index and the median return of the companies in the S&P MidCap 400 Capital Goods Group on both a one year and three year basis, as shown in the chart below.

As a consequence of the Company s strong stock performance over the three year period 2011-2013, the performance-based restricted share units granted to the named executive officers and 12 other senior executives in January 2011 vested above the target grant values. The Company s total shareholder return ranked at the 62nd percentile of the S&P Mid Cap 400 Capital Goods Group, resulting in a payout of 144% of the target PRSU shares which, when combined with the higher stock price at the end of the three year performance period, resulted in total earned value of 210% of the target award value on the date of grant.

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Impact on Compensation

It is important to note that the compensation described in this CD&A and the Summary Compensation Table is set by the Committee in January and February of the year for which the compensation is paid, except in the case of new hires and promotions. Base salary is set each year in January and paid throughout the year. Target cash bonuses under the annual incentive plan, along with related threshold and maximum values, are set in February and then paid the following February after full year financial results are determined. Stock-based compensation is granted in January each year based on performance of the individual during the previous year and as an incentive for performance during future years, and the value of such compensation that is realized by the executive is affected significantly by the subsequent performance of the Company s stock. Accordingly, in reviewing the compensation of our NEOs presented for 2013, shareholders and investors are advised that the annual cash bonus relates to performance in 2013 while the reported stock-based compensation relates to performance in 2012, acknowledging the long-term incentive nature, and variability of actual realized value, of the stock-based compensation.

Annual Bonus

Under the Annual Incentive Plan, the Committee sets target bonuses in January for corporate executives that are based 75% on earnings per share and 25% on free cash flow. The goals for earnings per share and free cash flow are set at the midpoint of the Company s guidance communicated to investors in January for the year ahead. Both the earnings per share and free cash flow targets are set in a range between a low end where the payment is zero and a high end where the payment is a maximum of 200% of the target bonus. For business unit executives, the annual bonus is based on performance of the business unit: operating profit (70% of target bonus) and cash flow from operations (30% of target bonus). See the graphs presented under Annual Incentive Objectives for 2013 on page 26 for an illustration of the corporate bonus framework under the Annual Incentive Plan.

The annual cash bonus goals for corporate executives in 2013 were based 75% on earnings per share using a target of $4.20 (100% payout) and a range from $3.36 (zero payout) to $5.04 (200% payout), and 25% on free cash flow with a target of $205 million (100% payout) and a range from $144 million (zero payout) to $267 million (200% payout). Actual performance reported for the year, excluding Special Items and earnings from MEI, was $4.16 EPS and free cash flow of $224.5 million, resulting in bonuses that were 104% of target and generally at the same level as for 2012. Mr. Fast received a bonus of $1,247,885 for 2013, compared to $1,245,305 for 2012.

The annual cash bonus goals for corporate executives in 2012 were based 75% on earnings per share using a target of $3.85 (100% payout) and a range from $3.08 (zero payout) to $4.62 (200% payout) and 25% on free cash flow with a target of $172 million (100% payout) and a range from $120.4 million (zero payout) to $223.6 million (200% payout). Actual performance for the year was $3.72 EPS and free cash flow of $205 million, resulting in bonuses that were 104% of target and generally were down approximately 40% from 2011. Mr. Fast received a bonus of $1,245,305 for 2012, compared to $1,962,400 for 2011.

Stock-Based Compensation

Under the Stock Incentive Plan, the Committee grants a mix of stock options, performance-based restricted share units (PRSUs) and time-based restricted share units (TRSUs). For the Chief Executive Officer, the mix is 60% PRSUs and 40% stock options. For other named executive officers and approximately 12 other senior leadership executives, the mix is 50% PRSUs, 35% stock options and 15% TRSUs. Grants to other key employees consist of TRSUs and, for those in senior positions, stock options.

Long-term incentive grants of stock options, PRSUs and TRSUs for 2012 were made by the Committee in January 2012 based upon competitive compensation data compiled by AON Hewitt, the independent compensation consultant then advising the Committee. In recognition of the Company s strong performance in 2011, the Committee sized these grants between the 50th and 75th percentiles of the competitive data depending on the assessment of individual performance during the previous year. The Committee gave very high marks to Mr. Fast for his executive leadership in 2010 and 2011 and granted him 175,500 stock options and 45,248 PRSUs with an aggregate value of $4.8 million commensurate with the 75th percentile of the competitive data.

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The long-term incentive grants for 2013 were made by the Committee in January 2013 by reference to competitive compensation data compiled by Frederic W. Cook & Co., Inc. (Cook & Co.), the independent compensation consultant engaged by the Committee during 2012 and continuing to advise the Committee. Reflecting the continued strong performance of the Company in 2012, the Committee again sized these grants between the 50th and 75th percentiles of the competitive data, and based upon its assessment of Mr. Fast s continuing strong leadership the Committee granted him 153,318 stock options and 57,674 PRSUs with an aggregate value of $4.6 million commensurate with the 75th percentile of the competitive data.

The table below sets forth, for each of our named executive officers, annual incentive bonus paid in cash for performance in 2012 and 2013 and the number of shares and dollar value of stock options and performance-based RSUs and total stock-based compensation granted in January 2012 and 2013. The 2013 grants also included time-based RSUs for NEOs other than Mr. Fast.

NEO	Annual Incentive Cash Bonus	Long-Term Incentive						
		Options		PRSUs		TRSUs		LTI Total
		#	$	#	$	#	$	
E. C. Fast								
2012	$ 1,245,305	175,500	2,669,355	45,248	2,129,823			$ 4,799,178
2013	$ 1,247,885	153,318	1,842,884	57,674	2,764,327			$ 4,607,211
R. A. Maue								
2012	$ 311,326	23,000	349,830	5,029	236,715			$ 586,545
2013	$ 436,760	17,471	210,000	6,259	300,000	1,852	90,000	$ 600,000
M. H. Mitchell								
2012	$ 581,142	50,000	760,500	10,932	514,569			$ 1,275,069
2013	$ 592,745	40,765	490,000	14,605	700,000	4,322	210,000	1,400,000
L. V. Pinkham*								
2012	$ 202,800	20,000	240,000			12,000	497,040	$ 737,040
2013	$ 333,778	17,471	210,000	6,259	300,000	1,852	90,000	$ 600,000
A. I. duPont								
2012	$ 311,326	23,000	349,830	5,029	236,715			$ 586,545
2013	$ 357,727	16,396	197,079	5,874	281,542	1,738	84,462	$ 563,083
A. L. Krawitt**								
2012	$ 269,816	18,000	273,780	3,936	158,268			$ 432,048
2013	$ 108,334							$

* Mr. Pinkham joined the Company on October 15, 2012. The long-term equity incentive grants to Mr. Pinkham were made on October 27, 2012 at the first Board meeting after his hire date. The 2012 bonus for Mr. Pinkham was comprised of $172,800 guaranteed on hire and an additional $30,000 discretionary amount in recognition of his strong and effective start as President of the Fluid Handling Group.

** Mr. Krawitt resigned from the Company on June 4, 2013. His bonus for 2013 is a prorated amount based on his target bonus for 2013. No long-term incentive grants were made to Mr. Krawitt in 2013 in view of his stated intention to leave the Company during the year.

See Cash Compensation and Stock-Based Compensation below for a more detailed discussion about the incentive compensation decisions for 2013.

Certain Actions for 2013 and Future Periods

Recognizing an uncertain economic outlook in 2013, we took a number of actions to improve profitability, including several that directly impact compensation of our NEOs and other senior managers. In addition, we made several structural changes in our executive compensation program to further enhance the linkage between pay and performance.

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Compensation Actions

There were no salary increases in 2013 for corporate employees at the director level and above, including all of our NEOs, excluding increases relating to promotions. Mr. Fast s annual base salary of $980,000 had been unchanged since 2011.

Long-term equity incentive grants in January 2013 were lower than the previous year, down 4% for Mr. Fast and the other NEOs, excluding increases relating to promotions.

Effective December 31, 2012, we froze all further benefit accruals under our U.S. defined benefit pension plan, in which Messrs. Fast, Mitchell and duPont and several other executive officers are covered participants. Effective January 1, 2013, these executive officers and approximately 1,100 other employees are covered by the defined contribution retirement benefit of 2% of covered compensation adopted in 2006 for employees hired after 2005, which increases to 3% of covered compensation in 2014, subject to applicable IRS limitations.

Structural Changes

In January 2013, we changed the mix of long-term equity components for executive officers from 60% stock options and 40% PRSUs to 60% PRSUs and 40% stock options for the CEO, and for other executive officers to 50% PRSUs, 35% stock options and 15% TRSUs. Thus, 50% or more of the long-term equity compensation for our NEOs is performance-based even if stock options granted at fair market value and TRSUs are not considered to be performance-based.

With the January 2013 grants, we changed the conditions for vesting of RSUs in the event of a change in control from single trigger to double trigger (i.e., vesting is accelerated after a change in control only if employment is terminated, involuntarily or for Good Reason, within two years after the change in control). This conforms to the vesting conditions of the Company s stock options.

Effective January 1, 2013, seven executive officers, including Mr. Fast and all other NEOs with similar agreements, voluntarily agreed to modify their change-in-control agreements to the updated form approved by the Committee for new executive officers beginning in 2010, eliminating the modified single trigger and excise tax gross-up provisions of these long-standing agreements.

Effective January 1, 2013, we changed the Company s policy on personal use of the corporate aircraft by the CEO to provide a cap of $100,000 on unreimbursed aggregate incremental cost.

OVERVIEW OF COMPENSATION PROGRAM

Compensation Principles

We believe that compensation should be directly linked to performance and highly correlated to shareholder value. The principles that guide us as we make decisions involving executive compensation are that compensation should be:

based on (i) overall performance of the Company, (ii) performance of the executive s business unit, as applicable, and (iii) individual performance of the executive;

aligned with the annual operating plan and longer term strategic plans and objectives to drive achievement of those plans and build sustainable value for shareholders;

competitive given relevant and appropriate market conditions in order to attract and retain highly-qualified executives; and

consistent with high standards of corporate governance and designed not to encourage executives to take risks that are reasonably likely to have a material adverse effect on the Company or to behave in ways that are inconsistent with the Company s values and standards of behavior.

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We also believe that it is important for our NEOs and other executives to have an ongoing long-term investment in the Company as outlined below under Stock Ownership Guidelines .

We design our performance-based incentive compensation so that variation in performance will result in meaningful variation in the earned compensation paid to our NEOs and other key executives. Thus, actual compensation amounts will vary above or below targeted levels depending on performance of the Company and/or business unit and achievement of individual performance goals.

The principal performance measures selected by the Committee to drive annual incentive compensation are, for the Chief Executive Officer and other corporate executives including our other NEOs in 2013 (other than Mr. Pinkham), earnings per share and free cash flow (cash provided by operating activities less capital spending) for the Company as a whole and, for business unit executives (such as Mr. Pinkham), operating profit and cash flow from operations for their respective business units, the operations for which they are responsible. For our performance-based RSUs, the performance measure is total shareholder return for the Company over a three year period relative to the S&P Midcap 400 Capital Goods Group. These performance criteria were chosen for the variable incentive plans because they focus our executive officers on the Company s long-term strategic goal of driving profitable growth in our businesses, both organically and through acquisitions, which we believe will increase shareholder value.

Elements of Compensation

The following table summarizes the major elements of our executive officer compensation program.

Compensation Element	Objectives	Key Characteristics
Base Salary	To provide a fixed amount for performing the duties and responsibilities of the position	Determined based on overall performance, level of responsibility, competitive compensation data and comparison to other Company executives
Annual Incentive Plan	To motivate executive officers to achieve individual, business unit and Company-wide performance goals	Payment based on achievement of target individual, business unit and Company-wide performance goals
Stock Options	To attract and retain executive officers and align their interests with shareholder interests	Grants based on position, responsibility and individual performance Grants vest ratably over four years Value realized dependent on Company stock price performance
Performance-Based Restricted Share Units (PRSUs)	To motivate executive officers to drive profitable growth	Awards based on relative total shareholder return Earned shares vest upon conclusion of the three year performance period Value realized dependent on Company stock price performance
Time-Based Restricted Share Units (TRSUs)	To retain executive officers and drive profitable growth	Vest ratably over four years Value realized dependent on Company stock price performance

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The mix of total direct compensation (base salary, annual incentive awards and long-term incentive awards) for 2013 was structured to deliver the following approximate proportions of total compensation to our Chief Executive Officer and the other NEOs (on average) if Company and individual target levels of performance are achieved. The chart below does not include compensation for Mr. Krawitt as he had indicated his intention to leave the Company during 2013.

For annual bonus and long-term stock-based compensation, the Committee calibrates award values for targeted performance by reference to the 50th percentile of competitive peer company compensation, subject to some variability as target bonus participation percentages, stock option grants and PRSU/TRSU awards may be comparable for certain executives whose salaries are differentiated. In addition, the Committee may determine to increase or decrease long-term stock-based compensation based on Company and/or individual performance during the previous year, the Company s stock price relative to historical stock price trends, availability of shares in the Company s Stock Incentive Plan and other factors.

Compensation Consultant and Peer Group Analysis

During 2012, the Committee decided to change its independent compensation consultant and engaged the firm of Cook & Co. Cook & Co. reviewed the Company s executive compensation program and made several suggestions for changes to existing practices, including augmenting the compensation peer group to bring the median of certain size-related metrics closer to the Company. After screening mid-cap industrial companies for alignment with the Company s business segments and complexity of operations, Cook & Co. proposed, and the Committee approved, the addition of four companies to the compensation peer group (Actuant Corporation, Gardner Denver, Inc., ITT Corporation and Woodward, Inc.), the general effect of which was to reduce the median target total direct compensation of the peer group for the CEO by about 10 percent. The resulting 18 company peer group was used by Cook & Co. to develop comparative compensation data for the Committee in setting 2013 compensation targets.

Current Compensation Peer Group

Actuant Corporation	Ametek, Inc.	Carlisle Companies Incorporated
Curtiss Wright Corporation	Dover Corporation	Esterline Technologies Incorporated
Flowserve Corporation	Gardner Denver, Inc.*	Harsco Corporation
IDEX Corporation	ITT Corporation	Pall Corporation
Pentair, Inc.	Roper Industries, Inc.	SPX Corporation
Teledyne Technologies Incorporated	Trinity Industries, Inc.	Woodward, Inc.

* Gardner Denver, Inc. was acquired during 2013 but its pre-acquisition compensation data was included in competitive analysis by Cook & Co.

The Company s comparator group for PRSUs granted in 2013 is the S&P Midcap 400 Capital Goods Group, consisting of approximately 40 companies and including nine of the companies in our compensation peer group. The Committee selected the larger comparator group for PRSU purposes based on the view (with which Cook & Co. concurs) that a larger group is appropriate for measuring relative TSR over a three year period because it is

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less likely to be meaningfully affected by the loss of constituent companies during the period. In addition, the S&P Midcap 400 Capital Goods Group is a regularly published listing with all the necessary data to make the required calculations.

The Committee s independent compensation consultant provides the Committee with comparative compensation data on the peer companies from publicly available sources and, in addition, comparative compensation data compiled from a broad group of general industry companies with revenues ranging from $1.0 billion to $5.0 billion, appropriately size-adjusted to determine market values for companies of comparable size to the Company. This data includes base salary, target bonus opportunity and stock-based incentive compensation for the named executive officers. The Committee uses this comparative data during its review of salaries, annual cash incentive compensation and aggregate stock option and RSU grant values for Mr. Fast and the other NEOs, with the view that base salary should generally be at approximately the 50th percentile of the peer group and target award values of cash incentive compensation and stock-based compensation should be calibrated by reference to the 50th percentile of the peer group for targeted performance, with significant upside potential for performance that exceeds target and lesser (or zero) payouts if performance is below target. As noted above, the Committee may use its judgment and discretion to vary the award values, based on Company and individual performance during the previous year, historical stock price trends and other factors.

CASH COMPENSATION

Base Salary

Base salaries are a fixed amount paid to each executive for performing his or her normal duties and responsibilities. We determine the amount at the date of hire based on competitive market data, current salary levels within the Company and the bargaining process needed to attract the particular executive. We review and determine the amount annually based on the executive s overall performance, level of responsibility, competitive compensation data and comparison to other Company executives. As noted above, due to the uncertain economic outlook going into 2013, there were no increases in base salary for the named executive officers in 2013.

Annual Incentive Compensation

We paid our named executive officers cash bonuses for 2013 based on the attainment of Company-wide performance goals established at the beginning of the year and an assessment of individual performance conducted at the end of the year.

For the senior executive group at the corporate level, we established a target bonus pool as to which each executive has a participation percentage that may vary over a modest range depending on individual performance. The target bonus for the CEO and other corporate NEOs was based on the 50th percentile of competitive compensation data provided by Cook & Co., and the corporate bonus pool was sized by a fixed 30% participation for the CEO. For business unit executives, target bonuses are set as a percentage of salary commensurate with the 50th percentile of competitive compensation data.

Early in the year, the Committee establishes and approves the annual target bonus objectives and award opportunities for each of our named executive officers, subject to review and approval by the Board in the case of the objectives for the corporate pool in which the Chief Executive Officer participates. In making these determinations, the Committee considers a variety of factors including financial elements of the annual operating plan, comparison to prior year results, the general business outlook for the coming year and the opinions of analysts who follow the Company and our diversified industrial manufacturing peers. In addition, the Committee established a principle that the goal for earnings per share should be at least 10 percent higher than earnings per share for the prior year. Our Chief Executive Officer and other officers participate in the discussions regarding annual incentive objectives so they can provide their input and understand the expectations of each incentive plan component. Each participating executive receives a confirmation of his or her annual bonus objectives and payout range after it has been approved by the Committee. Annual incentive plan objectives are not modified during the year, although the Committee may determine to exclude certain special items impacting earnings per share or free cash flow, either known at the beginning of the year or occurring during the year.

The Committee reviews the performance results for the Annual Incentive Plan, including Company and business unit results and individual performance, at its regularly scheduled January meeting, which is generally

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the first meeting following the end of the Company s fiscal year. Based on this review, the Committee determines and approves the annual cash bonuses for each of our executive officers.

Annual Incentive Objectives for 2013

Performance metrics for 2013 consisted of earnings per share and free cash flow (cash provided by operating activities less capital spending), weighted 75% / 25% respectively, for the Chief Executive Officer and other corporate executives, and business unit or group operating profit (70% of the target award) and cash flow from operations (30% of the target award) for group presidents and other executives of the Company s business units. In addition to the targeted performance goals, for each performance metric, the Committee set minimum threshold and maximum cap values, so that actual payouts could range from 0% to 200% of the target award amounts. The weighting of these metrics, the same as in 2012, was designed for profitable growth as the primary objective but with a significant ancillary objective in maintaining a strong and efficient balance sheet and liquidity.

Both earnings per share and free cash flow in 2013 were impacted by the acquisition of MEI, which at $804 million was the largest in the Company s history and took 12 months to complete including substantial costs incurred to resolve competition issues raised by the European Commission. The Committee determined to exclude the impact of these costs for purposes of the annual incentive bonuses for 2013 because they are outside of the ongoing operations of the Company.

For earnings per share, the Committee established a target of $4.20 to drive profitable growth of at least 12% over 2012 earnings per share of $3.72. The Committee also established a payout range for earnings per share from $3.36 (0% payout) to $5.04 (200% payout). Earnings per share in 2013, excluding Special Items relating to the MEI acquisition, were $4.16, resulting in a 94.8% payout for this metric.

For free cash flow, the Committee established a target of $205 million, a 30% increase over 2012, to focus management on maintaining a strong balance sheet and efficient capital structure. For this performance metric, the Committee established a payout range from $144 million (0% payout) to $267 million (200% payout). Free cash flow in 2013, excluding Special Items relating to the MEI acquisition, was $224.5 million, resulting in a 131.7% payout for this metric.

The combined payout weighting EPS 75% and free cash flow 25% was 104% of target.

The graphs below show the performance targets and related ranges set by the Committee in February 2013 and the actual performance in 2012 and 2013 for the corporate financial metrics applicable under the Annual Incentive Plan.

Crane Co. Earnings Per Share

(75% of Target Bonus for Mr. Fast and Corporate NEOs)

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Crane Co. Free Cash Flow

(25% of Target Bonus for Mr. Fast and Corporate NEOs)

For our Group Presidents and other operations executives, the performance targets for 2013 were operating profit (70% of target bonus) and cash flow from operations (30% of target bonus). For Mr. Pinkham, these targets were based on the results of the Fluid Handling Group, for which he was Group President in 2013.

The performance metrics approved by the Committee for Mr. Pinkham were operating profit of the Fluid Handling Group, with a target of $195 million (100% payout) and a payout range from $156.5 million (0% payout) to $235.4 million (200% payout), and cash flow from operations of the Fluid Handling Group, with a target of $119.2 million (100% payout) and a payout range from $94.8 million (0% payout) to $144.7 million (200% payout).

Named Executive Officers Bonuses for 2013

In January 2014, the Committee reviewed management s reports on the performance of the Company, the relevant business units and the individual named executive officers in 2013 against the relevant bonus objectives. In considering Company performance, the Committee excluded from earnings per share and free cash flow the transaction-related costs associated with the acquisition of MEI Conlux Holdings, including earnings from MEI after the date of acquisition, in accordance with the Committee s long-standing practice of excluding the effects of acquisitions in the year of acquisition. The resulting calculations resulted in a corporate bonus pool of $4,159,616, of which 30% was awarded to our CEO based on the participation percentage set in February 2013. Regarding performance of NEOs and executive officers other than the CEO, the Committee considered the evaluations and recommendations of the CEO and approved payout participation percentages for such executives. The approved cash bonuses for our NEOs for 2013 are as follows:

Corporate Bonus Pool for 2013

Objective	Weight	Bonus Pool at Target	Target	Actual	Bonus Pool for Payout	Payout as a % of Target
Earnings per share	75%	$ 3,000,000	$ 4.20	$ 4.16	$ 2,842,662	94.8%
Free cash flow	25%	$ 1,000,000	$ 205M	$ 224.5M	$ 1,316,954	131.7%
Total		$ 4,000,000			$ 4,159,616	104.0%

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Named Executive Officer	Payout Participation Percentage	Bonus Paid
E.C. Fast	30%	$ 1,247,885
R.A. Maue	10.5%	$ 436,760
M.H. Mitchell	14.25%	$ 592,745
A.I. duPont	8.6%	$ 357,727
A. L. Krawitt (target bonus prorated to June 4, 2013)	NA	$ 108,334

Bonuses for Operations NEOs in 2013

Based on the performance targets described above and actual results achieved in 2013 for the Fluid Handling Group, Mr. Pinkham received a bonus of $283,778 representing a 96.5% payout of the target bonus of $294,000. In addition, Mr. Pinkham received a bonus of $50,000 in recognition of his additional duties as acting President of the ChemPharma and Energy business within the Fluid Handling Group since April 2013, doubling the number of his direct reports from 11 to 21. The ChemPharma and Energy business achieved a 128% payout on its performance targets of operating profit and cash flow from operations.

STOCK-BASED COMPENSATION

Stock Incentive Plan

The Stock Incentive Plan is used to provide long-term incentive compensation through stock options and performance-based restricted share units, as well as retention of certain employees through time-based restricted share units. We believe that employees 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 are subject to vesting terms as established by the Committee (generally 25% per year over four years). Accordingly, employees 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 our key employees are motivated to take actions that improve the share price, such as profitable sales growth through organic growth as well as acquisitions, improvement in operating margins to generate increased operating profit and drive higher multiple valuations and prudent use of free cash flow through capital expenditures, dividends, acquisitions and stock repurchases.

The Stock Incentive Plan also authorizes the Board of Directors, acting through the Committee, to grant restricted share units, or RSUs, subject to such terms and conditions as the Committee may deem appropriate. Beginning in 2011, the Committee has granted performance-based RSUs (PRSUs) with three year performance vesting conditions based on relative total shareholder return as described below, thus directly linking this form of stock-based compensation to returns received by our shareholders relative to our industrial peer companies. The Committee also grants time-based restricted share units (TRSUs) to highly regarded employees for retention purposes.

In determining the size of the stock option and RSU grants in January 2013, the Committee considered the peer group data compiled by Cook & Co., our historical grant practices including the number of shares, the fair market value of the stock and, for stock options, Black-Scholes values.

Grants in 2013

The vesting of PRSUs awarded to members of the senior management team in January 2013 is based on a relative measurement of total shareholder return (share price appreciation plus reinvested dividends), or TSR, for Crane Co. over the three year period January 1, 2013 through December 31, 2015 (with the share price for such purpose being defined as the average of the closing prices for the last 20 trading days in 2012 and 2015, respectively) compared to TSRs of the other companies in the S&P Midcap 400 Capital Goods Group (approximately 40 companies, including nine of the companies in our peer group for compensation purposes).

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The Committee selected the larger comparator group for PRSU purposes based on the view (with which Cook & Co. concurs) that a larger group is appropriate for measuring relative TSR over a three year period because it is less likely to be meaningfully affected by the loss of constituent companies during the period. Vesting of the PRSUs as shares of Crane Co. common stock will be determined by the following formula:

Crane Co. TSR Relative to S&P Midcap 400 Capital Goods Group	PRSU Vesting
Less than 35th percentile	0%
35th percentile	50%
50th percentile	100%
70th percentile or greater	175%

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

The PRSUs granted in January 2013 to the named executive officers in the Summary Compensation Table on page 36 are as follows: Mr. Fast, 57,674; Mr. Maue, 6,259; Mr. Mitchell, 14,605; Mr. Pinkham, 6,259; and Mr. duPont, 5,874. Such grants constituted approximately 60% of the stock-based incentive compensation awarded to Mr. Fast and 50% to each other executive officer. No grants were made to Mr. Krawitt in view of his stated intention to leave the Company during 2013.

In January 2013 the Committee also granted stock options to the named executive officers, with the customary vesting of 25% per year over four years and a six year term, as follows: Mr. Fast, 153,318; Mr. Maue, 17,471; Mr. Mitchell, 40,765; Mr. Pinkham, 17,471; Mr. duPont, 16,396. Such grants constituted approximately 40% of the stock-based incentive compensation to Mr. Fast and 35% to each other executive officer.

In addition, the Committee granted time-based restricted share units (TRSUs) vesting 25% per year over four years to the following named executive officers in January 2013: Mr. Maue, 1,852; Mr. Mitchell, 4,322; Mr. Pinkham, 1,852; and Mr. duPont, 1,738. Such grants constituted approximately 15% of the stock-based incentive compensation to each such executive officer.

OTHER COMPENSATION COMPONENTS AND CONSIDERATIONS

Retirement Benefits

The NEOs other than Messrs. Maue, Pinkham and Krawitt have accrued retirement benefits under the Company s defined benefit pension plan, which was closed to employees hired after 2005 and then frozen with no further benefit accruals effective December 31, 2012. Messrs. Maue, Pinkham and Krawitt, and the other NEOs beginning in 2013, participate in a defined contribution retirement plan under which the Company contributes 2% of salary and bonus annually (increasing to 3% in 2014), subject to the limitations on contributions to tax-qualified retirement plans under applicable federal tax regulations.

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

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

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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 grants of such Retirement Shares that have vested at or prior to the date of retirement is deducted in determining the benefit payable under the Benefit Equalization Plan. Benefits accrued under this plan are not funded or set aside in any manner. In the event of retirement at age 62 with 10 years of service, a participating executive would be eligible to receive benefits under that plan without the reduction factor set forth in the Company s tax-qualified pension plan of three percent per year prior to age 65. The executives with defined benefit accounts in this plan are Mr. Fast, Mr. Mitchell and Mr. duPont and two other executive officers. This plan was also frozen as to defined benefit accruals effective December 31, 2012. Effective January 1, 2013, the Benefit Equalization Plan was amended to cover participants benefits under the defined contribution retirement plan referenced above, and the Committee extended the participation in this Plan to 21 senior executives, including all of the named executive officers.

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 footnotes 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 only provided to certain key employees (including the named executive officers), 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. Since 2004, our Chief Executive Officer, Mr. Fast, had an agreement with Crane Co. as described under the caption Other Agreements and Information on page 49 pursuant to which he reimbursed the Company for a portion of the costs of such personal use based upon U.S. Treasury regulations establishing the fair market value of such personal use for tax purposes, and the net incremental cost to Crane Co. above the reimbursed amount is included in the All Other Compensation column of the Summary Compensation Table. The agreement with Mr. Fast was amended in January 2013 to provide that he is not required to reimburse the Company for personal use until the aggregate incremental cost reaches $100,000, and thereafter is required to reimburse the Company for all incremental cost incurred above that amount. Under applicable Treasury regulations, Crane 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 2013, the disallowed deduction was approximately $1.0 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. With the retirement of Mr. Fast and the election of Mr. Mitchell as President and Chief Executive Officer on January 31, 2014, the Company entered into an agreement with Mr. Mitchell permitting personal use of the Company aircraft on the same terms described for Mr. Fast. The agreement with Mr. Fast terminated upon his retirement. For more information regarding the use of the Company aircraft, see the section captioned Use of Company Aircraft on page 49.

In connection with Mr. Fast s retirement effective January 31, 2014, the Company agreed to provide him for three years with secretarial services by an administrative assistant at the Company s executive office. Such services are expected to be approximately 35 hours per week for the first several months and are expected to decrease somewhat thereafter.

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Stock Ownership Guidelines

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

Salary Range	NEO	Minimum Ownership Level
Above $500,000	Fast, Mitchell	5 x Base Salary
$300,001 $500,000	Maue, Pinkham, duPont	4 x Base Salary
$175,001 $300,000	Krawitt	3 x Base Salary
$125,001 $175,000		2 x Base Salary

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) the after-tax value (65%) of TRSUs held by the executive. Neither unearned PRSUs nor unexercised stock options count for purposes of the guideline. 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 pay the exercise price and satisfy tax withholding obligations), while retaining at least 50% of such net shares in order to meet the stock ownership guidelines. Once such guidelines are met, the policy permits executives to sell any shares held above the required ownership guidelines. As of February 28, 2014 all of the NEOs either held the requisite number of shares or were complying with the retention ratio for option exercises and RSU vestings in accordance with the guidelines.

Policies with Respect to Timing of Stock-Based Awards and Exercise Price of Stock Options

Annual grants of stock options and RSUs to executive officers are made at the Committee s regular January meeting. The Committee also grants stock options and RSUs at other dates to newly hired or promoted executives. The exercise price of stock options under the Stock Incentive Plan is equal to the fair market value at the date of grant, determined on the basis of the closing price on the date of grant.

Policy with Respect to Hedging and Pledging of Company Stock

In May 2012, the Board adopted a policy prohibiting any director or executive officer of the Company from (1) entering into any hedging or other transaction to limit the risk of ownership of Company stock and (2) pledging Company stock to secure any loan or advance of credit. During 2013, none of our directors and executive officers engaged in any such transactions.

Clawback Policy

Under the Company s clawback policy, the Company may recoup from the Chief Executive Officer, the Chief Financial Officer, the General Counsel, and other executive officers (including all the named executive officers) the annual incentive bonuses and amounts realized from stock option exercises and vesting of RSUs and PRSUs based upon financial statements that are subsequently restated, as a result of fraud or similar misconduct by such executives. The Committee administers this policy and has the discretion to determine when it is to be applied, to whom and to which compensation. The Committee intends to review this policy when the regulations of the Securities and Exchange Commission implementing the provisions of the Dodd-Frank Act relating to clawback and the rules of the New York Stock Exchange thereunder are effective.

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 our Chief Executive Officer and our three other most highly compensated executive officers employed at the end of the year (other than our Chief Financial Officer) unless the compensation meets certain specific requirements. The Annual Incentive Plan is intended to constitute a performance-based plan 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 as well as the PRSUs granted to the Chief Executive Officer and senior management team beginning in 2011 meet the requirements of Section 162(m) for deductibility. TRSUs do not satisfy the performance-based criteria of Section 162(m), and accordingly compensation

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expense in respect of income recognized by the executive officer upon lapse of the restrictions may not be deductible for certain executive officers 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 2013, approximately $2.4 million of compensation received by Mr. Fast, principally due to the vesting of restricted stock and TRSUs granted in previous years, was not deductible under Section 162(m). The Committee uses, where practical, compensation policies and practices intended to preserve the tax deductibility of executive compensation. The Committee, however, may approve payment of non-deductible compensation from time to time if the Committee determines that doing so would be in the Company s best interest.

Change in Control Provisions

Each of the Company s executive officers has an agreement which, in the event of a change in control of Crane Co., provides for continued employment for a period of three years or until normal retirement following the change in control. Upon termination within such employment period after a change in control, either by the employer without cause or by the executive with Good Reason for constructive termination, 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 annual incentive plans, stock options and restricted stock and RSUs contain similar features which accelerate vesting in the event of termination following a change in control. The change in control agreements do not provide for any tax gross-ups, and instead cap the payments to the employee to the extent that such payments together with accelerated vesting of stock options, restricted stock and RSUs would trigger any excise tax under section 4999 of the Internal Revenue Code resulting from such payments (and if capping the payments provides the employee with a larger after-tax payment).

As set forth below under Potential Payments upon Termination or Change in Control, the aggregate payments to the named executive officers under the change in control agreements, including the estimated value of continuation for three years (or until normal retirement age) of the individual s medical coverage and other benefits, would range from $2,652,781 for Mr. Pinkham to $9,597,054 for Mr. Fast. 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.

DECISION -MAKING PROCESS

Committee s Role

The Committee is responsible for oversight of our executive compensation program. With respect to the compensation of our Chief Executive Officer, the Committee determines his compensation, subject to review by the Board of Directors. With respect to our other executive officers, the Committee determines their compensation after reviewing the recommendations of the Chief Executive Officer. The Committee administers the Annual Incentive Plan, reviewing and setting the performance targets for the CEO and other corporate officers subject to review by the Board of Directors, setting performance targets for all other participants after reviewing the recommendations of the Chief Executive Officer and reviewing and approving the annual bonuses based upon actual performance. The annual bonus calculations are also reviewed by our independent auditors. The Committee also administers the Stock Incentive Plan and approves all grants of stock options and restricted share units.

The Committee is assisted in these responsibilities by its independent compensation consultant, Cook & Co. Although Crane Co. pays the fees and expenses of Cook & Co., the firm is retained by the Committee. Cook & Co. does not perform any other compensation related services for Crane Co. The Committee reviews the independence of Cook & Co. each year and has concluded that its work for the Committee has not raised any conflict of interest.

Role of CEO and Management

The Chief Executive Officer and certain other senior corporate officers play an important role in supporting the Committee in the discharge of its responsibilities. Management maintains records and provides historical compensation data to the Committee and Cook & Co., as well as the annual operating plan and the actual performance results from which annual bonuses are determined. The Chief Executive Officer, together with other

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senior corporate officers, presents recommendations to the Committee regarding performance targets under the Annual Incentive Plan and long-term equity incentives under the Stock Incentive Plan. The Chief Executive Officer and other officers participate in the discussions regarding annual and long-term incentive objectives so they can provide their input and understand the expectations of each incentive plan component.

Say-on-Pay Vote in 2013

In accordance with the Dodd-Frank Act and related rules adopted by the Securities and Exchange Commission, we presented a Say-on-Pay item to shareholders in 2013, which called for an advisory, non-binding vote regarding the compensation of our named executive officers in 2012 as described in the proxy statement. On this item, 95% of the votes cast were in favor of the resolution. In light of strong shareholder support, the Committee concluded that no revisions were necessary to our executive officer compensation program in direct response to the vote.

Self-Assessment Process

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

The principal conclusions of this assessment process for 2012 (which shaped the Committee s compensation decisions in January and February 2013) were (1) Mr. Fast did a very good job leading the Company to record results in 2012 despite more difficult economic conditions, but the Committee also noted that these results fell short of expectations, which was reflected in relatively weak stock price performance, (2) strong leadership in taking actions to improve profitability further in 2013, (3) significant strengthening of the management team including steady progress with succession planning, and (4) excellent execution in reaching agreement for the acquisition of MEI and communicating the strategic rationale to investors. The Committee took these observations into account, along with the competitive data supplied by Cook & Co., in approving Mr. Fast s 30% share of the corporate bonus pool for 2012 under the Annual Incentive Plan, and in determining Mr. Fast s stock-based incentive compensation grants made in January 2013.

With the planned CEO transition coming in January 2014, the 2013 assessment process began with a joint CEO self-assessment by Mr. Fast and Mr. Mitchell setting forth a review of 2013 performance and goals and objectives for 2014. After review with the Board, the observations of the Committee (which shaped the Committee s compensation decisions in January 2014) were as follows: (1) relatively strong earnings growth of 12% in a tough global environment, noting underperformance by certain businesses; (2) a well-managed CEO transition including acceptance by investors; (3) successful closing of the very important acquisition of MEI after satisfying requirements of the European Commission; and (4) filling key leadership positions, including smooth transition for the CFO role. The Committee took these observations into account, along with the competitive data supplied by Cook & Co., in approving Mr. Fast s 30% share and Mr. Mitchell s 14.25% share of the corporate bonus pool for 2013 under the Annual Incentive Plan, and in determining Mr. Mitchell s stock-based incentive compensation grants made in January 2014.

A similar process is followed for each of the Company s other NEOs except that it is the Chief Executive Officer who reviews the self-assessment by such executive officer and provides the conclusions and findings that help guide the compensation decisions affecting such officer; for the other NEOs, annual incentive compensation, though largely formula-based, is adjusted and set by the CEO, subject to review and approval by the Committee, based on assessment of individual performance.

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Use of Tally Sheets

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

Compensation Risk Assessment

The Committee has established a process for assessing the potential that our compensation plans and practices may encourage our executives to take risks that are reasonably likely to have a material adverse effect on the Company. A senior management team led by the Vice President-Human Resources conducts a review of the operation and effect of our compensation plans and practices which is presented to the Committee for discussion at its February meeting. With the assistance of Cook & Co., the Committee concluded that our compensation plans and practices do not encourage excessive or unnecessary risk-taking for the following reasons:

- Our incentive plans have a mix of performance measures, including Company-wide and business unit financial measures, operational measures and individual objectives.
- Our compensation programs contain a balance of annual and long-term incentive opportunities.
- We cap incentive plan payouts within a reasonable range.
- The range of payouts from threshold to maximum payout (performance slope) under our annual incentive plan and performance-based restricted share units is calibrated for an appropriate risk profile.
- Our stock ownership guidelines link the interests of our executive officers to those of our shareholders.
- Our clawback policy provides a means for the Company to recover the value of incentive awards in the event any of our executive officers engage in misconduct resulting in a financial restatement.
- The mix of performance-based restricted share units and stock options in our long-term incentive program provides a blend of relative and absolute performance measures for our senior executives.

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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, 2013.

Submitted by:

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

Ronald F. McKenna, Chair

Donald G. Cook

R. C. Lindsay

James L. L. Tullis

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Management Organization and Compensation Committee is or has ever been an officer or employee of Crane Co. No executive officer of Crane Co. has served as a director or member of the compensation committee of another company of which any member of the Management Organization and Compensation Committee is an executive officer.

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2013 SUMMARY COMPENSATION TABLE

The table below summarizes the compensation for 2013, 2012 and 2011 earned by Crane Co. s Chief Executive Officer; its Vice President, Finance and Chief Financial Officer; its former Vice President, Treasurer, who shared the responsibilities of the Chief Financial Officer position from May 24, 2010 until January 28, 2013; and each of the three other most highly paid executive officers (as determined pursuant to Securities and Exchange Commission rules) who were serving as executive officers at December 31, 2013. These individuals are sometimes referred to in this Proxy Statement as the named executive officers or NEOs.

Stock Awards Amounts shown in the column headed Stock Awards consist primarily of performance-based restricted share units (PRSUs), which vested or will vest, if at all, at the end of 2015, 2014 and 2013, respectively, based on the total shareholder return of Crane Co. s stock relative to the S&P Midcap 400 Capital Goods Group over a three-year period; for NEOs other than Mr. Fast, for 2013 this column also includes grants of time-based restricted share units (TRSUs); a smaller number of TRSUs were granted to all NEOs in 2011 as a transitional matter in recognition of the fact that the PRSUs will provide no value before early 2014.

Non-Equity Incentive Compensation Awards Amounts shown in the column headed Non-Equity Incentive Plan Compensation are the amounts that were paid early in the following year under the Annual Incentive Plan, in respect of the performance of the business during the indicated year, as measured against objective targets which had been set in January or February of the indicated year.

Name and Principal Position	Year	Salary ($)	Stock Awards ($) (1)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (4)	All Other Compensation ($) (5)	Total ($)
Eric C. Fast	2013	$ 980,000	$ 2,764,327	$ 1,842,884	$ 1,247,885	$ 0	$ 230,176	$ 7,065,272
Chief Executive Officer(6)	2012	$ 980,000	$ 2,129,823	$ 2,669,355	$ 1,245,305	$ 1,300,172	$ 459,079	$ 8,783,734
	2011	$ 980,000	$ 1,843,893	$ 2,485,917	$ 1,962,400	$ 764,424	$ 533,569	$ 8,570,203
Richard A. Maue	2013	$ 400,477	$ 390,000	$ 210,000	$ 436,760	$ 0	$ 43,312	$ 1,480,549
Vice President, Finance	2012	$ 325,669	$ 236,715	$ 349,830	$ 311,326	$ 2,464	$ 30,138	$ 1,256,142
and Chief Financial Officer(7)	2011	$ 310,332	$ 195,817	$ 264,600	$ 621,427	$ 4,831	$ 31,920	$ 1,428,927
Max H. Mitchell	2013	$ 566,000	$ 910,000	$ 490,000	$ 592,745	$ 0	$ 61,295	$ 2,620,040
President and Chief Operating Officer(8)	2012	$ 513,028	$ 514,569	$ 760,500	$ 581,142	$ 637,369	$ 34,535	$ 3,041,143
	2011	$ 425,839	$ 387,025	$ 873,450	$ 940,271	$ 68,443	$ 37,039	$ 2,732,068
Louis V. Pinkham	2013	$ 420,000	$ 390,000	$ 210,000	$ 333,778	$ 0	$ 51,701	$ 1,405,479
President, Fluid Handling Group								
Augustus I. duPont	2013	$ 349,212	$ 366,004	$ 197,079	$ 357,727	$ 0	$ 47,249	$ 1,317,271
Vice President, General Counsel	2012	$ 348,422	$ 236,715	$ 349,830	$ 311,326	$ 631,269	$ 43,092	$ 1,920,654
and Secretary	2011	$ 341,176	$ 261,818	$ 357,210	$ 556,013	$ 422,029	$ 46,850	$ 1,985,096
Andrew L. Krawitt	2013	$ 132,773	$ 0	$ 0	$ 108,334	$ 0	$ 16,410	$ 257,517
Vice President, Treasurer(9)	2012	$ 280,254	$ 185,268	$ 273,780	$ 269,816	$ 2,952	$ 28,756	$ 1,040,826
	2011	$ 266,860	$ 195,817	$ 264,600	$ 556,013	$ 5,788	$ 30,396	$ 1,319,474

(1) Amounts shown in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718, with respect to awards of time-based restricted share units (TRSUs) made during 2011 and 2013, and awards of performance-based restricted share units (PRSUs) made during 2011, 2012 and 2013. For details of individual grants of PRSUs during 2013 please see the Grants of Plan-Based Awards table below. There were no forfeitures of restricted shares, TRSUs or PRSUs by any of the named executive officers during the fiscal year, except for Mr. Krawitt, who forfeited 8,986 RSUs upon his resignation in June 2013. The assumptions on which these valuations are based are set forth in Note 13 to the audited financial statements included in Crane Co. s annual report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2014.

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(2) Amounts shown in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718, with respect to awards of options to purchase Crane Co. stock made during the indicated year. For details of individual grants of stock options during 2013 please see the Grants of Plan-Based Awards table below. There were no forfeitures of Crane Co. stock options by any of the named executive officers during the fiscal year, except for Mr. Krawitt, who forfeited 36,236 options upon his resignation in June 2013. The assumptions on which these valuations are based are set forth in Note 13 to the audited financial statements included in Crane Co. s annual report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2014.

(3) Amounts shown in this column for all named executive officers represent amounts determined on the basis of the indicated year s performance and paid early in the following year under the Annual Incentive Plan. For details of the 2013 grants, including the minimum, target and maximum amounts which were potentially payable, please see the Grants of Plan-Based Awards table below.

(4) For Messrs. Fast, Mitchell and duPont, the reduction in the actuarial present value of the accumulated benefit under all defined benefit plans (which include the Crane Co. Pension Plan for Eligible Employees and the Crane Co. Benefit Equalization Plan) from December 31, 2012 (the pension plan measurement date used for financial statement reporting purposes with respect to Crane s audited financial statements for 2012) to December 31, 2013 (the pension plan measurement date with respect to Crane s audited financial statements for 2013) was as follows:

	Pension Plan for Eligible Employees	Benefit Equalization Plan
E. C. Fast	$ (13,102)	$ (417,379)
M. H. Mitchell	$ (25,382)	(56,313)
A. I. duPont	$ (25,703)	(165,520)

In accordance with SEC regulations, these decreases in the present value of the benefit (resulting from changes in the discount rate applied) are reflected as zero amounts in the Summary Compensation Table. For additional information regarding defined benefit plans, please see the Pension Benefits table below. For 2012 and 2011 this column includes both increases in the present value of the accumulated benefit under defined benefit plans and interest earned at a rate of 2% on the unpaid EVA bank balance from the prior year.

(5) Amounts in this column for 2013 include the following:

	Dividends Paid on Restricted Stock/RSUs*	Personal Use of Company Aircraft**	Personal Use of Company-Provided Car	Contribution to Retirement Account***	Company Match of Employee 401(k) Contributions	Insurance Premiums	Relocation Allowance
E. C. Fast	$ 56,244	$ 100,000	$ 13,177	$ 50,515	$ 7,900	$ 2,340	
R. A. Maue	$ 4,463		$ 13,321	$ 16,749	$ 7,800	$ 979	
M. H. Mitchell	$ 10,524		$ 14,750	$ 26,855	$ 7,800	$ 1,366	
L. V. Pinkham	$ 16,068		$ 4,120	$ 12,456	$ 8,054	$ 1,003	$ 10,000
A I. duPont	$ 8,543		$ 13,609	$ 16,461	$ 7,800	$ 836	
A. L. Krawitt	$ 1,120		$ 2,091	$ 5,100	$ 7,800	$ 299	

* Dividends are paid on shares of restricted stock and TRSUs at the same rate as on all other shares of Common Stock. Dividends are not accrued or paid on PRSUs until the awards are earned and shares of Common Stock are issued.

** The method of computing the cost of personal use of the Crane Co. aircraft is described under the caption Use of Company Aircraft on page 49.

*** Includes the Company contribution to the defined contribution benefit under the Benefit Equalization Plan; see Nonqualified Deferred Compensation Benefits below. Also includes a $5,100 contribution by the Company to the individual s tax-qualified defined contribution

(401(k)) account.

(6) Mr. Fast also served as President from 1999 to January 28, 2013, when Mr. Mitchell was appointed President.

(7) Mr. Maue was Vice President and Principal Accounting Officer of the Company from August 2007 to January 28, 2013. From May 24, 2010 to January 28, 2013 he also shared the responsibilities of the Chief Financial Officer position with Mr. Krawitt. Mr. Maue also served as Controller from August 2007 to December 2011.

(8) Mr. Mitchell, who was President, Fluid Handling Group from April 2005 to October 2012, was appointed to the newly created position of Executive Vice President Chief Operating Officer as of May 23, 2011. On January 28, 2013, he was appointed President. Effective January 31, 2014 he became Chief Executive Officer as well as President.

(9) Mr. Krawitt, who was appointed Vice President, Treasurer of the Company in September 2006, also shared the responsibilities of the Chief Financial Officer position with Mr. Maue from May 24, 2010 to January 28, 2013. He resigned from Crane effective June 4, 2013.

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2013 GRANTS OF PLAN-BASED AWARDS

The following table gives further details of 2013 compensation as disclosed in the second, third and fourth columns of the Summary Compensation Table.

In the table below, the rows labeled Annual Incentive Plan disclose target bonuses set in February 2013, at which time business performance targets were also fixed. The column headings in relation to the Annual Incentive Plan are as follows:

- Threshold is the amount which would have been payable if actual performance compared to each target was at a predetermined minimum level (for example, if earnings per share had been at $3.36, or 80% of the target level), and below which no amount would have been payable;
- Target is the amount which would have been payable if actual performance had been exactly equal to each of the targets; and
- Maximum is the amount which would have been payable if actual performance had been a predetermined percentage above the target (for example, if earnings per share had been $5.04, or 120% of the target level, or greater).

Note that the amount shown in the Summary Compensation Table for 2013 under the heading Non-Equity Incentive Plan Compensation is the cash bonus actually paid, which was determined entirely by the performance of the business as compared to the targets set at the beginning of the year.

The rows labeled Performance RSU disclose the target numbers of shares which may vest at the end of 2015 in respect of grants made in January 2013. Vesting will be based on the TSR of Crane Co. stock relative to the other companies in the S&P Midcap 400 Capital Goods Group over the three-year period 2013 2015. The column headings in relation to the Performance RSUs are as follows:

- Threshold is the number of shares which will vest if Crane Co. s TSR is at the 35th percentile as compared with the comparator group, and below which no amount will vest;
- Target is the number of shares which will vest if Crane Co s TSR is at the 50th percentile (median) of the group; and
- Maximum is the number of shares which will vest if Crane Co. s TSR is at the 70th percentile or higher (however, if Crane Co. s TSR is negative, the number of shares will not be higher than 100% of target).

In no event will the aggregate value of the shares earned exceed 3.5 times the value of the target number of shares determined at the beginning of the performance period.

The column headed Grant Date Fair Value shows the grant date fair value of the Performance RSUs, calculated using a formula based on the probability of various outcomes. This amount also appears in the Summary Compensation Table under the heading Stock Awards ; see footnote 1 to the Summary Compensation Table. The value of the shares that actually vest at the end of 2015, if any, may be higher or lower than the grant date fair value.

The rows labeled Stock Option disclose the number of stock options granted in January 2013, in respect of the executive s performance during the previous year and as an incentive for performance during future years. The amount under the heading Grant Date Fair Value, calculated using the Black-Scholes formula, also appears in the Summary Compensation Table under the heading Option Awards ; see footnote 2 to the Summary Compensation Table.

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Name	Type of Award	Grant Date (1)	Estimated possible payouts under non-equity incentive plan awards (2) Threshold	Target	Max.	Estimated future payouts under equity incentive plan awards (3) Threshold	Target	Max.	All Other Stock Awards: Number of shares of stock or units (#)	All other option awards: Number of securities underlying options (#)	Exercise or base price of option awards ($/sh) (4)	Grant date fair value of stock and option awards (5)
E. C. Fast	Annual Incentive Plan	1/26//2013	$ 0	$ 1,200,000	$ 2,400,000							
	Performance RSU	1/26//2013				28,837	57,674	100,930				$ 2,764,327
	Stock Option	1/26//2013								153,318	$ 48.59	$ 1,842,884
R.A. Maue	Annual Incentive Plan	1/26//2013	$ 0	400,000	$ 800,000							
	Performance RSU	1/26//2013				3,130	6,259	10,953				$ 300,000
	Time-Based RSU	1/26//2013							1,852			$ 90,000
	Stock Option	1/26//2013								17,471	$ 48.59	$ 210,000
M. H. Mitchell	Annual Incentive Plan	1/26//2013	$ 0	570,000	$ 1,140,000							
	Performance RSU	1/26//2013				7,303	14,605	25,559				$ 700,000
	Time-Based RSU	1/26//2013							4,322			$ 210,000
	Stock Option	1/26//2013								40,765	$ 48.59	$ 490,000
L. V. Pinkham	Annual Incentive Plan	1/26//2013	$ 0	294,000	$ 588,000							
	Performance RSU	1/26//2013				3,130	6,259	10,953				$ 300,000
	Time-Based RSU	1/26//2013							1,852			$ 90,000
	Stock Option	1/26//2013								17,471	$ 48.59	$ 210,000
A. I. duPont	Annual Incentive Plan	1/26//2013	$ 0	320,000	$ 640,000							
	Performance RSU	1/26//2013				2,937	5,874	10,280				$ 281,542
	Time-Based RSU	1/26//2013							1,738			$ 84,462
	Stock Option	1/26//2013								16,396	$ 48.59	$ 197,079
A. L. Krawitt	None											

(1) All grants of PRSUs and stock options were effective as of the date on which the Compensation Committee voted to approve them.

(2) The amounts shown for Messrs. Fast, Maue, Mitchell and duPont are the estimated payouts under the Annual Incentive Plan at the time the performance targets and participation percentage ranges were approved by the Compensation Committee on February 28, 2013. On January 27, 2014 the Committee approved a participation percentage of 30% of the corporate bonus pool for Mr. Fast and participation percentages for the other executive officers as follows: Mr. Maue, 10.5%; Mr. Mitchell, 14.25%; and Mr. duPont, 8.6%. The amount shown for Mr. Pinkham represents 70% of his base salary of $420,000; the amount actually paid was 96.5% of his target bonus of $294,000, as well as a bonus of $50,000 in recognition of his additional duties as acting President of the ChemPharma and Energy business within the Fluid Handling Group since April 2013. The actual amounts paid were determined in January 2014 on the basis of audited results for 2013 and paid in February 2014, and those amounts are shown in the Summary Compensation Table under Non-Equity Incentive Plan Compensation for 2013.

(3) Amounts shown are the estimated number of shares which will vest on December 31, 2015, in respect of grants of Performance-Based Restricted Share Units under the 2009 Stock Incentive Plan. The actual number of shares which will vest will be determined at year-end 2015 with reference to the ranking of Crane Co. s total shareholder return among the total shareholder return of the S&P Midcap 400 Capital Goods Group over the period from January 1, 2013 through December 31, 2015. See Stock-Based Compensation Grants in 2013 in the Compensation Discussion and Analysis above.

(4) The exercise price of options is the fair market value of Crane Co. stock on the date of grant, determined in accordance with the terms of that Plan by taking the closing market price on the date of grant.

(5) The grant date fair values of PRSUs and stock options are as follows, calculated in each case in accordance with FASB ASC Topic 718:

Type of Equity Award	Value	Method of Valuation
Performance RSUs	$47.93	Monte Carlo simulation
Time-based RSUs	$48.59	Closing trading price on grant date
Stock Options	$12.02	Black-Scholes pricing model

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ANNUAL COMPENSATION OF THE NAMED EXECUTIVE OFFICERS

This discussion should be read together with the Summary Compensation Table on page 36 and the Grants of Plan-Based Awards table on page 39.

Base Salary The base annual salary of the Chief Executive Officer, Mr. Fast, is determined by the Compensation Committee and approved by the Board of Directors. The base annual salary of each of the other NEOs is determined by the Chief Executive Officer and approved by the Committee.

Based on the base salaries of the named executive officers, as well as the fair value of equity awards, non-equity incentive plan awards and other compensation granted to them in 2013, base salary and bonus accounted for approximately 20.5% of the aggregate total compensation of the NEOs.

Stock Awards PRSUs and Time-Based RSUs In 2013 the Compensation Committee made grants of Performance-Based Restricted Share Units (PRSUs) to certain key executives, including the named executive officers. The PRSUs will vest, if at all, at the end of 2015, as determined with reference to the percentile ranking of the total shareholder return (share price appreciation plus reinvested dividends), or TSR, of Crane Co. common stock for the period from January 1, 2013 through December 31, 2015, as compared to the TSRs of the other companies in the S&P Midcap 400 Capital Goods Group. The Committee also made grants of time-based Restricted Share Units (TRSUs), which will vest as to one-fourth of the award on the first, second, third and fourth anniversaries of the date of grant.

The grants were made pursuant to the 2009 Stock Incentive Plan. See Potential Payments Upon Termination or Change in Control for a description of treatment of the PRSUs upon termination of employment.

Option Awards In January 2013, consistent with previous practice, Crane Co. made annual grants of stock options to executives and other key employees including the named executive officers. Options become exercisable 25% per year over four years, and expire, unless exercised, six years after grant. The exercise price of the options granted on January 28, 2013 was $48.59, which was the fair market value of Crane Co. stock on the date of grant, calculated in accordance with the terms of the 2009 Stock Incentive Plan by taking the closing price on the grant date. See Potential Payments Upon Termination or Change in Control for a description of treatment of the options upon termination of employment.

Non-Equity Incentive Plan Compensation In January 2013, the Compensation Committee made target bonus awards pursuant to the Annual Incentive Plan to each of the Company s executive officers (including the named executive officers). The awards became payable in cash in the first quarter of 2014 to the extent that certain performance targets were met during 2013. The target awards are shown in the Grants of Plan-Based Awards table on page 39; the amounts shown in the Summary Compensation Table under Non-Equity Incentive Plan Compensation for 2013 are the actual amounts paid.

Other Compensation The amounts appearing in the Summary Compensation Table under the caption All Other Compensation are disaggregated in footnote 5 to the table.

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2013 Option Exercises and Stock Vested

The following table provides information on all exercises of stock options, and all vestings of restricted stock and TRSUs, for each of the named executive officers during 2013.

The value realized on exercise of options is computed by multiplying the number of shares acquired upon exercise by the difference between the market price of the shares on the applicable exercise date (calculated as the closing price on that date, or, if the shares received were concurrently sold, as the price actually obtained), and the exercise price of the options. The value realized on vesting of restricted stock and TRSUs is computed by multiplying the number of shares by the market price on the applicable vesting date (calculated as the closing price on that date).

The total value realized by Mr. Fast on exercise of options, after withholding for taxes, was received in the form of 49,655 additional shares of Crane Co. stock.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares/Units Acquired on Vesting (#)	Value Realized on Vesting ($)
E. C. Fast	227,500	$ 5,427,535	91,896	$ 5,352,054
R. A. Maue	20,000	$ 388,700	6,877	$ 428,507
M. H. Mitchell	30,000	$ 709,475	15,610	$ 934,150
L. V. Pinkham	0	$ 0	3,000	$ 187,140
A. I. duPont	0	$ 0	8,924	$ 552,307
A. L. Krawitt	43,250	$ 902,151	2,000	$ 102,835

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2013 Outstanding Equity Awards at Fiscal Year-End

The following table shows for each named executive officer, as of December 31, 2013: (1) under the heading Option Awards, the number of unexercised options, whether exercisable or unexercisable, with the exercise price and expiration date of each grant; (2) the number and market value of unvested shares of restricted stock, unvested time-based RSUs and unvested retirement shares; and (3) the number and market value of unearned performance-based RSUs. No such awards have been transferred by any of the named executive officers.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (3)
E. C. Fast					91,500	$ 6,153,375		
							102,922	$ 6,921,505
	70,000	45,000(5)	$ 31.94	1/25/2016				
	22,500	7,500(6)	$ 32.65	2/22/2016				
	93,950	93,950(7)	$ 43.72	1/24/2017				
	43,875	131,625(8)	$ 50.03	1/23/2018				
	0	153,318(9)	$ 48.59	1/28/2019				
R. A. Maue					3,727	$ 250,641		
							11,288	$ 759,118
	15,000	0	$ 16.43	1/26/2015				
	11,250	3,750(5)	$ 31.94	1/25/2016				
	10,000	10,000(7)	$ 43.72	1/24/2017				
	5,750	17,250(8)	$ 50.03	1/23/2018				
	0	17,471(9)	$ 48.59	1/28/2019				
M. H. Mitchell					9,072	$ 610,092		
							25,537	$ 1,717,363
	30,000	0	$ 16.43	1/26/2015				
	30,000	10,000(5)	$ 31.94	1/25/2016				
	20,000	20,000(7)	$ 43.72	1/24/2017				
	12,500	12,500(10)	$ 46.52	5/23/2017				
	12,500	37,500(8)	$ 50.03	1/23/2018				
	0	40,765(9)	$ 48.59	1/28/2019				
L. V. Pinkham					10,852	$ 729,797		
							6,259	$ 420,918
	5,000	15,000(11)	$ 41.42	10/22/2018				
	0	17,471(9)	$ 48.59	1/28/2019				
A. I. duPont					18,213	$ 1,224,824		
							10,903	$ 733,227
	7,500	0	$ 16.43	1/26/2015				
	7,500	7,500(5)	$ 31.94	1/25/2016				
	13,500	13,500(7)	$ 43.72	1/24/2017				
	5,750	17,250(8)	$ 50.03	1/23/2018				
	0	16,396(9)	$ 48.59	1/28/2019				
A. L. Krawitt								

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(1) Options vest on the dates indicated in the corresponding footnote; options also vest (or continue to vest per schedule in case of retirement for certain awards) upon death, disability, retirement or termination after a change in control. Retirement for this purpose for options granted in 2010 or later generally means termination of employment after age 65, or after age 62 with at least ten years of service.

(2) Figures in this column include retirement shares and time-based RSUs. Time-based RSUs vest according to the following schedule:

Vesting Date	Fast	Maue	Mitchell	Pinkham	duPont
January 24, 2014	2,400	250	500		337
January 25, 2014	20,000	875	3,750		1,500
January 28, 2014		463	1,080	463	434
February 22, 2014	10,000				
May 24, 2014		500			
October 22, 2014				3,000	
January 24, 2015	2,400	250	500		338
January 28, 2015		463	1,081	463	435
October 22, 2015				3,000	
January 28, 2016		463	1,080	463	434
October 22, 2016				3,000	
January 28, 2017		463	1,081	463	435

For all grants, vesting also occurs (or continues to occur per schedule in case of retirement for certain awards) upon death, disability or retirement, or upon a change in control. Retirement for this purpose generally means termination of employment after age 65, or after age 62 with at least ten years of service.

Retirement-based restricted shares will vest according to the following schedule:

Vesting Date	Fast	duPont
January 24, 2015	22,600	6,600
January 23, 2016	5,600	800
January 28, 2018	28,500	6,900

Retirement-based restricted shares will also vest fully, in the case of Mr. duPont, upon normal retirement at age 65. For Mr. Fast, retirement-based shares vested fully upon his retirement on January 31, 2014.

(3) Computed using a price of $67.25 per share, which was the closing market price of Crane Co. stock on the last trading day of 2013.

(4) Performance-Based Restricted Share Units (PRSUs) will vest, if at all, on December 31, 2014 (for PRSUs granted in 2012), and December 31, 2015 (for PRSUs granted in 2013), as determined with reference to the percentile ranking of the total shareholder return (share price appreciation plus reinvested dividends), or TSR, of Crane Co. common stock for the three year period ending on each of those dates, as compared to the TSRs of the other companies in the S&P Midcap 400 Capital Goods Group. Pursuant to Securities and Exchange Commission rules, the hypothetical amounts shown in the table are based on the assumption that the PRSUs would vest at the target (100%) level. There can be no assurance, however, that the Company s TSR for a full vesting period will be sufficient for the PRSUs to vest, if at all, at any particular level. See Annual Compensation of the Named Executive Officers Stock Awards RSUs and PRSUs above.

(5) The unvested portion of this option grant will vest 100% on January 25, 2014.

(6) The unvested portion of this option grant will vest 100% on February 22, 2014.

(7) The unvested portion of this option grant will vest 75% on January 24, 2014, and 100% on January 24, 2015.

(8) The unvested portion of this option grant will vest 50% on January 23, 2014, 75% on January 23, 2015, and 100% on January 23, 2016.

(9) The unvested portion of this option grant will vest 25% on January 28, 2014, 50% on January 28, 2015, 75% on January 28, 2016, and 100% on January 28, 2017.

(10) The unvested portion of this option grant will vest 75% on May 23, 2014 and 100% on May 23, 2015.

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Retirement Benefits

Employees Hired in 2006 and After (defined contribution) For employees hired on or after January 1, 2006, Crane Co. provides a retirement benefit equal to two percent of covered compensation as described below (increased to three percent in 2014), which amount is invested in the Crane Co. Savings and Investment Plan (401(k) plan) at the direction of the employee. Mr. Maue, Mr. Pinkham and Mr. Krawitt and five other executive officers are covered by this retirement benefit. These defined contribution amounts are not included in the Pension Benefits table below.

Employees Hired Prior to 2006 (defined benefit) All officers of Crane Co. hired before January 1, 2006, including Messrs. Fast, Mitchell and duPont, are participants in Crane Co. s Pension Plan for All Eligible Employees. Directors who are not employees do not participate in the plan. Eligibility for retirement benefits is subject to certain vesting requirements, which include completion of five years of service unless employment is terminated prior to normal or other retirement or death, as determined by applicable law and the plan. The plan was frozen as of December 31, 2012; no further benefits will accrue in respect of service after that date. Effective January 1, 2013 all executive officers and other employees who were participants in the pension plan receive the annual retirement benefit described in the preceding paragraph.

The annual pension benefits payable under the pension plan are equal to 1 2/3% per year of service of the participant s average annual compensation during the five highest compensated consecutive years (prior to 2013) of the 10 years of service immediately preceding retirement less 1 2/3% per year of service of the participant s Social Security benefit, up to a maximum deduction of 50% of the Social Security benefit. Compensation for purposes of the pension plan is defined as total W-2 compensation plus employee contributions made under salary reduction plans less (i) reimbursements or other expense allowances; (ii) cash and noncash fringe benefits (including automobile allowances); (iii) moving expenses (including home allowances); (iv) deferred compensation; (v) welfare benefits; (vi) severance pay; (vii) amounts realized from the exercise of a non-qualified stock option or the sale, exchange or other disposition of stock acquired under a qualified stock option; and (viii) amounts realized when restricted stock (or property) held by the employee is recognized in the employee s taxable income under Section 83 of the Internal Revenue Code. In general, such covered compensation for any year would be equivalent to the sum of the salary set forth in the Summary Compensation Table for such years plus any payout under the non-equity incentive plan compensation for the immediately preceding year. However, the tax code limits the total compensation taken into account for any participant under the pension plan. That limit was $255,000 for 2013, and is subject to adjustment in future years.

Retirement Shares and Benefit Equalization Plan Prior to 2008, certain executives participating in the Pension Plan for All Eligible Employees received periodic, discretionary awards of restricted stock (Retirement Shares) calculated by the Company s actuaries to make up that portion of the retirement benefit (at normal retirement at age 65) under the Company s pension plan that would not be payable due to the tax code limit on the amount of compensation that can be considered in determining benefits under tax-qualified pension plans. In January 2008, at the recommendation of the Compensation Committee, the Board of Directors adopted a Benefit Equalization Plan, a non-qualified, non-elective deferred compensation plan, under which participating executives will receive a retirement benefit intended to restore this benefit. 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. The original grant value of all grants of Retirement Shares that have vested at or prior to the date of retirement 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 provide that, in the event of retirement at age 62 or older with ten years of service, a participating executive would be eligible to receive benefits under the Plan without the reduction factor set forth in the Company s tax-qualified pension plan of 3% per year prior to age 65. Like the Pension Plan for All Eligible Employees, the Benefit Equalization Plan was frozen as of December 31, 2012; no further benefits will accrue in respect of service after that date.

See Nonqualified Deferred Compensation Benefits below regarding certain employer contributions to the Benefit Equalization Plan for the year 2013 and after.

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The table below sets forth the number of years of credited service and the present value at December 31, 2013 of the accumulated benefit under the Pension Plan and the Benefit Equalization Plan for each of the named executive officers covered by those plans.

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($) (1)	Payments During Last Fiscal Year ($)
E. C. Fast	Crane Co. Pension Plan for Eligible Employees	14	$ 561,232	
	Crane Co. Benefit Equalization Plan	14	$ 3,205,661	
M. H. Mitchell	Crane Co. Pension Plan for Eligible Employees	10	$ 201,322	
	Crane Co. Benefit Equalization Plan	10	$ 505,876	
A. I. duPont	Crane Co. Pension Plan for Eligible Employees	18	$ 644,428	
	Crane Co. Benefit Equalization Plan	18	$ 1,140,370	

(1) The actuarial present value of each participant s accumulated pension benefit is determined using the same assumptions and pension plan measurement date used for financial statement reporting purposes. The actual retirement benefit at normal retirement date payable under the Pension Plan for Eligible Employees is subject to an additional limit under the tax code which, for 2013, does not permit annual retirement benefit payments to exceed the lesser of $205,000 or the participant s average compensation for the participant s three consecutive calendar years of highest compensation, subject to adjustment for future years. The dollar limit is subject to further reduction to the extent that a participant has fewer than 10 years of service with Crane Co. or 10 years of participation in the defined benefit plan.

Nonqualified Deferred Compensation Benefits

The Benefit Equalization Plan was amended effective January 1, 2013 to add a defined contribution component that restores the tax-limited portion of the non-matching company contribution under the Company s 401(k) plan. That benefit is currently two percent of a participant s annual salary plus bonus in excess of the Internal Revenue Code compensation limit that applies under the 401(k) plan, increasing to three percent in 2014 to match the increase in the Company s contribution percentage under the 401(k) plan. Contributions earn interest during a plan year at a rate equal to the average 10-year Treasury Constant Maturities for the month of December immediately preceding such plan year. The contributions become vested based on the participant s years of service at the rate of 20% per year over five years. Vested contributions, as adjusted for interest, are payable in a lump sum cash payment six months after termination of employment.

The following table shows information about the participation by each named executive officer in the Benefit Equalization Plan with respect to this employer contribution. The named executive officers do not participate in any other defined contribution nonqualified deferred compensation plans.

Nonqualified Deferred Compensation

Name	Executive Contributions in 2013 ($)	Employer Contributions in 2013[(1)] ($)	Aggregate Earnings in 2013 ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at December 31, 2013 ($)
E. C. Fast		45,415			45,415

R.A. Maue	11,649	11,649
M. H. Mitchell	21,755	21,755
L. V. Pinkham	7,356	7,356
A. I. duPont	11,361	11,361
A. L. Krawitt		

(1) Amounts in this column were included in All Other Compensation in the Summary Compensation Table for 2013.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following discussion describes and quantifies the benefits that each of the named executive officers (except for Mr. Krawitt, whose employment terminated on June 4, 2013) would have received under a variety of circumstances, assuming that each had taken place on December 31, 2013: (1) the executive resigns voluntarily; (2) the executive is involuntarily terminated, either directly or constructively; (3) the executive retires; (4) the executive dies or becomes permanently disabled while employed; (5) a change in control of Crane Co. takes place; and (6) the executive is terminated following a change in control of Crane Co.

Payments or other benefits would be due to the named executive officers, under the described circumstance, under the following plans and agreements:

Change in Control Agreements. Each of the named executive officers has an agreement which, in the event of a change in control of Crane Co., provides for the continuation of the employee s then current base salary, bonus plan and benefits for the three year period following the change in control. The agreements are for a three year period, but are automatically extended annually by an additional year unless Crane Co. gives notice that the period shall not be extended.

Upon termination within three years after a change in control, by Crane Co. without Cause or by the employee with Good Reason (as defined in the agreement), the employee is immediately entitled to a proportionate amount of the greater of the last year s bonus or the average bonus paid in the three prior years, plus three times the sum of his or her annual salary and the greater of the last year s bonus or the average of the previous three years bonuses. All accrued deferred compensation and vacation pay, employee benefits, medical coverage and other benefits also continue for three years (or until normal retirement) after termination. If a change in control had taken place on December 31, 2013, and employment had terminated immediately thereafter, each of the named executive officers having change in control agreements would have become entitled to payments under this provision in the following amounts : Mr. Fast, $6,631,188; Mr. Maue, $2,013,712; Mr. Mitchell, $3,046,524; Mr. Pinkham, $1,335,112; and Mr. duPont, $2,104,116. The Company s best estimate of the value of the continuation for three years (or until normal retirement) of each executive s medical coverage and other benefits is as follows: Mr. Fast, $25,866; Mr. Maue, $57,945; Mr. Mitchell, $46,086; Mr. Pinkham, $57,669; and Mr. duPont, $55,067.

Cause under the change in control agreements generally includes, among other things, personal dishonesty or certain breaches of fiduciary duty; repeated, willful and deliberate failure to perform the executive s specified duties; the commission of a criminal act related to the performance of duties; distributing proprietary confidential information about the Company; habitual intoxication by alcohol or other drugs during work hours; or conviction of a felony.

Good Reason under the change in control agreements includes, among other things, any action by Crane Co. which results in a diminution in the position, authority, duties or responsibilities of the employee.

Benefit Equalization Plan. Mr. Fast, Mr. Maue, Mr. Mitchell, Mr. Pinkham and Mr. duPont participate in the Benefit Equalization Plan described in the Compensation Discussion and Analysis at page 18 and under the caption Retirement Benefits on page 44. Assuming their separation from service as of December 31, 2013, they would have become entitled to the following benefits under the defined benefit and defined contribution portions, respectively, of the Benefit Equalization Plan: Mr. Fast, $3,205,661 and $45,415; Mr. Maue, nil and $11,649; Mr. Mitchell, $505,876 and $21,755; Mr. Pinkham, nil and $7,356; and Mr. duPont, $1,140,370 and $11,361. In the event of a participant s death, one-half of the benefit would be payable to the participant s beneficiary.

Restricted Stock Units. Under the terms of the Stock Incentive Plan and applicable award agreements, any unvested RSUs (including PRSUs) are generally forfeited in the event of resignation or termination, subject to the following exceptions: (i) in case of death or disability, the awards vest in full, (ii) in case of retirement for awards granted before 2011, the awards vest in full, and (iii) in case of retirement for awards granted in 2011 or later, the awards continue to vest according to schedule, subject to the executive s compliance with a non-compete. Retirement for this purpose generally means termination of employment after age 65, or after age 62 with at least ten years of service (although for awards granted before 2009, retirement means termination of employment after age 65). Vesting of PRSUs is not determined until after the applicable performance period based on the actual performance results. Upon termination of employment after a change in control, time-based

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awards vest in full. Upon a change in control, PRSUs are vested based on the performance results determined through the date immediately before the change in control. If the then unvested RSUs (including PRSUs) owned by each of the named executive officers had become vested as of December 31, 2013, and assuming the value of Crane Co. stock to be $67.25 per share, the closing price on the last trading day of 2013, the aggregate value to each of the named executive officers would have been as follows: Mr. Fast, $10,712,495; Mr. Maue, $1,164,085; Mr. Mitchell, $2,708,623; Mr. Pinkham, $1,499,744; and Mr. duPont, $1,133,096.

Stock Options. Under the terms of the existing stock option grants under the Stock Incentive Plans, any options previously granted but not exercisable at the time of termination are cancelled in the event of voluntary or involuntary termination of employment, subject to the following exceptions: (i) in case of death, disability or termination after a change in control, any unvested options become immediately exercisable, (ii) in case of retirement for options granted before 2011, any unvested options become immediately exercisable, and (iii) in case of retirement for options granted in 2011 or later, the options continue to become vested and exercisable per schedule subject to compliance with a covenant not to compete with the Company. Retirement for this purpose generally means termination of employment after age 65, or after age 62 with at least ten years of service (although for awards granted before 2010, retirement means termination of employment after age 65). Vested options remain exercisable for a period following termination of employment, as stated in the applicable award agreement, generally ranging from 90 days to the full option term (depending on the reason for termination and the year of grant). If the then unvested stock options of each of the named executive officers had become exercisable as of December 31, 2013, and assuming the value of Crane Co. stock to be $67.25 per share, the closing price on the last trading day of 2013, the aggregate value to each of the named executive officers of exercising the options on that date would have been as follows: Mr. Fast, $9,186,590; Mr. Maue, $990,766; Mr. Mitchell, $2,489,250; Mr. Pinkham, $713,459; and Mr. duPont, $1,185,474.

Employment Agreement Mr. Fast. On January 22, 2001, Crane Co. entered into an employment agreement with Mr. Fast pursuant to which Mr. Fast agreed to serve as President and Chief Executive Officer of Crane Co. commencing on the date of the 2001 Annual Meeting, April 23, 2001. The employment agreement was renewable each year for one additional year unless either party gave written notice to the other, and provided for the following compensation: (i) an annual salary of no less than $650,000; (ii) participation in the EVA Incentive Compensation Plan (which was terminated in 2011 and replaced with the Annual Incentive Plan); (iii) the grant of certain stock options in 2001 and 2002; and (iv) the grant of certain shares of restricted stock in 2001. The employment agreement also contained certain covenants of Mr. Fast concerning confidentiality, non-competition and non-solicitation of employees after termination of employment.

Mr. Fast retired as Chief Executive Officer of Crane Co. on January 31, 2014. Under the Employment Agreement, if Crane Co. had terminated Mr. Fast s employment other than for Cause, Mr. Fast would have been entitled to receive a lump sum cash payment equal to two times his annual base salary plus the higher of his current EVA bank account or two times his highest bonus payment in the preceding five years. If Crane had terminated Mr. Fast s employment as of December 31, 2013, such cash payment would have been $6,490,212. In addition, all of Mr. Fast s stock options would have become fully vested and exercisable and all of his restricted stock would have become fully vested, yielding the values set forth in the preceding paragraphs captioned Restricted Stock Units and Stock Options.

Severance Pay. Crane Co. s stated severance policy is to pay salaried employees one week per year of service upon termination for the convenience of Crane Co.; however, Crane Co. s prevailing practice on severance in the case of executive officers is to pay the executive an amount equal to one year s base salary, either in a lump sum or by continuation of biweekly payroll distributions, at the election of the executive, with medical, dental and other welfare benefits and pension benefits continuing during such period. In the case of Mr. Fast, this severance policy would have been superseded by the terms of his employment agreement, discussed in the preceding paragraph. Under this practice, if each of the other named executive officers had been terminated as of December 31, 2013, the severance to which they would have been entitled (including the estimated value of continuation of welfare benefits) would have been as follows: Mr. Maue, $429,315; Mr. Mitchell, $587,362; Mr. Pinkham, $427,831; and Mr. duPont, $367,568.

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The table below reflects the estimated aggregate compensation that each of the named executive officers would receive in the event of such executive s voluntary resignation, involuntary termination, normal retirement at age 65, death or disability, change in control and termination following a change of control. The amounts shown assume that such termination was effective as of December 31, 2013, and include amounts earned through that date. They are therefore not equivalent to the amount that would be paid out to the executive upon termination at another time.

Name	Voluntary Resignation (1)(2)	Involuntary Termination	Retirement	Death or Disability	Change in Control	Change in Control and Termination
E. C. Fast	$ 3,251,076	$ 25,081,253	$ 26,963,235	$ 25,337,697	$ 14,525,570	$ 36,560,289
R. A. Maue	$ 11,649	$ 440,964	$ 2,166,500	$ 2,160,675	$ 1,164,085	$ 5,468,157
M. H. Mitchell	$ 527,631	$ 1,114,993	$ 5,752,504	$ 5,461,689	$ 2,708,623	$ 10,534,114
L. V. Pinkham	$ 7,356	$ 435,187	$ 2,220,559	$ 2,216,881	$ 1,499,744	$ 4,873,340
A. I. duPont	$ 1,151,731	$ 1,519,299	$ 4,431,976	$ 3,856,111	$ 2,094,771	$ 7,638,796
A. L. Krawitt	$ 108,334					

(1) Amounts in this column (other than for Mr. Krawitt) represent the present value of benefits that would be payable over a period of years under the Benefit Equalization Plan. See Pension Benefits on page 45.

(2) The amount shown for Mr. Krawitt, who resigned effective June 4, 2013, is the annual bonus to which he would have been entitled at the end of 2013 under the Annual Incentive Plan, pro-rated for the portion of the year during which he was employed.

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OTHER AGREEMENTS AND INFORMATION

Indemnification Agreements. Crane Co. has entered into indemnification agreements with Mr. Fast, each other director, Messrs. Maue, Mitchell, Pinkham and duPont, and the nine other executive officers of Crane Co., the form of which was approved by the shareholders at the 1987 Annual Meeting. The indemnification agreements require Crane Co. to indemnify the officers or directors to the full extent permitted by law against any and all expenses (including advances of expenses), judgments, fines, penalties and amounts paid in settlement incurred in connection with any claim against the indemnified person arising out of services as a director, officer, employee, trustee, agent or fiduciary of Crane Co. or for another entity at the request of Crane Co., and either to maintain directors and officers liability insurance coverage or to the full extent permitted by law to indemnify such person for the lack of such insurance.

Use of Company Aircraft. Crane Co. has entered into time share agreements with Mr. Evans, Mr. Fast and Mr. Mitchell regarding personal use of the corporate aircraft, including aircraft leased by Crane Co. from a third party operator. The agreements with Mr. Evans and Mr. Fast became effective on January 1, 2004 and were renewed on January 30, 2007; the agreement with Mr. Fast was terminated as of his retirement date, January 31, 2014. The agreement with Mr. Mitchell became effective January 31, 2014. Under the agreements, Crane Co. agrees to lease the aircraft to the executive pursuant to federal aviation regulations and to provide a qualified flight crew, and the executive agrees to pay Crane Co. for each flight an amount equal to the lesser of (i) the amount calculated for personal use of aircraft under Department of Treasury regulations or (ii) the sum of specified expenses actually incurred for such flight. Effective January 1, 2009, the agreement with Mr. Evans was amended to provide that he pay the aggregate incremental cost of aircraft operation. The agreement with Mr. Mitchell provides, and the agreement with Mr. Fast was amended effective January 1, 2013 to provide, that the executive is not required to reimburse the Company for personal use until the aggregate incremental cost reaches $100,000, and thereafter is required to reimburse the Company for all incremental cost incurred above that amount. During 2013, the aggregate incremental cost to Crane Co. for personal use of the aircraft by Messrs. Evans and Fast, less amounts paid by them under the time share agreements, was $0 and $100,000, respectively. Such incremental costs include fuel, landing fees, parking fees, temporary hangar charges, flight crew meals and lodging, and, for chartered aircraft, the entire charter fee.

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PRINCIPAL SHAREHOLDERS OF CRANE CO.

The following table sets forth the ownership by each person who owned of record or was known by Crane Co. to own beneficially more than 5% of our common stock on February 28, 2014.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	The Crane Fund (1) 100 First Stamford Place Stamford, CT 06902	7,778,416	13.2%
Common Stock	GAMCO Investors, Inc. One Corporate Center Rye, NY 10580-1435	4,632,705(2)	7.9%
Common Stock	BlackRock, Inc. 40 East 52nd Street New York, NY 10022	3,772,493(3)	6.4%

(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, A. L. Frohning and R.A. Maue, all of whom are executive officers of Crane Co. Pursuant to the trust instrument, the shares held by the trust are voted by the trustees as directed by the Board of Directors, the distribution of the income of the trust for its intended purposes is subject to the control of the Board of Directors and the shares may be sold by the trustees only upon the direction of the Board of Directors. None of the directors or the trustees has any direct beneficial interest in, and all disclaim beneficial ownership of, shares held by The Crane Fund.

(2) As reported in a Form 13F filed by GAMCO Investors, Inc. et al., giving information on shareholdings as of December 31, 2013. The amount shown represents the aggregate of holdings of Crane Co. stock reported by GAMCO Asset Management, Inc. (3,372,405 shares) and Gabelli Funds, LLC (1,260,300 shares). According to documents previously filed with the Securities and Exchange Commission, each of such entities is an investment adviser registered under the Investment Advisers Act of 1940, and a wholly-owned subsidiary of GAMCO Investors, Inc., which is a New York Stock Exchange-listed asset management and financial services company.

(3) As reported in a Schedule 13G filed January 28, 2014 by BlackRock, Inc., giving information on shareholdings as of December 31, 2013. According to the Schedule 13G BlackRock, Inc. has sole voting power over 3,573,223 shares, and sole dispositive power over 3,772,493 shares, of Crane Co. stock.

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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 31. Directors also receive a majority of their annual retainer, and may elect to receive the entire retainer, in the form of Deferred Stock Units issued under the Stock Incentive Plan. Beneficial ownership of stock by the non-executive directors and nominees, the executive officers named in the Summary Compensation Table, all other executive officers as a group and all directors, nominees and executive officers of Crane Co. as a group as of February 28, 2014 is as follows:

		Amount and Nature of Beneficial Ownership					
Title of Class	Name of Beneficial Owner	Shares Owned Directly or Beneficially (1)	Stock Options and Deferred Stock Units Which Have Vested or Will Vest Within 60 Days	Shares in Company Savings Plan (401(k))	Total Shares Beneficially Owned	Percent of Class	Share Units Under Incentive Stock Plans Vesting After 60 Days (2)
Common Stock	E. T. Bigelow	25,970	25,800		51,770	*	
	D. G. Cook	4,562	15,800		20,362	*	
	R. S. Evans	449,704	4,671		454,375	*	
	R. S. Forté	13,196	11,803		24,999	*	
	R. C. Lindsay		1,647		1,647	*	
	P. R. Lochner, Jr.	350	24,119		24,469	*	
	E. McClain		1,647		1,647	*	
	R. F. McKenna	9,454	27,862		37,316	*	
	J. M. Pollino		1,647		1,647	*	
	J. L. L. Tullis	9,240	18,300		27,540	*	
	E. C. Fast(3)	313,956	297,004	3,676	614,636		2,400
	R. A. Maue	14,541	60,867	1,351	76,759	*	3,644
	M. H. Mitchell	53,504	147,691	2,326	203,521	*	3,742
	L. V. Pinkham	3,093		302	3,395	*	11,848
	A. I. duPont	90,013	58,349	4,578	152,940	*	2,948
	A. L. Krawitt(4)	11,097			11,097		
	Other Executive Officers (11 persons)	197,888	110,175	30,732	338,795	*	33,094
	Total Directors, Nominees and Executive Officers as a Group (27 persons)	1,198,568	807,382	42,965	2,048,915(5)	3.4%	57,676

* Less than one percent.

(1) Includes Crane Co. shares which are owned directly; shares which are owned by trusts or by family members and are attributable to the director or officer pursuant to Rule 13d-3 under the Securities and Exchange Act of 1934; time-based restricted share units which will vest within 60 days; and retirement-based restricted stock held by Mr. duPont (14,300 shares) and one other executive officer (3,400 shares), which are subject to vesting as shown in footnote 2 to the 2013 Outstanding Equity Awards at Fiscal Year-End table on page 42, and are subject to forfeiture if established service conditions are not met.

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(2) Includes time-based RSUs vesting more than 60 days after the Record Date, which are subject to vesting as shown in footnote 2 to the 2013 Outstanding Equity Awards at Fiscal Year-End table on page 42, and are subject to forfeiture if established service conditions are not met. Performance-based RSUs, which will vest, if at all, on December 31, 2014, and December 31, 2015, are not included.

(3) Mr. Fast retired as of January 31, 2014. Information in the table is based on the latest information available to Crane Co.

(4) Mr. Krawitt resigned as of June 4, 2013. Information in the table is based on the latest information available to Crane Co.

(5) Does not include 7,778,416 shares of Common Stock owned by The Crane Fund (see Principal Shareholders of Crane Co. above); nor 510,471 shares of Common Stock owned by the Crane Fund for Widows and Children; nor an aggregate of 582,470 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, Mr. Maue and Ms. A. L. Frohning, all of whom are executive officers of Crane Co., are the trustees of The Crane Fund and the Crane Fund for Widows and Children. None of the directors or trustees has any beneficial interest in, and all disclaim beneficial ownership of, the shares held by the trusts. In addition, as of February 28, 2014, employees and former employees of Crane Co. held approximately 1,362,368 shares of Common Stock in the Crane Co. Savings and Investment Plan.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

For the year ended December 31, 2013, based solely upon our review of the reports filed by our directors and executive officers under Section 16(a) and representations provided to us by our directors and executive officers, we believe that each director and executive officer filed all required reports under Section 16(a) of the Securities Exchange Act of 1934 on time, except that one report of a transaction by Mr. McKenna was filed 13 business days late.

MISCELLANEOUS MATTERS

Solicitation of Proxies. Crane Co. will bear all of the costs of the solicitation of proxies for use at the Annual Meeting. In addition to the use of the mails, proxies may be solicited by personal interview, telephone, e-mail and fax by directors, officers and employees of Crane Co., who will undertake such activities without additional compensation. To aid in the solicitation of proxies, Crane Co. has retained The Proxy Advisory Group, LLC, which will receive a fee for its services of $15,000 plus disbursements. Banks, brokerage houses and other institutions, nominees and fiduciaries will be requested to forward the proxy materials to the beneficial owners of the common stock held of record by such persons and entities, and will be reimbursed for their reasonable expenses in forwarding such material.

Next Annual Meeting; Shareholder Proposals. The By-Laws provide that the Annual Meeting of Shareholders will be held on the fourth Monday in April in each year unless otherwise determined by the Board of Directors. Appropriate proposals of security holders intended to be presented at the 2015 Annual Meeting must be received for inclusion in the proxy statement and form of proxy relating to that meeting on or before November 13, 2014. In addition, under the By-Laws, if security holders intend to nominate directors or present proposals at the 2015 Annual Meeting other than through inclusion of such proposals in the proxy materials for that meeting, then Crane Co. must receive notice of such nominations or proposals no earlier than December 23, 2014 and no later than January 22, 2015. If we do not receive notice by that date, then such proposals may not be presented at the 2014 Annual Meeting.

We urge shareholders who do not expect to attend in person to sign, date and return the enclosed proxy in the envelope provided, or to use the internet address or the toll-free telephone number on the enclosed proxy card. In order to avoid unnecessary expense, we ask your cooperation in voting your proxy promptly, no matter how large or how small your holdings may be.

By Order of the Board of Directors,

AUGUSTUS I. DUPONT

Secretary

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Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 8:00 a.m., Eastern Daylight Time on April 28, 2014, except as set forth on the reverse with respect to Crane Co. Savings and Investment Plan shares.

Vote by Internet

Go to **www.investorvote.com/cr**

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. **X**

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.

1. Election of Directors:	For	Against	Abstain		For	Against	Abstain		For	Against	Abstain
01 - E. Thayer Bigelow (term expiring 2017)	..	..	..	02 - Philip R. Lochner, Jr. (term expiring 2017)	..	..	..	03 - Max H. Mitchell (term expiring 2017)	..	..	..

	For	Against	Abstain		For	Against	Abstain
2. Ratification of selection of Deloitte & Touche LLP as independent auditors for the Company for 2014.	..	..	..	3. Say on Pay - An advisory vote to approve executive compensation.	..	..	..

B Non-Voting Items

Change of Address Please print new address below.

C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

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INVESTOR INFORMATION

Visit our web site at **www.craneco.com** where you will find detailed information about the Company, its business segments and its financial performance. All of this information, including annual reports, SEC filings, earnings, news and dividend releases, can be bookmarked, printed or downloaded from this site.

You may automatically receive e-mail notification of Crane Co. news, SEC filings, and daily closing stock price by clicking Investors and then Email Signup at **www.craneco.com.** Once your name has been added to our distribution list, the Company will automatically e-mail you news and information as it is released.

You may also listen to all earnings releases, dividend releases, corporate news and other important announcements 24 hours a day, seven days a week, on demand by dialing our Crane Co. Shareholder Direct Information Line toll-free at 1-888-CRANE-CR (1-888-272-6327).

ELECTRONIC DELIVERY OF PROXY MATERIALS

Shareholders can elect to receive Proxy Materials (proxy statement, annual report and proxy card) over the Internet instead of receiving paper copies in the mail. If you are a registered shareholder and wish to consent to electronic delivery of Proxy Materials, you may register your authorization at www.computershare.com/investor.

You can locate your account number on your stock certificate, dividend check or plan statement.

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

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received by the proxy tabulator by April 21, 2014 it will be treated as directing the Plan s Trustee to vote shares held in the Plan in the same proportion as the shares for which the Trustee has received timely instructions from others who do vote.

You are encouraged to specify your choices by marking the appropriate boxes (SEE REVERSE SIDE), but you need not mark any boxes if you wish to vote in accordance with the Board of Directors recommendations. The Proxies cannot vote your shares unless you sign and return this card or use the toll-free telephone number or Internet web site on the reverse side.

This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR election of all nominees, and FOR Proposals 2 and 3.

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Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. X

Annual Meeting Proxy Card

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3.

1. Election of Directors:	For	Against	Abstain		For	Against	Abstain		For	Against	Abstain
01 - E. Thayer Bigelow (term expiring 2017)	..	..	..	02 - Philip R. Lochner, Jr. (term expiring 2017)	..	..	..	03 - Max H. Mitchell (term expiring 2017)	..	..	..

	For	Against	Abstain		For	Against	Abstain
2. Ratification of selection of Deloitte & Touche LLP as independent auditors for the Company for 2014.	..	..	..	3. Say on Pay - An advisory vote to approve executive compensation.	..	..	..

B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

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INVESTOR INFORMATION

Visit our web site at **www.craneco.com** where you will find detailed information about the Company, its business segments and its financial performance. All of this information, including annual reports, SEC filings, earnings, news and dividend releases, can be bookmarked, printed or downloaded from this site.

You may automatically receive e-mail notification of Crane Co. news, SEC filings, and daily closing stock price by clicking Investors and then Email Signup at **www.craneco.com.** Once your name has been added to our distribution list, the Company will automatically e-mail you news and information as it is released.

You may also listen to all earnings releases, dividend releases, corporate news and other important announcements 24 hours a day, seven days a week, on demand by dialing our Crane Co. Shareholder Direct Information Line toll-free at 1-888-CRANE-CR (1-888-272-6327).

ELECTRONIC DELIVERY OF PROXY MATERIALS

Shareholders can elect to receive Proxy Materials (proxy statement, annual report and proxy card) over the Internet instead of receiving paper copies in the mail. If you are a registered shareholder and wish to consent to electronic delivery of Proxy Materials, you may register your authorization at www.computershare.com/investor.

You can locate your account number on your stock certificate, dividend check or plan statement.

q **PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

Proxy Crane Co.

Annual Meeting of Shareholders April 28, 2014

This Proxy is Solicited on Behalf of the Board of Directors.

The undersigned does hereby appoint and constitute R. S. Evans, M. H. Mitchell and A.I duPont and each of them, true and lawful agents and proxies of the undersigned, with full power of substitution, and hereby authorizes each of them to vote, as directed on the reverse side of this card, or, if not so directed, in accordance with the Board of Directors recommendations, all shares of Crane Co. held of record by the undersigned at the close of business on February 28, 2014 at the Annual Meeting of Shareholders of Crane Co. to be held in the First Floor Conference Room, 200 First Stamford Place, Stamford, Connecticut on Monday, April 28, 2014 at 10:00 a.m., Eastern Daylight Time, or at any adjournment thereof, with all the powers the undersigned would possess if then and there personally present, and to vote, in their discretion, upon such other matters as may come before said meeting.

This proxy also covers all shares, if any, for which the undersigned has the right to give voting instructions to Vanguard Fiduciary Trust Company, Trustee of the Crane Co. Savings and Investment Plan. If voting instructions for such Savings and Investment Plan shares are not received by the proxy tabulator by April 21, 2014 it will be treated as directing the Plan s Trustee to vote shares held in the Plan in the same

proportion as the shares for which the Trustee has received timely instructions from others who do vote.

You are encouraged to specify your choices by marking the appropriate boxes (SEE REVERSE SIDE), but you need not mark any boxes if you wish to vote in accordance with the Board of Directors recommendations. The Proxies cannot vote your shares unless you sign and return this card.

This proxy, when properly executed, will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR election of all nominees, and FOR Proposals 2 and 3.