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CRANE CO /DE/
Form DEF 14A
March 15, 2002

[CRANE LOGO]

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

March 7, 2002

DEAR CRANE SHAREHOLDER:

You are cordially invited to attend the Annual Meeting of the Shareholders of Crane Co., to be held at 10:00 a.m. Eastern Daylight Time on Monday, April 22, 2002 at The Hyatt Regency Greenwich, Riverside Meeting Room, 1800 East Putnam Avenue, Old Greenwich, 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 the Company and its activities. Our 2001 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,

/s/ R.S. EVANS

R.S. EVANS
Chairman of the Board

CRANE CO.
100 FIRST STAMFORD PLACE
STAMFORD, CONNECTICUT 06902

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
APRIL 22, 2002

March 7, 2002

To The Shareholders of Crane Co.:

NOTICE IS HEREBY GIVEN THAT the Annual Meeting of the Shareholders of Crane Co. will be held at The Hyatt Regency Greenwich, Riverside Meeting Room, 1800 East Putnam Avenue, Old Greenwich, Connecticut on Monday, April 22, 2002 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 2005.

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2. To consider and act upon a proposal to approve the selection of Deloitte & Touche LLP as independent auditors for the Company for 2002.
3. To consider and act upon a proposal submitted by certain shareholders concerning adoption of the MacBride Principles in reference to the Company's operations in Northern Ireland.
4. To transact such other business as may properly come before the meeting in connection with the foregoing or otherwise.

The Board of Directors has fixed the close of business on March 1, 2002 as the record date for the purpose of determining shareholders entitled to notice of and to vote at said meeting or any adjournment thereof. A complete list of such shareholders will be open to the examination of any shareholder during regular business hours for a period of ten days prior to the meeting at the offices of the Company at 100 First Stamford Place, Stamford, Connecticut.

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 set forth 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, WE REQUEST THAT YOU WRITE FOR YOUR CARD OF ADMISSION TO THE SECRETARY, CRANE CO., 100 FIRST STAMFORD PLACE, STAMFORD, CONNECTICUT 06902.

CRANE CO.
100 FIRST STAMFORD PLACE
STAMFORD, CONNECTICUT 06902

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
APRIL 22, 2002

The enclosed proxy is solicited by the Board of Directors of Crane Co. (the "Company") for use at the Annual Meeting of Shareholders to be held at The Hyatt Regency Greenwich, Riverside Meeting Room, 1800 East Putnam Avenue, Old Greenwich, Connecticut, on Monday, April 22, 2002, at 10:00 a.m., Eastern Daylight Time, or at any adjournment thereof. The enclosed proxy, when properly executed and received by the Secretary prior to the meeting, and not revoked, will be voted in accordance with the directions thereon. If no directions are indicated, the proxy will be voted for each nominee named herein for election as a director, for the proposal to approve the selection of Deloitte & Touche LLP as independent auditors for the Company for 2002 and against the shareholder proposal concerning the MacBride Principles. If any other matter should be presented at the Annual Meeting upon which a vote may properly be taken, the shares represented by the proxy will be voted with respect thereto in accordance with the discretion of the person or persons holding such proxy. Proxies may be revoked by shareholders at any time prior to the voting of the

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proxy by written notice to the Company, by submitting a new proxy or by personal ballot at the meeting.

Shareholders of record may vote their proxy by using the toll-free number listed on the proxy card as an alternative to using the written form of proxy. The telephone voting procedure is designed to authenticate votes cast by use of a Personal Identification Number. Alternatively, shareholders of record may vote their proxy via the Internet at the website www.eproxyvote.com/cr. Both procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. The Company has been advised by counsel that these procedures are consistent with the requirements of applicable law. Specific instructions to be followed by any shareholder of record interested in voting by telephone or via the Internet are set forth on the enclosed proxy card.

The date on which this proxy statement and enclosed form of proxy are first being sent to the Company's shareholders is on or about March 15, 2002.

OUTSTANDING SHARES AND REQUIRED VOTES. As of the close of business on March 1, 2002, the record date for determining shareholders entitled to vote at the Annual Meeting, the Company had issued and outstanding 59,834,392 shares of Common Stock, par value \$1.00 per share ("Common Stock"). Each share of Common Stock is entitled to one vote at the meeting. Directors will be elected by a plurality vote of the holders of shares of Common Stock present in person or represented by proxy and entitled to vote at the meeting. The approval of auditors and the shareholder proposal concerning the MacBride Principles each requires the affirmative vote of the holders of a majority of the shares of Common Stock present in person or represented by proxy and entitled to vote at the meeting. Abstentions may be specified as to all proposals to be brought before the meeting other than the election of directors. Under the rules of the New York Stock Exchange, Inc. (the "NYSE"), brokers holding shares for customers have authority to vote on certain matters even if they have not received instructions from the beneficial owners, but do not have such authority as to certain other matters (so-called "broker non-votes"). The NYSE has advised the Company that member firms of the NYSE may vote without specific instructions from beneficial owners as to all matters presented in this Proxy Statement other than the shareholder proposal concerning the MacBride Principles. With regard to the election of directors, votes may be cast in favor or withheld, and the three persons receiving the highest number of favorable votes will be elected as directors of the Company. As to the approval of auditors and the shareholder proposal, if a shareholder abstains from voting certain shares it will have the effect of a negative vote.

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ELECTION OF DIRECTORS

The Board of Directors of the Company consists of ten members divided into three classes. At the Annual Meeting three directors are to be elected to hold office for three year terms until the Annual Meeting in 2005 and until their successors are elected and qualified. The enclosed proxy will be voted for election of the three directors of such class named in the following table, whose election has been proposed and recommended by the Board of Directors. If any nominee shall, prior to the meeting, become unavailable for election as a director, the persons named in the accompanying form of proxy will vote for such nominee, if any, as may be recommended by the Board of Directors, or the Board of Directors may reduce the number of directors to eliminate the vacancy.

Under the Company's By-Laws, shareholders intending to nominate any person for election as a director of the Company must notify the Secretary of the Company in writing not more than 120 days nor less than 90 days prior to the

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anniversary date of the immediately preceding annual meeting, unless the date of the current annual meeting is more than 30 days before or after such anniversary date. The notice must set forth (a) as to each person nominated, (i) the name, age, business address and residence address of such person, (ii) the principal occupation of such person, (iii) the number of shares of Common Stock beneficially owned by such person and (iv) any other information required to be disclosed in solicitations for proxies for elections of directors under the federal securities laws; and (b) as to the shareholder giving such notice, (i) the name and record address of such shareholder and (ii) the number of shares of Common Stock beneficially owned by such shareholder. The notice must be accompanied by the executed consent of the nominee to serve as a director if so elected.

The age, position with the Company, period of service as a director of the Company, business experience during the past five years, directorships in other companies and shareholdings in the Company as of March 1, 2002 for each of the nominees for election and for each of those directors whose term will continue are set forth below.

COMMON SHARES
BENEFICIALLY
OWNED (1)

NOMINEES TO BE ELECTED FOR TERMS TO EXPIRE IN 2005

E. THAYER BIGELOW, JR.	45,060
Age 60; Director since 1984. Managing Director, Bigelow Media, New York, NY (investment in media and entertainment companies) since September 2000). Senior Advisor, Time Warner Inc., New York, NY (a media and entertainment company) since October 1998. Chief Executive Officer, Court TV, New York, NY, an affiliate of Time Warner Entertainment LP (cable television program services) March 1997 to October 1998. President and Chief Executive Officer, Time Warner Cable Programming Inc., Stamford, CT, a subsidiary of Time Warner Entertainment LP (cable television program services), 1991 to 1997. Other directorships: Huttig Building Products, Inc., Lord Abbett & Co. Mutual Funds.	
CHARLES J. QUEENAN, JR.	20,246
Age 71; Director since 1986. Senior Counsel since 1995 and prior thereto, Partner, Kirkpatrick & Lockhart LLP. Pittsburgh, PA (attorneys at law). Other directorships: Allegheny Technologies Incorporated, Teledyne Technologies Incorporated, Water Pik Technologies, Inc.	

COMMON SHARES
BENEFICIALLY
OWNED (1)

JEAN GAULIN	2,480
Age 59; Director from 1995 to 1999 and since 2001. Retired Chairman, President and Chief Executive Officer of Ultramar Diamond Shamrock Corporation, San Antonio, TX (petroleum refining and marketing). Chairman, President and Chief Executive Officer, Ultramar Diamond	

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Shamrock Corporation January 2000 to December 2001; Vice Chairman, President and Chief Executive Officer, Ultramar Diamond Shamrock Corporation, 1999; Vice Chairman, President and Chief Operating Officer, Ultramar Diamond Shamrock Corporation, December 1996 to December 1998. Other directorships: Abitibi Consolidated, Inc., National Bank of Canada.

DIRECTORS WHOSE TERMS WILL EXPIRE IN 2004

RICHARD S. FORTE	34,270
Age 57; Director since 1983. President, Dawson Forte Cashmere Company, South Natick, MA (importer) since January 1997. Chairman since January 1997 and, prior thereto, President, Forte Cashmere Company, Inc. (importer and manufacturer). Other directorships: Huttig Building Products, Inc.	
WILLIAM E. LIPNER	6,045
Age 54; Director since 1999. Chairman and Chief Executive Officer, NFO WorldGroup, Inc., Greenwich, CT (marketing information/ research services worldwide). Other directorships: Change Technology Partners, Inc., NFO WorldGroup, Inc.	
JAMES L. L. TULLIS	7,790
Age 54; Director since 1998. Chief Executive Officer, Tullis-Dickerson & Co., Inc., Greenwich, CT (venture capital investments in the health care industry) since 1986. Other directorships: Huttig Building Products, Inc.	

DIRECTORS WHOSE TERMS WILL EXPIRE IN 2003

R. S. EVANS	1,888,922
Age 57; Director since 1979. Chairman of the Board of the Company. Chairman and Chief Executive Officer of the Company from 1984 to 2001. Other directorships: Fansteel, Inc., HBD Industries, Inc., Huttig Building Products, Inc.	
ERIC C. FAST	672,888
Age 52; Director since September 1999. President and Chief Executive Officer of the Company since April 2001. President and Chief Operating Officer of the Company from September 1999 to April 2001. Co-head of Global Investment Banking of Salomon Smith Barney (investment banking firm) from 1995 to 1998 and a Managing Director of that firm from 1988 to 1998. Other directorships: Convergys Corporation, National Integrity Life Insurance Company.	

COMMON SHARES
BENEFICIALLY
OWNED (1)

DORSEY R. GARDNER	27,251
Age 59; Director from 1982 to 1986 and since 1989. President, Kelso Management Company, Inc., Boston, MA (investment management). General Partner, Hollybank Investments, L. P., and Thistle Investments, L. P., Miami, FL (private investment funds). Other directorships: Huttig Building Products, Inc.	

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DWIGHT C. MINTON
Age 67; Director since 1983. Chairman Emeritus of the Board of Church &
Dwight Co., Inc. Princeton, NJ (manufacturer of consumer and specialty
products). Other directorships: Church & Dwight Co., Inc.

73,252

- (1) As determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934. No director except Mr. R. S. Evans and Mr. E. C. Fast owns more than 1% of the outstanding shares of Common Stock. See Beneficial Ownership of Common Stock by Directors and Management, page 5.

The Board of Directors met nine times during 2001. Each director attended over 75% of the Board and Committee meetings held in the period during which he was a director.

The Board of Directors has an Executive Committee, Audit Committee, Nominating Committee and Organization and Compensation Committee. The Executive Committee, which meets when a quorum of the full Board of Directors cannot be readily obtained, did not meet in 2001. The Audit Committee, which consists of directors who meet the independence and experience requirements of the New York Stock Exchange, met seven times in 2001 (including three meetings by conference telephone to review quarterly financial information) with the Company's management, internal auditors and independent auditors to review matters relating to the quality of financial reporting and internal accounting controls and the nature, extent and results of their audits, and otherwise maintained communications between the auditors of the Company and the Board of Directors. (See the Committee's report on page 17.) The duties of the Nominating Committee include developing criteria for selection of and identifying potential candidates for service as directors of the Company, as well as policies regarding tenure of service and retirement for members of the Board of Directors. The Nominating Committee met once in 2001. The duties of the Organization and Compensation Committee include recommending to the Board of Directors all actions regarding compensation of the Chief Executive Officer, review of the compensation of other officers and business unit presidents, annual review of director compensation, administration of the EVA Incentive Compensation Plan and Stock Incentive Plan and review and approval of significant changes or additions to the compensation policies and practices of the Company. The Organization and Compensation Committee met four times in 2001. (See the Committee's report on page 10.)

The memberships of committees during 2001 were as follows: Executive Committee: E.T. Bigelow, Jr., R.S. Evans, E. C. Fast and D.C. Minton; Audit Committee: R.S. Forte, D.R. Gardner and C.J. Queenan, Jr. (Chairman); Nominating Committee: E. T. Bigelow, Jr., R. S. Evans (Chairman) and C. J. Queenan, Jr.; Organization and Compensation Committee: E.T. Bigelow, Jr. (Chairman), D.R. Gardner, D.C. Minton and J.L.L. Tullis.

COMPENSATION OF DIRECTORS. The Company's standard retainer payable to each non-employee director is \$30,000 per annum. Pursuant to the Non-Employee Director Stock Compensation Plan, non-employee directors receive, in lieu of cash, shares of Common Stock of the Company (rounded to the nearest ten shares) with a market value equal to that portion of the standard annual retainer which exceeds \$15,000. All directors who are not full-time employees of the Company, of which there are eight, participate in the plan. The shares are issued each year after the Company's annual meeting, are forfeitable if the director ceases to remain a director until the

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Company's next annual meeting, except in the case of death, disability or change in control, and may not be sold for a period of five years or such earlier date as the director leaves the Board. In April 2001 each non-employee director other than Mr. Gaulin received 560 restricted shares of Common Stock pursuant to the plan. Mr. Gaulin, who rejoined the Board of Directors in May 2001, received 480 restricted shares pursuant to the plan.

In addition, under the Non-Employee Director Stock Compensation Plan an option to purchase 2,000 shares of Common Stock is granted to each non-employee director immediately following each annual meeting of shareholders. Each such option has an exercise price equal to the fair market value at the date of grant, has a term of 10 years and vests 50% after one year, 75% after two years and 100% after three years from the date of grant. On April 23, 2001 each non-employee director other than Mr. Gaulin and Mr. Queenan received an option to purchase 2,000 shares at an exercise price of \$26.95 per share. Mr. Gaulin received on May 21, 2001 an option to purchase 2,000 shares at an exercise price of \$28.79 per share. Mr. Queenan elected to continue to participate in the Crane Co. Retirement Plan for Non-Employee Directors (see description below), and therefore does not receive any stock option grants under the Non-Employee Director Stock Compensation Plan.

Directors also receive \$500 for each Board meeting attended. Non-employee members of the Executive Committee receive an annual retainer of \$2,000. Members of other committees receive \$500 and chairmen receive \$750 for each committee meeting attended.

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

BENEFICIAL OWNERSHIP OF COMMON STOCK BY DIRECTORS AND MANAGEMENT

To focus management attention on growth in shareholder value, the Company believes that officers and key employees should have a significant equity stake in the Company. It therefore encourages its officers and key employees to increase their ownership of and to hold Common Stock through the Stock Incentive Plan and the Savings and Investment Plan. Directors also receive 50% of their annual retainer in restricted stock issued under the Non-Employee Director Stock Compensation Plan. The beneficial ownership of Common Stock by the non-employee directors as a group (see pages 2-4 for individual holdings), the executive officers named in the Summary Compensation Table and all

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directors and executive officers of the Company as a group as of March 1, 2002 is as follows:

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	SHARES OWNED	SHARES UNDER RESTRICTED STOCK PLANS (1)	STOCK OPTIONS EXERCISABLE WITHIN 60 DAYS	SHARES IN COMPANY SAVINGS PLAN (401(K))	TOT BEN
Non-Employee Directors and Nominees as a Group (8 persons)					
	120,269	4,400	91,725	--	
R. S. Evans (3)	678,839	179,277	1,021,039	9,767	1
E. C. Fast	101,140	102,316	468,960	472	
M. L. Raithel (4)	201,699	57,480	218,377	4,982	
A. I. duPont	225	60,151	249,234	1,136	
T. M. Noonan	18	25,139	106,801	1,811	
B. L. Ellis	2,095	40,368	74,334	1,281	
Other Executive Officers (4 persons)					
	68,596	25,436	219,206	22,932	
Total -- Directors and Executive Officers as a Group (18 persons)					
	1,172,881	494,567	2,449,676	42,381	4

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- (1) Subject to forfeiture if established performance and/or service conditions are not met.
 - (2) As determined in accordance with Rule 13d-3 under Securities Exchange Act of 1934. Does not include 7,778,416 shares of Common Stock owned by The Crane Fund (see Principal Shareholders of the Company, below); nor 510,471 shares of Common Stock owned by the Crane Fund for Widows and Children; nor an aggregate of 683,715 shares of Common Stock held in trusts for the pension plans of the Company 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. Raithel and two other executive officers are trustees for 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 March 1, 2002, 4,197 other employees of the Company held 1,710,095 shares of Common Stock in the Crane Co. Savings and Investment Plan, 711 shares of Common Stock in the Crane Co. Union Employees Savings and Investment Plan, and 271,840 shares of Common Stock in the ELDEC Corporation and Interpoint Corporation Deferred Income Plan, resulting in a total of 6,142,151 shares of Common Stock beneficially owned by directors, officers and employees, or 9.86% of the outstanding shares as of March 1, 2002.
 - (3) Includes 720 shares owned by Mr. Evans' spouse.
 - (4) Includes 20,785 shares owned by Mr. Raithel's spouse and 1,425 shares owned by his daughter.

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PRINCIPAL SHAREHOLDERS OF THE COMPANY

The following table sets forth the ownership by each person who owned of record or was known by the Company to own beneficially more than 5% of its Common Stock on March 1, 2002.

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(1)	12.99%

(1) The Crane Fund is a charitable trust managed by trustees appointed by the Board of Directors of the Company. The incumbent trustees are: G.A. Dickoff, A.I. duPont, E. M. Kopczick and M.L. Raithel, all of whom are executive officers of the Company. Pursuant to the trust instrument, the shares held by the trust shall be voted by the trustees as directed by the Board of Directors, the distribution of the income of the trust for its charitable 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.

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EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation for each of the last three completed fiscal years paid to Mr. R. S. Evans, who served as the Company's Chief Executive Officer until April 23, 2001, Mr. E. C. Fast, who was elected Chief Executive Officer of the Company on April 23, 2001, and each of the four most highly paid executive officers other than the Chief Executive Officer who were serving as executive officers at December 31, 2001.

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM C	
		SALARY (\$)	BONUS (1) (\$)	OTHER ANNUAL COMPENSATION (\$)	RESTRICTED STOCK AWARD (2) (\$)	SECURITIES UNDERLYING OPTIONS/ SARS (#)
R.S. Evans Chairman of the Board	2001	517,188	2,001,328	120,947	2,695,400	250,000
	2000	775,000	791,406	256,149	3,980,400	175,000
	1999	725,000	548,675	213,743	--	216,854
E.C. Fast President and Chief Executive Officer	2001	587,500	387,078	35,355	1,752,010	300,000
	2000	450,000	261,856	19,026	--	100,000
	1999	141,634	100,000	5,000	1,068,500	325,280

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M.L. Raithel	2001	290,000	282,424	29,974	105,250	40,000
Vice President,	2000	228,662	235,552	18,309	266,400	35,000
Finance and Chief	1999	180,000	142,916	18,449	109,526	37,949
Financial Officer						
A.I. duPont	2001	255,000	202,885	23,914	105,250	40,000
Vice President,	2000	240,000	172,229	29,319	179,093	40,000
General Counsel and	1999	208,000	110,432	23,715	194,052	65,056
Secretary						
T.M. Noonan	2001	185,000	201,361	8,603	131,563	15,000
Vice President,	2000	179,007	170,072	7,176	132,200	20,000
Taxes	1999	156,000	97,858	4,200	71,411	21,685
B.L. Ellis	2001	195,000	169,918	14,756	263,125	20,000
Vice President, Chief	2000	178,500	125,578	10,539	197,190	20,000
Information Officer	1999	154,050	44,415	5,250	178,575	21,685

- (1) Represents the amounts paid to the named executives under the Company's EVA Incentive Compensation Plan for Executive Officers (see Part B of the Report on Executive Compensation by the Organization & Compensation Committee on page 10). After giving effect to such payments, the named executives have credited to their accounts under such plan the following amounts, which are subject to increase or decrease in future years: E.C. Fast \$774,156; M.L. Raithel \$564,848; A.I. duPont \$405,770; T.M. Noonan \$492,722; and B. L. Ellis \$339,836. Under the program one-third of the account balance in any year will be payable to the named executive. Mr. Evans' account balance was paid to him in full in connection with his retirement as Chief Executive Officer, and he no longer participates in the EVA Plan.
- (2) Amounts shown are the fair market value at date of grant of shares of restricted stock awarded to the named executive officers with vesting conditions other than Company performance. These include shares of restricted stock to provide retirement benefits that would have been earned by them under the Company's qualified pension plan but for the application of certain limits imposed by the Internal Revenue Code (see Part C of the Report on Executive Compensation by the Organization and Compensation Committee on page 11). Such shares will vest after 10 years of service or upon age 65, or earlier retirement under the terms of the pension plan. In addition, the amounts shown include the fair value of shares of time-based restricted stock at date of grant. Such shares will vest in accordance with various schedules over a period of five years from the date of grant if the executive continues in the employ of the Company or upon his earlier death or permanent disability or upon a change-in-control of the Company.

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- (3) Shares of restricted stock issued under the Company's restricted stock plans that are subject to performance-based conditions on vesting are classified as long-term incentive awards reportable in the column "LTIP Payouts" of the Summary Compensation Table upon vesting. The shares of Common Stock under the restricted stock plan held by each of the named executive officers and the aggregate value thereof at December 31, 2001 were as follows:

RESTRICTED STOCK AWARD PLAN

RESTRICTED STOCK HELD	LTIP	AGGREGATE RESTRICTED	AGGREGATE
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NAME	# OF SHARES	# OF SHARES	SHARES HELD	VALUE
R. S. Evans	100,000	79,277	179,277	\$4,596,662
E. C. Fast	96,711	--	96,711	2,479,670
M. L. Raithel	26,938	12,684	39,622	1,015,908
A. I. duPont	30,057	23,783	53,840	1,380,458
T. M. Noonan	14,571	6,342	20,913	536,209
B. L. Ellis	36,156	--	36,156	927,040

The shares listed in the first column under the heading "Restricted Stock Held" are subject only to time-based vesting criteria as described under note (2) above. The shares of restricted stock which are performance-based, listed under the heading "LTIP," may lapse upon failure to achieve the performance criteria and so the value presented above for such shares remains at-risk to the executive. Dividends are paid on all restricted stock at the same rate as other shares of Common Stock and are reported in the column "Other Annual Compensation" of the Summary Compensation Table.

- (4) Amounts included in the Company's matching contribution for eligible employees for the purchase of Common Stock in the Company's Saving & Investment Plan (401k) and premiums for life insurance.

OPTION GRANTS IN LAST FISCAL YEAR

The following table shows all individual grants of stock options to the named executive officers of the Company during the fiscal year ended December 31, 2001.

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED (1)	% OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE \$/SHARE (2)	EXPIRATION DATE
R. S. Evans	250,000	18.70%	26.95	4/23/11
E. C. Fast	100,000	7.48%	26.95	1/22/11
E. C. Fast	200,000	14.96%	26.95	4/23/11
M. L. Raithel	40,000	2.99%	26.95	1/22/11
A. I. duPont	40,000	2.99%	26.95	1/22/11
T. M. Noonan	15,000	1.12%	26.95	1/22/11
B. L. Ellis	20,000	1.50%	26.95	1/22/11

(1) No SARs were granted.

(2) The exercise price of options granted under the Company's stock option plans were and may not be less than 100% of the fair market value of the shares on the date of grant. Options granted become exercisable 50% one year, 75% two years and 100% three years after grant and expire, unless exercised, 10 years after grant. If employment terminates, the optionee generally may exercise the option only to the extent it could have been exercised on the date his employment terminated and must be exercised within three months thereof. In the event employment terminates by reason of retirement, permanent disability, death or change in control, options become fully exercisable. The exercise price may be paid by delivery of

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shares owned for more than six months and income tax obligations related to exercise may be satisfied by surrender of shares received upon exercise, subject to certain conditions.

- (3) The amounts shown were calculated using a Black-Scholes option pricing model which derives a value of \$7.64 per share for each option granted. The estimated values assume a risk-free rate of return of 4.89% based upon the 10-year Treasury (adjusted for constant maturities) from the Federal Reserve Statistical Release H.15(519), stock price volatility of 27.02%, a dividend payout ratio of 1.475% and an option duration of 5.10 years. The actual value, if any, that an executive may realize will depend upon the excess of the stock price over the exercise price on the date the option is exercised, and so the value realized by an executive may be more or less than the value estimated by the Black-Scholes model.

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AGGREGATE OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT FISCAL YEAR-END (#) (1)		IN AT EXE
			EXERCISABLE	UNEXERCISABLE	
R. S. Evans	0	0	896,039	250,000	3,
E. C. Fast	0	0	293,960	431,320	1,
M. L. Raithel	65,869	1,085,411	180,139	66,988	1,
A. I. duPont	0	0	202,970	76,264	
T.M. Noonan	0	0	88,879	30,422	
B.L. Ellis	0	0	53,912	35,422	

- (1) No SARs were held at December 31, 2001.
 (2) Computed based upon the difference between aggregate fair market value at December 31, 2001, the last trading day for the year, and aggregate exercise price.

PERFORMANCE GRAPH

The following performance graph compares the total return to shareholders of an investment of \$100 in each of Crane Co. Common Stock, the S&P 500 Index and the S&P Manufacturing (Diversified) Index, in which the Company is included as one of 13 companies, from December 31, 1996 to December 31, 2001. "Total Return" means the increase in value of an investment in a security over a given period assuming reinvestment in that security of all dividends received thereon during the period.

[LINE CHART]

Crane Co.	(\$)	100	151	160	112	163	149
S&P 500	(\$)	100	133	171	208	189	166
S&P Mfg Diversified	(\$)	100	119	138	170	202	199

Peer companies in the S&P Industrial Manufacturing-Diversified Index are: Danaher Corp., Eaton Corp., Honeywell International, Illinois Tool Works, ITT Industries, Johnson Controls, Minnesota Mining & Manufacturing, Parker Hannifin Corp., Textron Inc., Thermo Electron Corporation, Tyco International and United Technologies Corporation.

REPORT ON EXECUTIVE COMPENSATION
BY THE ORGANIZATION AND COMPENSATION
COMMITTEE OF THE COMPANY

In 2001 the Organization and Compensation Committee of the Board of Directors of the Company (the "Committee") maintained its previously established three-pronged approach to executive officer and key employee compensation: competitive base salaries; short and medium-term cash incentive compensation linked to measurable increases in shareholder value; and long-term incentive compensation utilizing stock options the value of which is keyed to increases in shareholder returns (through increases in the price of the Company's Common Stock) and awards of restricted Common Stock for retention purposes. The Committee has established targets for ownership of Company Common Stock to encourage executive officers and key employees to hold a significant portion of their net worth in the Company's Common Stock so that the future price of the Company's Common Stock will constitute a key element in their financial planning and ultimately in their net worth. In addition, the Committee continued a program using shares of restricted stock to offset significant limitations in pension benefits imposed upon certain executive officers and key employees by federal tax policies while concurrently preserving the incentive linkage between improved share performance and the recipient's ultimate return.

A. BASE SALARIES. In 2001 the base salaries of the Company's executive officers and other key managers were reviewed and adjusted where appropriate to reflect promotions and other changes in duties as well as competitive market conditions. The Committee believes the Company's base salaries are sufficiently competitive to attract and retain qualified executive officers and key managers. Increases in base salaries of executive officers other than the Chief Executive Officer averaged 14.2% during 2001, ranging from 2.7% to 41.7%.

B. SHORT AND MEDIUM-TERM INCENTIVE COMPENSATION--FOCUSED ON ECONOMIC VALUE ADDED. The Company's annual incentive compensation program utilizes the principles of economic value added ("EVA") with a three year rolling horizon. EVA* is defined as the difference between the return on total capital invested in the business and the cost of capital, multiplied by total capital employed. The Committee believes that, compared to such common performance measures as return on capital, return on equity, growth in earnings per share and growth in cash flow, EVA has the highest correlation with the creation of value for shareholders over the long term.

The program does not involve the meeting of pre-established goals, as such. Rather, the EVA for a business unit during the year, in aggregate as well as the increase or decrease compared to the prior year, is the sole basis for any incentive compensation award, thereby motivating managers to focus on continuous value improvement. Awards are generally uncapped to provide maximum incentive to create value and, because awards may be positive or negative, executives can incur penalties when value is reduced.

While particular EVA formulas are tailored to the size and unique

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characteristics of the business unit or units for which a specific executive is responsible, the key elements of the EVA formula applicable to any individual are the cost of capital (generally the cost of capital to the Company), the return on capital, the amount of capital employed in the business unit, the net operating profit of the unit after tax and the prior year's EVA. Thus, the EVA formula requires the executive to focus on improvement in the unit's balance sheet as well as the income statement. Awards are calculated on the basis of year end results, and award formulas utilize both a percentage of the change in EVA of a business unit from the prior year, whether positive or negative, and a

* EVA is a registered trademark of Stern, Stewart & Co.

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percentage of the positive EVA, if any, in the current year. EVA awards are calculated for the Company as a whole for the corporate executives or where appropriate for the business unit for which the executive is responsible. A percentage of the measured entity's award is allocated to each participating executive. For executives responsible for more than one business unit, the formula is based on a percentage of the aggregate EVA, positive or negative, of the units reporting to the executive.

After the EVA award, whether positive or negative, for a particular year has been determined, it is credited to the executive's "bank account." If the executive's account is a positive number, one-third of the account balance is paid to the executive in cash annually, and the remainder of the account balance represents that individual's "equity" in the account for future years; provided that for newly hired executives, 70% of the account balance is paid in year one, 50% in year two and one-third in year three and thereafter. If an EVA award is negative, the amount will be deducted from the balance in the account. If the account balance is negative, the executive will receive no incentive compensation payments until the aggregate of subsequent EVA awards results in a positive account balance. Each year, the Company adds interest to a positive balance at an appropriate money market rate. The account is subject to forfeiture in the event an executive leaves the Company by reason of termination or resignation, but is paid in full if the executive dies, becomes disabled or retires at age 65 (or earlier at the discretion of the Committee) or upon a sale of the executive's business unit or a change-in-control of the Company. The bank account concept with the three year payout at risk gives the incentive compensation program a longer term perspective and provides participants with ownership incentives as the account balances build or decline. Although the program is formula driven, the Committee retains discretion to review and adjust its impact on business units and individuals for reasonableness and to preserve its incentivizing objectives, provided that the EVA award percentages of the individuals named in the Summary Compensation Table are capped by the Committee at the beginning of the year.

C. LONG-TERM INCENTIVE COMPENSATION--FOCUSED ON SHAREHOLDER RETURN. The Company has used its stock option plan and restricted stock plan (now combined in the 2001 Stock Incentive Plan) as the foundation for a long-term stock-based incentive compensation program focused on shareholder return. The Committee believes that executive officers approach their responsibilities more and more like owners of the Company as their holdings of and potential to own Company Common Stock increase. This philosophy starts with the Board of Directors, whose non-employee members receive 50% of their annual retainer in Company Common Stock. To date, 9.86% of the Company's Common Stock is beneficially owned by directors, management and key employees, with the Chairman of the Board owning 3.03% and the other executive officers owning 3.65%. (See Beneficial Ownership of Common Stock by Directors and Management, page 6.) The Committee has established targets for ownership of Company Common Stock by

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executive officers and key employees (expressed as a multiple of their base salary, ranging from a multiple of one for salaries up to \$125,000 to a multiple of five for salaries above \$500,000). The Committee also continues to discourage sales of stock acquired by such individuals through the vesting of restricted stock grants and option exercises.

(i) Stock Options. The Stock Incentive Plan is administered by the Committee, which is authorized to grant options to key employees of the Company or any majority-owned subsidiary of the Company. Options granted become exercisable 50% one year after the grant date, 75% two years after the grant date and 100% three years after the grant date and the option price must not be less than 100% of the average fair market value on the date of grant. Options expire, unless exercised, 10 years after grant. Because the Company's Stock Incentive Plan requires that options be granted at no less than fair market value, a gain can only result if the Company's share price increases from the date of grant. This incentive program is, therefore, directly tied to increases in shareholder value. In 2001, the Committee granted 1,095,000 stock options to the officers and key employees of the Company.

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(ii) Restricted Stock. Under the Stock Incentive Plan, the Committee may also award restricted shares of the Company's Common Stock to selected officers and key employees. The Committee has the authority to select participants and to determine the amount and timing of awards, restriction periods, market value thresholds and any terms and conditions applicable to grants. From 1990 to 1997, the Committee generally established performance goals for the lapse of restrictions on stock awarded involving the achievement over 2 1/2 and 5 year intervals of returns for the Company's shareholders (Common Stock price appreciation plus dividends) equal to or better than certain performance benchmarks, e.g. 125% of the shareholder return of the S&P 500, 150% of such return or 17.5% compounded annually. Each such award has also required that the price of the Company's Common Stock must be higher than the price on the date of grant, or the restrictions will not lapse. If the conditions are not met, such restricted stock awards are forfeited after five years, subject to the discretion of the Committee to adjust the terms of such awards. Beginning in 1998, the Committee determined to reduce the aggregate number of shares of restricted stock to be awarded and to award such restricted stock with time-vesting criteria only to selected employees for long-term retention purposes. A total of 279,500 shares of restricted stock were awarded to officers and other key employees of the Company on this basis in 2001, which generally vest as to 25 percent of the award on the second, third, fourth and fifth anniversaries of the date of grant, or upon the participant's earlier death, permanent disability, normal retirement at age 65 or upon a change-in-control of the Company.

Since 1995, the Committee has administered a program using grants of restricted stock to make up the shortfall in executive officer and key employee pension benefits imposed by certain federal tax policies which limit the amount of compensation that can be considered for determining benefits under tax-qualified plans. Under this program, the Committee will grant to certain executive officers and key employees who have been impacted by such tax limitations amounts of restricted stock to make up that portion of the Company's retirement benefit at normal retirement (age 65), lost by reason of the tax limitations. The Committee is of the view that the grants provide the potential to offset the tax limitations on the executive's future pension benefits, but require the recipient to look to future increases in shareholder value through stock appreciation if that objective is to be actually achieved. No awards were made under this program in 2001.

D. COMPENSATION FOR THE CHIEF EXECUTIVE OFFICER. In 2001, E. C. Fast

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succeeded R. S. Evans as Chief Executive Officer when Mr. Evans retired after 17 years as Chief Executive Officer of the Company. In connection with this transition, the Committee approved agreements with both Mr. Evans and Mr. Fast, the principal terms of which are set forth below under the caption "Other Agreements and Information." The employment agreement with Mr. Fast is in keeping with the Committee's view that Chief Executive Officer compensation should include a competitive base salary while emphasizing incentives closely linked to shareholder return, such as the Company's EVA Plan and significant grants of stock options, with a substantial award of time-based restricted stock for retention purposes. Mr. Fast's 2001 incentive compensation award of \$883,666 under the EVA Incentive Compensation Plan was calculated on the basis of a pre-established percentage of the aggregate EVA for the Company, after adjustments approved by the Committee to mitigate certain anomalies from the disposition of several businesses by the Company, and that award was credited to Mr. Fast's "account" as provided for in the EVA Plan. The actual amount paid to Mr. Fast for 2001 from his account was \$387,078.

The agreement with Mr. Evans reflected the Committee's decision to secure the continued service of Mr. Evans as non-executive Chairman of the Board and to recognize his long service and outstanding performance as Chief Executive Officer of the Company with a substantial award of stock options that would also provide incentives for Mr. Evans, in his role as Chairman of the Board, to continue focusing on ways to improve shareholder value for the Company. The payment of Mr. Evans' EVA bank account and the vesting of outstanding stock options and retirement-based restricted stock were pursuant to the terms of the relevant plans. On April 23, 2001 the Committee granted Mr. Evans 100,000 shares of restricted stock vesting 50% on April 23, 2003 and 50% on April 23, 2004.

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E. OMNIBUS BUDGET REVENUE RECONCILIATION ACT OF 1993. In 1993, Congress adopted the Omnibus Budget Revenue Reconciliation Act of 1993, certain provisions of which (Section 162(m) of the Internal Revenue Code) for tax years beginning after December 31, 1993 limit to \$1 million per employee the deductibility of compensation paid to the executive officers required to be listed in the Company's proxy statement unless the compensation meets certain specific requirements. The EVA Incentive Compensation Plan for Executive Officers, which was approved by the shareholders at the 1994 Annual Meeting, is intended to constitute a performance-based plan meeting the criteria for continued deductibility set out in the applicable regulations. In addition, the Company believes that all stock options and performance-based restricted stock granted to date under the Company's stock incentive plans will meet the requirements of Section 162(m) for deductibility. The shares of time-based restricted stock granted to offset the impact of the tax limitations on pension benefits, as well as the other time-based restricted stock awarded in 2001 as described in paragraph C above, would not satisfy the performance-based criteria of Section 162(m), and accordingly compensation expense in respect of income recognized by the executive officer upon lapse of the restrictions would not be deductible to the extent that such income, together with all other compensation in such year that did not satisfy the criteria of Section 162(m), exceeded \$1 million. As a matter of policy, the Committee intends to develop and administer compensation programs which will maintain deductibility under Section 162(m) for all executive compensation, except in the limited circumstance when the materiality of the deduction is in the judgment of the Committee significantly outweighed by the incentive value of the compensation.

Submitted by:

The Organization and Compensation

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Committee of the Board of Directors of
Crane Co.
E.T. Bigelow, Jr.
D.R. Gardner
D.C. Minton
J.L.L. Tullis

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RETIREMENT BENEFITS

All officers of the Company, including the individuals identified in the Summary Compensation Table, are participants in the Company's pension plan for non-bargaining 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 where employment is terminated prior to normal or other retirement or death, as determined by applicable law and the plan. Benefit accruals continue for years of service after age 65.

The annual pension benefits payable under the pension plan are equal to 12/3% per year of service of the participant's average annual compensation during the five highest compensated consecutive years of the 10 years of service immediately preceding retirement less 12/3% 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 less (i) the imputed income value of group life insurance and auto allowance, (ii) income derived from participation in the Company's restricted stock plans and (iii) on or after January 1, 1993, income derived from the Company's stock option plans and a former stock appreciation rights plan. 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 the bonus shown in the Table for the immediately preceding year.

The table below sets forth the estimated annual benefit payable on retirement at normal retirement age (age 65) under the Company's pension plan. Benefits are based on accruals through December 31, 2001 for specified salary and years of service classifications, and assume benefits to be paid in the form of a single life annuity. The amounts have not been reduced by the Social Security offset referred to above.

PENSION PLAN TABLE

AVERAGE ANNUAL COMPENSATION*	YEARS OF SERVICE				
	10	20	25	30	35
\$150,000.....	\$25,005	\$50,010	\$62,513	\$75,015	\$ 87,518
\$175,000.....	29,173	58,345	72,931	87,518	102,104
\$200,000.....	33,340	66,680	83,350	100,020	116,690
\$225,000.....	37,508	75,015	93,769	112,523	131,276
\$235,000.....	39,175	78,349	97,936	117,524	137,111
\$250,000.....	41,675	83,350	104,188	125,025	145,863**

* Between January 1, 1989 and December 31, 1993, for the purpose of

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determining benefit accruals and benefit limitations under the pension plan for all plan years beginning in 1989, a participant's compensation is deemed to be limited to \$200,000 indexed for inflation (\$235,840 for 1993) ("Limitation"). As a result of the Limitation, the covered compensation under the Company's pension plan for each of Messrs. Evans (who retired in 2001) and Raithel (who have 28 and 31 years of service credit, respectively) was limited to \$235,840 in 1993. Messrs. duPont and Noonan were not employed by the Company in 1993; they joined the Company in 1996 and each now has six years of service credit under the Company's pension plan. Mr. Ellis joined the Company in 1997 and has four years of service credit under the company's pension plan. Mr. Fast joined the Company in 1999 and has two years of service credit under the Company's pension plan. However, in no event will the Limitation reduce any participant's accrued benefit below his accrued benefit as of December 31, 1988. Commencing January 1, 1994, the compensation limit was further reduced to \$150,000 indexed for inflation in future years ("OBRA '93 Limitation"). As a result of the OBRA '93 Limitation, the covered compensation under the Company's pension plan for the foregoing individuals for the years 1994 through 1996 was limited to \$150,000, was increased to \$160,000 for 1997, 1998 and 1999, and was increased to \$170,000 for 2000 and 2001 and \$200,000 for 2002. In no event will the OBRA '93 Limitation reduce any participant's accrued benefit as of December 31, 1993.

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** Effective January 1, 1996, the actual retirement benefit at normal retirement date payable pursuant to Section 235(a) of the Tax Equity and Fiscal Responsibility Act of 1982 (and subsequent to 1986 at the age at which unreduced Social Security benefits may commence pursuant to the Tax Reform Act of 1986) may not exceed the lesser of \$120,000 or 100% of the officer's average compensation during his highest three consecutive calendar years of earnings (the "Tax Act Limitation"). The Tax Act Limitation may be adjusted annually for changes in the cost of living. The 1999 limit was \$130,000, increased to \$135,000 for 2000, \$140,000 for 2001 and \$160,000 for 2002. The dollar limit is subject to further reduction to the extent that a participant has fewer than 10 years of service with the Company or 10 years of participation in the defined benefit plan.

OTHER AGREEMENTS AND INFORMATION

The Company has entered into indemnification agreements with R. S. Evans, E. C. Fast, each other director of the Company, Messrs. duPont, Ellis, Noonan and Raithel and the four other executive officers of the Company, the form of which was approved by the shareholders of the Company at the 1987 Annual Meeting. The Indemnification Agreements require the Company to indemnify the officers or directors to the full extent permitted by law against any and all expenses (including advances thereof), judgments, fines, penalties and amounts paid in settlement incurred in connection with any claim against such person arising out of the fact that he was a director, officer, employee, trustee, agent or fiduciary of the Company or was serving as such for another entity at the request of the Company, and to maintain directors and officers liability insurance coverage or to the full extent permitted by law to indemnify such person for the lack thereof.

Each of the individuals named in the Summary Compensation Table (and certain other executive officers) has an agreement which, in the event of a change in control of the Company, 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. Upon termination within three years after a change in control, by the Company without cause or by the employee with "Good Reason" (as defined in the agreement), the employee is immediately

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entitled to a proportionate amount of the greater of the last year's bonus or the average bonus paid in the three prior years, three times the sum of his or her annual salary and the greater of the last year's bonus or the average of the last three years' bonuses, and all accrued deferred compensation and vacation pay, and employee benefits, medical coverage and other benefits also continue for three years after termination. "Good Reason" under the agreements includes, among other things, any action by the Company which results in a diminution in the position, authority, duties or responsibilities of the employee. The agreements also provide that the employee may terminate his or her employment for any reason during the 30 day period immediately following the first year after the change of control, which shall be deemed "Good Reason" under the agreement. If it is determined that any economic benefit or payment or distribution by the Company to the individual, pursuant to the agreement or otherwise (including, but not limited to, any economic benefit received by the employee by reason of the acceleration of rights under the various options and restricted stock plans of the Company) ("Payment"), is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, the agreements provide that the Company shall make additional cash payments to the employee such that after payment of all taxes including any excise tax imposed on such payments, the employee will retain an amount equal to the excise tax on all the Payments. The agreements are for a three-year period, but are automatically renewed annually for a three-year period unless the Company gives notice that the period shall not be extended.

On January 22, 2001 the Company entered into an Employment Agreement with Mr. Fast pursuant to which Mr. Fast agreed to serve as President and Chief Executive Officer of the Company commencing upon the retirement of Mr. Evans as Chief Executive Officer of the Company on the date of the 2001 Annual Meeting, April 23, 2001. The Employment Agreement is for a term of two years, renewable each year for one additional year unless either party gives written notice to the other, and provides for the following compensation: (i) an annual salary of no less than \$650,000; (ii) participation in the EVA Incentive Compensation Plan; (iii) the grant on the date of the Crane Co.

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Board meeting in April 2001 of non-qualified stock options to purchase 200,000 shares of Common Stock, and the grant on the date of the Crane Co. Board meeting in January 2002 of non-qualified stock options to purchase 300,000 shares of Common Stock, in each case with an exercise price equal to the fair market value of a share of Common Stock on the date of grant, with a term of 10 years and vesting 50% after one year, 75% after two years and 100% after three years from the date of grant; and (iv) the grant on the date of the Crane Co. Board Meeting in April 2001 of 65,000 restricted shares of Common Stock vesting 25% on each of the second, third, fourth and fifth anniversaries of the date of grant. The Employment Agreement also contains certain covenants of Mr. Fast concerning confidentiality, non-competition and non-solicitation of employees after termination of employment. If the Company terminates Mr. Fast's employment other than for cause, Mr. Fast would be 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 EVA bonus payment in the preceding five years, all stock options would become fully vested and exercisable and all restricted stock would become fully vested and nonforfeitable.

Also on January 22, 2001 the Board of Directors approved certain arrangements for the benefit of Mr. Evans upon his resignation as Chief Executive Officer of the Company. Under these arrangements, which became effective on the date of the 2001 Annual Meeting, Mr. Evans continues to serve as non-executive Chairman of the Board and devotes approximately 50 days per year to the business of the Company, and he receives the following

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compensation: (i) an annual salary of no less than \$400,000; (ii) payment of his current EVA bank account balance (distributed in January 2002), with the right to participate in the EVA Incentive Compensation Plan for the period from January 1, 2001 until the date of his retirement; (iii) full vesting of all outstanding stock options held by Mr. Evans; (iv) all retirement-based restricted stock would become fully vested and nonforfeitable; and (v) the grant of non-qualified stock options to purchase 250,000 shares of Common Stock at an exercise price equal to the fair market value of a share of Common Stock on the date of grant with a term of 10 years and vesting 50% after one year 75% after two years and 100% after three years from the date of grant. In addition, the Company provides Mr. Evans with an office and an office assistant at the Company's business headquarters, technical support for an office outside of the Company's headquarters and the use of the Company's airplane for business and personal use subject to the approval of the Company's Chief Executive Officer. The foregoing arrangements are set forth in an agreement with a term of three years, renewable each year for an additional year, and if the Company terminated Mr. Evan's employment other than for cause, or if Mr. Evans terminated his employment for Good Reason (as defined in the Agreement) or for any reason after a change-in-control, Mr. Evans would be entitled to receive a lump sum cash payment equal to the full amount of his base salary through the end of the term of the agreement.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

For the fiscal year ended December 31, 2001 each director and executive officer of the Company timely filed all required reports under Section 16(a) of the Securities Exchange Act of 1934.

OTHER TRANSACTIONS AND RELATIONSHIPS

The law firm of Kirkpatrick & Lockhart LLP, of which Mr. Queenan is senior counsel, furnished legal services to the Company in 2001.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

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

PRINCIPAL ACCOUNTING FIRM FEES

Set forth below is a summary of the fees paid for the year ended December 31, 2001 to the Company's principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates:

Audit fees	\$ 1,178,000 (1)
Fees relating to financial information systems design and implementation	\$ 0
All other fees	\$ 2,204,290 (2)

-
- (1) Includes statutory audit fees related to the Company's wholly owned foreign subsidiaries.
 - (2) Includes fees for audit related services (consisting principally of audits

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of employee benefit plans, due diligence assistance pertaining to acquisitions and consultation on accounting standards) of \$224,000, tax consulting and other tax related services of \$1,965,601 and other non-audit services of \$14,689.

AUDIT COMMITTEE REPORT

In accordance with its written charter adopted by the Board of Directors, the Audit Committee (the "Committee") assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company.

In discharging its oversight responsibility as to the audit process, the Committee obtained from the independent auditors a formal written statement describing all relationships between the auditors and the Company that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees." The Committee discussed with the auditors any relationships that may impact their objectivity and independence, including fees for non-audit services, and satisfied itself as to the auditors' independence. The Committee also discussed with management, the internal auditors and the independent auditors the quality and adequacy of the Company's internal controls and 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 discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees" and, with and without 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 the Company as of and for the year ended December 31, 2001, with management and the independent auditors. Management has the responsibility for the preparation of the Company's financial statements and the independent auditors have the responsibility for the examination of those statements.

Based on the above-mentioned review and discussions with the independent auditors, the Committee recommended to the Board of Directors that the Company's audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2001, for filing with the Securities and Exchange Commission. The Committee also recommended the reappointment, subject to shareholder approval, of the independent auditors and the Board of Directors concurred in such recommendation.

Submitted by:
The Audit Committee of the
Board of Directors of Crane Co.
R.S. Forte
D.R. Gardner
C.J. Queenan, Jr.

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APPROVAL OF THE SELECTION OF AUDITORS

The Board of Directors proposes and recommends that the shareholders approve the selection of the firm of Deloitte & Touche LLP as independent auditors for the Company for 2002. Deloitte & Touche LLP have been the

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independent auditors for the Company since 1979. Unless otherwise directed by the shareholders, proxies will be voted for approval of the selection of Deloitte & Touche LLP to audit the books and accounts of the Company for the current year. In accordance with the Company's practice, a member of Deloitte & Touche LLP will attend the Annual Meeting and will have an opportunity to make a statement if he desires to do so and to respond to appropriate questions which may be asked by shareholders.

SHAREHOLDER PROPOSAL REGARDING IMPLEMENTATION OF THE MACBRIDE PRINCIPLES

The following proposal was submitted to the Company by New York City Comptroller Alan G. Hevesi on behalf of the New York City Employees' Retirement System and the New York City Teachers' Retirement System, which held 64,625 and 93,409 shares of the Company's common stock as of October 25, 2001, respectively, and by New York State Comptroller H. Carl McCall on behalf of the New York State Common Retirement Fund, which held 144,071 shares of the Company's common stock as of October 31, 2001. Mr. Hevesi's address is 1 Centre Street, New York, New York 10007-2341, and Mr. McCall's address is A.E. Smith State Office Building, Albany, New York 12236.

"WHEREAS, Crane Company operates a wholly-owned subsidiary in Northern Ireland,

WHEREAS, the securing of a lasting peace in Northern Ireland encourages us to promote means for establishing justice and equality;

WHEREAS, employment discrimination in Northern Ireland has been cited by the International Commission of Jurists as one of the major causes of sectarian strife in that country:

WHEREAS, Dr. Sean MacBride, founder of Amnesty International and Nobel Peace Laureate, has proposed several equal opportunity employment principles to serve as guidelines for corporations in Northern Ireland. These include:

1. Increasing the representation of individuals from under-represented religious groups in the workforce, including managerial, supervisory, administrative, clerical and technical jobs.
2. Adequate security for the protection of minority employees both at the workplace and while traveling to and from work.
3. The banning of provocative religious or political emblems from the workplace.
4. All job openings should be publicly advertised and special recruitment efforts should be made to attract applicants from under-represented religious groups.
5. Layoff, recall, and termination procedures should not, in practice, favor particular religious groupings.
6. The abolition of job reservations, apprenticeship restrictions, and differential employment criteria, which discriminate on the basis of religion or ethnic origin.
7. The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.
8. The establishment of procedures to assess, identify and actively

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recruit minority employees with potential for further advancement.

9. The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting up of timetables to carry out affirmative action principles.

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RESOLVED, Shareholders request the Board of Directors to:

1. Make all possible lawful efforts to implement and/or increase activity on each of the nine MacBride Principles."

SUPPORTING STATEMENT OF NEW YORK CITY COMPTROLLER

We believe that our company benefits by hiring from the widest available talent pool. An employee's ability to do the job should be the primary consideration in hiring and promotion decisions.

Implementation of the MacBride Principles by Crane Company will demonstrate its concern for human rights and equality of opportunity in its international operations.

Please vote your proxy FOR these concerns.

OPPOSITION STATEMENT OF THE BOARD OF DIRECTORS OF THE COMPANY

The Board of Directors believes that the Company benefits by hiring from the widest available talent pool and that an employee's ability to do the job should be the primary consideration in hiring and promotion decisions, which is why the Company has a long standing policy of providing equal opportunity employment without regard to race, color, religion, sex, national origin, citizenship status, age, disability or marital status. The Company has one subsidiary located in Northern Ireland, Crane Stockham Valve Limited ("CSVL"), and CSVL is subject to the same policy.

CSVL is subject to the Northern Ireland Fair Employment Act 1989, as amended and updated by the Fair Employment and Treatment (Northern Ireland) Order 1998 (the "Fair Employment Act"), and the Code of Practice for the Promotion of Equality of Opportunity promulgated under the Fair Employment Act. The Fair Employment Act makes religious discrimination and preferential treatment in employment illegal, and requires CSVL to monitor its work force, submit annual returns and regularly review its employment procedures. The Fair Employment Act allows the Equality Commission for Northern Ireland (formerly the Fair Employment Commission) to oversee such regular reviews and provides for the imposition of penalties against employers who are found to have discriminated on the grounds of religious or political beliefs.

As an employer with more than 10 employees in Northern Ireland, CSVL is registered under the Fair Employment Act, and thus works with the Equality Commission to further ensure that its employment procedures are not discriminatory. In addition, CSVL entered into a voluntary agreement with the Commission in October 1996 pursuant to which CSVL undertook a program of affirmative action regarding communication of equal opportunity policies and procedures, continuing to provide a working environment without intimidation or harassment, annual auditing of its employment practices and procedures and outreach measures to encourage applications from the Roman Catholic community.

In effect, the Company's policies and applicable laws endorse the same belief in equality of opportunity that is embodied in the MacBride Principles. However, the Board of Directors does not believe that it is advisable for the

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Company to endorse or subscribe to the MacBride Principles as set forth in the proposed resolution. By adopting the MacBride Principles, CSVL would become unnecessarily accountable to two sets of similar but not identical fair employment guidelines, which would unnecessarily burden CSVL and its management in the conduct of CSVL's business. In addition, the Board of Directors is concerned that implementation of a duplicate set of principles could lead to confusion, conflicts and, potentially, unfairness in the workplace. For the foregoing reasons, the Board of Directors believes that adoption of the MacBride Principles is not in the best interests of the Company or its shareholders.

RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors unanimously recommends a vote AGAINST approval of the Shareholder Proposal Regarding Implementation of the MacBride Principles.

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MISCELLANEOUS

Solicitation of Proxies. The Company 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 and fax by directors, officers and employees of the Company, who will undertake such activities without additional compensation. To aid in the solicitation of proxies, the Company has retained Georgeson Shareholder which will receive a fee for its services of \$5,500 plus up to \$1,800 in expenses. 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.

Incorporation by Reference. The Report on Executive Compensation on pages 10-13, the Audit Committee Report on page 17 and the Performance Graph on page 9 of 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 except to the extent that the Company specifically incorporates either of said reports or said graph by reference and neither of the reports nor the graph shall otherwise be deemed filed under such Acts.

Next Annual Meeting; Shareholder Proposals. The By-Laws provide that the Annual Meeting of Shareholders of the Company will be held on the second Monday in May in each year unless otherwise determined by the Board of Directors. Appropriate proposals of security holders intended to be presented at the 2003 Annual Meeting must be received by the Company for inclusion in the Company's proxy statement and form of proxy relating to that meeting on or before November 7, 2002. In addition, the Company's By-Laws provide that if security holders intend to nominate directors or present proposals at the 2003 Annual Meeting other than through inclusion of such proposals in the Company's proxy materials for that meeting, then the Company must receive notice of such nominations or proposals no earlier than December 24, 2002 and no later than January 23, 2003. If the Company does not receive notice by that date, then such proposals may not be presented at the 2003 Annual Meeting.

Shareholders who do not expect to attend in person are urged 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.

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By Order of the Board of Directors,

AUGUSTUS I. DUPONT
Secretary

March 7, 2002

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PROXY

CRANE CO.

Annual Meeting of Shareholders April 22, 2002

This Proxy is Solicited on Behalf of the Board of Directors

The undersigned does hereby appoint and constitute R.S. Evans, E.C. Fast and A.I. duPont and each of them, true and lawful agents and proxies of the undersigned, with 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 March 1, 2002 at the Annual Meeting of Shareholders of Crane Co. to be held in the Riverside Meeting Room of the Hyatt Regency Hotel, 1800 East Putnam Avenue, Old Greenwich, Connecticut on Monday, April 22, 2002 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.

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.

SEE REVERSE SIDE

_ FOLD AND DETACH HERE _

CRANE(r)
INVESTOR INFORMATION

Visit our web site at www.craneco.com where you will find detailed information about the company, its component businesses and its stock 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 Crane Co. news by e-mail by clicking "Email Alert Signup" at www.craneco.com. Once your name has been added to our distribution list, the company will automatically e-mail you news on Crane Co.

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).

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VOTE BY TELEPHONE OR INTERNET

Crane Co. encourages you to take advantage of two cost-effective and convenient ways to vote your shares. You may vote your proxy 24 hours a day, 7 days a week, using either a touch-tone telephone or electronically through the Internet. Please have your proxy card and social security number available. Your telephone or Internet vote authorizes the proxies named on the above proxy card to vote your shares in the same manner as if you marked, signed, and returned your proxy card.

BY PHONE: On a touch-tone telephone dial 1-877-PRX-VOTE (1-877-779-8683) from the U.S. or Canada. You will be asked to enter the PIN number printed on this card just below the perforation.

BY INTERNET: Log on to the Internet and go to the web site www.eproxyvote.com/cr. Click the "PROCEED" icon and you will be asked to enter the PIN number printed on this card.

BY MAIL: Mark, sign and date your proxy card and return it in the postage-paid envelope. If you are voting by telephone or via the Internet, there is no need for you to mail back your proxy card.

YOUR VOTE IS IMPORTANT. THANK YOU FOR VOTING.