

CRANE CO /DE/  
Form 10-Q  
August 08, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

Mark One:

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from            to

Commission File Number: 1-1657

**CRANE CO.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**13-1952290**  
(I.R.S. Employer  
Identification No.)

**100 First Stamford Place, Stamford, CT**  
(Address of principal executive offices)

**06902**  
(Zip Code)

**Registrant's telephone number, including area code: 203-363-7300**

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the issuer's classes of common stock, as of July 29, 2011

Common stock, \$1.00 Par Value 58,060,481 shares

## Part I - Financial Information

## Item 1. Financial Statements

## Crane Co. and Subsidiaries

## Condensed Consolidated Statements of Operations

(in thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net sales	\$ 643,773	\$ 552,814	\$ 1,254,793	\$ 1,083,105
Operating costs and expenses:				
Cost of sales	423,041	361,779	820,891	714,050
Selling, general and administrative	140,789	125,731	281,099	250,471
Operating profit	79,943	65,304	152,803	118,584
Other income (expense):				
Interest income	389	236	679	461
Interest expense	(6,429)	(6,657)	(13,051)	(13,383)
Miscellaneous - net	(290)	(604)	3,335	(625)
	(6,330)	(7,025)	(9,037)	(13,547)
Income before income taxes	73,613	58,279	143,766	105,037
Provision for income taxes	23,076	18,116	44,851	31,690
Net income before allocation to noncontrolling interests	50,537	40,163	98,915	73,347
Less: Noncontrolling interest in subsidiaries earnings	100	122	11	72
Net income attributable to common shareholders	\$ 50,437	\$ 40,041	\$ 98,904	\$ 73,275
Earnings per basic share	\$ 0.87	\$ 0.68	\$ 1.70	\$ 1.25
Earnings per diluted share	\$ 0.85	\$ 0.67	\$ 1.66	\$ 1.23
Average basic shares outstanding	58,173	58,909	58,259	58,777
Average diluted shares outstanding	59,348	59,894	59,457	59,716
Dividends per share	\$ 0.23	\$ 0.20	\$ 0.46	\$ 0.40

See Notes to Condensed Consolidated Financial Statements.

## Crane Co. and Subsidiaries

## Condensed Consolidated Balance Sheets

(in thousands)

(Unaudited)

	June 30, 2011	December 31, 2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 231,365	\$ 272,941
Accounts receivable, net	377,948	301,918
Current insurance receivable - asbestos	33,000	33,000
Inventories, net:		
Finished goods	109,896	90,825
Finished parts and subassemblies	36,209	33,091
Work in process	73,052	58,519
Raw materials	142,956	136,642
Inventories, net	362,113	319,077
Current deferred tax asset	48,669	44,956
Other current assets	18,773	16,769
Total current assets	1,071,868	988,661
Property, plant and equipment:		
Cost	810,788	781,469
Less: accumulated depreciation	526,687	500,723
Property, plant and equipment, net	284,101	280,746
Long-term insurance receivable - asbestos	167,412	180,689
Long-term deferred tax assets	165,217	182,832
Other assets	104,536	100,848
Intangible assets, net	152,685	162,636
Goodwill	824,318	810,285
Total assets	\$ 2,770,137	\$ 2,706,697

See Notes to Condensed Consolidated Financial Statements.

## Crane Co. and Subsidiaries

## Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

(Unaudited)

	June 30, 2011	December 31, 2010
<b>Liabilities and equity</b>		
Current liabilities:		
Short-term borrowings	\$ 464	\$ 984
Accounts payable	180,216	157,051
Current asbestos liability	100,000	100,000
Accrued liabilities	221,972	229,462
U.S. and foreign taxes on income	18,882	11,057
Total current liabilities	521,534	498,554
Long-term debt	398,825	398,736
Accrued pension and postretirement benefits	94,585	98,324
Long-term deferred tax liability	50,224	48,852
Long-term asbestos liability	570,768	619,666
Other liabilities	44,936	49,535
Total liabilities	1,680,872	1,713,667
Commitments and contingencies (Note 9)		
Equity:		
Preferred shares, par value \$.01; 5,000,000 shares authorized	0	0
Common stock, par value \$1.00; 200,000,000 shares authorized, 72,426,139 shares issued	72,426	72,426
Capital surplus	181,025	174,143
Retained earnings	1,198,675	1,126,630
Accumulated other comprehensive income	55,544	11,518
Treasury stock	(426,713)	(399,773)
Total shareholders' equity	1,080,957	984,944
Noncontrolling interest	8,308	8,086
Total equity	1,089,265	993,030
Total liabilities and equity	\$ 2,770,137	\$ 2,706,697
Common stock issued	72,426,139	72,426,139
Less: Common stock held in treasury	(14,436,189)	(14,265,452)
Common stock outstanding	57,989,950	58,160,687

See Notes to Condensed Consolidated Financial Statements.



## Crane Co. and Subsidiaries

## Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Six Months Ended June 30,	
	2011	2010
<b>Operating activities:</b>		
Net income attributable to common shareholders	\$ 98,904	\$ 73,275
Noncontrolling interest in subsidiaries earnings	11	72
Net income before allocation to noncontrolling interests	98,915	73,347
Gain on divestiture	(4,258)	
Depreciation and amortization	31,627	29,845
Stock-based compensation expense	7,274	6,344
Defined benefit plans and postretirement expense	3,592	6,150
Deferred income taxes	13,520	13,220
Cash used for working capital	(85,391)	(20,646)
Defined benefit plans and postretirement contributions	(10,358)	(6,289)
Environmental payments, net of reimbursements	(6,134)	(6,317)
Payments for asbestos-related fees and costs, net of insurance recoveries	(35,621)	(27,485)
Other	2,037	(4,265)
<b>Total provided by operating activities</b>	<b>15,203</b>	<b>63,904</b>
<b>Investing activities:</b>		
Capital expenditures	(18,282)	(8,390)
Proceeds from disposition of capital assets	4,530	42