

**CHARTER OF THE  
MANAGEMENT ORGANIZATION AND COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS OF CRANE CO.  
ADOPTED AS OF FEBRUARY 24, 2003**

**I. PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE**

The purposes of the Management Organization and Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Crane Co. (the "Company") shall be to oversee the Company's compensation plans and practices, including its executive compensation plans and director compensation plans; to review the performance of the Chief Executive Officer of the Company and other members of senior management; and to produce an annual report on executive compensation for inclusion in the Company's proxy statement in accordance with all applicable rules and regulations.

The Committee is responsible to the Board for (1) assuring that the officers and key management personnel of the Company are effectively compensated in terms of salaries, incentive compensation and benefits which are internally equitable and externally competitive, (2) assuring that the fees and other compensation of the outside directors of the Company are effective and competitive, (3) assuring that the Company's management development and succession planning policies and procedures are sound and effective, and (4) evaluating the performance of the Chief Executive Officer and other members of senior management and reporting to the Board the results of such evaluation.

**II. COMPOSITION OF THE COMMITTEE**

The Committee shall be comprised of three or more directors who qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange (the "NYSE"). Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

The members of the Committee shall be elected annually to one-year terms by majority vote of the Board at the first meeting of the Board following the annual meeting of stockholders. One of the members shall be appointed Committee Chairman by the Board. Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. No member of the Committee shall be removed except by majority vote of the Independent Directors then in office.

### **III. MEETINGS AND PROCEDURES OF THE COMMITTEE**

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. The Committee shall meet as provided by its rules, which shall be at least three times each year and as many other times as the Committee deems necessary. Members of the Committee will strive to be present at all meetings. As necessary or desirable, the Chairman may request that members of management and representatives of independent consultants be present at meetings of the Committee. The Committee may meet in executive session with representatives of independent consultants and with one or more members of management in discharging its responsibilities.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate within the scope of the Committee's authority; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

A majority of the members of the Committee shall be necessary to constitute a quorum of the Committee and to approve any action at a meeting of the Committee. The Committee may also act by written consent provided that all members of the Committee execute the resolution or other instrument evidencing the action of the Committee, whether on one document or in counterparts.

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting and highlighting any matters requiring decision making by the Board. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

### **IV. DUTIES OF THE COMMITTEE**

The Committee shall have the following goals and responsibilities:

(1) Review and evaluate, at least annually, the performance and leadership of the Chief Executive Officer and recommend to the Board all compensation actions affecting the Chief Executive Officer.

(2) Review with the Chief Executive Officer his evaluation of the performance of all executive officers of the Company and all compensation actions affecting the executive officers of the Company.

(3) Review with the Chief Executive Officer his evaluation of the business unit presidents and other key management personnel and all compensation actions affecting the business unit presidents.

(4) Review and approve the calculation of the aggregate bonus pool for the corporate office determined pursuant to the EVA Incentive Compensation Plan and fix the maximum percentage participation of the Chief Executive Officer and other executive officers named in the proxy statement compensation table.

(5) Administer the Company's stock option, restricted stock and other stock-based compensation plans and programs.

(6) Review periodically the effectiveness and competitiveness of the Company's incentive compensation, retirement, severance, change-in-control and other significant benefit plans and programs, and recommend to the Board any necessary or desirable amendments or improvements thereof. The Committee is specifically authorized and empowered to approve any and all such amendments which are necessary or appropriate to comply with changes in law or regulation.

(7) Review annually management's report on compensation levels and practices for employees of the Company other than officers and key management personnel.

(8) Review annually the form and level of outside director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity to ensure that the fees and other compensation are effective and competitive and make recommendations to the Board for adoption.

(9) Review annually the process and results for identifying key management personnel of the Company.

(10) Review annually the Company's key management personnel development actions and succession plans.

(11) Review annually with the Board the Company's senior executive succession plan, including those plans for emergency succession in case of the unexpected disability of the Chief Executive Officer.

(12) Review and reassess the adequacy of this Charter on a periodic basis and recommend to the Board any appropriate changes in this Charter or the duties of the Committee.

## **V. EVALUATION OF THE COMMITTEE**

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

## **VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate a compensation consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Company.