

CARPENTER TECHNOLOGY CORP

Form 11-K

June 26, 2015

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 11-K**

**ANNUAL REPORT**

**Pursuant to Section 15(d) of the**  
**Securities Exchange Act of 1934**

**For the fiscal year ended December 31, 2014**

**Commission File Number 1-5828**

**Savings Plan of Carpenter Technology Corporation**

**(Full title of the plan)**

**CARPENTER TECHNOLOGY CORPORATION**

(Name of issuer of the securities held pursuant to the plan)

**P.O. Box 14662**

**Reading, Pennsylvania, 19610**

(Address of principal executive office of the issuer)

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**Savings Plan of Carpenter Technology Corporation**

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December 31, 2014 and 2013

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***Report of Independent Registered Public Accounting Firm on the  
Financial Statements and Supplementary Schedule***

To the Participants and Administrator of  
the Savings Plan of Carpenter Technology Corporation

We have audited the accompanying statements of net assets available for benefits of the Savings Plan of Carpenter Technology Corporation (the Plan) as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of Schedule of Assets (Held at End of Year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the

Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Baker Tilly Virchow Krause, LLP

Wyomissing, Pennsylvania  
June 26, 2015

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**Savings Plan of Carpenter Technology Corporation**

**Statements of Net Assets Available for Benefits**

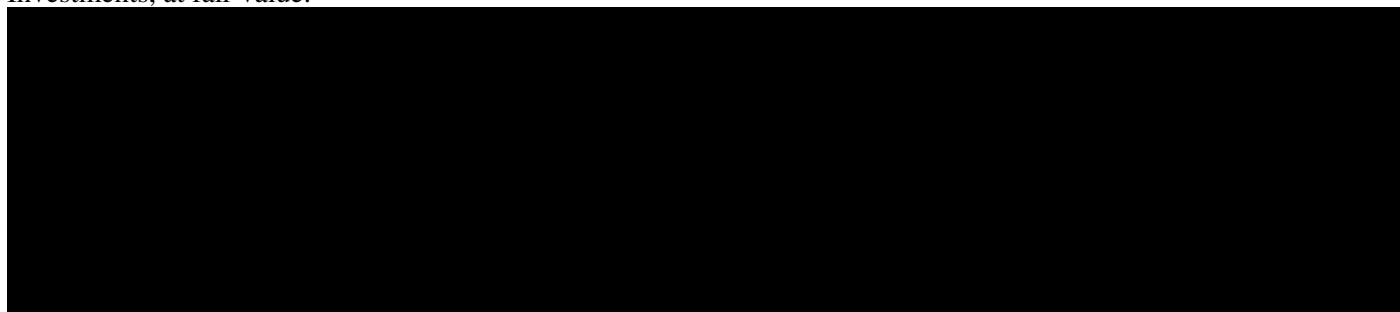
December 31, 2014 and 2013

*Dollars in thousands*

2014

2013

Investments, at fair value:

A large black rectangular redaction box covers the entire data area of the table, obscuring all numerical values and descriptions for the investments.

*See accompanying notes to financial statements.*

Table of Contents**Savings Plan of Carpenter Technology Corporation****Statement of Changes in Net Assets Available for Benefits**

Year Ended December 31, 2014

*Dollars in thousands*

Investment income:		
Net appreciation in fair value of registered investment companies	\$	16,486
Interest in Carpenter Technology Master Trust Fund loss		(9,846)
Dividends		11,390
Total investment income		18,030
Interest income from notes receivable from participants		489
Contributions:		
Participant		15,075
Participant rollover		268
Employer		5,681
Total contributions		21,024
Transfers out		(108)
Benefits paid to participants		(50,765)
Administrative expenses		(470)
Net decrease in net assets available for benefits		(11,800)
Net assets available for benefits, beginning of year		536,605
Net assets available for benefits, end of year	\$	524,805

*See accompanying notes to financial statements.*

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## ***Savings Plan of Carpenter Technology Corporation***

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### **Notes to Financial Statements**

December 31, 2014 and 2013

#### **1. Description of the Plan**

The following description of the Savings Plan of Carpenter Technology Corporation (the **Plan**) provides general information. A more complete description of the Plan's provisions can be found in the plan document, which is available to participants upon request from Carpenter Technology Corporation, or any participating affiliate (collectively referred to as the **Company**).

#### **General**

The Plan is a profit-sharing and stock bonus plan which covers substantially all domestic non-union employees of the Company hired prior to January 1, 2012. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (**ERISA**).

#### **Contributions**

Each year, participants may contribute up to 100% of annual compensation on a pre-tax basis, and up to 100% of annual compensation on an after-tax basis, as defined by the plan document. The combined contributions cannot exceed 100% of annual compensation on both a pre-tax and after-tax basis. Participants who have attained age 50 before the end of the plan year are eligible to make **catch-up contributions**, which are additional pre-tax contributions. Participants may also contribute amounts representing rollover distributions from other qualified pension plans. Participant contributions to the Plan are recorded in the period that payroll deductions are made from the participants. The Company contributes an amount equal to 3% of each employee's base pay and a matching contribution of up to 3% for certain employees of a participating affiliate, as defined by the plan document. Participants direct the investment of all contributions into various investment options offered by the Plan. Contributions are subject to



certain limitations.

### **Participant Accounts**

Each participant's account is credited with the participant's contribution, the Company's contribution on behalf of the participant, and an allocation of plan earnings based on account balances, as defined. Through September 2014, each participant's account was charged with a \$5 quarterly fee for recordkeeping administration. Effective October 1, 2014, participants are not charged a recordkeeping administration fee. Participants invested in the Carpenter Technology Stock Fund are charged an administrative fee based on the fund balance. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### **Vesting**

All contributions and plan earnings thereon are immediately and fully vested and non-forfeitable.

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***Savings Plan of Carpenter Technology Corporation*** \_\_\_\_\_

**Notes to Financial Statements**

December 31, 2014 and 2013

**1. Description of the Plan (continued)**

**Notes Receivable from Participants**

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 minus the amount of the highest outstanding loan balance on any plan loan during the preceding twelve months, or 50% of their vested account balance minus the current outstanding balance on any other plan loan. Terms range from one to five years for a general purpose loan, and one to ten years for a primary residence loan. The loans are secured by the balance in the participant's account and bear interest at rates that range from 4.25% to 9.25% at December 31, 2014, which represent the Prime Rate on the last business day of the month preceding the month in which the loan was distributed plus 1%. Principal and interest are paid ratably through bi-weekly payroll deductions.

**Payment of Benefits**

Benefits paid to participants include participant withdrawals and participant distributions. Participant withdrawals are withdrawals taken while an active employee of the Company and include hardship withdrawals, non-hardship withdrawals, and withdrawals after age 59½. Participant withdrawals are subject to certain restrictions as defined by the plan document. Upon termination of service due to death, disability, retirement, or other reasons, participants are eligible to receive a lump sum distribution. A participant may elect to defer such distribution provided the account balance is at least \$5,000. The total distribution of benefits to all separated participants must occur by April 1st of the year following the year in which the participant attains age 70½. The payment of benefits from the Carpenter Technology Stock Fund is made in shares of Carpenter Technology Corporation (the Plan Sponsor) common stock or cash, at the participant's option. All other payments of benefits are made in cash.

## **Transfers**

Transfers represent transfers to or from one or more other qualified benefit plans of the Plan Sponsor as a result of participant transfers between companies of the Plan Sponsor or other such events that may result in a change of plan eligibility.

## **2. Summary of Significant Accounting Policies**

### **Basis of Accounting**

The financial statements of the Plan are prepared on the accrual method of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion

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## ***Savings Plan of Carpenter Technology Corporation***

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### **Notes to Financial Statements**

December 31, 2014 and 2013

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Basis of Accounting (continued)**

of the net assets available for benefits attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. A portion of the Plan's assets are invested in fully benefit-responsive investment contracts through its investment in the Standish Mellon Stable Value Fund within the Carpenter Technology Master Trust Fund ( Master Trust ).

The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

##### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

##### **Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a detailed discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation and interest in Master Trust loss include the gains and losses on investments bought and sold as well as held during the year.

### **Notes Receivable from Participants**

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Delinquent notes receivable are recorded as distributions based upon the terms of the plan document.

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***Savings Plan of Carpenter Technology Corporation*** \_\_\_\_\_

**Notes to Financial Statements**

December 31, 2014 and 2013

**2. Summary of Significant Accounting Policies (continued)**

**Administrative Expenses**

The Plan's assets are administered under a contract with The Vanguard Group (the Trustee). The Trustee invests funds received from contributions, investment sales, interest and dividend income and makes benefit payments to participants. Transaction fees and certain administrative fees are paid by the participant. The remaining administrative fees are netted against investment income in the Statement of Changes in Net Assets Available for Benefits. All other fees are paid by the Company and are excluded from these financial statements.

**Payment of Benefits**

Benefit payments to participants are recorded when paid.

**3. Fair Value Measurements**

The Plan measures its investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the

fair value hierarchy under authoritative guidance are described as follows:

**Level 1 Inputs** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan has the ability to access.

**Level 2 Inputs** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3 Inputs** Unobservable inputs for the asset or liability.

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## ***Savings Plan of Carpenter Technology Corporation***

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### **Notes to Financial Statements**

December 31, 2014 and 2013

#### **3. Fair Value Measurements (continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

*Registered Investment Companies:* Valued at closing price reported on the active market on which the individual funds are traded. These funds are required to publish their daily net asset value ( NAV ) and to transact at that price, and are considered to be actively traded.

*Master Trust:*

*Carpenter Technology Stock Fund* - Valued at closing price of the Plan Sponsor's common stock as reported on the active market on which the securities are traded.

*Standish Mellon Stable Value Fund* Valued at the NAV of units of the fund. This fund invests in high credit quality fixed income securities within contracts that are intended to minimize market volatility and guaranteed investment contracts ( GICs ) issued by financial institutions which are backed by investment-grade, fixed-income securities and bond mutual funds, and money market securities. There are no unfunded commitments or significant redemption restrictions. The NAV is valued based on the fair value of the underlying assets which consists of short-term investment funds, Traditional GICs, Fixed Maturity Synthetic GICs and Constant Duration Synthetic GICs as follows:



- Short-term investment funds are valued based on quoted market values reported on active markets on which the individual securities are traded.
- Traditional GICs are unsecured, general account obligations of insurance companies backed by the general account assets of the insurance company that writes the investment contract. The fair values for traditional GICs are calculated using the present value for the contract's future cash flows discounted by comparable duration market rates.
- Fixed maturity synthetic GICs consist of an asset or collection of assets that are owned by the fund and a benefit responsive, book value wrap contract purchased for the portfolio. The fair values of the book value wrap contracts are not considered material to the overall valuation of the underlying contracts. The underlying assets consist of bond funds, U.S. Government securities, mortgage backed securities and other securities. The fair values for fixed maturity GICs are calculated using the sum, of all the underlying assets market values based on market values reported on active markets on which the individual securities are traded. However, the individual contracts are not actively traded.

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December 31, 2014 and 2013

**3. Fair Value Measurements (continued)**

- Constant duration synthetic GICs consist of a portfolio of securities owned by the fund and a benefit responsive, book value wrap contract purchased for the portfolio. The fair values of the book value wrap contracts are not considered material to the overall valuation of the underlying contracts. The underlying assets consist of bond funds, U.S. Government securities, mortgage backed securities and asset backed securities. The fair values for constant duration synthetic GICs are determined by reference to the net asset values reported by the investment managers holding the funds.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2014 and 2013. Information for the Plan's investment in the Master Trust can be found in Note 5.

<i>Dollars in thousands</i>	2014	Level 1
Registered investment companies:		
Balanced funds	\$	121,975
Bond funds		50,476
Domestic equity funds		172,755
International equity funds		45,543
Money market funds		10,730
Total investments excluding plan interest in Master Trust, at fair value	\$	401,479

<i>Dollars in thousands</i>	2013	Level 1
Registered investment companies:		
Balanced funds		\$ 112,299
Bond funds		47,251
Domestic equity funds		163,991
International equity funds		46,675
Money market funds		14,137
Total investments excluding plan interest in Master Trust, at fair value		\$ 384,353

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December 31, 2014 and 2013

**4. Investments**

The following table presents investments that represent 5% or more of the Plan's net assets at December 31:

<i>Dollars in thousands</i>	2014	2013
Vanguard Institutional Index Fund	\$ 86,318	\$ 80,593
Vanguard Target Retirement 2025 Fund	\$ 34,447	\$ 29,895
Vanguard Mid-Cap Index Fund; Institutional Shares	\$ 28,959	\$ 27,765
Vanguard Total International Stock Index Fund; Inst Shares	\$ 28,348	\$ 29,253
PIMCO Total Return Fund; Institutional Class	\$ 27,790	\$ 32,928

**5. Investment in the Master Trust**

The Master Trust holds certain investments of the Plan Sponsor's participating plans, which include the Plan, the Savings Plan of Amega West Services, LLC, the Savings Plan of Carpenter Technology Corporation Effective January 1, 2012, and the Latrobe Steel Company Voluntary Investment Program. The Master Trust maintains a separate account for each of the participating Plans' assets and liabilities held. As of December 31, 2014 and 2013, the Plan's undivided interest in the net assets of the Master Trust was 92.9% and 94.5%, respectively.

The Master Trust is invested in two funds—the Carpenter Technology Stock Fund and the Standish Mellon Stable Value Fund.

*Carpenter Technology Stock Fund:* The Carpenter Technology Stock Fund holds investments in the common stock of the Plan Sponsor.

*Standish Mellon Stable Value Fund:* This fund is invested in fully benefit-responsive investment contracts. There were no reserves against contract value for credit risk of the underlying investments of the fund. The crediting interest rate was based on a formula agreed upon with the various issuers. The fully benefit-responsive investments had minimum crediting interest rates, which reset periodically.

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***Savings Plan of Carpenter Technology Corporation***

**Notes to Financial Statements**

December 31, 2014 and 2013

**5. Investment in the Master Trust (continued)**

Certain events limited the ability to transact at contract value with the various issuers. Such events included the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Company does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

The underlying fully benefit-responsive investment contracts did not permit the insurance companies to terminate the agreements prior to the scheduled maturity dates.

Average Yields of Standish Mellon Stable Value

Fund:	2014	2013
Based on actual earnings	2.11%	1.90%
Based on interest rate credited to participants	2.18%	1.88%

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December 31, 2014 and 2013

**5. Investment in the Master Trust (continued)**

The total assets of the Master Trust were as follows as of December 31, 2014 and 2013:

<i>Dollars in thousands</i>	2014	2013
Investments, at fair value:		
Standish Mellon Stable Value Fund		
Transamerica Premier Life <sup>(a)</sup>	\$ 19,523*	\$ 28,675*
Voya Ret Insurance & Annuity Co (MCA 60410) <sup>(b)</sup>	18,427*	17,849*
Prudential (GA-62204)	18,419*	17,760*
United of Omaha	10,407*	17,041*
Bank of New York Mellon	5,204	5,597
Prudential (GA-62222)	2,536	2,521
Total Standish Mellon Stable Value Fund	74,516	89,443
Carpenter Technology Corporation Stock Fund	46,632*	59,929*
Assets in Master Trust reflecting investments at fair value	121,148	149,372
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(1,581)	(819)
Net assets in Master Trust	\$ 119,567	\$ 148,553
* represents 5% or more of investments		
<sup>(a)</sup> investment name in 2013 was Monumental Life (Aegon)		
<sup>(b)</sup> investment name in 2013 was ING Life & Annuity Co		
Plan interest in Master Trust, at fair value	\$ 112,513	\$ 141,102
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(1,411)	(747)
Plan interest in Master Trust	\$ 111,102	\$ 140,355

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December 31, 2014 and 2013

**5. Investment in the Master Trust (continued)**

The total investment income of the Master Trust for the year ended December 31, 2014 was as follows:

*Dollars in thousands*

Net depreciation in fair value of investments:		
Carpenter Technology Corporation Stock Fund	\$	(11,851)
Interest and dividends:		
Standish Mellon Stable Value Fund		1,327
Carpenter Technology Corporation Stock Fund		695
Total investment loss	\$	(9,829)

The change in the total assets of the Master Trust for 2014 was as follows:

*Dollars in thousands*

Investment income:		
Net depreciation in fair value of investments	\$	(11,851)
Interest and dividends		2,022
Total investment loss		(9,829)
Net transfers		(19,157)
Net decrease		(28,986)
Net assets available for benefits, beginning of year		148,553
Net assets available for benefits, end of year	\$	119,567





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December 31, 2014 and 2013

**5. Investment in the Master Trust (continued)**

The following tables set forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of December 31, 2014 and 2013:

Dollars in thousands

<u>2014</u>	Level 1	Level 2	Total
Carpenter Technology Stock Fund	\$ 46,632	\$ -	\$ 46,632
Standish Mellon Stable Value Fund			
Short-term investment funds	5,204	-	5,204
Traditional GICs	-	2,536	2,536
Fixed maturity synthetic GICs:			
Corporate bonds	-	1,366	1,366
U.S. Government securities	-	6,892	6,892
Mortgage backed securities	-	1,573	1,573
Other securities	-	576	576
Constant duration synthetic GICs:			
Corporate bonds	-	31,479	31,479
U.S. Government securities	-	8,358	8,358
Mortgage backed securities	-	9,728	9,728
Asset backed securities	-	6,804	6,804
Total Standish Mellon Stable Value Fund	5,204	69,312	74,516
Total Carpenter Technology Master Trust	\$ 51,836	\$ 69,312	\$ 121,148

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December 31, 2014 and 2013

**5. Investment in the Master Trust (continued)***Dollars in thousands*

<u>2013</u>	Level 1	Level 2	Total
Carpenter Technology Stock Fund	\$ 59,929	\$ -	\$ 59,929
Standish Mellon Stable Value Fund			
Short-term investment funds	5,597	-	5,597
Traditional GICs	-	2,521	2,521
Fixed maturity synthetic GICs:			
Corporate bonds	-	352	352
U.S. Government securities	-	14,690	14,690
Mortgage backed securities	-	946	946
Other securities	-	1,053	1,053
Constant duration synthetic GICs:			
Corporate bonds	-	33,845	33,845
U.S. Government securities	-	10,226	10,226
Mortgage backed securities	-	11,836	11,836
Asset backed securities	-	8,377	8,377
Total Standish Mellon Stable Value Fund	5,597	83,846	89,443
Total Carpenter Technology Master Trust	\$ 65,526	\$ 83,846	\$ 149,372

**6. Related Party and Party-in-Interest Transactions**

Certain of the Plan's investments are managed by the Trustee, and therefore, these transactions qualify as party-in-interest transactions. Additionally, the Plan issues loans to participants, which are secured by the participants

account balances. These transactions qualify as party-in-interest. Fees paid by the Plan in 2014 to the Trustee for investment management services related to these funds totaled \$339,000.

The Carpenter Technology Stock Fund held in the Master Trust at December 31, 2014 is invested in shares of the Plan Sponsor, therefore these transactions qualify as related party and party-in-interest transactions. Fees paid to the Trustee by the Plan in 2014 for investment management services related to this fund totaled \$72,000. In addition, total purchases and sales, at market value, for 2014 were \$15,622,000 and \$17,426,000 respectively. The Carpenter Technology Stock Fund included 934,662 and 956,512 of equivalent shares with a share price of \$49.25 and \$62.20 as of December 31, 2014 and 2013, respectively.

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## **Savings Plan of Carpenter Technology Corporation**

### **Notes to Financial Statements**

December 31, 2014 and 2013

#### **6. Related Party and Party-in-Interest Transactions (continued)**

Certain administrative functions of the Plan are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

#### **7. Plan Termination**

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will remain fully vested in their accounts.

#### **8. Tax Status**

The Internal Revenue Service ( IRS ) has determined and informed the Company by a letter dated March 21, 2003 that the Plan and related trust are designed in compliance with Section 401(a) of the Internal Revenue Code ( IRC ). Although the plan has been amended since receiving the determination letter, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC and therefore believes that the Plan is qualified and the related trust is tax exempt. The Plan filed for a new determination letter in January 2011, which is pending from the IRS.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more

likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

## **9. Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

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December 31, 2014 and 2013

**10. Reconciliation of Financial Statements to Form 5500**

The following is a reconciliation of net assets available for benefits and total investment income per the financial statements to the Form 5500:

<u>Dollars in thousands</u>	December 31, 2014	December 31, 2013
Net assets available for benefits, at contract value, per the financial statements	\$ 524,805	\$ 536,605
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	1,411	747
Net assets available for benefits, at fair value, per Form 5500	\$ 526,216	\$ 537,352
	Year Ended December 31, 2014	
<u>Dollars in thousands</u>		
Investment income, per the financial statements	\$ 18,030	
Interest from notes receivable from participants	489	
Change in adjustment from contract value to fair value for fully benefit-responsive investment contracts	664	
Investment income, per Form 5500	\$ 19,183	

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**Schedule of Assets (Held at End of Year)**  
**Form 5500 - Schedule H - Line 4(i)**  
 December 31, 2014

**EIN: 23-0458500**  
**PN: 020**

(a)	(b)	(c)	(d)	(e)
Identity of Issue, Borrower, Lessor or Similar Party	Registered Investment Companies:	Description of Investment, including Maturity Date, Interest Rate, Collateral, Par or Maturity Value	Cost	Current Value
	American Funds	American Funds EuroPacific Growth Fund; Class R-6	N/R	\$ 17,195,000
	Loomis Sayles	Loomis Sayles Value Fund; Class N	N/R	19,281,000
	PIMCO	PIMCO Total Return Fund; Institutional Class	N/R	27,790,000
	T. Rowe Price	T. Rowe Price Inst Large Cap Growth Fund; Inst Class	N/R	13,434,000
*	Vanguard	Vanguard Institutional Index Fund	N/R	86,318,000
*	Vanguard	Vanguard Mid-Cap Index Fund; Institutional Shares	N/R	28,959,000
*	Vanguard	Vanguard Prime Money Market Fund	N/R	10,730,000
*	Vanguard	Vanguard Small-Cap Index Fund; Institutional Shares	N/R	23,112,000
*	Vanguard	Vanguard Target Retirement 2010 Fund	N/R	2,673,000
*	Vanguard	Vanguard Target Retirement 2015 Fund	N/R	22,827,000
*	Vanguard	Vanguard Target Retirement 2020 Fund	N/R	15,517,000
*	Vanguard	Vanguard Target Retirement 2025 Fund	N/R	34,447,000
*	Vanguard	Vanguard Target Retirement 2030 Fund	N/R	6,507,000
*	Vanguard	Vanguard Target Retirement 2035 Fund	N/R	18,540,000
*	Vanguard	Vanguard Target Retirement 2040 Fund	N/R	1,816,000
*	Vanguard	Vanguard Target Retirement 2045 Fund	N/R	11,261,000
*	Vanguard	Vanguard Target Retirement 2050 Fund	N/R	298,000
*	Vanguard	Vanguard Target Retirement 2055 Fund	N/R	1,298,000
*	Vanguard	Vanguard Target Retirement 2060 Fund	N/R	191,000
*	Vanguard	Vanguard Target Retirement Income	N/R	6,600,000
	Vanguard	Vanguard Total Bond Market Index Fund; Admiral Shares	N/R	22,686,000
*	Vanguard	Vanguard Total International Stock Index Fund; Inst Shares	N/R	28,348,000
	Wasatch Computer Technology	Wasatch Core Growth Fund; Institutional Class Shares	N/R	1,651,000
	Total Registered Investment Companies			\$ 401,479,000
*	Participant Loans	Loans to Participants Interest rate range 4.25% - 9.25%	\$ 0	\$ 12,224,000
	Total			\$ 413,703,000

*N/R = cost omitted for participant directed investments*

\* indicates Party-in-Interest





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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Carpenter Technology Corporation has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Savings Plan of Carpenter Technology Corporation  
(Name of Plan)

Date: June 26, 2015

By: /s/ Tony R. Thene  
Tony R. Thene  
Senior Vice President and  
Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm