

CARPENTER TECHNOLOGY CORP

Form 11-K

June 27, 2014

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

Washington, D.C. 20549

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**FORM 11-K**

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**ANNUAL REPORT**

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

**For the fiscal year ended December 31, 2013**

**Commission File Number 1-5828**

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**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)

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**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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***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, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. 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, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of assets (held at end of year) as of December 31, 2013 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 supplementary schedule is the responsibility of the Plan s management. The supplementary schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ ParenteBeard LLC

Reading, Pennsylvania  
June 27, 2014

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**Savings Plan of Carpenter Technology Corporation**

**Statements of Net Assets Available for Benefits**

December 31, 2013 and 2012

<b>Dollars in thousands</b>	<b>2013</b>		<b>2012</b>	
Investments, at fair value:				
Registered investment companies	\$	384,353	\$	310,736
Interest in Carpenter Technology Master Trust Fund		141,102		162,664
Total investments		525,455		473,400
Notes receivable from participants		11,897		11,542
Net assets reflecting investments at fair value		537,352		484,942
Adjustment from fair value to contract value for fully benefit-responsive investment contracts		(747)		(3,430)
Net assets available for benefits	\$	536,605	\$	481,512

*See accompanying notes to financial statements.*

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

Year Ended December 31, 2013

**Dollars in thousands**

Investment income:		
Net appreciation in fair value of registered investment companies	\$	55,634
Interest in Carpenter Technology Master Trust Fund income		13,511
Dividends		7,941
Total investment income		77,086
Interest income from notes receivable from participants		477
Contributions:		
Participant		14,779
Participant rollover		431
Employer		5,718
Total contributions		20,928
Transfers Out		(222)
Benefits paid to participants		(42,717)
Administrative expenses		(459)
Net increase		55,093
Net assets available for benefits, beginning of year		481,512
Net assets available for benefits, end of year	\$	536,605

*See accompanying notes to financial statements.*

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**Savings Plan of Carpenter Technology Corporation**

**Notes to Financial Statements**

December 31, 2013 and 2012

**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, effective January 1, 2012, 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. Effective July 1, 2012, each participant's account is charged with a \$20 annual fee for recordkeeping administration, and 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, 2013 and 2012

**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, 2013, 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 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 the Company's 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 Company.

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**Savings Plan of Carpenter Technology Corporation**

**Notes to Financial Statements**

December 31, 2013 and 2012

**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 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.

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.

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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 includes 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. 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, 2013 and 2012

**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.

**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 that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 Fair value is based on unadjusted quoted prices in active markets that are accessible to the Plan for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, quoted market prices in inactive markets for identical or similar assets, and other observable inputs.



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*Savings Plan of Carpenter Technology Corporation*

**Notes to Financial Statements**

December 31, 2013 and 2012

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

Level 3 Fair value is based on significant unobservable inputs. Examples of valuation methodologies that result in Level 3 classification include option pricing models, discounted cash flows, and similar techniques.

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, 2013 and 2012.

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

*Carpenter Technology Master Trust Fund:*

*Carpenter Technology Stock Fund* - Valued at closing price of the Company'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 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.

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*Savings Plan of Carpenter Technology Corporation*

**Notes to Financial Statements**

December 31, 2013 and 2012

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

- 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.
- 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, 2013 and 2012. Information for the Plan's investment in the Carpenter Technology Master Trust can be found in Note 5.



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December 31, 2013 and 2012

**3. Fair Value Measurements (continued)**Dollars in thousands

<b>2013</b>	<b>Level 1</b>
Balanced funds	\$ 112,299
Bond funds	47,251
Domestic equity funds	163,991
International equity funds	46,675
Money market funds	14,137
Total assets excluding plan interest in Master Trust, at fair value	\$ 384,353

Dollars in thousands

<b>2012</b>	<b>Level 1</b>
Balanced funds	\$ 92,388
Bond funds	44,998
Domestic equity funds	121,476
International equity funds	34,843
Money market funds	17,031
Total assets excluding plan interest in Master Trust, at fair value	\$ 310,736

**4. Investments**

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

<b>Dollars in thousands</b>	<b>2013</b>	<b>2012</b>
Vanguard Institutional Index Fund; Institutional Shares	\$ 80,593	\$ 65,163
PIMCO Total Return Fund; Institutional Class	\$ 32,928	\$ 44,998
Vanguard Target Retirement 2025 Fund	\$ 29,895	\$ 25,029
Vanguard Total International Stock Index Fund; Inst Shares	\$ 29,253	*
Vanguard Mid-Cap Index Fund; Institutional Shares	\$ 27,765	*

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\* does not represent 5% of investments for this year

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Savings Plan of Carpenter Technology Corporation

**Notes to Financial Statements**

December 31, 2013 and 2012

**5. Investment in the Carpenter Technology Master Trust Fund**

The Carpenter Technology Master Trust Fund (the Master Trust ) holds certain investments of the Company 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, 2013 and 2012, the Plan s undivided interest in the net assets of the Master Trust was 94.5% and 96.7%, 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 Company.

*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.

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.

	2013	2012
<b>Average Yields of Standish Mellon Stable Value Fund:</b>		
Based on actual earnings	1.90%	2.07%
Based on interest rate credited to participants	1.88%	2.18%



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December 31, 2013 and 2012

**5. Investment in the Carpenter Technology Master Trust Fund (continued)**

The total assets of the Master Trust were as follows as of December 31, 2013 and 2012:

Dollars in thousands	2013	2012
Investments, at fair value:		
Standish Mellon Stable Value Fund		
Monumental Life (Aegon)	\$ 28,675*	\$ 30,417*
ING Life & Annuity Co (MCA 60410)	17,849*	
Prudential (GA-62204)	17,760*	9,449*
United of Omaha	17,041*	10,348*
Bank of New York Mellon	5,597	19,081*
Prudential (GA-62222)	2,521	
Natixis Financial Products		29,536*
ING Life & Annuity Co (IUS0410)		1,617
Total Standish Mellon Stable Value Fund	89,443	100,448
Carpenter Technology Corporation Stock Fund	59,929*	67,849*
Assets in Master Trust, reflecting investments at fair value	149,372	168,297
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(819)	(3,628)
Net assets in Master Trust	\$ 148,553	\$ 164,669

\* represents 5% of investments

Plan interest in Master Trust, at fair value	\$ 141,102	\$ 162,664
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(747)	(3,430)
Plan interest in Master Trust	\$ 140,355	\$ 159,234

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**Savings Plan of Carpenter Technology Corporation**

**Notes to Financial Statements**

December 31, 2013 and 2012

**5. Investment in the Carpenter Technology Master Trust Fund (continued)**

The total investment income of the Master Trust for the year ended December 31, 2013 was as follows:

**Dollars in thousands**

Net appreciation in fair value of investments:		
Carpenter Technology Corporation Stock Fund	\$	11,374
Interest and dividends:		
Standish Mellon Stable Value Fund		1,553
Carpenter Technology Corporation Stock Fund		802
Total investment income	\$	13,729

The change in the total assets of the Master Trust for 2013 was as follows:

**Dollars in thousands**

Investment income:		
Net appreciation in fair value of investments	\$	11,374
Interest and dividends		2,355
Total investment income		13,729
Net transfers		(29,845)
Net decrease		(16,116)
Net assets available for benefits, beginning of year		164,669
Net assets available for benefits, end of year	\$	148,553

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December 31, 2013 and 2012

**5. Investment in the Carpenter Technology Master Trust Fund (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, 2013 and 2012:

Dollars in thousands

<b>2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
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

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December 31, 2013 and 2012

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

<b>2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Carpenter Technology Stock Fund	\$ 67,849	\$	\$ 67,849
Standish Mellon Stable Value Fund			
Short-term investment funds	19,081		19,081
Traditional GICs		1,617	1,617
Fixed maturity synthetic GICs:			
Corporate bonds		475	475
U.S. Government securities		6,543	6,543
Mortgage backed securities		2,195	2,195
Other securities		1,135	1,135
Constant duration synthetic GICs:			
Corporate bonds		31,134	31,134
U.S. Government securities		11,367	11,367
Mortgage backed securities		14,909	14,909
Asset backed securities		11,992	11,992
Total Standish Mellon Stable Value Fund	19,081	81,367	100,448
Total Carpenter Technology Master Trust	\$ 86,930	\$ 81,367	\$ 168,297

**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 2013 to the Trustee for investment management services related to these funds totaled \$229,000.

The Carpenter Technology Stock Fund held in the Master Trust at December 31, 2013 is invested in shares of Carpenter Technology Corporation, the Plan Sponsor, therefore these transactions qualify as related party and party-in-interest transactions. Fees paid to the Trustee by the Plan in 2013 for investment management services related to this fund totaled \$80,000. In addition, total purchases and sales, at market value, for 2013 were \$12,433,000 and \$31,934,000 respectively. The Carpenter Technology Stock Fund included 956,512 and 1,311,358 of equivalent shares with a share price of as \$62.20 and \$51.63 as of December 31, 2013 and 2012, respectively.





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*Savings Plan of Carpenter Technology Corporation*

**Notes to Financial Statements**

December 31, 2013 and 2012

**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, 2013, 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. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

**9. Risks and Uncertainties**

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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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Savings Plan of Carpenter Technology Corporation

**Notes to Financial Statements**

December 31, 2013 and 2012

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

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

<b>Dollars in thousands</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
Net assets available for benefits, at contract value, per the financial statements	\$ 536,605	\$ 481,512
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	747	3,430
Net assets available for benefits, at fair value, per Form 5500	\$ 537,352	\$ 484,942

<b>Dollars in thousands</b>	<b>Year Ended December 31, 2013</b>
Investment income, per the financial statements	\$ 77,086
Interest from notes receivable from participants	477
Change in adjustment from contract value to fair value for fully benefit-responsive investment contracts	(2,683)
Investment income, per Form 5500	\$ 74,880

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Schedule of Assets (Held at End of Year)

EIN: 23-0458500

Form 5500 - Schedule H - Line 4(i)

PN: 020

December 31, 2013

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment, including Maturity Date, Interest Rate, Collateral, Par or Maturity Value	(e) Current Value
	Registered Investment Companies:		
	American Funds	American Funds EuroPacific Growth Fund; Class R-6	\$ 17,422,000
	Loomis Sayles	Loomis Sayles Value Fund; Class N	17,674,000
	PIMCO	PIMCO Total Return Fund; Institutional Class	32,928,000
	T. Rowe Price	T. Rowe Price Inst Large Cap Growth Fund; Inst Class	11,794,000
*	Vanguard	Vanguard Institutional Index Fund; Institutional Shares	80,593,000
*	Vanguard	Vanguard Mid-Cap Index Fund; Institutional Shares	27,765,000
*	Vanguard	Vanguard Prime Money Market Fund	14,137,000
*	Vanguard	Vanguard Small-Cap Index Fund; Institutional Shares	24,651,000
*	Vanguard	Vanguard Target Retirement 2010 Fund	2,240,000
*	Vanguard	Vanguard Target Retirement 2015 Fund	24,517,000
*	Vanguard	Vanguard Target Retirement 2020 Fund	13,050,000
*	Vanguard	Vanguard Target Retirement 2025 Fund	29,895,000
*	Vanguard	Vanguard Target Retirement 2030 Fund	5,630,000
*	Vanguard	Vanguard Target Retirement 2035 Fund	16,842,000
*	Vanguard	Vanguard Target Retirement 2040 Fund	1,640,000
*	Vanguard	Vanguard Target Retirement 2045 Fund	10,182,000
*	Vanguard	Vanguard Target Retirement 2050 Fund	295,000
*	Vanguard	Vanguard Target Retirement 2055 Fund	986,000
*	Vanguard	Vanguard Target Retirement 2060 Fund	46,000
*	Vanguard	Vanguard Target Retirement Income	6,976,000
*	Vanguard	Vanguard Total Bond Market Index Fund; Signal Shares	14,323,000
*	Vanguard	Vanguard Total International Stock Index Fund; Inst Shares	29,253,000
	Wasatch Computer Technology	Wasatch Core Growth Fund; Institutional Class Shares	1,514,000
	Total Registered Investment Companies		\$ 384,353,000
*	Participant Loans	Loans to Participants	\$ 11,897,000
<b>Total</b>			<b>\$ 396,250,000</b>

*Historical cost has not been presented for investment funds, as all investments are participant directed*

\* 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 Carpenter  
Technology Corporation  
(Name of Plan)

Date: June 27, 2014

By:

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

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EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Description</b>
23.1	Consent of Independent Registered Public Accounting Firm

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