

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**

**Latrobe Steel Company**  
**Voluntary Investment Program**

(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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**Latrobe Steel Company Voluntary Investment Program**

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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 Latrobe Steel Company Voluntary Investment Program

We have audited the accompanying statements of net assets available for benefits of the Latrobe Steel Company Voluntary Investment Program (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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**Statements of Net Assets Available for Benefits**

December 31, 2014 and 2013

|  | 2014          |    | 2013       |
|--|---------------|----|------------|
| Investments, at fair value:  |               |    |            |
| Registered investment companies  | \$ 15,146,783 | \$ | 13,708,651 |
| Interest in Carpenter Technology Master Trust Fund   | 2,209,793     |    | 2,261,207  |
| Total investments  | 17,356,576    |    | 15,969,858 |
| Notes receivable from participants   | 379,388       |    | 257,721    |
| Net assets reflecting investments at fair value  | 17,735,964    |    | 16,227,579 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (44,658)      |    | (19,865)   |
| Net assets available for benefits  | \$ 17,691,306 | \$ | 16,207,714 |

*See accompanying notes to financial statements.*

Table of Contents***Latrobe Steel Company Voluntary Investment Program***

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**Statement of Changes in Net Assets Available for Benefits**

Year Ended December 31, 2014

|   |    |            |
|---|----|------------|
| Investment income:  |    |            |
| Net appreciation in fair value of registered investment companies | \$ | 549,177    |
| Interest in Carpenter Technology Master Trust Fund income         |    | 11,286     |
| Dividends   |    | 427,936    |
| Total investment income   |    | 988,399    |
| Interest income from notes receivable from participants           |    | 13,494     |
| Contributions:  |    |            |
| Participant   |    | 1,236,986  |
| Participant rollover  |    | 56,228     |
| Employer corrective   |    | 1,391      |
| Total contributions   |    | 1,294,605  |
| Transfers out   |    | (59,034)   |
| Benefits paid to participants                                     |    | (753,872)  |
| Net increase in net assets available for benefits                 |    | 1,483,592  |
| Net assets available for benefits, beginning of year              |    | 16,207,714 |
| Net assets available for benefits, end of year                    | \$ | 17,691,306 |

*See accompanying notes to financial statements.*

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***Latrobe Steel Company Voluntary Investment Program***

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**Notes to Financial Statements**

December 31, 2014 and 2013

**1. Description of the Plan**

The following description of the Latrobe Steel Company Voluntary Investment Program (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 Latrobe Specialty Metals Company (the Company) or Carpenter Technology Corporation (the Plan Sponsor).

**General**

The Plan is a profit-sharing and stock bonus plan which covers substantially all union employees of the Company. 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, as defined by the plan document. 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 does not match participant contributions in accordance with 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 and an allocation of plan earnings based on account balances, as defined. 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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***Latrobe Steel Company Voluntary Investment Program***

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**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 4.25% at December 31, 2014, which represents 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 semi-monthly 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 the Plan Sponsor'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 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 of the net assets available for benefits attributable to fully benefit-responsive investment

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## ***Latrobe Steel Company Voluntary Investment Program***

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### **Notes to Financial Statements**

December 31, 2014 and 2013

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

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

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 income 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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***Latrobe Steel Company Voluntary Investment Program***

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**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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## **Latrobe Steel Company Voluntary Investment Program**

### **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 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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**Notes to Financial Statements**

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 bonds 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.

| 2014   | Level 1       |
|--|---------------|
| Registered investment companies:   |               |
| Balanced funds   | \$ 7,846,350  |
| Bond funds   | 359,330       |
| Domestic equity funds  | 5,767,871     |
| International equity funds   | 1,171,599     |
| Money market funds   | 1,633         |
| Total investments excluding plan interest in Master Trust, at fair value | \$ 15,146,783 |

| 2013   | Level 1       |
|--|---------------|
| Registered investment companies:   |               |
| Balanced funds   | \$ 6,950,553  |
| Bond funds   | 348,662       |
| Domestic equity funds  | 5,234,838     |
| International equity funds   | 1,167,321     |
| Money market funds   | 7,277         |
| Total investments excluding plan interest in Master Trust, at fair value | \$ 13,708,651 |

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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:

|  | 2014         | 2013         |
|--|--------------|--------------|
| Vanguard Target Retirement 2030 Fund                 | \$ 2,576,897 | \$ 2,282,301 |
| Vanguard Target Retirement 2020 Fund                 | \$ 2,217,715 | \$ 1,904,689 |
| Wasatch Core Growth Fund; Institutional Class Shares | \$ 1,982,012 | \$ 1,812,937 |
| Vanguard Institutional Index Fund                    | \$ 1,693,041 | \$ 1,537,830 |
| T. Rowe Price Inst Large Cap Growth Fund; Inst Class | \$ 1,272,370 | \$ 1,152,081 |
| American Funds EuroPacific Growth Fund; Class R-6    | \$ 1,153,036 | \$ 1,149,401 |
| Vanguard Target Retirement 2040 Fund                 | \$ 919,534   | \$ 833,207   |

**5. Investment in the Master Trust**

Effective January 1, 2013, the Plan became a participating plan 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 Carpenter Technology Corporation, the Savings Plan of Amega West Services, LLC, and the Savings Plan of Carpenter Technology Corporation Effective January 1, 2012. 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 1.8% and 1.5%, 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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## ***Latrobe Steel Company Voluntary Investment Program***

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### **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:

|  | 2014            | 2013           |
|--|-----------------|----------------|
| Investments, at fair value:  |                 |                |
| Standish Mellon Stable Value Fund  |                 |                |
| Transamerica Premier Life <sup>(a)</sup>   | \$ 19,522,692 * | \$ 28,675,049* |
| Voya Ret Insurance & Annuity Co (MCA 60410)  |                 |                |
| <sup>(b)</sup>   | 18,427,136 *    | 17,848,456*    |
| Prudential (GA-62204)  | 18,419,106 *    | 17,759,487*    |
| United of Omaha  | 10,407,020 *    | 17,041,490*    |
| Bank of New York Mellon  | 5,204,335       | 5,597,222      |
| Prudential (GA-62222)  | 2,535,735       | 2,521,232      |
| Total Standish Mellon Stable Value Fund  | 74,516,024      | 89,442,936     |
| Carpenter Technology Corporation Stock Fund  | 46,632,102 *    | 59,929,603*    |
| Assets in Master Trust reflecting investments at fair value                                    | 121,148,126     | 149,372,539    |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (1,581,148)     | (819,122)      |
| Net assets in Master Trust   | \$ 119,566,978  | \$ 148,553,417 |
| * 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   | \$ 2,209,793    | \$ 2,261,207   |
|  | (44,658)        | (19,865)       |

Adjustment from fair value to contract value for  
fully benefit-responsive investment contracts

|                               |    |           |    |           |
|-------------------------------|----|-----------|----|-----------|
| Plan interest in Master Trust | \$ | 2,165,135 | \$ | 2,241,342 |
|-------------------------------|----|-----------|----|-----------|

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**Notes to Financial Statements**

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:

|  |    |              |
|--|----|--------------|
| Net depreciation in fair value of investments: |    |              |
| Carpenter Technology Corporation Stock Fund    | \$ | (11,851,281) |
| Interest and dividends:                        |    |              |
| Standish Mellon Stable Value Fund              |    | 1,326,793    |
| Carpenter Technology Corporation Stock Fund    |    | 694,801      |
| Total investment loss                          | \$ | (9,829,687)  |

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

|  |    |              |
|--|----|--------------|
| Investment income:                                   |    |              |
| Net depreciation in fair value of investments        | \$ | (11,851,281) |
| Interest and dividends                               |    | 2,021,594    |
| Total investment loss                                |    | (9,829,687)  |
| Net transfers  |    | (19,156,752) |
| Net decrease   |    | (28,986,439) |
| Net assets available for benefits, beginning of year |    | 148,553,417  |
| Net assets available for benefits, end of year       | \$ | 119,566,978  |

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**Notes to Financial Statements**

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:

| <u>2014</u>                             | Level 1       | Level 2       | Total          |
|---|---------------|---------------|----------------|
| Carpenter Technology Stock Fund         | \$ 46,632,102 | \$ -          | \$ 46,632,102  |
| Standish Mellon Stable Value Fund       |               |               |                |
| Short-term investment funds             | 5,204,335     | -             | 5,204,335      |
| Traditional GICs                        | -             | 2,535,735     | 2,535,735      |
| Fixed maturity synthetic GICs:          |               |               |                |
| Corporate bonds                         | -             | 1,365,925     | 1,365,925      |
| U.S. Government securities              | -             | 6,892,035     | 6,892,035      |
| Mortgage backed securities              | -             | 1,572,733     | 1,572,733      |
| Other securities                        | -             | 576,327       | 576,327        |
| Constant duration synthetic GICs:       |               |               |                |
| Corporate bonds                         | -             | 31,479,496    | 31,479,496     |
| U.S. Government securities              | -             | 8,357,786     | 8,357,786      |
| Mortgage backed securities              | -             | 9,728,179     | 9,728,179      |
| Asset backed securities                 | -             | 6,803,473     | 6,803,473      |
| Total Standish Mellon Stable Value Fund | 5,204,335     | 69,311,689    | 74,516,024     |
| Total Carpenter Technology Master Trust | \$ 51,836,437 | \$ 69,311,689 | \$ 121,148,126 |

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December 31, 2014 and 2013

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

| <u>2013</u>                             | Level 1       | Level 2       | Total          |
|---|---------------|---------------|----------------|
| Carpenter Technology Stock Fund         | \$ 59,929,603 | \$ -          | \$ 59,929,603  |
| Standish Mellon Stable Value Fund       |               |               |                |
| Short-term investment funds             | 5,597,222     | -             | 5,597,222      |
| Traditional GICs                        | -             | 2,521,232     | 2,521,232      |
| Fixed maturity synthetic GICs:          |               |               |                |
| Corporate bonds                         | -             | 351,890       | 351,890        |
| U.S. Government securities              | -             | 14,690,493    | 14,690,493     |
| Mortgage backed securities              | -             | 945,924       | 945,924        |
| Other securities                        | -             | 1,053,183     | 1,053,183      |
| Constant duration synthetic GICs:       |               |               |                |
| Corporate bonds                         | -             | 33,844,614    | 33,844,614     |
| U.S. Government securities              | -             | 10,225,683    | 10,225,683     |
| Mortgage backed securities              | -             | 11,835,572    | 11,835,572     |
| Asset backed securities                 | -             | 8,377,123     | 8,377,123      |
| Total Standish Mellon Stable Value Fund | 5,597,222     | 83,845,714    | 89,442,936     |
| Total Carpenter Technology Master Trust | \$ 65,526,825 | \$ 83,845,714 | \$ 149,372,539 |

**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 \$0.

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 \$0. In addition, total purchases and sales, at market value, for 2014 were \$53,373 and \$13,290 respectively. The Carpenter Technology Stock Fund included 2,135 and 1,481 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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***Latrobe Steel Company Voluntary Investment Program***

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**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 determination letter for the Plan is due to be filed no later than January 2016. Although the Plan has not received a determination letter, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and therefore believes that the Plan is qualified and the related trust is tax exempt.

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 Internal Revenue Service. 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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**Notes to Financial Statements**

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:

|  | December 31,<br>2014               | December 31,<br>2013 |
|--|------------------------------------|----------------------|
| Net assets available for benefits, at contract value, per the financial statements                       | \$ 17,691,306                      | \$ 16,207,714        |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts           | 44,658                             | 19,865               |
| Net assets available for benefits, at fair value, per Form 5500  | \$ 17,735,964                      | \$ 16,227,579        |
|  | Year Ended<br>December 31,<br>2014 |                      |
| Investment income, per the financial statements  | \$ 988,399                         |                      |
| Interest from notes receivable from participants   | 13,494                             |                      |
| Change in adjustment from contract value to fair value for fully benefit-responsive investment contracts | 24,793                             |                      |
| Investment income, per Form 5500   | \$ 1,026,686                       |                      |

Table of Contents***Latrobe Steel Company Voluntary Investment Program*****Schedule of Assets (Held at End of Year)****EIN: 23-0458500****Form 5500 - Schedule H - Line 4(i)****PN: 019**

December 31, 2014

| (a) | (b)   | (c)   | (d)  | (e)              |
|-----|---|---|------|------------------|
|     | Identity of Issue, Borrower,<br>Lessor or Similar Party | Description of Investment, including<br>Maturity Date,<br>Interest Rate, Collateral, Par or Maturity<br>Value | Cost | Current<br>Value |
|     | Registered Investment Companies:                        |   |      |                  |
|     | American Funds  | American Funds EuroPacific Growth Fund;<br>Class R-6  | N/R  | \$ 1,153,036     |
|     | Loomis Sayles   | Loomis Sayles Value Fund; Class N   | N/R  | 493,476          |
|     | PIMCO   | PIMCO Total Return Fund; Institutional Class  | N/R  | 315,782          |
|     | T. Rowe Price   | T. Rowe Price Inst Large Cap Growth Fund;<br>Inst Class   | N/R  | 1,272,370        |
| *   | Vanguard  | Vanguard Institutional Index Fund   | N/R  | 1,693,041        |
| *   | Vanguard  | Vanguard Mid-Cap Index Fund; Institutional<br>Shares  | N/R  | 144,862          |
| *   | Vanguard  | Vanguard Prime Money Market Fund  | N/R  | 1,633            |
| *   | Vanguard  | Vanguard Small-Cap Index Fund; Institutional<br>Shares  | N/R  | 182,110          |
| *   | Vanguard  | Vanguard Target Retirement 2010 Fund  | N/R  | 276,354          |
| *   | Vanguard  | Vanguard Target Retirement 2015 Fund  | N/R  | 390,840          |
| *   | Vanguard  | Vanguard Target Retirement 2020 Fund  | N/R  | 2,217,715        |
| *   | Vanguard  | Vanguard Target Retirement 2025 Fund  | N/R  | 646,553          |
| *   | Vanguard  | Vanguard Target Retirement 2030 Fund  | N/R  | 2,576,897        |
| *   | Vanguard  | Vanguard Target Retirement 2035 Fund  | N/R  | 306,045          |
| *   | Vanguard  | Vanguard Target Retirement 2040 Fund  | N/R  | 919,534          |
| *   | Vanguard  | Vanguard Target Retirement 2045 Fund  | N/R  | 183,236          |
| *   | Vanguard  | Vanguard Target Retirement 2050 Fund  | N/R  | 53,263           |
| *   | Vanguard  | Vanguard Target Retirement 2055 Fund  | N/R  | 62,441           |
| *   | Vanguard  | Vanguard Target Retirement 2060 Fund  | N/R  | 2,255            |
| *   | Vanguard  | Vanguard Target Retirement Income   | N/R  | 211,217          |
| *   | Vanguard  | Vanguard Total Bond Market Index Fund;<br>Admiral Shares  | N/R  | 43,548           |
| *   | Vanguard  | Vanguard Total International Stock Index<br>Fund; Inst Shares   | N/R  | 18,563           |
|     | Wasatch Computer Technology                             | Wasatch Core Growth Fund; Institutional<br>Class Shares   | N/R  | 1,982,012        |
|     | Total Registered Investment Companies                   |   |      |                  |
|     |   |   |      | \$ 15,146,783    |
| *   | Participant Loans                                       | Loans to Participants<br>Interest rate 4.25%  | \$ 0 | \$ 379,388       |
|     | Total   |   |      |                  |
|     |   |   |      | \$ 15,526,171    |

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.

Latrobe Steel Company Voluntary Investment Program  
(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<br>No. | Description  |
|----------------|--|
| 23.1           | Consent of Independent Registered Public Accounting Firm |