

CARPENTER TECHNOLOGY CORP

Form DEF 14A

September 12, 2014

Table of Contents

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

CARPENTER TECHNOLOGY CORPORATION  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - 1) Title of each class of securities to which transaction applies:
    - 2) Aggregate number of securities to which transaction applies:
    - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
    - 4) Proposed maximum aggregate value of transaction:
    - 5) Total fee paid:
  - Fee paid previously with preliminary materials.
  - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - 1) Amount Previously Paid:
    - 2) Form, Schedule or Registration Statement No.:
    - 3) Filing Party:
    - 4) Date Filed:
-

Table of Contents

Letter to  
Stockholders

Annual Meeting  
Invitation

**Carpenter Technology Corporation**

**Proxy Statement and**

**2014 Annual Report to Stockholders**

Notice of 2014  
Annual Meeting  
And Proxy  
Statement

September 16, 2014

2014 Annual  
Report on Form  
10-K

In a difficult market context, Carpenter Technology executed well in fiscal year 2014. The company produced and sold more pounds of specialty alloys than ever before in our history. At the same time, Carpenter drove significant strategic gains.

Our fiscal year 2014 Adjusted EBITDA was \$381.8 million, just short of the record earnings we achieved in fiscal year 2013. We focus on the top one percent of the specialty steel market, while maintaining the flexibility to meet changes in market demand. In fiscal year 2014, we showed the agility to bring in significant additional volume to offset demand weakness for our ultra-premium aerospace and energy products.

In fiscal year 2014, Carpenter's Specialty Alloys Operations (SAO) segment increased pounds sold by seven percent and also improved manufacturing performance and efficiency. Carpenter's Performance Engineered Products (PEP) segment also drove initiatives that improved its financial trajectory. In total, the Company generated \$2.17 billion in sales. We reduced our Selling, General, and Administrative expenses by 7 percent to help offset sales mix weakness. As a result, we produced net income of \$132.8 million, or \$2.47 per diluted share.

Our long-term investments in premium alloy capacity began to pay off during the year. We continued to drive gains from our Latrobe acquisition, surpassing our original synergy projections by 70 percent. We completed the construction of the Athens, Alabama facility, which we believe is the world's most advanced specialty alloy manufacturing facility. Our Athens Operations enables Carpenter to produce ultra-premium alloys using highly automated, procedure-driven processes to ensure quality and fast delivery. The project was completed ahead of schedule and below budget. Athens produced 1,000 tons of saleable products in the fourth quarter of fiscal year 2014. We expect to increase the facility's production of specialty alloys once internal and customer qualifications are complete. We also made progress on our new finishing facility in

## Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

Changshu, China. In our PEP segment, we expanded titanium wire capacity to better meet the growing aerospace industry demand for titanium.

During the year, we negotiated multiple long-term agreements with customers, which are key to future growth. We licensed Pratt & Whitney's superalloy powder technology to expand our supply position in the rapidly growing additive manufacturing market. This unique technology will be utilized in our new superalloy powder facility that's currently under construction in Athens. The new facility is scheduled to open in calendar year 2015. The combination of these two key components helped solidify a long-term superalloy powder supply agreement with Pratt & Whitney.

---

Table of Contents

With additional capacity, strong market positions, a solid balance sheet, and what we believe to be indications of a strengthening demand cycle, we are well-positioned to increase financial results in the years ahead.

Thank you as always for your investment and continued confidence in Carpenter.

Gregory A. Pratt  
Chairman, Board of Directors

William A. Wulfsohn  
President & Chief Executive Officer

**Safe Harbor Statement**

*Please refer to the Safe Harbor Statement on page A-46 for information about factors that could cause future results to differ materially from forward-looking statements, expectations, and assumptions expressed or implied in this letter to stockholders or elsewhere in this publication.*

---

Table of Contents

## **Annual Meeting Invitation**



Table of Contents

September 16, 2014

To Our Stockholders:

It is our pleasure to invite you to attend the 2014 Annual Meeting of Stockholders of Carpenter Technology Corporation, to be held at 11:00 a.m. on Tuesday, October 14, 2014. The meeting will be held at the Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103.

Business scheduled for the Annual Meeting includes:

- The election of three directors to three-year terms expiring in 2017;
  
- Approval of the appointment of PricewaterhouseCoopers LLP as Carpenter's independent registered public accounting firm to perform its integrated audit for fiscal year 2015; and
  
- Approval of the compensation of the Company's named executive officers, in an advisory vote.

Information concerning these matters is included in the enclosed Notice of Annual Meeting and Proxy Statement. Also, at the meeting, I will respond to questions concerning Carpenter's operations.

If you plan to attend the meeting in person, please visit the News and Events page of our website at [www.carttech.com](http://www.carttech.com) for directions to the Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103. Please bring the admission ticket attached to your proxy card with you. If you are receiving this Proxy Statement by e-mail and wish to attend the meeting, you should print out the admission ticket attached to the e-mail. **If your shares are held in the name of a broker, bank, or other nominee, and you wish to attend the meeting, you should obtain a letter from your broker, bank, or other nominee indicating that you are the beneficial owner of a stated number of shares of Carpenter stock as of the record date, August 15, 2014.**

Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

If you do not plan to attend the meeting, you may vote over the Internet, by telephone, or by returning your proxy card. To ensure proper representation of your shares at the meeting, please follow the voting instructions beginning on page 2 of the Proxy Statement. You may also mark your proxy card, then sign, date, and return it at your earliest convenience.

I look forward to seeing you at the meeting.

Sincerely,

William A. Wulfsohn  
President and  
Chief Executive Officer

---



Table of Contents

**Notice of Annual Meeting**

**and**

**Proxy Statement**

Table of Contents

TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| <u>Notice of Annual Meeting of Stockholders</u>   | iii         |
| <u>PROXY STATEMENT</u>  | 1           |
| <u>GENERAL INFORMATION</u>  | 1           |
| <u>Why Proxies are Solicited</u>  | 1           |
| <u>Cost of Solicitation</u>   | 2           |
| <u>Who Can Vote</u>   | 2           |
| <u>How to Vote</u>  | 2           |
| <u>Quorum and Required Votes</u>  | 4           |
| <u>If You Change Your Mind After Voting</u>   | 4           |
| <u>Stockholder Nominations to the Board of Directors</u>  | 4           |
| <u>2015 Stockholder Proposals</u>   | 5           |
| <u>SECURITY OWNERSHIP OF CERTAIN PERSONS</u>  | 6           |
| <u>Principal Beneficial Owners</u>  | 6           |
| <u>DIRECTORS, NOMINEES AND MANAGEMENT</u>   | 7           |
| <u>PROPOSAL NO. 1 - ELECTION OF DIRECTORS</u>   | 9           |
| <u>Current Directors</u>  | 11          |
| <u>CORPORATE GOVERNANCE</u>   | 16          |
| <u>Meetings of the Board</u>  | 16          |
| <u>Board Independence &amp; Leadership Structure</u>  | 16          |
| <u>Meetings of the Independent Directors</u>  | 16          |
| <u>Board of Directors – Role in Risk Oversight</u>  | 17          |
| <u>Stockholder Communication with the Board</u>   | 17          |
| <u>Code of Ethics</u>   | 17          |
| <u>Director Training and Education</u>  | 17          |
| <u>Committees of the Board</u>  | 17          |
| <u>Corporate Governance Guidelines and Charters</u>   | 20          |
| <u>Transactions with Related Persons</u>  | 20          |
| <u>Human Resources Committee Interlocks and Insider Participation</u>                                 | 21          |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u>  | 21          |
| <u>DIRECTOR COMPENSATION</u>  | 22          |
| <u>Director Compensation Table</u>  | 22          |
| <u>COMPENSATION DISCUSSION AND ANALYSIS</u>   | 26          |
| <u>Executive Summary</u>  | 26          |
| <u>Our Named Executive Officers</u>   | 26          |
| <u>Fiscal Year 2014 Performance</u>   | 26          |
| <u>Fiscal Year 2014 NEO Compensation Highlights</u>   | 27          |
| <u>Alignment of Pay with Performance</u>  | 27          |
| <u>Good Compensation Governance Practices</u>   | 28          |
| <u>Consideration of Results of Stockholder Advisory Vote on Executive Compensation ( Say-on-Pay )</u> | 28          |
| <u>Our Compensation Philosophy and Objectives</u>   | 28          |
| <u>Our Compensation Program</u>   | 29          |
| <u>Compensation Consultants</u>   | 29          |

Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

|  |    |
|--|----|
| <u>Benchmarking and Comparator Group Analysis</u>                | 30 |
| <u>Key Elements of Our Fiscal Year 2014 Compensation Program</u> | 30 |
| <u>Elements - Overview</u>                                       | 31 |
| <u>Fiscal Year 2014 Compensation Strategy and Mix</u>            | 31 |
| <u>Base Salaries</u>   | 33 |
| <u>Annual Cash Incentive</u>                                     | 34 |
| <u>Fiscal Year 2014 Annual Cash Incentive Metrics Summary</u>    | 34 |

Table of Contents

**TABLE OF CONTENTS**

(continued)

|   | <u>Page</u> |
|---|-------------|
| <u>Long-Term Equity Incentives</u>  | 36          |
| <u>Special Inducement, Recognition or Retention Awards</u>  | 38          |
| <u>Equity Ownership Guidelines</u>  | 39          |
| <u>Retirement and Post-Employment Benefits</u>  | 39          |
| <u>Savings Plans and Deferred Compensation Plan</u>   | 40          |
| <u>Perquisites</u>  | 41          |
| <u>Health Benefits and Disability Insurance</u>   | 41          |
| <u>Severance and Employment Arrangements</u>  | 41          |
| <u>Tax Deductibility of Compensation</u>  | 42          |
| <br>  |             |
| <u>HUMAN RESOURCES COMMITTEE REPORT</u>   | 42          |
| <u>EXECUTIVE COMPENSATION</u>   | 43          |
| <u>Summary Compensation Table</u>   | 43          |
| <u>All Other Compensation Table</u>   | 44          |
| <u>Grants of Plan-Based Awards Table</u>  | 45          |
| <u>Outstanding Equity Awards at End of Fiscal Year 2014 Table</u>   | 46          |
| <u>Option Exercises and Stock Vested Table</u>  | 48          |
| <u>Pension Benefits Generally</u>   | 49          |
| <u>Pension Benefits Table</u>   | 49          |
| <u>Tax-Qualified Defined Benefit Pension Plan</u>   | 50          |
| <u>Non-Qualified Defined Benefit Pension Plans</u>  | 51          |
| <u>Non-Qualified Defined Contribution Plan for Officers and Key Employees</u>                               | 53          |
| <u>Non-Qualified Deferred Compensation Table</u>  | 53          |
| <u>Tax-Qualified Defined Contribution Pension Plans</u>   | 54          |
| <br>  |             |
| <u>POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT</u>  | 54          |
| <u>Potential Payments Upon Termination or Change in Control Table</u>                                       | 56          |
| <br>  |             |
| <u>AUDIT/FINANCE COMMITTEE REPORT</u>   | 58          |
| <br>  |             |
| <u>PROPOSAL NO. 2 - APPROVAL OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>            | 60          |
| <br>  |             |
| <u>PROPOSAL NO. 3 - ADVISORY VOTE TO APPROVE THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS</u> | 62          |
| <br>  |             |
| <u>HOUSEHOLDING OF PROXY MATERIALS</u>  | 63          |
| <br>  |             |
| <u>OTHER MATTERS</u>  | 63          |
| <br>  |             |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u>  | 63          |

Table of Contents

---

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**on**

**October 14, 2014**

---

CARPENTER TECHNOLOGY CORPORATION will hold its 2014 Annual Meeting of Stockholders at the Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103 on Tuesday, October 14, 2014, at 11:00 a.m. We will vote on the following matters:

1. The election of three directors to three-year terms expiring in 2017;
2. Approval of the appointment of PricewaterhouseCoopers LLP as Carpenter's independent registered public accounting firm to perform its integrated audit for fiscal year 2015;
3. Approval of the compensation of the Company's named executive officers, in an advisory vote; and
4. Any other business that is properly presented at the meeting.

Only stockholders who were record owners of shares of common stock at the close of business on August 15, 2014, may vote at the meeting. A list of those stockholders will be available at the meeting and also during the ten days before the meeting at Carpenter's office of the Corporate Secretary, 2 Meridian Boulevard, 3rd Floor, Wyomissing, Pennsylvania 19610. The accompanying form proxy is solicited by the Board of

Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

Directors of the Company.

Regardless of the number of shares that you own, it is important that your shares be represented at the meeting. You are encouraged to take advantage of the easy and cost-effective Internet and telephone voting that Carpenter offers. Please see page 2 of the Proxy Statement for Internet and telephone voting instructions. You may also vote by completing and signing the proxy card and returning it in the enclosed postage pre-paid envelope as soon as possible.

You are cordially invited to attend the meeting. If you plan to attend the meeting, please use the admission ticket attached to your proxy card or included in the e-mail by which you received this Proxy Statement or the letter you obtained from your broker. Upon presentation of proper identification, you may attend the meeting without an admission ticket.

By Order of the Board of Directors,

James D. Dee  
Secretary

iii

---

Table of Contents

September 16, 2014

**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON OCTOBER 14, 2014**

This Proxy Statement is furnished in connection with the solicitation of proxies for the Annual Meeting of Stockholders of Carpenter Technology Corporation to be held on October 14, 2014 (the Annual Meeting), and any postponements or adjournments. The meeting will be held at the Four Seasons Hotel, One Logan Square, Philadelphia, Pennsylvania 19103 at 11:00 a.m. Selected information from Carpenter's 2014 Annual Report on Form 10-K, including financial statements, is being delivered along with this Proxy Statement, but is not incorporated as part of the Proxy Statement and is not to be considered part of the proxy solicitation material. Carpenter Technology Corporation is referred to in this Proxy Statement as Carpenter or the Company.

This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders are being sent to stockholders on or about September 16, 2014.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE**

**ANNUAL MEETING TO BE HELD ON OCTOBER 14, 2014**

This Proxy Statement and our Annual Report to Stockholders for the fiscal year ended June 30, 2014, are available electronically at: <http://www.proxyvote.com>.

**GENERAL INFORMATION**

**Why Proxies are Solicited**

Carpenter's Board of Directors is soliciting proxies so that every stockholder will have an opportunity to vote during the Annual Meeting, whether or not the stockholder attends the Annual Meeting in person. You are being asked to vote on three proposals:

- The election of three directors, Steven E. Karol, Robert R. McMaster and Gregory A. Pratt, each to three-year terms, which will expire in 2017;
- Approval of the appointment of PricewaterhouseCoopers LLP as Carpenter's independent registered public accounting firm to perform its integrated audit for fiscal year 2015; and
- Approval of the compensation of the Company's named executive officers, in an advisory vote.



Table of Contents

**Cost of Solicitation**

Carpenter will pay the cost of preparing, assembling, and delivering the Notice of Annual Meeting, Proxy Statement and proxy card. Directors, officers, and regular employees of Carpenter may solicit proxies in person or by telephone without additional compensation. Carpenter will reimburse brokerage houses and other nominees for their expenses in forwarding proxy materials to beneficial owners of Carpenter common stock.

**Who Can Vote**

Stockholders who were record owners of Carpenter common stock at the close of business on August 15, 2014, which is the record date for the Annual Meeting, may vote at the Annual Meeting. On August 15, 2014, there were 53,201,803 shares of Carpenter common stock issued and outstanding and entitled to vote. Each share of common stock is entitled to one vote.

Each participant in the Savings Plan of Carpenter Technology Corporation, the Savings Plan of Carpenter Technology Corporation effective January 1, 2012, the Savings Plan of Amega West Services LLC, or the Latrobe Steel Company Voluntary Investment Program (collectively, the Savings Plans ) may direct The Vanguard Group, Inc. ( Vanguard ), as trustee of the Savings Plans, how to vote the shares credited to the participant's account. Vanguard will vote the shares as directed and will treat any such directions it receives as confidential. Vanguard will vote any blank proxies or any shares for which no direction is received in the same proportion or manner as the directed shares. Directions must be received by Vanguard no later than Thursday, October 9, 2014.

**How to Vote**

You may vote in one of four ways:

**Vote Over the Internet**

- *If your shares are held in the name of a broker, bank, or other nominee:* Vote your Carpenter shares over the Internet by accessing the website address given on the proxy card you received from such broker, bank, or other nominee. You will need the control number that appears on your proxy card when you access the web page.

- *If your shares are registered in your name:* Vote your Carpenter shares over the Internet by accessing the website [www.proxyvote.com](http://www.proxyvote.com) and following the on-screen instructions. You will need the control number that appears on your proxy card when you access the web page.

**Vote by Telephone (Touch-Tone Phone Only)**

- *If your shares are held in the name of a broker, bank, or other nominee:* Vote your Carpenter shares over the telephone by following the telephone voting instructions, if any, provided on the proxy card you received from such broker, bank, or other nominee.
  
- *If your shares are registered in your name:* Vote your Carpenter shares over the telephone by accessing the telephone voting system toll-free at 1-800-690-6903 and following the telephone voting instructions. The telephone instructions will lead you through the voting process. You will need the control number that appears on your proxy card when you call.

Based on your Internet or telephone voting, the proxy holders will vote your shares according to your directions.

Table of Contents

**Vote by Ballot at the Meeting**

You also may attend the Annual Meeting and vote by ballot that you will receive at the meeting. Your admission ticket to the Annual Meeting is either attached to your proxy card or is in the e-mail by which you received your Proxy Statement.

**Vote by Returning Your Proxy Card**

You may vote by signing and returning your proxy card. Stockholders of record receive the proxy materials, including a proxy card, from the Company whereas stockholders who beneficially own their shares through a bank or brokerage firm in street name will receive the proxy materials, together with a voting instruction form, from the bank or broker. The proxy holders will vote your shares according to your directions. If you sign and return your proxy card without specifying choices, your shares will be voted as recommended by the Board of Directors. If you are a stockholder of record, unless you tell us on the proxy card to vote differently, we plan to vote signed and returned proxies for the nominees for director; for the approval of the appointment of PricewaterhouseCoopers LLP ( PwC ) as the Company's independent registered public accounting firm; and for the approval of the compensation of the Company's named executive officers in an advisory vote.

Stockholders who hold their shares in street name should refer to Broker Non-Votes and Abstentions below for information concerning the voting of their shares on any matter for which they do not provide instructions to their bank or broker, either by returning a completed, dated and signed voting instruction form in the envelope provided, or by telephone or Internet as provided elsewhere herein.

If you wish to give a proxy to someone other than those designated on the proxy card, you may do so by crossing out the names of the designated proxies and inserting the name of another person. The person representing you should then present your signed proxy card at the meeting.

**Broker Non-Votes and Abstentions**

A broker non-vote occurs when banks or brokerage firms holding shares on behalf of a stockholder do not receive voting instructions from the beneficial owner of the shares by a specified date before the Annual Meeting and do not have discretionary authority to vote those undirected shares on specified matters under applicable stock exchange rules. The uncontested election of directors and an advisory vote related to executive compensation are considered non-routine matters and discretionary voting on these matters is prohibited. As a result, if you are a beneficial owner and hold your shares in street name, and do not give your broker or other nominee instructions on how to vote your shares with respect to the election of directors or the advisory vote on executive compensation, no votes will be cast on your behalf with respect to those proposals. The ratification of auditors is still a discretionary matter, so your broker or nominee will be permitted to exercise discretionary authority to vote your shares with respect to the ratification of our selection of PwC as our independent registered public accounting firm even if you do not give your broker or other nominee instructions on how to vote your shares with respect to that proposal. Shares with respect to which brokers do not have authority to vote may still be counted in determining whether a quorum is present.

## Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

Because the Company has a plurality voting standard for the election of directors, and the other proposals will be determined by a majority of the votes cast, broker non-votes will have no effect on the outcome of the vote on any of the proposals.

Abstentions as to any matter are counted in determining the presence of a quorum at the Annual Meeting, but are not included in the vote count for that matter, and will have no impact on the outcome of the approval of those matters.

Table of Contents

**Quorum and Required Votes**

We need a quorum of stockholders to hold a valid annual meeting so that business may be conducted. A quorum will be present if the holders of at least a majority of the outstanding shares entitled to vote either attend or are represented by proxy at the Annual Meeting. Broker non-votes and votes withheld are counted as present for the purpose of establishing a quorum. Carpenter's By-Laws and Delaware law govern the vote needed to approve the proposals. Assuming the presence of a quorum, directors are elected by a plurality of the total votes cast at the Annual Meeting and the appointment of the independent registered public accounting firm and the advisory vote on executive compensation, and any other actions properly presented at the Annual Meeting are approved by a majority of the total votes cast at the Annual Meeting.

**If You Change Your Mind After Voting**

You can revoke your proxy at any time before it is voted. Proxies are voted at the Annual Meeting. You can write to Carpenter's Corporate Secretary at P.O. Box 14662, Reading, PA 19612-4662, stating that you wish to revoke your proxy and that you need another proxy card. More simply, you can vote again, either over the Internet or by telephone. Your last vote is the vote that will be counted. If you attend the Annual Meeting, you may vote by ballot, which will cancel your previous proxy vote.

**Stockholder Nominations to the Board of Directors**

As described in its charter, the Corporate Governance Committee of the Board of Directors (the Corporate Governance Committee) performs the functions of a nominating committee and is responsible for identifying and recommending qualified persons to become members of the Board of Directors. The nominees for election to the Board of Directors listed in this Proxy Statement were nominated and recommended by the Corporate Governance Committee.

The Corporate Governance Committee will consider sound and meritorious nomination suggestions from stockholders and will review those nominations under the same criteria as other candidates identified by the Corporate Governance Committee. Our Corporate Governance Guidelines provide that candidates are considered for nomination to the Board of Directors based upon various criteria, including their general training and experience in business, science, engineering, finance or administration, and their personal integrity and judgment. In evaluating candidates to recommend to the Board of Directors, the Corporate Governance Committee considers whether a candidate enhances the diversity of the Board. In its consideration of such diversity, the Corporate Governance Committee considers a number of characteristics including each candidate's professional background and capabilities, knowledge of specific industries and geographic experience. In Carpenter's view, the foremost responsibility of a Carpenter director is to represent the interests of stockholders as a whole. To accomplish this, Carpenter believes that directors must have time available to devote to board activities. Accordingly, Carpenter seeks to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to Carpenter. Recent developments in corporate governance and financial reporting have resulted in an increased demand for highly qualified and productive public company directors. Carpenter believes that there should be a majority of independent directors on its Board, and it is Carpenter's policy to avoid the nomination of outside professionals, including lawyers, investment bankers, or accountants, whose firms provide services to Carpenter.

Under Carpenter's By-Laws, in order to nominate a person for election at the 2015 Annual Meeting of Stockholders, you must provide written notice of your proposed nomination to the Corporate Secretary at Carpenter's headquarters, P.O. Box 14662, Reading, PA 19612-4662, between July 16, 2015 and August 17, 2015. Your notice to the Corporate Secretary should contain your name, address, and number of shares of

Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

Carpenter stock you own, in addition to the following information:

- For each person you propose to nominate for election as a director, specify:
  - (i) name, age, business address, and residence address;
  - (ii) principal occupation or employment;

Table of Contents

- (iii) number of shares of Carpenter stock beneficially owned by the person; and
  
- (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Schedule 14A under the proxy rules of the Securities and Exchange Commission (the "SEC").

- A signed statement from the person recommended for nomination indicating that he or she consents to be considered as a nominee and will serve as a director if elected.

Carpenter may require any proposed nominee to furnish other information reasonably necessary to determine the person's eligibility to serve as a director. Only individuals nominated in accordance with Carpenter's By-Laws and applicable Delaware law are eligible for election as a director.

**2015 Stockholder Proposals**

If you wish to include a proposal in the Proxy Statement for the 2015 Annual Meeting of Stockholders, your written proposal must be received by Carpenter no later than May 19, 2015. The proposal should be mailed by certified mail, return receipt requested, and must comply in all respects with applicable rules and regulations of the SEC, the laws of the State of Delaware, and Carpenter's By-Laws. Stockholder proposals may be mailed to the Corporate Secretary, Carpenter Technology Corporation, P.O. Box 14662, Reading, PA 19612-4662.

Under Carpenter's By-Laws, stockholder proposals that are not included in the proxy materials may be presented at the 2015 Annual Meeting of Stockholders only if they meet the above requirements and the Corporate Secretary is notified in writing of the proposals between July 16, 2015, and August 17, 2015. For each matter that you wish to bring before the meeting, provide the following information:

- (i) a brief description of the matter and the reason for bringing it to the meeting;
  
- (ii) your name and record address;
  
- (iii) the number of shares of Carpenter stock that you own; and
  
- (iv) any material interest (such as financial or personal interest) that you have in the matter.





Table of Contents**SECURITY OWNERSHIP OF CERTAIN PERSONS****Principal Beneficial Owners**

Listed below are the only individuals and entities known by Carpenter to own more than 5% of the outstanding common stock of the Company as of the record date of August 15, 2014 (assuming that their holdings have not changed from such other date as may be shown below):

| <b><u>Name and Address of Beneficial Owner</u></b>   | <b><u>Amount and Nature of Beneficial Ownership</u></b> | <b><u>Percent of Class<sup>(1)</sup></u></b> |
|--|---|--|
| Neuberger Berman Management, LLC<br>New York, NY     | 6,552,192 <sup>(2)</sup>                                | 12.32%                                       |
| Fidelity Management & Research Company<br>Boston, MA | 4,137,902 <sup>(3)</sup>                                | 7.78%  |
| The Vanguard Group, Inc.<br>Malvern, PA              | 3,107,285 <sup>(4)</sup>                                | 5.84%  |
| BlackRock Fund Advisors<br>New York, NY              | 2,992,390 <sup>(5)</sup>                                | 5.62%  |
| EdgePoint Investment Group Inc.<br>Toronto, Canada   | 2,657,729 <sup>(6)</sup>                                | 5.00%  |

(1) The percentages are calculated on the basis of shares of common stock outstanding as of August 15, 2014.

(2) This information was based upon the Neuberger Berman Management, LLC ( Neuberger ) Section 13 filing reflecting shares owned as of June 30, 2014. Neuberger is an investment advisor registered under the Investment Advisors Act of 1940, as amended. It furnishes investment advice to investment companies and serves as investment manager to certain other investment vehicles, including commingled group trusts. In its role as investment advisor and investment manager, Neuberger possesses sole voting power and investment power over all of these shares of Carpenter stock. The investment companies and investment vehicles own all these shares of Carpenter stock. Neuberger disclaims beneficial ownership of these shares.

(3) This information was based upon the Fidelity Management & Research Company ( Fidelity ) Section 13 filing reflecting shares owned as of June 30, 2014. Fidelity is an investment advisor registered under the Investment Advisors Act of 1940, as amended. It furnishes investment advice to investment companies and serves as investment manager to certain other investment vehicles, including commingled group trusts. In its role as investment advisor and investment manager, Fidelity possesses sole voting power and investment power over all of these shares of Carpenter stock. The investment companies and investment vehicles own all these shares of Carpenter stock. Fidelity disclaims beneficial ownership of these shares.

(4) This information was based upon the The Vanguard Group, Inc. ( Vanguard ) Section 13 filing reflecting shares owned as of June 30, 2014. Vanguard is an investment advisor registered under the Investment Advisors Act of 1940, as amended. It furnishes investment advice to investment companies and serves as investment manager to certain other investment vehicles, including commingled group trusts. In its role as investment advisor and investment manager, Vanguard possesses sole voting power and investment power over all of these shares of Carpenter stock. The investment companies and investment vehicles own all these shares of Carpenter stock. Vanguard disclaims beneficial ownership of these shares.

Table of Contents

(5) This information was based upon the BlackRock Fund Advisors ( BlackRock ) Section 13 filing reflecting shares owned as of June 30, 2014. BlackRock is an investment advisor registered under the Investment Advisors Act of 1940, as amended. It furnishes investment advice to investment companies and serves as investment manager to certain other investment vehicles, including commingled group trusts. In its role as investment advisor and investment manager, BlackRock possesses sole voting power and investment power over all of these shares of Carpenter stock. The investment companies and investment vehicles own all these shares of Carpenter stock. BlackRock disclaims beneficial ownership of these shares.

(6) This information was based upon the EdgePoint Investment Group, Inc. ( EdgePoint ) Section 13 filing reflecting shares owned as of June 30, 2014. EdgePoint is an investment advisor registered under the Investment Advisors Act of 1940, as amended. It furnishes investment advice to investment companies and serves as investment manager to certain other investment vehicles, including commingled group trusts. In its role as investment advisor and investment manager, EdgePoint possesses sole voting power and investment power over all of these shares of Carpenter stock. The investment companies and investment vehicles own all these shares of Carpenter stock. EdgePoint disclaims beneficial ownership of these shares.

**DIRECTORS, NOMINEES AND MANAGEMENT**

The following table shows the ownership of Carpenter common stock as of August 15, 2014, by each director or nominee, by any person acting as Carpenter's Chief Executive Officer during fiscal year 2014, any person acting as Carpenter's Chief Financial Officer during fiscal year 2014, the other executive officers during fiscal year 2014 who are considered to be named executive officers under applicable SEC regulations (collectively, such officers are referred to herein as the Named Executive Officers or NEOs), and Carpenter's directors and executive officers as a group. Except as noted below, the directors and executive officers have sole voting and investment power over their respective shares of common stock.

| <u>Name</u>          | <u>Number of Shares Beneficially Owned</u> (1) | <u>Employee Restricted Stock Units</u> (2) | <u>Director Stock Units</u> (3) | <u>Shares and Units Beneficially Owned</u> (1) | <u>Percentage of Outstanding Shares</u> (4)(5) |
|----------------------|--|--|---------------------------------|--|--|
| Anderson, Jr., C. G. | 62,203(6)                                      | 0  | 37,539                          | 99,742(6)                                      | 0.1%   |
| Anderson, P. M.      | 21,243   | 0  | 16,893                          | 38,136   | 0.0%   |
| Hicks, T. O.         | 178,554(6)(7)                                  | 0  | 4,328                           | 182,882(6)(7)                                  | 0.3%   |
| Inglis, I. M.        | 24,743(6)                                      | 0  | 24,818                          | 49,561(6)                                      | 0.0%   |
| Karol, S. E.         | 661,813(6)(8)                                  | 0  | 4,328                           | 666,141(6)(8)                                  | 1.2%   |
| McMaster, R. R.      | 22,343   | 0  | 18,467                          | 40,810   | 0.0%   |
| Pratt, G. A.         | 149,674  | 2,125                                      | 39,421                          | 191,220  | 0.3%   |
| Stephans, P. N.      | 121,177(9)                                     | 0  | 24,107                          | 145,284(9)                                     | 0.2%   |
| Turner, K. C.        | 26,312   | 0  | 38,162                          | 64,474   | 0.0%   |
| Wadsworth, J.        | 21,343   | 0  | 18,481                          | 39,824   | 0.0%   |
| Ward, Jr., S. M.     | 28,213(6)                                      | 0  | 33,723                          | 61,936(6)                                      | 0.1%   |
| Wulfsohn, W. A.      | 230,031  | 5,470                                      | 6,923                           | 242,424  | 0.4%   |
| Heasley, G. E.       | 1,615  | 0  | n/a                             | 1,615  | 0.0%   |

Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

|  |                           |        |         |                               |      |
|--|---------------------------|--------|---------|-------------------------------|------|
| Strobel, D. L.   | 42,806(10)                | 3,799  | n/a     | 46,605(10)                    | 0.1% |
| Thene, T. R.   | 2,827                     | 6,689  | n/a     | 9,516                         | 0.0% |
| Ziolkowski, A. T.  | 37,720(10)                | 4,027  | n/a     | 41,747(10)                    | 0.1% |
| All directors and executive officers as a group (16 persons) | 1,632,617(6)(7)(8)(9)(10) | 22,110 | 267,190 | 1,921,917<br>(6)(7)(8)(9)(10) | 3.0% |

## Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

### Table of Contents

(1) The amounts include the following shares of common stock that the individuals have the right to acquire by exercising outstanding stock options within 60 days after August 15, 2014:

|  |        |                 |         |                  |        |
|--|--------|-----------------|---------|------------------|--------|
| C. G. Anderson, Jr.  | 21,143 | G. A. Pratt     | 145,061 | G. E. Heasley    | 1,615  |
| P. M. Anderson   | 21,143 | P. N. Stephans  | 10,785  | D. L. Strobel    | 20,545 |
| T. O. Hicks  | 5,397  | K. C. Turner    | 21,143  | T. R. Thene      | 2,827  |
| I. M. Inglis   | 21,143 | J. Wadsworth    | 21,143  | A. T. Ziolkowski | 11,114 |
| S. E. Karol  | 5,397  | S. M. Ward, Jr. | 21,143  |                  |        |
| R. R. McMaster   | 21,143 | W. A. Wulfsohn  | 106,490 |                  |        |
| All directors and executive officers as a group (16 persons) |        |                 | 457,232 |                  |        |

(2) These stock units convert to an equivalent number of shares of common stock when they become vested as per the terms of the relative agreement(s) and the plan. The stock unit values are equivalent to Carpenter's common stock values, but the units have no voting rights.

(3) These stock units convert to an equivalent number of shares of common stock upon the director's termination of service as allowed under the plan. The stock unit values are equivalent to Carpenter's common stock values, but the units have no voting rights.

(4) Ownership is rounded to the nearest 0.1% and is less than 0.1% except where stated.

(5) The percentages are calculated on the basis of the number of shares of common stock outstanding plus the number of shares of common stock that would be outstanding if the individual's options were exercised, but does not include any shares issuable upon the conversion of stock units.

(6) Voting and investment power is shared with respect to the following shares of common stock:

|                     |         |
|---------------------|---------|
| C. G. Anderson, Jr. | 41,060  |
| T. O. Hicks         | 81,781  |
| I. M. Inglis        | 400     |
| S. E. Karol         | 410,998 |
| S. M. Ward, Jr      | 7,070   |

(7) The shares are held by affiliates of Mr. Hicks and he disclaims beneficial ownership of the shares except to the extent of his pecuniary interest therein.

Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

(8) The amount includes shares held by the following institutions, of which Mr. Karol is an affiliate:

|                      |         |
|----------------------|---------|
| SEK Limited          | 300,530 |
| HMK Enterprises Inc. | 75,145  |
| Watermill Group      | 25,323  |

(9) The amount includes the following shares held in trusts in the name of family members and for which Mr. Stephans disclaims beneficial ownership:

|                                  |        |
|----------------------------------|--------|
| Joan R. Stephans Revocable Trust | 38,296 |
| Elizabeth L. Stephans 1989 Trust | 10,005 |
| Katherine R. Stephans 1989 Trust | 10,005 |

(10) The amounts include the following shares of common stock held in the Savings Plans:

|                                   |       |
|-----------------------------------|-------|
| D. L. Strobel                     | 11    |
| A. T. Ziolkowski                  | 6,622 |
| All executive officers as a group | 6,633 |

Table of Contents

**PROPOSAL NO. 1**

**ELECTION OF DIRECTORS**

Carpenter's Board of Directors consists of twelve directors serving in three classes. Each class of directors serves for a period of three years. The term of office of one class of directors expires each year at the Annual Meeting.

Steven E. Karol, Robert R. McMaster and Gregory A. Pratt have been nominated for election at the 2014 Annual Meeting of Stockholders. If elected, their terms will expire at the 2017 Annual Meeting. The biographical summaries and summary of qualifications of the nominees and the remaining nine directors appear below. Unless otherwise directed by the stockholders, the shares represented by the proxies will be voted for the three nominees. Each nominee has consented to being nominated as a director and is expected to serve as a director if elected.

As anticipated in the Stockholders Agreement entered into in connection with Carpenter's acquisition of Latrobe Specialty Metals, Inc. (see Transactions with Related Persons ), Thomas O. Hicks, who has been a member of Carpenter's Board of Directors since February 2012 when Carpenter acquired Latrobe, was not renominated for election and will retire from Carpenter's Board upon the expiration of his current term at the 2014 Annual Meeting. Upon recommendation of Carpenter's Corporate Governance Committee, and subsequent approval by Carpenter's Board of Directors, the total number of directors of Carpenter's Board has been reduced from twelve to eleven effective as of the 2014 Annual Meeting of Stockholders.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF MESSRS. KAROL, MCMASTER AND PRATT.**

*Nominees Terms to Expire 2017*

**STEVEN E. KAROL**, age 60, has been a director of Carpenter since February 2012. He is a member of the Human Resources, Corporate Governance and Operations Committees. Mr. Karol is Managing Partner and founder of Watermill Group, a private investment firm. Additionally, Mr. Karol is Chairman of the Board and CEO of HMK Enterprises, Inc., a privately held investment company specializing in strategic and operational management. Mr. Karol is currently a member of the Board of Advisors of J. Walter Company. From 2006 through February 2012, Mr. Karol served as a director of Latrobe Specialty Metals, Inc., a manufacturer and distributor of high performance materials ( Latrobe ), which was partially owned by the Watermill Group during this time period and acquired by Carpenter in February 2012. He has also served as Chairman of the Board at Mooney Aircraft Company, Director and Chairman of the audit committee at StockerYale, and as a Director for Jeepers! Inc., Intelligent Energy Limited, Inter-Tel Corp, Superior Tubes and Fine Tubes. Mr. Karol is currently a member of World President's Organization ( WPO ) and has served as a member of the leadership team for the Young Presidents Organization ( YPO ). While with YPO, Mr. Karol served on the International Board of Directors (1991- 2001), Chairman of Strategic Planning (1993 - 1996), and as International President (1999 - 2001). He is Chairman of the Board of Advisors for the School of Engineering of Tufts University and recipient of the 2009 Tufts Distinguished Service Award. He is also past Chairman of the Board of Trustees of Vermont Academy, and a Director Emeritus at the Brain Tumor Society. In addition, he is a co-founder and President of the Herbert M. Karol Cancer Foundation. He formerly served as a member of the Board of Overseers of the Boston Symphony Orchestra and as a Trustee and member of the Executive Committee of the Boston Ballet.

The Board believes that Mr. Karol's qualifications include, among other things, his extensive business experience and experience as a CEO and Chairman of the Board, which enable him to contribute to the Board's operational and growth initiatives. In addition, Mr. Karol's experience as a director of Latrobe (which is now a wholly-owned subsidiary of Carpenter), enhances his contributions to the Board, particularly with respect to his industry knowledge and expertise.



Table of Contents

**ROBERT R. McMASTER**, age 66, has been a director of Carpenter since 2007 and is a member of Carpenter's Audit/Finance Committee and Operations Committee. Mr. McMaster held various positions at KPMG, LLP, an international audit, advisory and tax services firm, from May 1970 to June 1997, including Ohio Valley Area Managing Partner. He served from 1992 to 1997 as a member of KPMG's Management Committee. From June 1997 to February 2005, Mr. McMaster was Chairman and Chief Executive Officer of Westward Communications and President and Chief Executive Officer of its successor company, ASP Westward Holdings, publishers of community newspapers in Texas, Arkansas, and Colorado. He is also a director of Sally Beauty Holdings Inc., where he serves as Lead Director and chairman, Audit Committee, a public company listed on the NYSE. Additionally, from September 2008 through May 2013, Mr. McMaster served as Senior Financial Advisor to the Chairman of Worthington Industries, a diversified metal processing company. He also is a former board member of American Eagle Outfitters, Inc. and Dominion Homes Inc. He is active in a wide variety of community affairs organizations in the Columbus, Ohio region. He received his B.S. magna cum laude in accounting from Miami University, Oxford, Ohio in 1970, and is the recipient of the Haskins & Sells Foundation Award for excellence in accounting.

The Board believes that Mr. McMaster's qualifications include, among other things, his extensive accounting and financial expertise and background as managing partner at a large international firm providing audit, tax and advisory services.

**GREGORY A. PRATT**, age 65, has been a director of Carpenter since 2002, is the Chairman of the Board of Directors of the Company and served as interim President and Chief Executive Officer of Carpenter in fiscal year 2010. He is a member of the Human Resources, Corporate Governance and Operations Committees. Mr. Pratt is former Vice Chairman and a director of OAO Technology Solutions, Inc. ( "OAOT" ), an information technology and professional services company. He joined OAOT in 1998 as President and Chief Executive Officer after OAOT acquired Enterprise Technology Group, Inc., a software engineering firm founded by Mr. Pratt. Mr. Pratt served as President and Chief Operations Officer of Intelligent Electronics, Inc. from 1991 through 1996, and was co-founder, and served variously as Chief Financial Officer and President of Atari (US) Corporation from 1984 through 1991. Since February 2014, Mr. Pratt serves as a director of Tredegar Corporation, a public company listed on the NYSE where he serves as the Chairman of the Governance Committee and a member of the Special Finance and Audit Committees. He served as a director and Audit Committee Chairman of AmeriGas Propane, Inc., a public company listed on the NYSE until April 2013. Mr. Pratt is also a National Association of Corporate Directors Board ( "NACD" ) Leadership Fellow. He has demonstrated his commitment to boardroom excellence by completing NACD's comprehensive program of study for experienced corporate directors - a rigorous suite of courses spanning leading practices for boards and committees. He also was appointed to serve a three year term on the Standing Advisory Group of the Public Company Oversight Board commencing January 2014. He supplements his skill sets through ongoing engagement with the director community and access to leading practices.

The Board believes that Mr. Pratt's qualifications include, among other things, his extensive financial expertise, his leadership skills and significant operational and international management experience as a President of a large public company, all of which contribute to Mr. Pratt's valuable perspective that he brings to our Board of Directors.

Table of Contents

**Current Directors**

These are the other directors whose terms are indicated:

***Term to Expire 2014***

**THOMAS O. HICKS**, age 68, has been a director of Carpenter since February 2012, and is a member of the Audit/Finance Committee and the Science and Technology Committee. Mr. Hicks has over 39 years experience in the private equity industry, which has provided him with exposure to a wide variety of businesses and industries in his career. Since 2005, Mr. Hicks has served as the Chairman of the Board of Hicks Holdings LLC, a holding company that owns and manages the Hicks Family's investments, real estate, and corporate assets. Investments through Hicks Equity Partners LLC (HEP), a private equity firm led by Mr. Hicks, include: Drilling Tools International, a privately held oilfield services company; Glori Energy, an oil technology company; Grupo Pilar, an animal and pet food company in Argentina; Just Brakes, a retail provider of automotive brake and maintenance services; Latrobe Specialty Metals, Inc., a manufacturer and distributor of high performance materials, subsequently acquired by Carpenter Technology Corporation; Ocular LCD, Inc., a designer, manufacturer and marketer of high-performance liquid crystal displays, modules and systems; and, through H-D Advanced Manufacturing, Inc., investments including Overton Chicago Gear, a premier manufacturer and distributor of large, custom, mission-critical gears and gearboxes; Innovative Mechanical Solutions, an industry leader in the engineering, design and manufacture of custom bearings for the directional drilling motor industry; and Sungear, a manufacturer of aerospace gears. Previously, Mr. Hicks co-founded, and was Chairman from 1989 through 2004 of Hicks, Muse, Tate & Furst, Inc., a nationally prominent private equity firm specializing in leveraged acquisitions. From 1984 to 1989, Mr. Hicks was Co-Founder and Co-CEO of Hicks & Haas, a private equity firm. Additionally, from 1995 to 2011, Mr. Hicks was the Owner and Chairman of the Dallas Stars and the Texas Rangers. Mr. Hicks currently serves as a director of Drilling Tools International, Glori Energy, Just Brakes and Ocular LCD. He is also a member of the University of Texas Chancellor's Council. Mr. Hicks formerly served on the Board of Trustees for The Center for Strategic and International Studies. He is a former member of the University of Texas System Board of Regents, and he served as Chairman of the University of Texas Investment Management Company. Mr. Hicks received a Masters of Business Administration degree from the University of Southern California in 1970 and a Bachelor of Business Administration degree from the University of Texas in 1968.

The Board believes that Mr. Hicks' qualifications include, among other things, his leadership and extensive business expertise with both private and public companies, which enable him to provide valuable insights to the Board. In addition, Mr. Hicks' experience as a director of Latrobe (which is now a wholly-owned subsidiary of Carpenter), enhances his contributions to the Board, particularly with respect to his industry knowledge and expertise.

Table of Contents

*Terms to Expire 2015*

**CARL G. ANDERSON, JR.**, age 69, has been a director of Carpenter since 2003 and is a member of the Audit/Finance Committee and Chair of the Operations Committee. Mr. Anderson is the former Chairman of the Board, President and Chief Executive Officer of Arrow International, Inc., a leading manufacturer of medical devices where he was employed from 2002 to 2007. He previously served as Vice-Chairman of the Board of Directors and General Manager of Arrow's Critical Care Business. From 1997 to 2002, he was President and Chief Executive Officer of ABC School Supply Inc., a manufacturer and marketer of educational products. Prior to joining ABC School Supply in May 1997, Mr. Anderson served as Vice President - General Manager of the Retail Consumer Products Division of James River Corporation from 1994 to 1997 and as Vice President of Marketing from May 1992 to August 1994. He was Vice President and General Manager at Nestle Foods Corporation from 1984 to 1992 and a marketing executive at Procter & Gamble from 1972 to 1984. Mr. Anderson served as a director of Arrow International, Inc., a director of IWT Tesoro until December 2007, and as a trustee of Lafayette College and Alvernia College. He is a general partner of Cannondale Partners, LLC, a private equity firm located in Reading, Pennsylvania.

The Board believes that Mr. Anderson's qualifications include, among other things, his experience as a former Chief Executive Officer of two companies including a company within the medical device industry, a key market focus for Carpenter. In addition, Mr. Anderson's insights reflect his significant international business expertise, and extensive experience in the financial and manufacturing operations areas of business.

**DR. PHILIP M. ANDERSON**, age 66, has been a director of Carpenter since 2007 and is a member of Carpenter's Human Resources, Corporate Governance and Science and Technology Committees. Dr. Anderson is a professor of physics at Ramapo College of New Jersey, where he has taught since 1990. He holds more than 100 foreign and 37 U.S. patents, and was named Inventor of the Year by the New Jersey Inventor's Hall of Fame in 2001. He also is a respected consultant on technical and intellectual property on new technology and product development for Fortune 100 companies, with particular emphasis on security systems, medical devices, sensors, magnetics, acoustics and materials. Prior to teaching, he was founder, President and Chief Executive Officer of Identitech Corp., 1986-1988; and new venture manager and senior research physicist at Allied Corp. (now Honeywell Corp.) from 1979-1986. Dr. Anderson received his B.S. in physics in 1970 from Widener University, M.S. degrees in both physics and electrical engineering from Drexel University in June 1977, and a Ph.D. in physics from Drexel in 1979. He served as a pilot in the U.S. Air Force and Air National Guard from 1970-1975.

The Board believes that Dr. Anderson's qualifications include, among other things, new product development and his strong background in the intellectual property area of the metals industry as an inventor, teacher and entrepreneur. In addition, Dr. Anderson's experience as a Chief Executive Officer contributes to his valuable perspective on our Board.

Table of Contents

**DR. JEFFREY WADSWORTH**, age 64, has been a director of Carpenter since 2006 and is a member of Carpenter's Corporate Governance and Human Resources Committees and the Chair of the Science and Technology Committee. Dr. Wadsworth has been President and Chief Executive Officer of Battelle, a research and development enterprise headquartered in Columbus, Ohio ( Battelle ) since January 2009. He formerly was Executive Vice President, Global Laboratory Operations at Battelle, Director of Oak Ridge National Laboratory and Chief Executive Officer and President of UT-Battelle LLC and Senior Vice President for U.S. Department of Energy Science Programs at Battelle. Previously, he was director of Homeland Security Programs at Battelle and part of the White House Transition Planning Office for the newly formed U.S. Department of Homeland Security. From 1992 to 2002, Dr. Wadsworth was at the Lawrence Livermore National Laboratory in Livermore, California, where from 1995 he was Deputy Director for Science and Technology. Prior to that, he was with Lockheed Missiles and Space Company, Research and Development Division. He was elected to the U.S. National Academy of Engineering in 2005, has been elected Fellow of three technical societies, and holds numerous awards and honors. Dr. Wadsworth holds a bachelor's degree in metallurgy, Ph.D., D.Met, and D.Eng. degrees from Sheffield University, England.

The Board believes that Dr. Wadsworth's qualifications include, among other things, his strong background in the Company's precise area of focus metallurgy. Additionally, Dr. Wadsworth's significant leadership experience in the research and development arena enriches his contributions to the Board, particularly with respect to innovation and strategy matters.

**WILLIAM A. WULFSOHN**, age 52, has been a director of Carpenter since April 2009 and is a member of Carpenter's Science and Technology Committee. Commencing July 1, 2010, Mr. Wulfsohn began serving as Carpenter's President and Chief Executive Officer. Previously, Mr. Wulfsohn was Senior Vice President, Industrial Coatings, of PPG Industries, responsible for automotive original-equipment, industrial and packaging coatings as well as Asia/Pacific. He joined PPG as Vice President, Coatings, and Managing Director, PPG Europe, in 2003, and he was appointed Senior Vice President, Coatings, in 2005. Prior to joining PPG, Mr. Wulfsohn worked for Morton International in Chicago as Vice President and General Manager, Automotive Coatings; for Rohm & Haas in Chicago as Vice President, Automotive Coatings Business Director; and for Honeywell in Richmond, Virginia, as Vice President and General Manager, Nylon System. He also worked as an Associate with McKinsey & Company. Mr. Wulfsohn earned a chemical engineering degree from the University of Michigan and received a Master of Business Administration degree from Harvard University. He serves as a member of the Board of Directors of PolyOne Corporation, a public company listed on the New York Stock Exchange. Prior to accepting the position as Carpenter's President and Chief Executive Officer in Reading, Pennsylvania, he was a board member of the Pittsburgh Symphony Orchestra and Greater Pittsburgh Community Food Bank.

The Board believes that Mr. Wulfsohn's qualifications include, among other things, his deep and varied leadership experience in innovative technology and best-in-class business operations. Additionally, Mr. Wulfsohn's success at driving international growth at an advanced materials manufacturing company provides valuable strategic focus for his contributions to the Board.

Table of Contents

*Terms to Expire 2016*

**I. MARTIN INGLIS**, age 63, has been a director of Carpenter since 2003 and is the Chair of the Audit/Finance Committee and is a member of the Operations Committee. Mr. Inglis joined Battelle, a research and development enterprise headquartered in Columbus, Ohio, in 2004, and served as Executive Vice President and Chief Operating Officer, retiring at the end of July 2014. Through July 2013, he also served as Chief Financial Officer. Previously, he had retired as Group Vice President, Business Strategy for Ford Motor Company, a manufacturer of motor vehicles. He joined Ford of Europe in London in 1971 and held various finance and operations positions in international and domestic markets during his career at Ford, where he was named head, Global Products and Business Strategy and elected a corporate Vice President in 1996; President, Ford South America in 1999; head, Ford North America in 2000; Chief Financial Officer in 2001; and Group Vice President, Business Strategy in 2002. Mr. Inglis also serves on the Advisory Board of three venture funds (Fletcher Spaght, Reservoir Ventures and Battelle Ventures). Mr. Inglis is active in local charities and has served as the Chairman of the Columbus Symphony Orchestra for six years. He holds a bachelor's degree in business economics from Strathclyde University, Glasgow, Scotland.

The Board believes that Mr. Inglis' qualifications include, among other things, his extensive financial expertise and background as a Chief Financial Officer in both the public and private sectors. Additionally, Mr. Inglis' substantial operational and labor relations experience and broad international knowledge enable him to provide valuable perspective to support Carpenter's growth strategies.

**PETER N. STEPHANS**, age 71, has been a director of Carpenter since 2003 and is a member of the Audit/Finance and Operations Committees. Mr. Stephans has been Chairman and Chief Executive Officer of Trigon Holding, Inc., parent company for its subsidiary that manufactures forged and machined components for aerospace and medical applications, and its subsidiary that designs, develops and markets orthopedic implants since 1997. Prior to Trigon, Mr. Stephans served as President and Chief Operating Officer of Dynamet Incorporated, a privately-held titanium processor that Carpenter purchased in 1997. At Dynamet, he was appointed Vice President and Technical Director in October 1972 and Executive Vice President in October 1982. He began his career at IBM Corporation, ultimately serving as Manufacturing Manager for one of the company's divisions in New York. Mr. Stephans holds a bachelor's and master's degree in electrical engineering from the South Dakota School of Mines and Technology.

The Board believes that Mr. Stephans' qualifications include, among other things, his leadership and extensive operational and international management experience. As a former President of Dynamet, Inc. (a subsidiary of Carpenter), Mr. Stephans has valuable institutional knowledge of Carpenter's titanium operations. He also has deep experience in the medical and aerospace components markets (primary markets of focus for Carpenter) as the Chairman and Chief Executive Officer of Trigon.

Table of Contents

**KATHRYN C. TURNER**, age 67, has been a director of Carpenter since 1994, and is Chair of the Human Resources Committee and a member of the Corporate Governance and Science and Technology Committees. Ms. Turner is Chairperson, Chief Executive Officer and President of Standard Technology, Inc. Ms. Turner founded Standard Technology, Inc., a management and technology solutions firm with a focus in the healthcare sector in 1985. Standard Technology, Inc. is headquartered in Bethesda, Maryland. Ms. Turner has also served on the Board of Directors of ConocoPhillips, Schering-Plough, The Tribune Corporation and COMSAT. She currently serves on the Capital Area chapter board of the National Association of Corporate Directors as well as on the Advisory Board of the Smithsonian Institute Libraries. She has served on the President's Export Council, the ExIm Bank Advisory Committee, the Commission on the Future of Worker-Management Relations, and the Defense Policy Advisory Committee on Trade.

The Board believes that Ms. Turner's qualifications include, among other things, her expansive board leadership expertise and Chief Executive Officer experience which enables Ms. Turner to provide a wide range of perspectives on governance and management issues. Ms. Turner's knowledge of the defense aerospace industry, one of Carpenter's markets, renders her well-suited for addressing strategy matters.

**STEPHEN M. WARD, JR.**, age 58, has been a director of Carpenter since 2001, and is Chair of the Corporate Governance Committee and a member of the Human Resources and Science and Technology Committees. Mr. Ward is the retired President and Chief Executive Officer of Lenovo Corporation, the international PC company formed by the acquisition of IBM's PC business by Lenovo of China. Prior to joining Lenovo, he was senior vice president and general manager of IBM's Personal Systems Group, responsible for the Personal Computing Division, the Retail Store Solutions Division and the Printing Systems Division. In his 26-year career with IBM, Mr. Ward also served as IBM's chief information officer and Vice President, Business Transformation, directing business process and information technology investments. Mr. Ward was also general manager of IBM's Global Industrial Sector, responsible for the marketing, sales, and service of IBM e-business solutions. In the mid-1990's, he served as Vice President, Information Technology and was later named General Manager, IBM ThinkPad, in the IBM Personal Computer Company. He first joined IBM in Tucson, Arizona as an engineer in the Storage Products Division. He held various management positions in manufacturing, production control and project development for disk drive, tape and optical storage projects and software development, and was also an assistant to the IBM chairman at company headquarters in Armonk, New York. He holds a B.S. degree in mechanical engineering from California Polytechnic State University at San Luis Obispo. Mr. Ward is also a co-founder and member of the Board of Directors of E2open, a maker of enterprise software which is a public company listed on the NASDAQ, where he serves as Chair of the HR/Compensation Committee; and is a member of the Executive, Governance and Audit Committees, and co-founder, board member, Chair of the Compensation Committee and member of the Executive Committee of C3, a company that develops and sells software to manage energy and monitor, mitigate and monetize carbon dioxide and greenhouse gasses. He also serves as a Director of QD Vision, a nanomaterials product company delivering advanced display and lighting solutions. In addition, until its sale in 2009, Mr. Ward was an investor and Board member of E-Ink Corporation, a maker of electronic paper displays.

The Board believes that Mr. Ward's qualifications include, among other things, his broad executive experience and focus on innovation which enable him to share with the Board valuable perspectives on a variety of issues relating to management, strategic planning, tactical capital investments, and international growth.

Table of Contents

## **CORPORATE GOVERNANCE**

In accordance with the General Corporation Law of the State of Delaware and Carpenter's Certificate of Incorporation and By-Laws, Carpenter's business, property and affairs are managed under the direction of its Board of Directors (sometimes referred to simply as the Board). While Carpenter's non-employee directors are not involved in day-to-day operating details, they are kept informed of Carpenter's business through written reports and documents provided to them regularly, as well as by operating, financial and other reports presented by Carpenter's officers during meetings of the Board of Directors and its committees.

### **Meetings of the Board**

The Board of Directors held six meetings during fiscal year 2014. In addition, there were 35 committee meetings. Carpenter's policy is to require attendance and active participation by directors at Board and committee meetings. The average attendance for Carpenter's directors at these meetings was over 98%. Each director attended at least 75% of the total number of meetings of the Board and the committees on which the director served during fiscal year 2014. Directors are encouraged to attend the Annual Meeting and all of Carpenter's directors attended the Annual Meeting of Stockholders held on October 15, 2013 (the 2013 Annual Meeting).

### **Board Independence and Leadership Structure**

With the exception of Mr. Wulfsohn, the Company's President and Chief Executive Officer, all members of the Board of Directors qualify as independent directors (Independent Directors) under the applicable requirements of the SEC and NYSE. Board committees also reflect applicable requirements for certain of their members to qualify as Independent Directors.

In determining independence, each year the Board affirmatively determines, among other things, whether directors have a material relationship with Carpenter. When assessing the materiality of a director's relationship with Carpenter, the Board considers all relevant facts and circumstances, including a consideration of the persons or organizations with which the director has an affiliation. Where an affiliation involves the delivery of services to or by Carpenter, the Board considers the frequency or regularity of the provision of services, whether the services are being carried out at arm's length in the ordinary course of business and whether the services are being provided substantially on the same terms to Carpenter as those prevailing at the time from unrelated parties for comparable transactions. With respect to Audit/Finance Committee members, the Board must affirmatively determine that such directors, in addition to the general independence requirements described above, satisfy certain financial education requirements and do not, among other things, accept any consulting, advisory, or other compensatory fee from Carpenter.

The Board has determined that the following directors are Independent Directors: Carl G. Anderson, Jr., Philip M. Anderson, Thomas O. Hicks, I. Martin Inglis, Steven E. Karol, Robert R. McMaster, Gregory A. Pratt, Peter N. Stephans, Kathryn C. Turner, Jeffrey Wadsworth, and Stephen M. Ward, Jr. The Board considered Steven E. Karol, Gregory A. Pratt and Peter N. Stephans as independent for all purposes except participation on the Human Resources Compensation Sub-Committee due to application of Section 162(m) of the Internal Revenue Code.

At Carpenter, the roles of Chairman and Chief Executive Officer are split into two separate positions. The Board of Directors believes that this is the most appropriate leadership structure for the Company at this time in order to clearly distinguish the roles of the Board and management. The separation of the Chairman and Chief Executive Officer positions allows our Chief Executive Officer to direct his or her energy towards operational and strategic issues while the non-executive Chairman focuses on governance and stockholders. The Company believes that

separating the Chairman and Chief Executive Officer positions enhances the independence of the Board, provides independent business counsel for our Chief Executive Officer, and facilitates improved communications between Company management and Board members.

#### **Meetings of the Independent Directors**

Under Carpenter's Corporate Governance Guidelines, which reflect applicable requirements of the NYSE, the Independent Directors of the Board meet in an executive session at least twice per year to: (a) review the performance of the Chief Executive Officer; and (b) address any other matters affecting Carpenter that may concern such directors. During fiscal year 2014, the Independent Directors met in executive session five times. Mr. Gregory A. Pratt, Chairman of the Board, presided over these executive sessions.



Table of Contents

**Board of Directors Role in Risk Oversight**

As a part of its oversight function, the Board monitors how management operates the Company. Risk is an important part of deliberations at the Board and committee level throughout the year. Enterprise risks, the specific financial, operational, business and strategic risks that the Company faces, whether internal or external, are identified and prioritized by the Board and management together. Certain strategic and business risks, such as those relating to our products, markets and capital investments, are overseen by the entire Board. The Audit/Finance Committee oversees management of market and operational risks that could have a financial impact, such as those relating to internal controls, liquidity or raw materials. The Corporate Governance Committee manages the risks associated with governance issues, such as the independence of the Board and key executive succession, and the Human Resources Committee is responsible for managing the risks relating to the Company's executive compensation plans and policies. The Operations Committee oversees management of the Company's operational risks and business operations. The Science and Technology Committee manages the risks associated with major scientific or technological developments that could affect the Company's business, operations or strategic planning.

In addition to the formal compliance program, the Board encourages management to promote a corporate culture that understands risk management and incorporates it into the overall corporate strategy and day-to-day business operations of the Company. The Company's risk management structure also includes an ongoing effort to assess and analyze the most likely areas of future risk for the Company and to address them in its long-term planning process.

**Stockholder Communication with the Board**

Stockholders may communicate with the Board of Directors by sending a letter addressed to Carpenter Technology Board of Directors, c/o Corporate Secretary, P.O. Box 14662, Reading, PA 19612-4662. Carpenter's Corporate Secretary will review the correspondence and forward it to the Chairman of the Board of Directors or to the Chair of the appropriate Board committee or to any individual director or directors to whom the communication may be specifically directed. If the communication is unduly hostile, threatening or illegal, does not reasonably relate to Carpenter or its business, or is similarly inappropriate, the Corporate Secretary will not forward the communication, and will so notify the sender if and as appropriate. Stockholders and other interested parties may also communicate with the non-employee directors, non-executive Chairman, or the Audit/Finance Committee by sending an e-mail to [boardauditcommittee@cartech.com](mailto:boardauditcommittee@cartech.com).

**Code of Ethics**

The Board of Directors has adopted a Code of Ethics for the Chief Executive Officer and senior financial officers of the Company. There were no waivers of the Code of Ethics for fiscal year 2014 or through the date of this Proxy Statement.

**Director Training and Education**

Directors are encouraged to attend outside educational seminars presented by accredited third party organizations as well as internal programs organized by Carpenter for the ongoing education of directors. All members of the Board of Directors are National Association of Corporate Directors (NACD) Board Leadership Fellows, awarded in recognition of their commitment to boardroom excellence by completing NACD's comprehensive program of study for corporate directors and their access to leading practices.

**Committees of the Board**

## Edgar Filing: CARPENTER TECHNOLOGY CORP - Form DEF 14A

The Board of Directors has five standing committees: the Audit/Finance Committee, Corporate Governance Committee, Human Resources Committee, Science and Technology Committee and Operations Committee. Summary information about each standing committee is set forth in the following table. From time to time, the Board has established *ad hoc* committees, on an interim basis, to assist the Board with its consideration of specific matters, and it expects to continue to do so as it may determine to be prudent and advisable in the future.

Table of Contents

| Committee and Members   | Purpose of the Committee   | FY 2014 Meetings |
|---|--|------------------|
| <p><b><i>Audit/Finance Committee</i></b></p> <p>I. Martin Inglis, Chair<br/>Carl G. Anderson, Jr.</p> <p>Thomas O. Hicks</p> <p>Robert R. McMaster</p> <p>Peter N. Stephans</p> <p>All members are Independent Directors.</p> | <ul style="list-style-type: none"> <li>• Assist the Board in its oversight of (i) the integrity of the Company's financial statements; (ii) the qualifications, independence and performance of the Company's independent registered public accounting firm; (iii) the performance of the Company's internal audit personnel; and (iv) the Company's overall compliance with accounting, legal, regulatory, ethical and business conduct requirements.</li> <li>• Select the Company's independent registered public accounting firm and recommend to the Board with respect to the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K.</li> <li>• Review of (and the provision of recommendations to the Board of Directors relating to) major financial matters affecting the Company.</li> </ul> | 10               |
| <p><b><i>Corporate Governance Committee</i></b></p> <p>Stephen M. Ward, Jr., Chair</p> <p>Philip M. Anderson</p> <p>Steven E. Karol</p> <p>Gregory A. Pratt</p> <p>Kathryn C. Turner</p> <p>Jeffrey Wadsworth</p>             | <ul style="list-style-type: none"> <li>• Assist the Board in identifying qualified individuals to become members of the Board (and otherwise functioning as a nominating committee with respect to directors), and determining the overall composition of the Board and its committees.</li> <li>• Assist the Board in developing, implementing and monitoring a set of corporate governance principles for the Company, and overseeing processes to assess the performance and effectiveness of the Board of Directors, its committees and management of the Company.</li> <li>• Ensure orderly succession at the Board and management levels.</li> </ul>   | 5                |

|  |  |  |
|--|--|--|
| All members are Independent Directors. |  |  |
|--|--|--|

Table of Contents

| Committee and Members  | Purpose of the Committee  | FY 2014 Meetings   |
|--|---|--|
| <p><b><i>Human Resources Committee</i></b></p> <p>Kathryn C. Turner, Chair</p> <p>Philip M. Anderson</p> <p>Steven E. Karol</p> <p>Gregory A. Pratt</p> <p>Jeffrey Wadsworth</p> <p>Stephen M. Ward, Jr.</p> <p>All members are Independent Directors except Mr. Karol and Mr. Pratt who are not considered independent for participation on the Human Resources Compensation Sub-Committee due to application of Section 162(m) of the Internal Revenue Code.</p> | <ul style="list-style-type: none"> <li>• Assist the Board with its overall responsibility for supervising the Company's management and human resources and for reviewing the Company's strategies and plans to support organizational and employee effectiveness.</li> <li>• Review and approve compensation of the Company's executive officers</li> <li>• Administer the Company's incentive compensation programs and plans.</li> <li>• Provide oversight for the Company's employee benefits programs.</li> <li>• Delegate authority to subcommittees or its individual members, or delegate authority or responsibilities to management of the Company, when it deems appropriate.</li> <li>• Review succession plans for the CEO and the Company's executive officers.</li> </ul> | <p>13</p> <p>(including 6 Compensation Sub-committee meetings)</p> |
| <p><b><i>Science and Technology Committee</i></b></p> <p>Jeffrey Wadsworth, Chair</p> <p>Philip M. Anderson</p> <p>Thomas O. Hicks</p> <p>Kathryn C. Turner</p> <p>Stephen M. Ward, Jr.</p>  | <ul style="list-style-type: none"> <li>• Review and monitor major scientific or technological developments that could affect the Company's current business or operations or implicate significant strategic planning or considerations for the future.</li> <li>• Make periodic recommendations to the Board concerning such major developments or potential business opportunities for the Company with respect to scientific or technological matters that implicate significant strategic planning or Company prospects.</li> </ul>   | <p>4</p>   |

|   |   |          |
|---|---|----------|
| <p>William A. Wulfsohn</p> <p>All members are Independent Directors except Mr. Wulfsohn, who is the Company's President and Chief Executive Officer.</p>  |   |          |
| <p><b><i>Operations Committee</i></b></p> <p>Carl G. Anderson, Jr., Chair</p> <p>I. Martin Inglis</p> <p>Steven E. Karol</p> <p>Robert R. McMaster</p> <p>Gregory A. Pratt</p> <p>Peter N. Stephans</p> <p>All members are Independent Directors.</p> | <ul style="list-style-type: none"> <li>• Review and provide strategic advice and counsel to the Company regarding its business operations.</li> <li>• Present to the Board an independent assessment of the Company's business operations.</li> </ul> | <p>3</p> |

Table of Contents

**Corporate Governance Guidelines and Charters**

Carpenter's Corporate Governance Guidelines, as well as the charters for all the Board committees, the Company's Code of Business Conduct and Ethics, and the Company's Code of Ethics and any information regarding any waivers of the Code of Ethics, are available on Carpenter's website at [www.cartech.com](http://www.cartech.com). Copies will also be mailed to stockholders upon written request to the Corporate Secretary, Carpenter Technology Corporation, P.O. Box 14662, Reading, PA 19612-4662.

**Transactions with Related Persons**

On February 29, 2012, Carpenter completed the acquisition of Latrobe in exchange for 8.1 million shares of Carpenter common stock (the Merger) pursuant to an agreement and plan of merger by and among Carpenter, Latrobe, a wholly-owned subsidiary of Carpenter, Watermill-Toolrock Partners, L.P. (Watermill), solely as the representative of the Watermill equity holders of Latrobe, and HHEP-Latrobe, L.P. (Hicks), solely as the representative of the Hicks equity holders of Latrobe executed June 20, 2011 (as amended, the Merger Agreement). The value of the exchange was approximately \$53.46/share, which was an average calculated at the time of the exchange in accordance with the Merger Agreement.

&n