C & F FINANCIAL CORP
Form 8-K
February 26, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 20, 2018

C&F FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Virginia	000-23423	54-1680165
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

802 Main Street, West Point, Virginia	23181
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (804) 843-2360

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange of 1934 (§240.12b-2 of this chapter).

Emer
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officer.

On February 20, 2018, the Board of Directors of C&F Financial Corporation (the Corporation), based on a recommendation of the Compensation Committee (Committee) of the Board of Directors, approved material modifications to the C&F Financial Corporation Management Incentive Plan dated February 21, 2017 (the Prior MIP). These modifications first apply to cash incentive awards and equity-based incentive awards granted to the Corporation's Executive Officers, as defined in the C&F Financial Corporation Management Incentive Plan dated February 20, 2018 (the New MIP), for the year ending December 31, 2018. The following discussion describes the key modifications contained in the New MIP.

The purpose, plan administration, participants and performance objectives of the New MIP (Articles I, II, III and IV, respectively) remain substantively the same as the Prior MIP. Article V-Awards of the New MIP continues to provide for both cash incentive awards and equity-based incentive awards with cash award targets remaining basically unchanged from the Prior MIP. However, the New MIP provides that equity-based incentive awards for the Executive Officers will have two components: (1) a component that is based solely on continued service (the retention equity awards) and (2) a component that is based on performance (the performance-based equity awards). Both components will be paid, to the extent earned, in restricted stock with time-based vesting. The allocation between these two components shall be determined by the Committee prior to or within the first 90 days of each plan year. The New MIP also changed the corporate goal for the performance-based equity awards to the Executive Officers to the Corporation's three-year annual growth in tangible book value, as defined by the Committee, plus dividends paid compared to that of a peer group designated by the Committee. The Committee believes that the three-year annual growth in tangible book value plus dividends is reflective of shareholder value creation without some of the market volatility presented by the total shareholder return measure used in prior years. If achievement of the corporate goal is more or less than the targeted performance, the amount of the performance-based equity award earned will be determined pursuant to an award matrix established by the Committee. For the Chief Executive Officer, President and Chief Financial Officer of the Corporation and C&F Bank, the achievement of the corporate goal is the only basis for earning a performance-based equity award. For the remaining Executive Officers, the achievement of the corporate goal and the performance of each Executive Officer's business unit, as measured by net income and achievement of other strategic goals established by the Committee for each Executive Officer, will be the factors considered for earning a performance-based equity award. The Committee will have the power and authority to adjust downward any equity-based award earned by an Executive Officer, at its discretion, in light of such considerations as the Committee may deem relevant.

The full text of the New MIP is attached as Exhibit 10.9 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01Financial Statements and Exhibits

(d) Exhibits

10.9C&F Financial Corporation Management Incentive Plan dated February 20, 2018.

SIGNATURES

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

	C&F FINANCIAL CORPORATION (REGISTRANT)
Date: February 26, 2018	By: /s/ Jason E. Long Jason E. Long Chief Financial Officer

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t-family:Times New Roman" COLOR="#666666"> Executives can earn 0-200% of their target award based on achievement of pre-established targets.

Rewards achievement of key drivers of our annual operating plan.

Provides tangible, achievable goals and reinforces key priorities of the organization.

TSR-Based Restricted Stock

Units*

(25% of LTI)

Executives can earn 0-200% of their target award based upon our TSR compared to a growth index over a three-year period.

Vests at the end of the three-year period, if earned.

Provides strong tie to stockholder interests, as stock units only deliver maximum value if our stock performance far exceeds that of the growth index.

Vesting period assists with retention.

Adjusted EBITDA-Based

Restricted Stock Units*

(25% of LTI)

Executives can earn 0-200% of their target award based upon Adjusted EBITDA achieved compared to our annual Adjusted EBITDA goal.

Awards are earned at the end of year one, and vest 50% per year at the end of years two and three.

Executives may elect to receive payment in cash or stock.

Focuses executives on achievement of our Adjusted EBITDA goal, which is strongly tied to stockholder value creation.

Provides tangible, achievable goal as senior leaders have the greatest ability to drive Adjusted EBITDA.

Vesting period assists with retention.

Time-Based Restricted Stock

Units

(25% of LTI)

100% vest three years from grant date, subject to continued employment on the vesting date.

Vesting period assists with retention.

Stock Options

(25% of LTI)

Granted with an exercise price equal to the fair market value of Carpenter stock on the date of grant.

Vests ratably over three years.

Provides strong tie to stockholder interests as executives only realize value if the stock price increases.

Vesting period assists with retention.

* Dividends are not paid or accrued on these RSUs until the RSUs are earned.

Target Compensation Strategy and Pay Mix

The Compensation Committee developed fiscal year 2018 compensation levels through a framework that aligns the long-term interests of our leadership with those of our stockholders. The Committee benchmarked against the Comparator Group and survey data.

NEO pay is generally targeted to be within a competitive range around market median.

Pay Mix

A substantial portion of target total compensation is delivered through variable performance-based incentives that are at risk. Variable performance-based incentives constitute 65% of our CEO compensation mix and 56% of our compensation mix for our other NEOs.

Target Direct Compensation Mix - CEO

Target Direct Compensation Mix - NEOs*

* Represents target pay mix for Messrs. Audia, Dee and Haniford.

CEO Target Total Direct Compensation

The Compensation Committee targets NEO total direct compensation (salary plus target annual incentive and target long-term incentives) at the market median. The Compensation Committee sets pay taking into account a number of factors, such as experience in the position, company performance, individual performance, and future potential.

In setting target total direct compensation for the CEO, the Compensation Committee considers peer group data and supplements this with CEO pay data from compensation surveys using revenue and industry comparators appropriate for Carpenter. The Compensation Committee believes the blend of proxy data with survey data more accurately reflects CEO market pay levels.

Mr. Thene has completed three fiscal years as our CEO. The Compensation Committee has guided Mr. Thene s target total direct compensation to within the range of the median of the peer group as he has gained experience in the position and demonstrated his abilities in the CEO role.

The Compensation Committee took the following actions regarding Mr. Thene s pay in fiscal year 2018:

- Base salary was increased 2.5% based on market data and performance.

- Annual bonus under the Executive Bonus Compensation Plan was paid at 140% of target, consistent with operating results and other executives.

- Annual long-term incentive award was denominated 25% in time-based RSUs, 25% in TSR-based RSUs, 25% in Adjusted EBITDA-based RSUs, and 25% in stock options. This is consistent with other executives, and balances the goals of driving retention, absolute operational performance, relative stock price performance, and alignment with stockholders.

Compensation Discussion and Analysis   Annual Compensation

Target Total Direct Compensation

The Compensation Committee believes that a compensation program that targets market median positioning, but delivers the majority of that compensation through performance-based compensation elements, ensures proper alignment with our stockholders and ties the ultimate value delivered to NEOs (above/below target) to company performance.

Compensation Positioning Relative to Median for each of our NEOs:

The Compensation Committee may further differentiate the compensation of individual NEOs through multiple mechanisms. The Compensation Committee retains discretion to reduce, but not increase, cash and performance-based equity payouts, in appropriate circumstances.

Annual Compensation

Base Salaries

The Compensation Committee reviews base salaries annually and may also do so in connection with a promotion or other major change in responsibilities. In performing such a review, the Compensation Committee usually considers, among other factors, the person s job duties, critical skills, performance and achievements, and the level of pay relative to comparable individuals at relevant companies reviewed by the Compensation Committee. This review includes our Comparator Group.

Executive Bonus Compensation Plan

Carpenter maintains an Executive Bonus Compensation Plan (EBCP) because we believe that a significant portion of our NEOs potential compensation should be contingent on company business results and successful leadership of our business. This is what will ultimately drive long-term value for our stockholders. The Compensation Committee oversees the EBCP and establishes the metrics that will be used each year, with input from management and outside compensation consultants. For fiscal year 2018, the metrics, the respective weightings, and the rationale for the selection of each metric for the NEOs are detailed in the following table.

Executive Bonus Compensation Plan Metrics Summary

Metric	Definition	Rationale
Operating Income Weighting: 60%	Net Sales minus Operating Expenses includes: cost of sales, and selling, general and administrative expenses. excludes: pension earnings, interest and deferrals portion of net pension expense.	Focuses management on driving top line growth and managing expenses. Drives tangible goal achievement and focuses on factors most in the organization s control. When considered in conjunction with Adjusted EBITDA (used for long-term incentive), focuses management on the overall profitability of the organization.
Free Cash Flow Weighting: 30%	Cash flows provided from operating activities. less: cash paid for purchases of property, equipment and software, acquisitions of businesses and dividends paid. plus:	Focuses management on achievement of positive free cash flow through increased earnings and management of working capital levels and capital expenditures.

	cash received from the disposal of property and equipment, and cash received from the divestiture of a business and sale of equity method investments.	
Safety Metrics Weighting: 10%	Measured using TCIR* and reported in terms of percent improvement over prior fiscal year.	Emphasizes that our employees safety is our top priority.
	* TCIR is the average number of work-related injuries incurred by 100 workers during a one-year period.	

Executive Bonus Compensation Plan Opportunity

The Compensation Committee sets performance goals for each metric at threshold, target, and maximum levels. The NEOs potential annual incentive awards for overall achievement toward these goals are expressed as a percentage of their respective base salaries, as follows:

The overall attainment is based on the total weighted attainment of all of the individual metrics.

In order to verify EBCP awards, the Audit/Finance Committee reviews the performance data relative to Carpenter s operating results for financial reporting purposes. The Compensation Committee then makes its award determinations.

Executive Bonus Compensation Plan Metrics and Attainment

The primary objective for setting the fiscal year 2018 annual incentive metrics was to encourage earnings performance. The Compensation Committee selected these specific targets after an in-depth review of our operating plan and the environment within which Carpenter operates, including certain external analysis as well as peer company practices. After reviewing all available information and analysis, the Compensation Committee applied judgment to define appropriate targets to align the relationship between pay and performance.

Targets are based on Carpenter s fiscal year 2018 annual operating plan, and the annual operating plan is set each year based on certain assumptions. The following assumptions were considered in developing the fiscal year 2018 annual operating plan:

A bottoms-up assessment of market growth potential was considered for each end-use market. Targets were provided for each market related to expectations for price increases, net share gains, and new product sales. As a result of the overall assessment, net sales were expected to increase 12 percent in fiscal year 2018 compared to actual fiscal year 2017 results.

Operating cost savings were targeted in excess of expected inflationary cost increases. The cost reductions were anticipated as a result of aggressive deployment of the Carpenter Operating Model to increase efficiency and productivity and drive capacity enhancements.

Approved spending increases related to certain investments in strategic areas such as commercial, research and development, and information technology that were considered necessary to drive long-term sustainable growth.

An increase in anticipated free cash flow in fiscal year 2018 despite expected higher capital spending driven by targeted reductions in working capital, principally inventory.

For fiscal year 2018, the achievement targets for the Operating Income, Free Cash Flow, and Safety metrics, and actual year-end attainment adjusted as described below, were as follows:

EBCP Metrics and Attainment

* Certain unplanned developments throughout the year, including the operating income and free cash flow impacts of the CalRAM acquisition, as well as the cash tax savings realized as a result of tax reform that Carpenter used to fund additional capital expenditures, were considered by the Board s Audit/Finance Committee to determine adjustments to a particular bonus metric attainment. These adjustments were reviewed and approved by the Compensation Committee.

Executive Stock Plan

Long-Term Equity Incentives

We use the Stock-Based Incentive Compensation Plan for Officers and Key Employees (the Executive Stock Plan) to provide equity compensation to NEOs and other key personnel. The Executive Stock Plan uses a combination of time-based and performance-based equity vehicles to attract and retain executives who can drive our performance and to create alignment between our executives and our stockholders. The Compensation Committee believes such awards focus executives on Carpenter s longer-term interests and strategic business decisions and encourage retention.

To determine the mix of equity vehicles for the long-term incentive program, the Compensation Committee considered current industry trends, practice among our Comparator Group, and the behaviors the awards are intended to promote. The overall mix of incentive vehicles under the Executive Stock Plan for fiscal year 2018 is shown below:

Summary of the Executive Stock Plan Features for Fiscal Year 2018

Vehicle	Weighting	Description
Performance-based RSUs (TSR)*	25%	Provide executives the opportunity to earn 0-200% of the target award of shares based on our TSR vs. an industry-focused growth index over a three-year period. Earned shares are immediately vested at the end of the three-year performance period.
Performance-based RSUs (Adjusted EBITDA) *	25%	Provide executives the opportunity to earn 0-200% of the target award of shares based on our Adjusted EBITDA vs. target over a one-year period. Shares earned at the end of the one-year performance period, if any, vest 50% per year at the end of years two and three. Paid in cash or stock, at the executive s election.
Time-based RSUs	25%	Vest in full on the third anniversary of the grant date, subject to continued employment on that date.
Stock Options	25%	Vest 1/3 per year on the first three anniversary dates of the grant. The exercise price is the closing price of Carpenter common stock on the NYSE on the date of the grant. Options provide a strong tie to stockholders and are inherently performance-based as they only deliver value if the stock price increases.

*Dividends are not accrued or paid on these RSUs until the RSUs are earned.

Fiscal Year 2018 NEO Target LTI Opportunities

For fiscal year 2018, the Compensation Committee relied on benchmarking and each executive s contributions toward corporate goals to determine the following target values of incentives under the long-term incentive program (which remain unchanged from fiscal year 2017):

NEO	Total LTI Opportunity	Time-Based RSU 25% of LTI	1-Year Performance-Based RSU 25% of LTI	3-Year Performance-Based RSU 25% of LTI	Stock Options 25% of LTI
Tony R. Thene	$ 2,800,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000
Damon J. Audia	$ 700,000	$ 175,000	$ 175,000	$ 175,000	$ 175,000
Joseph E. Haniford	$ 600,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
James D. Dee	$ 400,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000

Goals for Performance-Based RSUs

We have two types of performance-based RSUs: those tied to three-year relative TSR vs. the Russell RSCC Materials & Processing Growth Index, and those tied to achievement of annual Adjusted EBITDA goals. The goals and attainment results for awards with cycles concluding at the end of fiscal year 2018 are detailed below. The Compensation Committee believes that the annual Adjusted EBITDA performance awards coupled with the three-year TSR performance awards provide an appropriate balance to the performance-based awards. This balance will drive both short-term operating performance and longer-term stockholder value creation. Our TSR attainment was 0% in fiscal year 2017, and the fiscal year 2018 TSR target at median of the Index is consistent with both our peer group and market practices overall.

Adjusted EBITDA targets are based on the fiscal year 2018 operating plan. The use of Adjusted EBITDA in our plan blends both an annual and cumulative reward that ensures a focus on both growth and improvement. The Adjusted EBITDA metric is scored at the close of the fiscal year but the recipients vest in this award in 50% increments over the next two years.

The combination of the one-year adjusted EBITDA metric and three-year TSR metric resulted in above target payout of LTI awards in fiscal year 2018. Each of the equity awards carries performance-based criteria, and payouts were commensurate with financial performance. The plan is designed to align executive performance against shorter term goals with a longer vesting period necessary for sustained company growth. We believe the performance periods are appropriate to motivate longer-term thinking while not so remote as to stagnate performance incentives in the immediate term.

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* Reflects achievement of fiscal year 2016 three-year performance targets.

Other Compensation

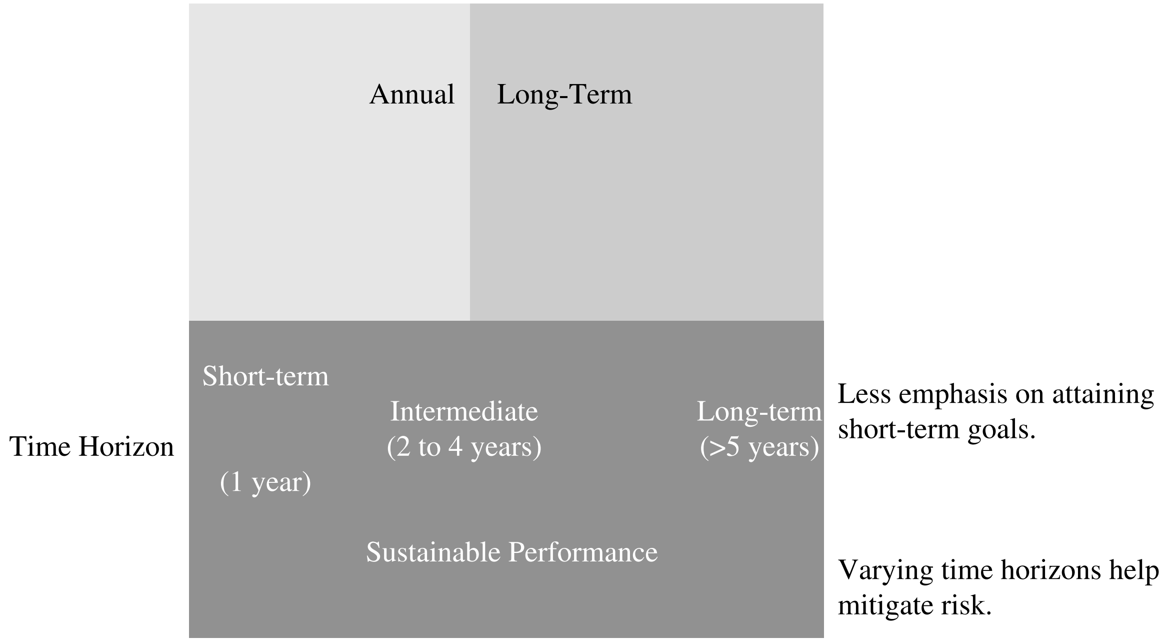
The Compensation Committee did not grant any special off-cycle inducement, recognition or retention awards to either the CEO or other NEOs in fiscal year 2018.

Compensation Program Risk Assessment

The Compensation Committee retains an independent compensation consultant to confirm that Carpenter s compensation policies and practices do not encourage excessive or unnecessary risk taking and assess whether the executive compensation program contains a reasonable amount of risk. In its most recent review of Carpenter s compensation program, Willis Towers Watson concluded that it was not reasonably likely that our compensation policies and practices would have a materially adverse effect on the company.

Consultant Analysis of Risk Concepts in Carpenter Compensation Design

Compensation Element	Balanced Approach		Balance Achieved
Performance Metrics	Growth Returns	Profitability Stockholders Experience	Compensation program does not inappropriately emphasize performance along one metric.
Target Setting	Internal Perspective	External Perspective	Objectives are meaningful and appropriate.
Measurement Approach	Absolute Performance	Relative Performance	Enables executive team to unite behind shared absolute goals and performance standards. Recognizes external conditions impacting industry.
Form of Compensation	Cash	Equity	Individual pay mix balances an executive s (group s) impact on company results, link to stockholders experience, and risk/reward profile.



Additionally, the Compensation Committee considers the following features of our compensation program and our company generally to be important in discouraging excessive risk:

Code of Business Conduct and Ethics

We are a performance-based company and hold each other accountable to high standards of excellence in all that we do. Our Code of Business Conduct and Ethics reflects our corporate culture. The Compensation Committee believes that Carpenter s values-oriented culture is a key factor in reducing risky behavior.

Performance Goals and Variable Pay Mix

We set our performance goals at levels that are high enough to encourage strong performance, but are within reasonably attainable levels to discourage risky business strategies or actions. Consistent with market practices, the NEO total pay program has a heavy emphasis on long-term incentives, which encourages our executives to engage in business strategies or actions that promote long-term growth over actions that may produce risky short-term outcomes. In addition, incentive awards are capped.

Stock Ownership Guidelines

Our NEOs are required to hold substantial amounts of equity. We believe that stock ownership encourages appropriate decision-making that aligns with the long-term interests of our stockholders.

Peer Group Compensation Benchmarking

Annual benchmarking of compensation program target levels ensures consistency with our peer group.

Fiscal Year 2018 Business Performance

This fiscal year was a successful year, as strong execution of our strategy, the strength of our increasing solutions-focused customer approach and growing market demand resulted in our best operating income performance in four years. Our financial results in fiscal year 2018 demonstrate that our strategy is resonating with customers, and whether it is materials for jet engine parts to medical implant materials to 3D printed parts, we offer leading solutions for our customers.

We also made significant advancements in our focus growth areas of Additive Manufacturing and Soft Magnetics. In Additive Manufacturing we built on our leading position when we acquired CalRAM in February 2018, which added immediate additive manufacturing part design and production capabilities. We opened an additive manufacturing technology center at our Reading, PA campus and we announced a larger scale investment in a world class Emerging Technology Center to be constructed in Athens, Alabama. In terms of Soft Magnetics, we announced a $100 million investment in a new precision strip hot rolling mill. The investment in the new strip mill is expected to unlock growth opportunities in aerospace, consumer electronics and electric vehicle applications.

We enter fiscal year 2019 with considerable momentum for our business as our solutions-focused approach is driving market share gains and improved mix, while the Carpenter Operating Model continues to deliver manufacturing efficiencies and capacity gains. Moving forward, we are focused on maintaining a high level of commercial and operating execution and remain committed to investing in the future of our company while best positioning Carpenter for long-term sustainable value creation for our stockholders.

Financial Metrics

* Excludes pension earnings, interest and deferrals (pension EID) and a portion of net pension expense

** Excludes net pension expense

Fiscal Year 2018 NEO Compensation

Pay-for-Performance Framework

Our executive compensation program includes strong ties between pay and performance, spurring team accomplishments and attracting and retaining executives who can drive overall company performance. Each NEO s total compensation is targeted to the market median while actual compensation is linked to performance. Carpenter s performance-driven compensation program has maintained a strong alignment between company performance, as measured by stockholder value creation and key financial metrics, and total direct compensation.

How our Pay Supports our Strategy

Our compensation program is one of the most powerful tools for shaping our executives , as well as our organization s, behavior and influencing our company performance. Our system is designed to drive performance, retain top performers, promote responsible behavior and impact our return to stockholders. Our articulated philosophy provides the ability to react to the changing circumstances of our market and serves as an asset to Carpenter.

Our system promotes the type of executive behavior we need to meet our overall vision in an efficient way. It can contribute to our organizational objectives through our mix of base pay and performance pay and the specific ways we deliver these components. Our pay structure drives behavior consistent with our values and the business challenges we face in our operating environment. It recognizes our rapidly changing business environment with complex technologies and sources that differentiates us from our competitors. The pay program for our executives provides for common goals via a mix of team-based, individual, and company-wide components.

As detailed in other sections, we proactively assess and adjust our reward system to ensure that it continues to support our human resources and business strategies in the most efficient and effective way.

Individual and Company Pay-for-Performance Criteria

Our incentive programs take into account both individual and company performance, and actual pay will fluctuate above and below target pay based upon performance.

INDIVIDUAL PERFORMANCE CRITERIA	COMPANY PERFORMANCE METRICS
Successful execution of key strategic goals	Operating Income

Leadership capability	Free Cash Flow
Individual contribution to both short- and long-term business results	Safety
Ethical conduct and regulatory compliance	Adjusted EBITDA
	TSR

Carpenter s fiscal year 2018 incentive programs were aligned with our operational performance as well as our total stockholder return performance.

Compensation Decisions

Fiscal Year 2018 Base Salary Compensation Decisions

Changes to NEO base salary compensation in fiscal year 2018 consisted of the following:

Mr. Thene s base salary increased by 2.5% based on market data and performance (see explanation under CEO Target Total Direct Compensation).

Mr. Audia s base salary increased by 2.5% based upon his performance and to ensure his salary is competitive with market practices.

Mr. Dee s base salary increased by 2.5% based upon his performance and to ensure his salary is competitive with market practices.

Mr. Haniford s base salary increased by 2.5% based upon his performance and to ensure his salary is competitive with market practices.

Fiscal Year 2018 Annual and Long-Term Incentive Decisions

Pay Element	Fiscal Year 2018 Compensation Decisions
Annual Incentives	Executive Bonus Compensation Plan resulted in attainment at 140% of target incentive.
Long-Term Incentives (LTI)	LTI with performance cycles concluding at the end of fiscal year 2018 resulted in attainment at 200% of target for Adjusted EBITDA-based RSUs and 135% of target for TSR-based RSUs.

Executive Compensation Practices

Our Process

We have a rigorous review process for determining executive compensation using both internal and external resources. The various roles in our compensation process are detailed below.

Role of Compensation Committee

The Compensation Committee assists the Board of Directors in its overall responsibility for oversight of compensation matters. To that end, the Compensation Committee:

reviews and approves goals and objectives relevant to compensation of the CEO, evaluates the CEO s performance in light of those goals and objectives, and sets the CEO s compensation level based on such evaluation;

reviews and approves corporate goals, objectives and awards relevant to compensation of the NEOs;

administers Carpenter s incentive compensation programs and plans;

reviews benchmarking and pay recommendations from the outside compensation consultant(s);

Role of the Full Board

While the Compensation Committee has the ultimate authority to make all decisions concerning executive compensation, it actively seeks input from and frequently discusses executive compensation matters with the full Board. The Board determines what drives long-term performance, and the Compensation Committee considers input from the Board in linking performance to compensation.

The Compensation Committee considers input from all directors, each of whom has a variety of experience and expertise, and from time-to-time will seek out those with expertise in the industry when determining what will drive long-term high performance or what might encourage excessive risk-taking. The Compensation Committee may consult with one or more directors with particular expertise in certain areas when considering an executive s performance (i.e., consult with Audit/Finance Committee members when considering CFO performance).

- approves compensation plans and related targets for any management-proposed changes in benefits or perquisites;
- oversees activities relative to incentive stock plans; and
- ensures executive compensation programs are properly coordinated and achieving their intended purpose.

In addition, the Compensation Committee reviews our compensation programs to ensure they do not incorporate practices that would encourage excessive risk.

Role of Management

As part of its decision-making process, the Compensation Committee invites and considers the input of certain officers (but not with respect to such officer s own compensation), including the CEO, General Counsel, and Vice President of Human Resources, particularly about how specific metrics and goals might drive high performance without encouraging undue risk-taking, or in negotiating compensation packages with prospective executives other than the CEO.

The Compensation Committee also considers input from the CEO as to the performance of other executives and other executives contributions to overall performance. At times, the Compensation Committee may request that senior management obtain information on its behalf to assist with decision-making relating to the compensation program. Pursuant to the Compensation Committee s charter, it may also delegate authority to members of management in appropriate circumstances.

In formulating recommendations, management reviews information from a variety of sources, including input provided by outside compensation consultants. During fiscal year 2018, Willis Towers Watson served as management s outside compensation consultant. In this capacity, Willis Towers Watson provided market data and other information, including a pay level assessment for senior executives and a review of incentive plan design practices (overall approach, competitive target levels, and share utilization).

Roles of Compensation Consultants

The Compensation Committee engaged Pearl Meyer & Partners, an independent compensation consulting firm, to provide the following services relating to fiscal year 2018 compensation determinations:

- conduct a competitive assessment of our compensation program for the NEOs;
- make NEO compensation recommendations;
- update and review peer group member companies; and
- provide ongoing advice as needed to the Compensation Committee, including guidance on our CEO compensation package.

Separately, Willis Towers Watson, an outside compensation consulting firm, was engaged to conduct an annual risk assessment of Carpenter s compensation programs, and to provide advice and information on compensation trends and regulatory developments in the market.

The compensation findings, market context, recommendations, and other information provided

	to management by Willis Towers Watson were made available to the Compensation Committee.

Compensation Consultants

For fiscal year 2018 executive compensation determinations, the Compensation Committee engaged Pearl Meyer & Partners (PM), an outside compensation consulting firm, to conduct a competitive assessment of our executive compensation program for the NEOs and to make recommendations for the Compensation Committee s review and approval. PM was also retained to update and review peer group member companies and to provide ongoing advice as needed to the Compensation Committee, including guidance on our CEO compensation package. A representative from PM also regularly attends Compensation Committee meetings to provide advice and guidance on Carpenter s executive compensation program. The Compensation Committee s decision to engage PM was not made or recommended by management.

Additionally, Willis Towers Watson (WTW), an outside compensation consulting firm, was engaged to conduct an annual risk assessment of Carpenter s compensation programs. A representative from WTW also attended Compensation Committee meetings to provide advice and information on compensation trends in the market.

Also during fiscal year 2018, the compensation findings, market context, recommendations, and other information provided to management by WTW was made available to the Compensation Committee.

The Compensation Committee believes that there was no conflict of interest between Carpenter and either PM or WTW during fiscal year 2018. In reaching this conclusion, the Compensation Committee considered the factors set forth by the SEC and NYSE regarding compensation advisor independence. Specifically, the Compensation Committee analyzed whether the work of PM or WTW as compensation consultants raised any conflict of interest, taking into consideration the following factors:

- whether the consultant provides other services to Carpenter;
- the amount of fees Carpenter paid to the consultant as a percentage of the consultant s total revenue;
- the policies and procedures of the consultant that are designed to prevent conflicts of interest;
- any business or personal relationship of the consultant or its individual compensation advisors with an executive officer of the company;
- any business or personal relationship of the individual compensation advisors with any member of the Compensation Committee; and
- any Carpenter stock owned by the consultant or its individual compensation advisors.

How We Benchmark Compensation

In developing competitive compensation recommendations with respect to the NEOs, PM established a benchmark match for each position based on a broad perspective of the relevant market and detailed competitive survey data and proxy disclosures of peer companies, for each of the following elements of compensation:

- base salary;
- annual cash incentive;
- total cash compensation;

long-term incentives; and

total direct compensation.

The Compensation Committee accepted the consultants recommendation to use a comparator group for competitive compensation analysis that consists of fifteen public companies that manufacture and sell specialty metals and related products and that draw upon similar executive talent (the Comparator Group). The Comparator Group for fiscal year 2018 consisted of the public companies shown below. These companies operate in various parts of the world and have a median revenue of $2,091 million (compared to Carpenter s fiscal year 2018 revenue of $2,158 million).

Comparator Group

These companies were selected for inclusion in the Comparator Group based on industry, size, and US-based headquarters, with a particular focus on companies with which Carpenter competes for executive talent, customers, or investor capital.

($ in millions)

Company Name	Revenue*	Market Cap as of June 30, 2018
AK Steel Holding Corporation	$6,395	$1,368
Allegheny Technologies Inc.	$3,768	$3,156
The Timken Company	$3,339	$3,379
Cabot Corporation	$3,115	$3,819
Valmont Industries Inc.	$2,777	$3,400
Cleveland-Cliffs, Inc.	$2,467	$2,510

Kennametal Inc.	$2,368	$2,930
Hexcel Corp.	$2,091	$5,939
KLX Inc.	$1,829	$3,648
Century Aluminum Company	$1,759	$1,379
Wesco Aircraft Holdings Inc.	$1,525	$1,119
Kaiser Aluminum Corporation	$1,489	$1,745
Barnes Group Inc.	$1,472	$3,098
Sun Coke Energy Inc.	$1,416	$ 866
Haynes International, Inc.	$ 414	$ 460
Carpenter Technology Corp.	$2,158	$2,481

*Reflects revenue for the period July 1, 2017, through June 30, 2018.

Peer Group for Fiscal Year 2018

Our peer group consisted of 15 companies who accurately reflect Carpenter s specialty business.

2018 Peer Group Companies

Individual Performance Criteria

While the Compensation Committee uses benchmark data as a reference point, it is not the sole determining factor in making our executive compensation decisions. The Compensation Committee also considers each individual s performance and importance to the organization.

Our individual performance criteria include:

- Successful execution of key strategic goals;
- Leadership capability;
- Contribution to both short- and long-term business results; and
- Ethical conduct and regulatory compliance.

The market data is used primarily to ensure that, in totality, our executive compensation program is competitive when the company achieves targeted performance levels.

Equity Ownership Guidelines

Equity awards earned through Carpenter s long-term incentive program help NEOs and other executives meet the company s equity ownership guidelines. These guidelines require that Corporate Vice Presidents and above hold specific values of equity, expressed as a multiple of the executive s base salary. Holdings may consist of either earned restricted or unrestricted stock or stock units, including shares held in retirement accounts. There is a five-year phase-in period after a NEO is elected for satisfying the minimum equity holding requirements. All NEOs currently meet their requirements. The Compensation Committee, with the input of outside consultants, reviews these requirements regularly and continues to believe these levels are competitive with the market.

Hedging/Pledging Policy

Executive officers (including NEOs) and directors are prohibited from hedging their ownership of Carpenter stock, including short sales (a sale of securities that are not then owned) of Carpenter securities, a sale against the box (a sale with delayed delivery of the Carpenter securities), and the purchase of financial instruments (such as prepaid variable forward contracts, collars, equity swaps and exchange funds) that are designed to hedge or offset any decrease in the market value of Carpenter stock. In addition, no NEO or director may trade in puts or calls (publicly-traded options to sell or buy stock) in Carpenter securities or pledge company stock as collateral for a loan.

Minimal Perquisites

We provide a limited number of perquisites and other personal benefits to NEOs, which we believe are reasonable and consistent with market practices. Carpenter believes each perquisite offered also provides a benefit to the company as noted below:

- annual tax preparation fees up to $1,500 and annual financial planning and tax planning expenses up to $8,500 encourage NEOs to keep up to date and in compliance with complex regulations;

- annual medical examination up to $7,500 for NEOs to encourage proactive health management;

- employment relocation expenses to reduce the administrative burden of relocation in order to encourage new executives to focus on their job with us as soon as possible; and

- parking fees at our Philadelphia headquarters.

Carpenter believes these items are advantageous to our company and our stockholders, and they keep executives focused on the legitimate interests of the business.

Retirement and Post-Employment Benefits

We believe retirement plans and other post-employment benefits serve to attract and retain talented personnel generally, but they should not be a significant part of the overall compensation program. Ours are largely legacy programs closed to new participants.

The **General Retirement Plan for Employees of Carpenter Technology Corporation (GRP)**. This is a tax-qualified plan that generally provides retirement benefits to employees at age 65 (with five years of service), from age 55 (with ten years of service), or at any age with 30 years of service. For most employees these benefits are based on either:

- a fixed monthly rate for each year of service; or
- the sum of
  - the employee s highest average annual earnings multiplied by 1.3% for each of the first 20 years of service, and
  - the employee s highest average annual earnings multiplied by 1.4% for each year of service over 20.

This average is calculated from the highest five annual periods (within the last 20 years) ending on the date of retirement. For purposes of this calculation, earnings generally includes salary, bonuses and other cash compensation.

The GRP includes **Qualified Supplemental Retirement Benefits (QSERP)**, which serve to reduce the company s obligations under its non-qualified defined benefit plans (described below) by providing the maximum available benefit under the GRP permitted by applicable nondiscrimination rules under the Internal Revenue Code (the Code). **The GRP and QSERP were closed to new hires and rehires effective January 1, 2012, and therefore do not apply to Messrs. Haniford, Audia, and Thene. Benefits under the QSERP, including Mr. Dee s benefits, were frozen effective January 1, 2014, and benefits under the GRP, including Mr. Dee s benefits, were frozen as of December 31, 2016.**

Carpenter had two restoration plans for those participants whose benefits under the GRP are reduced by limitations under the Code.

The Earnings Adjustment Plan of Carpenter Technology Corporation (EAP) restored any benefits lost due to Code limitations on compensation that may be considered in the calculation of benefits under the GRP.

The Benefit Equalization Plan of Carpenter Technology Corporation (BEP) restored any benefits lost as a result of Code limitations on the maximum annual benefit that may be payable under the GRP.

In general, benefits under these plans were subject to the same administrative rules as the GRP.

Officers and Key Employees Supplemental Retirement Plan of Carpenter Technology Corporation (OSRP). This plan provided supplemental pension benefits to participants, including NEOs, whose benefits will be reduced under the GRP because they elected to defer income under the company s deferred compensation plan. The OSRP restored reductions that occur under the GRP because of income deferrals, without regard to any limitations under the Code. These benefits are subject to the same administrative rules as the GRP. Mr. Dee is the only NEO eligible for benefits under the OSRP.

Effective December 31, 2016, all benefit and service accruals were frozen for all EAP, BEP and OSRP participants.

The Health Protection Account (HPA) provides retiree medical benefits for certain employees, including NEOs, who are eligible to receive an immediate retirement benefit from the GRP upon termination of employment. The benefits are equal to monthly credits that participants can use to pay for qualified medical expenses. The monthly credits are determined at retirement by multiplying a participant s earned percentage by the applicable premiums for the Carpenter-sponsored retiree medical plan in the year of retirement, and vary before and after the age at which a participant or the participant s dependents are eligible for Medicare. Monthly credits are capped at $528 per month pre-Medicare and $338 per month post-Medicare for single coverage, and at $922 per month pre-Medicare and $593 per month post-Medicare for family coverage. The earned percentage is equal to 3% per year of continuous service, but not less than 50% nor more than 90% of the cap. **The HPA was closed to new hires effective January 1, 2012, and therefore does not apply to Messrs. Audia, Haniford, and Thene.**

Carpenter also provides retiree life insurance benefits for some employees, including NEOs, who are eligible to receive an immediate retirement benefit from the GRP upon termination of employment. The face amount of the retiree life insurance benefit is equal to $5,000.

Benefits for NEOs under the above plans are discussed in detail in the Executive Compensation section of this Proxy Statement.

Savings Plans and Deferred Compensation Plan

Our Savings Plans are tax-qualified profit sharing plans. Carpenter had a savings plan available to Carpenter employees and certain affiliates who were hired prior to January 1, 2012 (Pre-2012 Savings Plan), a savings plan available to Carpenter employees and certain affiliates who were hired on and after January 1, 2012 (2012 Savings Plan), a savings plan for employees of Amega West Services LLC (a wholly-owned subsidiary), and a savings plan for collectively bargained employees of Latrobe Steel Company (a wholly-owned subsidiary).

Effective January 1, 2017, the Pre-2012 Savings Plan and the 2012 Savings Plan were merged into the Savings Plan, which credits the account of every eligible participant annually with an employer contribution of 3% of base salary and an employer matching contribution of up to 6% (subject to IRS limits on the maximum compensation that may be taken into account for this purpose). Eligible participants may contribute up to an additional 100% of base salary to their individual accounts (subject to the same IRS limit on maximum compensation that can be taken into account for such purposes).

Participant contributions could not exceed $18,000 in calendar year 2017 and $18,500 in calendar year 2018. If the participant was or became age 50 or older during calendar year 2017, the limit was $24,000. The limit in 2018 was $24,500 if the participant was or became age 50 that year. The Savings Plan allows for immediate participation by all eligible employees and immediate vesting of all contributions.

As further described in the Tax-Qualified Defined Contribution Pension Plans section of this proxy, if the company s contribution to a Savings Plan for any executive is limited under the Code, the executive will receive any lost contributions under the company s deferred compensation plan discussed immediately below.

Carpenter sponsors a non-qualified, deferred compensation plan for executives, including NEOs, to supplement these tax-qualified savings plans. If the company s contribution to a savings plan for any executive is limited under the Code, the executive will receive any lost contributions under this deferred compensation plan. Executives, including NEOs, may annually defer up to 35% of their base pay and up to 100% of their cash incentive payout. Executives are fully vested in all amounts deferred under this plan, including any company contributions. These sums are deliverable to the executive either on a date selected by the participant or upon the occurrence of a specified event.

Health Benefits and Disability Insurance

Carpenter currently provides its executive officers with the same health and disability insurance plans offered to all employees. In addition, Carpenter encourages each executive officer to have a periodic physical examination, and reimburses executives for certain additional out-of-pocket health costs associated with those exams that are not covered by insurance. This reimbursement is tax deductible to the company.

Severance and Employment Arrangements

Carpenter maintains an executive severance plan to address certain terminations in the absence of a change in control. In addition, the company also maintains a change in control severance plan, which provides certain payments and benefits in the event of a change in control. These plans are discussed in more detail in the Potential Payments Upon Termination of Employment section of this proxy.

Tax Policies

To the extent the aggregate compensation subject to Section 162(m) of the Internal Revenue Code paid to any NEO (other than our principal financial officer, prior to the amendment discussed below) exceeds $1 million, it is not deductible by Carpenter for federal income tax purposes unless it meets the definition of performance-based under Code Section 162(m). Cash incentives and RSU grants are performance-based only if they are earned or vested based on achieving objective goals under stockholder approved plans. Cash incentives granted under the Executive Bonus

Compensation Plan and stock options and performance-based RSUs granted under the Executive Stock Plan are intended to qualify as performance-based compensation under Section 162(m). Our stockholders approved each of those plans. The tax laws do not require that all incentive compensation be deductible, and other components of compensation may not be deductible under the Code. The Compensation Committee generally intends to make as much compensation deductible as possible under the Internal Revenue Code and related regulations. However, if the Compensation Committee determines it is advisable to grant a non-deductible component of pay to advance the overall interests of the business, then it reserves the right to do so.

The Tax Cuts and Jobs Act of 2017 (the Act) was enacted on December 22, 2017 and included changes to certain provisions of Section 162(m) of the Internal Revenue Code, including expanding the executives covered by the limitation to include the principal financial officer, as well as executives covered by the limitation in prior periods, and the elimination of exemption for performance-based compensation. The Act is effective for tax years beginning after December 31, 2017 and includes limited transitional provisions for compensation paid under contracts in effect on November 2, 2017. Additional authoritative guidance is expected to be issued to clarify certain provisions of the Act related to executive compensation as it is currently uncertain whether compensation intended to be structured as performance-based compensation will be deductible when earned or vested in future periods. The Compensation Committee may consider the impacts of the changes included in the Act when determining executive compensation in the future.

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Executive Compensation   Summary Compensation Table

Summary Compensation Table

The following table contains information concerning the compensation accrued or paid by Carpenter for services rendered during the fiscal years ended June 30, 2018, 2017, and 2016, by Carpenter s CEO, CFO and each of the other NEOs.

Name and Principal Position (a)	Year (b)	Salary (c)	Bonus (d)	Stock Awards[1] (e)	Option Awards[2] (f)	Non-Equity Incentive Plan Compensation (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] (h)	All Other Compensation[4] (i)	Total (j)
Thene, Tony R.	**2018**	**$867,572**	**$ 0**	**$2,408,717**	**$ 699,998**	**$1,212,884**	**$ 0**	**$124,475**	**$5,313,646**
President	2017	$826,731	$ 0	$3,624,746[5]	$3,141,703[6]	$ 649,862	$ 0	$291,821	$8,534,863
and Chief Executive Officer	2016	$705,385	$ 0	$1,777,622	$ 550,127	$ 140,630	$ 0	$ 63,155	$3,236,919
Audia, Damon J.	**2018**	**$456,445**	**$ 0**	**$ 602,248**	**$ 175,005**	**$ 510,496**	**$ 0**	**$ 58,656**	**$1,802,850**
Senior Vice President	2017	$445,877	$ 0	$1,070,763[5]	$1,119,853[6]	$ 282,604	$ 0	$ 97,358	$3,016,455
and Chief Financial Officer	2016	$304,308	$ 0	$ 282,844	$ 87,514	$ 45,884	$ 0	$ 51,467	$ 772,017

Haniford, Joseph E.	**2018**	**$449,096**	**$ 0**	**$ 516,273**	**$ 150,003**	**$ 502,276**	**$ 0**	**$ 60,243**	**$1,677,891**
Vice President - BMO and Global Advanced Engineering	2017	$434,615	$ 0	$ 976,813[5]	$1,079,620[6]	$ 274,659	$ 0	$ 59,643	$2,825,350
	2016	$390,769	$100,000	$ 504,039	$ 125,032	$ 60,259	$ 0	$ 45,639	$1,225,738
Dee, James D.	**2018**	**$411,891**	**$ 0**	**$ 344,182**	**$ 100,009**	**$ 316,707**	**$ 0**[7]	**$ 44,781**	**$1,217,570**
Vice President, General Counsel and	2017	$402,354	$ 0	$ 676,500[5]	$ 771,261[6]	$ 175,325	$ 53,061	$ 41,569	$2,120,070
Secretary	2016	$388,926	$ 0	$ 247,500	$ 82,500	$ 43,244	$132,604	$ 10,809	$ 905,583

(1) The grant date fair value of stock awards granted to our NEOs in fiscal year 2018 was computed in accordance with FASB ASC Topic 718, Compensation Stock Compensation.

The values shown include annual time-based restricted stock unit awards and both one-and three-year performance-based stock unit award opportunities. For the performance-based stock unit awards, the values in column (e) represent the probable award value on the grant date, which has been determined as if the relevant performance goals were achieved at target. The maximum values of the performance-based stock unit awards (200% of target) on the grant date were:

	Fiscal Year 2018	
Name	1 Year Maximum	3 Year Maximum
Tony R. Thene	$ 1,400,010	$ 2,017,414

Damon J. Audia	$ 350,043	$ 504,412
Joseph E. Haniford	$ 300,071	$ 432,403
James D. Dee	$ 200,048	$ 288,269

Actual attainment for one-year performance-based stock unit awards for all NEOs was 200% in fiscal year 2018.

(2) The grant date fair value of option awards granted to our NEOs in fiscal year 2018 was computed in accordance with FASB ASC Topic 718, Compensation Stock Compensation.

(3) Shows the aggregate change in the actuarial present value of accumulated benefits under all defined benefit plans (including non-qualified plans) from July 1 to June 30 of fiscal years 2018, 2017, and 2016. The amounts were computed using the same assumptions used for financial statement reporting purposes described in Note 10 to the financial statements contained in Carpenter s 2018 Annual Report on Form 10-K. Amounts paid under the plans use assumptions contained in the plans and may be different from those used for financial reporting purposes.

(4) The amounts shown in this column for fiscal year 2018 are broken down in detail in the All Other Compensation Table below.

(5) The value shown includes a special off-cycle RSU award granted under the Executive Stock Plan in August 2016 in recognition of increased responsibilities for senior executives. The respective award value for each NEO is as follows: T. Thene $1,201,231; D. Audia $464,884; J. Haniford $457,392; and J. Dee $330,265.

(6) The value shown includes a special off-cycle stock option award granted under the Executive Stock Plan in August 2016 in recognition of increased responsibilities for senior executives. The respective award value for each NEO is as follows: T. Thene $2,441,050; D. Audia $944,690; J. Haniford $929,477; and J. Dee $671,158.

(7) The actual decline in value from 2017 to 2018 was $8,083.

All Other Compensation Table

The following table contains details for the values set forth in Summary Compensation Table Column (i) for all other compensation accrued or paid by Carpenter to the CEO, CFO and each of the other NEOs for the fiscal year ended June 30, 2018.

Name	Year	Perquisites and Other Personal Benefits ($)	Insurance Premiums ($)	Company Contributions to Retirement and 401(k) Plans ($)	Dividend Equivalents on Restricted Stock Units ($)	Total ($)
Thene, Tony R. President and Chief Executive Officer	2018	$ 10,000[1]	$ 1,534	$ 41,810	$ 71,131	$ 124,475
Audia, Damon J. Senior Vice President and Chief Financial Officer	2018	$ 10,045[2]	$ 1,160	$ 27,537	$ 19,914	$ 58,656
Haniford, Joseph E. Vice President BMO and Global Advanced Engineering	2018	$ 10,000[3]	$ 1,138	$ 29,984	$ 19,121	$ 60,243
Dee, James D. Vice President, General Counsel and Secretary	2018	$ 2,530[4]	$ 1,045	$ 28,013	$ 13,193	$ 44,781

(1) This amount represents reimbursement for financial planning/tax services.

(2) This amount represents reimbursement of $8,500 for financial planning/tax services and $1,545 for parking fees at our Philadelphia headquarters.

(3) This amount represents reimbursement for financial planning/tax services.

(4) This amount represents reimbursement of $985 for tax services and $1,545 for parking fees at our Philadelphia headquarters.

Fiscal Year 2018 Grants of Plan-Based Awards Table

The following table contains information about fiscal year 2018 plan-based awards to NEOs under the company s equity and non-equity incentive plans, which are the Executive Bonus Compensation Plan (EBCP) and Stock-Based Incentive Compensation Plan for Officers and Key Employees (the Executive Stock Plan) described in the CD&A section of this Proxy Statement.

	Grant Date (b)	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) Threshold (c)	Target (d)	Maximum (e)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (f)	Target (g)	Maximum (h)	All Other Stock Awards: Number of Shares of Stock or Units (i)	All Other Option Awards: Number of Securities Underlying Options (j)	Exercise or Base Price of Option Awards (k)	Grant Va Stoc O Awa
, R.	07/31/17	07/21/17	$ 433,173	$ 866,346	$ 1,732,692	8,657	17,314	34,628(3)				$ 70
ent hief tive	07/31/17	07/21/17				8,657	17,314	34,628(4)				$ 1,00
r	07/31/17	07/21/17							17,314			$ 70
	07/31/17	07/21/17								61,650(5)	$ 40.43	$ 69
, n J. Vice	07/31/17	07/21/17	$ 182,320	$ 364,640	$ 729,280	2,165	4,329	8,658(3)				$ 17
ent hief cial	07/31/17	07/21/17				2,165	4,329	8,658(4)				$ 25
r	07/31/17	07/21/17							4,329			$ 17
	07/31/17	07/21/17								15,413(5)	$ 40.43	$ 17
ord, n E.	07/31/17	07/21/17	$ 179,385	$ 358,769	$ 717,538	1,856	3,711	7,422(3)				$ 15
ent -	07/31/17	07/21/17				1,856	3,711	7,422(4)				$ 21
	07/31/17	07/21/17							3,711			$ 15

obal ced eering	07/31/17	07/21/17								13,211[5]	$ 40.43	$ 15
ames												
	07/31/17	07/21/17	$ 113,110	$ 226,219	$ 452,438	1,237	2,474	4,948[3]				$ 10
ent, al	07/31/17	07/21/17				1,237	2,474	4,948[4]				$ 14
el and ary	07/31/17	07/21/17							2,474			$ 10
	07/31/17	07/21/17								8,808[5]	$ 40.43	$ 10

(1) Represents target bonus opportunity established by the Board under the EBCP for a one-year performance period beginning July 1, 2017, and ending June 30, 2018. The threshold is equal to 50% of target and the maximum is equal to 200% of target. For amounts of the actual awards, please see the Summary Compensation Table.

(2) The grant date fair value of stock awards granted to our NEOs in fiscal year 2018 was computed in accordance with FASB ASC Topic 718, Compensation Stock Compensation. The grant date fair value of the equity incentive awards was determined based on the probable outcome at the time of grant.

(3) Represents target equity opportunity established by the Board for a one-year performance period beginning July 1, 2017, and ending June 30, 2018. The threshold is equal to 50% of target and the maximum is equal to 200% of target. For details of actual attainment, please reference the CD&A section of this Proxy Statement.

(4) Represents target equity opportunity established by the Board for a three-year performance period beginning July 1, 2017, and ending June 30, 2020. The threshold is equal to 50% of target and the maximum is equal to 200% of target.

(5) Represents stock options granted under the Executive Stock Plan during fiscal year 2018. The options have a ten-year term, become exercisable ratably over a three-year period following the grant date, and will expire 90 days following termination of employment, except in the case of death, Disability or Retirement (as those terms are defined in the Executive Stock Plan). In the event of death or Disability, all options that were granted more than 12 months prior to the event become fully vested and exercisable by the participant or the participant s estate for the remainder of the original term. In the event of Retirement, all unexercisable options granted more than 12 months before such event become vested, prorata, based on the number of days in service during the restriction period, and are exercisable by the participant or the participant s estate for the remainder of the original term unless the Compensation Committee decides otherwise. Upon a Change in Control, all outstanding options become fully vested and immediately exercisable for the remainder of the original term.

Outstanding Equity Awards at End of Fiscal Year 2018 Table

The following table contains information about outstanding equity awards held by the NEOs at the end of fiscal year 2018.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested[1] (#)	Market Value of Shares or Units of Stock That Have Not Vested[2] ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[3] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested[2] ($)
Thene, Tony R.	8,479[4]	0	0	$ 52.41	07/30/23	124,127	$ 6,525,356	70,508	$ 3,706,606
President and Chief Executive Officer	8,463[4]	0	0	$ 59.15	03/01/21				
	10,524[5]	0	0	$ 53.95	08/01/24				
	0	19,446[6]	0	$ 36.82	08/03/25				
	21,554	43,106[7]	0	$ 39.02	08/01/26				
	0	225,273[8]	0	$ 39.02	08/01/26				
	0	61,650[9]	0	$ 40.43	07/31/27				
	0	3,754[10]	0	$ 31.30	10/19/25	34,312	$ 1,803,782	17,628	$ 926,704

Audia,									
Damon J.									
Senior Vice									
President	0	10,776[7]	0	$ 39.02	08/01/26				
and Chief									
Financial									
Officer	0	87,181[8]	0	$ 39.02	08/01/26				
	0	15,413[9]	0	$ 40.43	07/31/27				
Haniford,									
Joseph E.	0	4,419[6]	0	$ 36.82	08/03/25	31,921	$ 1,678,087	15,112	$ 794,438
Vice									
President									
BMO	0	9,237[7]	0	$ 39.02	08/01/26				
and Global	0	85,777[8]	0	$ 39.02	08/01/26				
Advanced									
Engineering	0	13,211[9]	0	$ 40.43	07/31/27				
Dee, James									
D.	3,144[4]	0	0	$ 56.52	07/28/21	21,907	$ 1,151,651	10,074	$ 529,590
Vice	3,596[4]	0	0	$ 47.86	07/31/22				
President,	3,392[4]	0	0	$ 52.41	07/30/23				
General	3,511[4]	0	0	$ 59.15	03/01/21				
	4,210[5]	0	0	$ 53.95	08/01/24				
Counsel and	5,834	2,917[6]	0	$ 36.82	08/03/25				
Secretary	3,080	6,158[7]	0	$ 39.02	08/01/26				
	0	61,938[8]	0	$ 39.02	08/01/26				
	0	8,808[9]	0	$ 40.43	07/31/27				

(1) The table in this footnote provides specific information about the grant and vesting dates for outstanding shares reflected in the above table.

Named Executive	# of Shares Granted	Grant Date	Vest Date	Percentage
Thene, Tony R.	14,938	08/03/15	08/03/18	100%
	17,940	08/01/16	08/01/19	100%
	30,785	08/01/16	08/01/19	100%
	8,522	08/01/16	06/30/19	50%*
	17,314	07/31/17	07/31/20	100%
	34,628	07/31/17	06/30/19	50%
			06/30/20	50%
Audia, Damon J.	2,796	10/19/15	10/19/18	100%
	4,485	08/01/16	08/01/19	100%
	11,914	08/01/16	08/01/19	100%
	2,130	08/01/16	06/30/19	50%*
	4,329	07/31/17	07/31/20	100%
	8,658	07/31/17	06/30/19	50%
			06/30/20	50%
Haniford, Joseph E.	3,395	08/03/15	08/03/18	100%
	3,845	08/01/16	08/01/19	100%
	11,722	08/01/16	08/01/19	100%
	1,826	08/01/16	06/30/19	50%*
	3,711	07/31/17	07/31/20	100%
	7,422	07/31/17	06/30/19	50%
			06/30/20	50%
Dee, James D.	2,241	08/03/15	08/03/18	100%
	2,563	08/01/16	08/01/19	100%
	8,464	08/01/16	08/01/19	100%

1,217	08/01/16	06/30/19	50%*
2,474	07/31/17	07/31/20	100%
4,948	07/31/17	06/30/19	50%
		06/30/20	50%

* Represents remaining balance of the original award

(2) Market value is based on the June 29, 2018, closing price of the company s common stock ($52.57).

(3) Represents the maximum opportunities established by the Board for three-year performance awards granted during fiscal years 2017 and 2018, respectively, based on projected attainment percentages on the last day of fiscal year 2018. The actual number of shares earned, if any, will be determined at the end of the applicable performance period. The threshold is 50% of target and the maximum is 200% of target.

The table in this footnote provides details for the performance-based stock awards reflected in the above table.

Named Executive	Fiscal Year	Number of Unearned Shares	Vest Date	Percentage
Thene, Tony R.	2017	17,940	06/30/19	100%
	2018	17,314	06/30/20	100%
Audia, Damon J.	2017	4,485	06/30/19	100%
	2018	4,329	06/30/20	100%
Haniford, Joseph E.	2017	3,845	06/30/19	100%
	2018	3,711	06/30/20	100%
Dee, James D.	2017	2,563	06/30/19	100%
	2018	2,474	06/30/20	100%

(4) These stock options were fully vested prior to the fiscal year being reported.

(5) Stock options granted on August 1, 2014; one-third vested on each of August 1, 2015, 2016 and 2017.

(6) Stock options granted on August 3, 2015; one-third vested on each of August 3, 2016 and 2017; the remainder will vest on August 3, 2018.

(7) Stock options granted on August 1, 2016; one-third vested on August 1, 2017 and one-third will vest on each of August 1, 2018 and 2019.

(8) A special off-cycle stock option award granted on August 1, 2016; 100% will vest on August 1, 2019.

(9) Stock options granted on July 31, 2017; one-third will vest on each of July 31, 2018, 2019 and 2020.

(10) Stock options granted on October 19, 2015; one-third vested on each of October 19, 2016 and 2017; the remainder will vest on October 19, 2018.

Fiscal Year 2018 Option Exercises and Stock Vested Table

The following table contains information about options exercised by, and stock vested for the benefit of, NEOs during fiscal year 2018.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Thene, Tony R.	38,892	$ 855,791		
President			13,622	$ 716,109
and Chief Executive Officer			20,197	$ 1,146,382
Audia, Damon J.	12,898	$ 313,901		
Senior Vice President			3,086	$ 162,231
and Chief Financial Officer			3,781	$ 214,610
Haniford, Joseph E.	13,459	$ 154,946		
Vice President - BMO			2,986	$ 156,974
and Global Advanced Engineering			4,591	$ 260,585
Dee, James D.	4,952	$ 116,669		
Vice President, General			1,983	$ 104,246
Counsel and Secretary			3,030	$ 171,983

Pension Benefits

Carpenter maintains several pension and related benefit plans in which only Mr. Dee is eligible to participate. These plans are described after the notes to the Pension Benefits Table. Messrs. Thene, Audia and Haniford are not participants in Carpenter s pension and related benefit plans.

The following table contains information about the value of accumulated benefits and number of years of credited service under each of the defined benefit pension plans and supplemental executive retirement plans available to Mr. Dee at the end of fiscal year 2018, based upon assumed retirement dates and the satisfaction of other applicable eligibility criteria.

Pension Benefits Table

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit[1] ($)	Payments During Last Fiscal Year ($)
Dee, James D. Vice President, General Counsel and Secretary	General Retirement Plan (GRP)[2]	6.33	$ 260,029	$ 0
	Benefits Restoration Plan (BRP)[3]	6.33	$ 237,995	$ 0

(1) Present Value of Accumulated Benefit. The amounts in this column are actuarial present values of the applicable plan accumulated benefits using the same assumptions used for financial statement reporting purposes described in Note 10 to the financial statements contained in Carpenter s 2018 Annual Report on Form 10-K and further assuming that the NEO retires on his earliest possible retirement date. The projected age of Mr. Dee at his earliest retirement date is 60. Assumptions regarding the value of survivor benefits are that 85% of executives are married and wives are two years younger than husbands. Though all amounts in this column are presented as lump sum present values, only the benefit payable under the GRP is actually payable in the form of a lump sum, and only when the executive is eligible for a monthly GRP annuity in the month following separation.

(2) The GRP is a tax-qualified defined benefit pension plan provided to a broad group of employees. It is described in greater detail in the section titled Tax- Qualified Defined Benefit Pension Plans. The GRP was closed to new hires and rehires effective January 1, 2012, and frozen on December 31, 2016.

(3) The BRP of Carpenter Technology Corporation restores benefits not paid under the GRP because of (a) limitations on the amount of compensation that may be considered under a tax-qualified plan, (b) limitations on the annual benefit that may be paid under tax-qualified plans, or (c) the application of section 415 of the Internal Revenue Code. Effective December 31, 2016, all benefit and service accruals were frozen for all BRP participants.

Benefits under the applicable plan or plans are generally paid in the form of an annuity.

Tax-Qualified Defined Benefit Pension Plans

Participation

During fiscal year 2018, Mr. Dee was the only NEO eligible to participate in the tax-qualified General Retirement Plan (GRP). The GRP was closed to new hires and rehires effective January 1, 2012, and therefore does not apply to Messrs. Thene, Audia and Haniford.

GRP Calculation

Retirement benefits pursuant to the GRP are calculated using a formula that considers a participant s years of credited service and average compensation during the five highest 12-month calculation periods that occurred during the last 240 full calendar months of employment. Average compensation includes cash bonuses, but excludes income attributable to equity-based compensation. These retirement benefits are subject to certain limitations under the Internal Revenue Code relating to the maximum amount of compensation that may be taken into account under a tax-qualified plan and the maximum annual benefit that may be paid to any participant by such a plan.

Effective December 31, 2016, Carpenter froze the GRP for benefit and service accrual. Compensation earned and employment after that date will not count toward determining a participant s pension benefit, but will continue to count toward determining eligibility for early or normal retirement.

GRP Payment

All payments to a participant or any beneficiary pursuant to the GRP are conditioned upon the circumstances surrounding the participant s separation from employment, which dictate (a) whether the participant is entitled to an annuity payable beginning in the month immediately following separation (an immediate annuity) or an annuity payable beginning at a later date (a deferred annuity), and (b) whether an immediate annuity, if applicable, will be reduced to account for the participant s age at the commencement of the annuity. An unreduced immediate annuity is referred to as a full pension.

Full Pension: A participant is entitled to a full pension if separation from employment occurs:

- at or after age 65 with at least five years of service;
- at any age with at least 30 years of service; or
- at age 62 with at least ten years of service.

A full pension is also available based upon permanent disability if the participant has provided at least 15 years of service to the company, or where the participant s age plus service equals one of the following totals:

Employee s Age	Employee s Service	Age + Service =
Under 55	At least 20 years	65 but not 80
Under 55	At least 15 years	At least 80
55 but not 62	At least 15 years	At least 70

Early Pension (payable immediately with age discount): Early retirement is available at age 55 after at least ten years of service (with the benefit amount otherwise payable at age 65 discounted to account for the time during which benefits are paid before the participant reaches age 62), or at age 60 after at least five years of service (with the benefit amount otherwise payable at age 65 discounted for the time during which benefits are paid before the participant reaches age 65).

Deferred Vested Pension: A participant with a vested pension who separates from service without being eligible for an immediate annuity is entitled to receive a deferred annuity that is generally payable without discount at age 65 (or at age 62 if the participant terminated employment after at least 15 years of service). A participant with a deferred vested pension who terminates employment prior to age 55 after at least ten years of employment may elect to have a discounted benefit commence at age 55 in lieu of a benefit commencing at age 65. A participant with a deferred vested pension who terminates employment prior to age 55 with less than ten years of employment may elect to have a discounted benefit commence at age 60 in lieu of a benefit commencing at age 65.

Form of GRP Payments

Benefits collected pursuant to the GRP are typically paid as a monthly annuity for either the life of the participant or, if longer, the life of the beneficiary. Alternatively, a participant who is eligible for an immediate annuity may elect an immediate or delayed lump sum payment.

Non-Qualified Defined Benefit Pension Plans

Participation

During fiscal year 2018, Mr. Dee participated in the BRP that restores various payments that are restricted under the GRP. Messrs. Thene, Audia and Haniford are not participants in the BRP.

Non-Qualified Plan Calculations

Carpenter sponsors the BRP, which restores benefits that would have been payable under the GRP but for Internal Revenue Code limits on the amount of compensation payable under a tax-qualified plan or that are lost under the GRP due to voluntary deferrals under Carpenter s non-qualified Deferred Compensation Plan for Officers and Key Employees (NQDCP).

Generally, the BRP provides the following benefits:

- restores benefits not paid under the GRP because of limitations on the amount of compensation that may be considered under a tax-qualified plan ($275,000 in 2018);

- restores benefits not paid under the GRP because of limitations on annual benefits that may be paid from a tax-qualified plan ($220,000 in 2018); and

- restores benefits not paid under the GRP due to voluntary deferrals under the NQDCP.

Effective December 31, 2016, all benefit and service accruals were frozen for all BRP participants.

Non-Qualified Payments

All non-qualified payments to an executive or any beneficiary are conditioned upon the participant s separation from employment or (in some instances) on the occurrence of a Change in Control (as defined in the BRP). The following paragraphs describe the eligibility and commencement timing for benefits under the BRP.

Full Pension: A participant is entitled to a full pension if the participant separates from employment (i) at or after age 62 after at least five years of service, or (ii) at any age after at least 30 years of service. Such full pension is payable on or about the first day of the month following separation from employment.

Early Pension (payable immediately with age discount): A participant with a vested pension who separates from employment is eligible for an immediate annuity so long as the participant meets the following requirements: (i) attainment of age 55, having provided at least ten years but fewer than 30 years of service, or (ii) attainment of age 60 having provided fewer than 10 years of service. The benefit equals the benefit amount otherwise payable at age 62, discounted to account for the time during which benefits are paid before the participant reaches age 62. A disabled participant may commence early pension payments pursuant to the BRP at any age.

Deferred Vested Pension: A participant with a vested pension who separates from employment without being eligible for an immediate annuity as described above is entitled to a deferred annuity, payable beginning in the first month after the participant attains age 55 if the participant provided at least ten years of service (with the benefit amount otherwise payable at age 65, discounted to account for the time during which benefits are paid before the participant reaches age 62), or age 60 if the participant provided fewer than ten years of service (with the benefit amount otherwise payable at age 65, discounted to account for the time during which benefits are paid before the participant reaches age 65).

With respect to all of the non-qualified plans, payment of benefit amounts for Specified Employees, as defined under Internal Revenue Code Section 409A, are subject to a six-month delay from date of separation from service.

Executive Compensation Non-Qualified Deferred Compensation Plan for Officers and Key Employees

Form of Non-Qualified Pension Payments

Benefits under the BRP are generally paid in the form of an annuity. Participants may not elect a lump sum payment, although benefits are paid as a lump sum if they become payable because of a Change in Control.

Eligibility of Named Executive Officers at June 30, 2018

As of June 30, 2018, Mr. Dee was eligible for a Full or Early Pension under these plans without special circumstances.,

Non-Qualified Deferred Compensation Plan for Officers and Key Employees

Under the NQDCP, a participant may defer an additional amount (beyond the amount deferred under a tax-qualified defined contribution plan), not to exceed 35% of base salary, plus all or a portion of bonuses earned under the EBCP. Accounts under the NQDCP were credited for fiscal year 2018 with an employer contribution equal to 3% of the portion of a participant s base salary that exceeds the Internal Revenue Code limitations on compensation that may be taken into account under the Savings Plans ($275,000 in 2018 and $270,000 in 2017). These contributions vest immediately.

A participant s NQDCP account has the same investment options as those available under the Savings Plan, except that the NQDCP does not include the Standish Mellon Stable Value Fund, the Prudential Core Plus Bond Fund, Collective Trust, or Carpenter stock investment options. In addition, the NQDCP provides the Prudential Total Return Bond Fund class as an investment option. While the NQDCP is intended to be an unfunded plan, benefits may be payable from a trust established by Carpenter to assist in meeting the obligations of the NQDCP at stated times or on the occurrence of stated events. Participants may elect distribution in a lump sum or annual installments (over either 10 or 15 years).

Fiscal Year 2018 Non-Qualified Deferred Compensation Table

Name	Executive Contributions in Last Fiscal Year[1] ($)	Registrant Contributions in Last Fiscal Year[2] ($)	Aggregate Earnings / (Losses) in Last Fiscal Year ($)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last Fiscal Year-End[3] ($)
Thene, Tony R.	$ 0	$ 18,040	$ 11,020	$ 0	$ 168,087

President and Chief Executive Officer					
Audia, Damon J. Senior Vice President and Chief Financial Officer	$ 0	$ 5,556	$ 757	$ 0	$ 11,946
Haniford, Joseph E. Vice President - BMO and Global Advanced Engineering	$ 204,599	$ 5,339	$ 21,110	$ 0	$ 392,136
Dee, James D. Vice President, General Counsel and Secretary	$ 0	$ 4,238	$ 1,729	$ 0	$ 28,350

(1) The amounts shown in this column are included in the amounts disclosed for the respective NEOs in column (c) of the Summary Compensation Table.

(2) Reflects the fiscal year 2018 company contribution to the NQDCP, which amount is also included in column (i) of the Summary Compensation Table.

(3) The balances shown in this column include amounts disclosed in prior fiscal years for each NEO, as follows: Thene $139,027; Audia $5,633; Haniford $161,088; and Dee $22,383.

Tax-Qualified Defined Contribution Pension Plans

The Savings Plan of Carpenter Technology Corporation (the Savings Plan), which credits the account of every eligible participant annually with an employer contribution of 3% of base salary and an employer matching contribution of up to 6% (subject to IRS limits on the maximum compensation that may be taken into account for this purpose). In addition, an eligible participant may contribute up to an additional 100% of base salary (subject to the same IRS limit). Participant contributions during a calendar year may not exceed an annual limit of $18,500 for calendar year 2018 and $18,000 for calendar year 2017, unless the participant is or will become age 50 or older during such calendar year, in which event the annual limit is $24,500 for 2018 and $24,000 for 2017. The Savings Plan allows for immediate participation by all eligible employees and immediate vesting of all contributions.

CEO Pay Ratio

As permitted under the SEC rules, to determine our median employee, we chose base salary, bonus and overtime pay as our consistently applied compensation measure. Using a determination date of April 30, 2018, our employee population excluding our CEO was comprised of 4,760 employees. The following jurisdictions constituting 213 employees were excluded under the 5% de Minimis rule: Belgium (37), Canada (60), China (10), France (3), Germany (1), India (1), Korea (2), Singapore (47), Sweden (45), Taiwan (2), UAE (2), and the UK (3).

From the remaining 4,547 employees, we used a valid statistical sampling methodology to produce a sample of employees who were paid within a 5% range of the estimated median base salary, bonus and overtime pay, and selected an employee from within that group as our median employee. We determined that employee s 2018 Summary Compensation Table (SCT) total compensation was $82,617. The 2018 SCT total compensation for our CEO was $5,313,646. Our estimate of the ratio of CEO pay to median worker pay is 64:1.

This ratio is a reasonable estimate calculated using a methodology consistent with the SEC rules, as described above. As the SEC rules allow for companies to adopt a wide range of methodologies, to apply country exclusions and to make reasonable estimates and assumptions that reflect their compensation practices to identify the median employee and calculate the CEO pay ratio, the pay ratios reported by other companies may not be comparable to the pay ratio reported above.

2018 Summary Compensation Table Total Compensation Breakdown

The compensation of Carpenter s CEO, Tony Thene, and Median Employee is broken down as follows:

ame/ mployee D	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
hene, ony R.	2018	$ 867,572	$ 0	$ 2,408,717	$ 699,998	$ 1,212,884	$ 0	$ 124,475	$ 5,313,646
ledian mployee	2018	$ 69,629	$ 0	$ 0	$ 0	$ 7,008	$ 0	$ 5,980	$ 82,617

CEO Pay Ratio = $5,313,646 / $82,617 = 64:1

Potential Payments Upon Termination of Employment

Severance and Employment Arrangements

Severance Pay Plan for Executives of Carpenter Technology Corporation (Executive Severance Plan)

The Executive Severance Plan provides a standard practice of addressing executive severance following a termination without cause or resignation for good reason in the absence of a Change in Control. The plan provides for the continuation of certain elements of compensation and benefits, which are more fully described below. All current NEOs employed with Carpenter as of June 30, 2018, were covered under the Executive Severance Plan.

The following table shows benefits an executive will receive if the executive s employment is terminated without cause or the executive resigns with good reason in the absence of a Change in Control.

Benefit	CEO (Pay Grade Level 31)	Senior and Corporate Vice Presidents (Pay Grade Levels 23 30)	Key Employees (Pay Grade Level 22)
Severance payment (lump sum or installments at Carpenter s discretion)	18 months of base salary	12 months of base salary	6 months of base salary
Annual bonus (prorated)	Yes	Yes	Yes
Lump sum payment of cost of medical and prescription coverage	18 months	12 months	6 months
Executive outplacement services	12 months	12 months	6 months

Amended and Restated Carpenter Technology Corporation Change in Control Severance Plan (Change in Control Severance Plan).

The Change in Control Severance Plan provides for certain payments and benefits to a covered executive whose employment with Carpenter ceases during the two-year period following a Change in Control of the company due to a termination without cause or a resignation for good reason, as more fully described below. The Change in Control Severance Plan does not provide for any gross-up on excise taxes for any executive and provides that benefits will be reduced to the extent an excise tax would have applied.

Following a Change in Control, if an executive s employment is terminated without cause or an executive resigns with good reason, in addition to any other rights or benefits to which the executive is entitled in the ordinary course, the executive will receive the benefits outlined below.

Benefit	CEO	Senior and Corporate	Key Employees

	(Pay Grade Level 31)	Vice Presidents (Pay Grade Levels 23 30)	(Pay Grade Level 22)
Lump sum severance payment	3x base salary 1x target annual bonus	2x base salary 1x target annual bonus	1x base salary 1x target annual bonus
Lump sum payment of cost of medical, prescription and dental coverage	36 months	24 months	12 months
Executive outplacement services	12 months	12 months	12 months
Reimbursement of any reasonable legal fees incurred to enforce the plan	Yes	Yes	Yes

Benefits payable under the Change in Control Severance Plan will be reduced to the extent necessary to ensure that those benefits, when added to any other payments, rights or benefits due to the executive in connection with the Change in Control, do not implicate the deductibility limitations of Section 280G of the Internal Revenue Code.

The Potential Payments Upon Termination or Change in Control Table illustrates the benefits that would be payable to each of the NEOs in connection with a hypothetical termination of employment or Change in Control on the last day of our most recently completed fiscal year. All of the NEOs were covered at fiscal year-end.

For purposes of the Change in Control Severance Plan, Change in Control includes:

acquisition by a person or group of more than 50% of Carpenter s outstanding common stock or more than 50% of the combined voting power of Carpenter s then outstanding securities;

change in the composition of the majority of the Board without the approval of the incumbent directors;

certain mergers, sales of assets or similar transactions where the company s stockholders, determined immediately before the transaction, do not control the surviving entity; or

stockholder approval of a liquidation or dissolution of the company.

Stock-Based Incentive Compensation Plan

The table below reflects that the company s Stock-Based Incentive Compensation Plan provides, upon a Change in Control, for the waiver of performance and vesting conditions otherwise applicable to outstanding equity awards. Carpenter implemented a double trigger vesting policy for equity awards granted on or after July 1, 2018.

For purposes of the Stock-Based Incentive Compensation Plan, Change in Control includes:

- acquisition by a person or group, during any time period, of more than 50% of Carpenter s outstanding common stock;
- acquisition by a person or group, during any 12-month period, of stock representing more than 35% of the combined voting power of Carpenter s then outstanding securities;
- change in the composition of the majority of the Board without the approval of the incumbent directors; or
- sale of 50% or more of Carpenter s assets.

Fiscal Year 2018 Potential Payments Upon Termination or Change in Control Table

The table does not include benefits that are generally available to salaried employees on a non-discriminatory basis, previously vested stock awards, or benefits disclosed in the Pension Benefits Table and the Non-Qualified Deferred Compensation Plan Table to the extent payable in the ordinary course (i.e., without enhancement attributable to the severance event or Change in Control). The table in all cases assumes the termination event occurred on June 30, 2018, and values equity awards based on the per share closing price of the company s common stock on June 29, 2018 ($52.57). This table is intended only for illustrative purposes; the rights and benefits due to any executive upon an actual termination of employment or Change in Control can only be determined at the time of such event, based on circumstances then existing and arrangements then in effect.

Executive Compensation Fiscal Year 2018 Potential Payments Upon Termination or Change in Control Table

Named Executive	Benefit	Before Change in Control Retirement or Resignation[1]	Before Change in Control Death or Disability	Before Change in Control Termination by the Company without Cause or Resignation for Good Reason	After Change in Control[2] Termination by the Company without Cause or Resignation for Good Reason
Thene, Tony R.	Restricted Stock Unit Award (08/03/15)	$ 0	$ 785,291	$ 0	$ 785,291
President	Restricted Stock Unit Award (08/01/16)	$ 0	$ 943,106	$ 0	$ 943,106
and Chief Executive Officer	Restricted Stock Unit Award (08/01/16)	$ 0	$ 1,618,367	$ 0	$ 1,618,367
	Restricted Stock Unit Award (07/31/17)	$ 0	$ 910,197	$ 0	$ 910,197
	Performance Share Opportunity (08/01/16)[3]	$ 0	$ 1,257,476	$ 0	$ 943,106
	Performance Share Opportunity (07/31/17)[4]	$ 0	$ 606,798	$ 0	$ 910,197
	Performance Share Award (08/01/16)	$ 0	$ 448,002	$ 0	$ 448,002
	Performance Share Award (07/31/17)	$ 0	$ 1,820,394	$ 0	$ 1,820,394
	Stock Option Award (08/03/15)	$ 0	$ 306,275	$ 0	$ 306,275
	Stock Option Award (08/01/16)	$ 0	$ 584,086	$ 0	$ 584,086
	Stock Option Award (08/01/16)	$ 0	$ 3,052,449	$ 0	$ 3,052,449
	Stock Option Award (07/31/17)	$ 0	$ 0	$ 0	$ 748,431
	Severance Executive Severance Plan[5]	$ 0	$ 0	$ 1,358,573	$ 0
		$ 0	$ 0	$ 0	$ 3,572,254

	Severance Change in Control Plan[6]				
Totals		**$ 0**	**$ 12,332,441**	**$ 1,358,573**	**$ 16,642,155**
Audia, Damon J.	Restricted Stock Unit Award (10/19/15)	$ 0	$ 146,986	$ 0	$ 146,986
Senior Vice President	Restricted Stock Unit Award (08/01/16)	$ 0	$ 235,776	$ 0	$ 235,776
and Chief Financial Officer	Restricted Stock Unit Award (08/01/16)	$ 0	$ 626,319	$ 0	$ 626,319
	Restricted Stock Unit Award (07/31/17)	$ 0	$ 227,576	$ 0	$ 227,576
	Performance Share Opportunity (08/01/16)[3]	$ 0	$ 314,370	$ 0	$ 235,776
	Performance Share Opportunity (07/31/17)[4]	$ 0	$ 151,718	$ 0	$ 227,576
	Performance Share Award (08/01/16)	$ 0	$ 111,974	$ 0	$ 111,974
	Performance Share Award (07/31/17)	$ 0	$ 455,151	$ 0	$ 455,151
	Stock Option Award (10/19/15)	$ 0	$ 79,848	$ 0	$ 79,848
	Stock Option Award (08/01/16)	$ 0	$ 146,015	$ 0	$ 146,015
	Stock Option Award (08/01/16)	$ 0	$ 1,181,303	$ 0	$ 1,181,303
	Stock Option Award (07/31/17)	$ 0	$ 0	$ 0	$ 187,114
	Severance Executive Severance Plan[5]	$ 0	$ 0	$ 498,660	$ 0
	Severance Change in Control Plan[6]	$ 0	$ 0	$ 0	$ 1,346,672
Totals		**$ 0**	**$ 3,677,036**	**$ 498,660**	**$ 5,208,086**
Haniford, Joseph E.	Restricted Stock Unit Award (08/03/15)	$ 0	$ 178,475	$ 0	$ 178,475
Vice President BMO	Restricted Stock Unit Award (08/01/16)	$ 0	$ 202,132	$ 0	$ 202,132
and Global Advanced Engineering	Restricted Stock Unit Award (08/01/16)	$ 0	$ 616,226	$ 0	$ 616,226
	Restricted Stock Unit Award (07/31/17)	$ 0	$ 195,087	$ 0	$ 195,087
	Performance Share Opportunity (08/01/16)[3]	$ 0	$ 269,510	$ 0	$ 202,132
	Performance Share Opportunity (07/31/17)[4]	$ 0	$ 130,060	$ 0	$ 195,087
	Performance Share Award (08/01/16)	$ 0	$ 95,993	$ 0	$ 95,993

	Performance Share Award (07/31/17)	$ 0	$ 390,175	$ 0	$ 390,175
	Stock Option Award (08/03/15)	$ 0	$ 69,599	$ 0	$ 69,599
	Stock Option Award (08/01/16)	$ 0	$ 125,161	$ 0	$ 125,161
	Stock Option Award (08/01/16)	$ 0	$ 1,162,278	$ 0	$ 1,162,278
	Stock Option Award (07/31/17)	$ 0	$ 0	$ 0	$ 160,382
	Severance Executive Severance Plan[5]	$ 0	$ 0	$ 481,788	$ 0
	Severance Change in Control Plan[6]	$ 0	$ 0	$ 0	$ 1,305,920
Totals		**$ 0**	**$ 3,434,696**	**$ 481,788**	**$ 4,898,647**
Dee, James D.	Restricted Stock Unit Award (08/03/15)	$ 117,809	$ 117,809	$ 117,809	$ 117,809
Vice President, General	Restricted Stock Unit Award (08/01/16)	$ 89,825	$ 134,737	$ 89,825	$ 134,737
Counsel and Secretary	Restricted Stock Unit Award (08/01/16)	$ 296,635	$ 444,952	$ 296,635	$ 444,952
	Restricted Stock Unit Award (07/31/17)	$ 43,353	$ 130,058	$ 43,353	$ 130,058
	Performance Share Opportunity (08/01/16)[3]	$ 179,650	$ 179,650	$ 179,650	$ 134,737
	Performance Share Opportunity (07/31/17)[4]	$ 86,706	$ 86,706	$ 86,706	$ 130,058
	Performance Share Award (08/01/16)	$ 42,652	$ 63,978	$ 42,652	$ 63,978
	Performance Share Award (07/31/17)	$ 86,705	$ 260,116	$ 86,705	$ 260,116
	Stock Option Award (08/03/15)	$ 45,943	$ 45,943	$ 45,943	$ 45,943
	Stock Option Award (08/01/16)	$ 55,627	$ 83,441	$ 55,627	$ 83,441
	Stock Option Award (08/01/16)	$ 559,507	$ 839,260	$ 559,507	$ 839,260
	Stock Option Award (07/31/17)	$ 0	$ 0	$ 0	$ 106,929
	Severance Executive Severance Plan[5]	$ 0	$ 0	$ 454,769	$ 0
	Severance Change in Control Plan[6]	$ 0	$ 0	$ 0	$ 1,097,192
Totals		**$ 1,604,412**	**$ 2,386,650**	**$ 2,059,181**	**$ 3,589,210**

(1) Mr. Dee is the only NEO who was retirement eligible as of June 30, 2018. Values shown as a result of retirement are prorated as applicable based on the number of days in service during each respective performance and/or restriction period.

(2) Benefits received under the Change in Control Severance Plan require a Change in Control and a subsequent severance event. Equity awards granted under the Stock-Based Incentive Compensation Plan through June 30, 2018, are vested at the time of a Change in Control with or without termination of employment. Carpenter has implemented a double-trigger vesting policy for equity awards granted on or after July 1, 2018.

(3) Values represent two-thirds of the maximum performance opportunity in the case of death or Disability, and one hundred percent of the target performance opportunity in the case of a Change in Control.

(4) Values represent one-third of the maximum performance opportunity in the case of death or Disability, and one hundred percent of the target performance opportunity in the case of a Change in Control.

(5) The Board of Directors approved the Executive Severance Plan to create a standard practice of addressing executive severance in certain circumstances. All NEOs are subject to the provisions of this plan. Details of the Executive Severance Plan are summarized above. The values of the described benefits are as follows:

Named Executive	Base Salary	Benefit Continuation	Outplacement	Total
Tony R. Thene	$ 1,306,875	$ 31,698	$ 20,000	$ 1,358,573
Damon J. Audia	$ 458,380	$ 20,280	$ 20,000	$ 498,660
Joseph E. Haniford	$ 451,000	$ 10,788	$ 20,000	$ 481,788
James D. Dee	$ 413,637	$ 21,132	$ 20,000	$ 454,769

(6) All NEOs are subject to the Change in Control Severance Plan, the details of which are summarized above. The values of the described benefits are as follows:

Named Executive	Base Salary and Bonus	Benefit Continuation	Outplacement	Total
Tony R. Thene	$ 3,485,000	$ 67,254	$ 20,000	$ 3,572,254
Damon J. Audia	$ 1,283,464	$ 43,208	$ 20,000	$ 1,346,672
Joseph E. Haniford	$ 1,262,800	$ 23,120	$ 20,000	$ 1,305,920
James D. Dee	$ 1,054,774	$ 22,418	$ 20,000	$ 1,097,192

Messrs. Thene, Audia and Haniford are subject to reduced benefits because otherwise they would have an aggregate parachute value, consisting of payments or distributions payable pursuant to the Change in Control Severance Plan and the Stock-Based Incentive Compensation Plan, that exceeds the threshold amount that would subject them to the excise tax under Section 4999 of the Code. Pursuant to the terms of the Change in Control Severance Plan, the following cutbacks would likely be applied to avoid the excise tax: Mr. Thene would have his severance benefits reduced by $4,251,814; Mr. Audia would have his severance benefits reduced by $709,497; and Mr. Haniford would have his severance benefits reduced by $562,449. The amounts shown in this footnote and in the main table above reflect the full value of each NEO s respective Change in Control severance benefits before applying the cutback.

Why We Solicit Proxies

Carpenter s Board of Directors is soliciting proxies so that every stockholder will have an opportunity to vote during the Annual Meeting even those who cannot attend the Annual Meeting in person. You are being asked to vote on three proposals:

The election of three directors, Philip M. Anderson, Kathleen Ligocki, and Jeffrey Wadsworth, each to a three-year term that will expire in 2021;

Approval of the appointment of PricewaterhouseCoopers LLP as Carpenter s independent registered public accounting firm to perform its integrated audit for fiscal year 2019; and
Approval of the compensation of Carpenter s Named Executive Officers, in an advisory vote.

Method and 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 other employees of Carpenter may solicit proxies in person or by telephone without additional compensation. The company has also hired Georgeson Inc. to assist with the solicitation of proxies for a fee of $9,000. Brokers and persons holding shares for the benefit of others may incur expenses in forwarding proxies and accompanying materials and in obtaining permission from beneficial owners to execute proxies. On request, Carpenter will reimburse those expenses.

Who Can Vote

Stockholders who were record owners of Carpenter common stock at the close of business on August 10, 2018, which is the record date for the Annual Meeting, may vote at the Annual Meeting. On August 10, 2018, there were 47,316,476 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 Amega West Services LLC, or the Latrobe Steel Company Voluntary Investment Program may direct The Vanguard Group, as trustee, 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. **Vanguard must receive voting instructions no later than Thursday, October 4, 2018.**

How to Vote

You may vote in one of four ways

VOTE ONLINE

If your shares are held in the name of a broker, bank, or other nominee: Vote your Carpenter shares by accessing the website address given on the proxy card you received from your 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 by visiting the website *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

If your shares are held in the name of a broker, bank, or other nominee: Vote your Carpenter shares 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 by calling toll-free 1-800-690-6903 and following the instructions, which will lead you through the voting process. You will need the control number that appears on your proxy card when you call.

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 Carpenter. 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 their 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 to vote differently, we plan to vote signed and returned proxies for the nominees for director; to approve the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2019; to approve the compensation of Carpenter 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 about how their shares will be voted on any matter for which they do not provide instructions to their bank or broker.

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.

VOTE BY BALLOT AT THE MEETING

You may attend the Annual Meeting and vote by ballot that you will receive at the meeting. Beneficial owners can vote at the meeting by requesting a legal proxy from www.proxyvote.com at least ten calendar days before 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. **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 10, 2018.**

Broker Non-Votes and Abstentions

A broker non-vote occurs when the bank or brokerage firm holding shares on behalf of a stockholder does not receive timely voting instructions from the beneficial owner of the shares and does not have discretionary authority to vote those shares on specified matters.

If you are a beneficial owner and hold your shares in street name, and you 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.

Your broker or nominee will be permitted to exercise discretionary authority to vote your shares to ratify our selection of PwC as our independent registered public accounting firm even if you do not give voting instructions with respect to that proposal.

Because each proposal will be determined by a majority of the votes cast, broker non-votes will have no effect on the outcome of any vote.

Quorum and Required Votes

We need a quorum of stockholders to conduct business at the Annual Meeting. 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 (abstentions) 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, all actions properly presented at the Annual Meeting may be approved by a majority of the total votes cast. Abstentions and broker non-votes as to any matter are not included in the vote count for that matter, and will have no impact on the outcome of the approval of that matter.

If You Change Your Mind After Voting

You can revoke your proxy at any time before it is voted at the Annual Meeting. You can write to Carpenter s Corporate Secretary at 1735 Market Street, 15th Floor, Philadelphia, PA 19103, 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

Under Carpenter s By-Laws, in order to nominate a person for election at the 2019 Annual Meeting of Stockholders, you must provide written notice of your proposed nomination to the Corporate Secretary at Carpenter s headquarters, 1735 Market Street, 15th Floor, Philadelphia, PA 19103, between June 3, 2019, and July 16, 2019. Your notice must contain your name, address, and the number of shares of Carpenter stock you own, in addition to the other information required in our By-Laws, together with 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.

2019 Stockholder Proposals

If you wish to include a proposal in the Proxy Statement for the 2019 Annual Meeting of Stockholders, we must receive your written proposal no later than May 16, 2019. The proposal should be mailed by certified mail, return receipt requested, and must comply in all respects with applicable rules and regulations of the Securities and Exchange Commission (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, 1735 Market Street, 15th Floor, Philadelphia, PA 19103.

Under Carpenter s By-Laws, stockholder proposals that are not included in the proxy materials may be presented at the 2019 Annual Meeting of Stockholders only if they meet the above requirements and the Corporate Secretary is notified in writing of the proposals between June 11, 2019, and July 11, 2019. For each matter that you wish to bring before the meeting, you must provide the information required in Carpenter s By-Laws.

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (such as banks and brokers) to satisfy the delivery requirements for proxy statements and related materials for two or more stockholders sharing the same address by delivering a single proxy statement to that address unless contrary instructions have been received from one of the affected stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for Carpenter.

If you prefer, Carpenter will promptly deliver a separate copy of the Proxy Statement and related materials to you if you request one by writing or calling as follows: Corporate Secretary at Carpenter Technology Corporation, 1735 Market Street, 15th Floor, Philadelphia, PA 19103, telephone 610-208-2102. If you want to receive separate copies of the Proxy Statement and related materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the address and phone number above.

Where You Can Find More Information

Carpenter files annual, quarterly and current reports, proxy statements, and other information with the SEC. These SEC filings are also available to the public from the website maintained by the SEC at *www.sec.gov* or at *www.cartech.com.*

Upon request of any stockholder, a copy of Carpenter s Annual Report on Form 10-K for the fiscal year ended June 30, 2018, including a list of the exhibits thereto, may be obtained, without charge, by writing to Carpenter s Corporate Secretary at Carpenter Technology Corporation, 1735 Market Street, 15th Floor, Philadelphia, PA 19103.

The Board of Directors is not aware of any matters to be presented at the Annual Meeting other than those set forth in this Proxy Statement. If any other business is properly brought before the Annual Meeting or any postponement or adjournment thereof, it is the intention of the proxy holders to vote on such business in accordance with their judgment.

By order of the Board of Directors,

James D. Dee

Vice President, General Counsel and Secretary

CARPENTER TECHNOLOGY CORPORATION

1735 MARKET STREET

PHILADELPHIA, PA 19103

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
The Board of Directors recommends you vote FOR the following:				

1. Election of Directors

Nominees

01 Philip M. Anderson	02 Kathleen Ligocki	03 Jeffrey Wadsworth

The Board of Directors recommends you vote FOR proposals 2. and 3.:	**For**	**Against**	**Abstain**
2. Approval of PricewaterhouseCoopers LLP as the independent registered public accounting firm.			
3. Advisory approval of the company's Executive Compensation.			

NOTE: This proxy, when properly executed, will be voted in the manner directed hereon. If no direction is made, this proxy will be voted FOR election of the nominees for directors in Proposal 1 and FOR Proposals 2 and 3.

For address change/comments, mark here.

(see reverse for instructions)

	Yes	**No**
Please indicate if you plan to attend this meeting		

Please sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)Date

<u>Admission Ticket</u>

Annual Meeting

of

Stockholders of Carpenter Technology Corporation

Tuesday, October 9, 2018 - 11:00 AM

If you plan to attend the 2018 Annual Meeting of Stockholders, please mark the appropriate box on the proxy card on the reverse side. Please present this admission ticket to the Carpenter Technology Corporation representative.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Form 10-K, Notice & Proxy Statement is/are available at www.proxyvote.com

CARPENTER TECHNOLOGY CORPORATION

Annual Meeting of Stockholders

October 9, 2018-11:00 AM

This proxy is solicited by the Board of Directors

The undersigned stockholder of Carpenter Technology Corporation appoints James D. Dee and Timothy Lain, or either of them, proxies with full power of substitution, to vote all shares of stock which the stockholder would be entitled to vote if present at the Annual Meeting of Stockholders of CARPENTER TECHNOLOGY CORPORATION and at any adjournment thereof. The meeting will be held at the

Pyramid Club, 1735 Market Street, Philadelphia, Pennsylvania, on Tuesday, October 9, 2018, at 11:00 a.m. local time. Said proxies are hereby granted all powers the stockholder would possess if present. The stockholder hereby revokes any proxies previously given with respect to such meeting.

THIS PROXY WILL BE VOTED AS SPECIFIED ON THE REVERSE SIDE, BUT IF NO SPECIFICATION IS MADE, IT WILL BE VOTED FOR ALL OF THE NOMINEES IN PROPOSAL 1 AND FOR PROPOSALS 2 AND 3 AND WILL BE VOTED IN THE DISCRETION OF THE PROXIES ON OTHER MATTERS AS MAY COME BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF.

Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side