CARPENTER TECHNOLOGY CORP
Form S-4/A
October 03, 2003

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As filed with the Securities and Exchange Commission on September 16, 2003.

Registration No. 333-108837

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CARPENTER TECHNOLOGY CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**3312**	**23-0458500**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

2 Meridian Boulevard
Wyomissing, Pennsylvania 19610
(610) 208-2000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David Christiansen, Esq.
Carpenter Technology Corporation
2 Meridian Boulevard
Wyomissing, Pennsylvania 19610
(610) 208-2000
(Name, address including zip code, and telephone number, including area code, of agent for service)

With Copies to:
Frank M. Macerato, Esq.
Stevens & Lee
111 North Sixth Street
Reading, Pennsylvania 19603
610-478-2112

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

PROSPECTUS

[LOGO] CARPENTER

OFFER TO EXCHANGE

6.625% Senior Notes due 2013 for all outstanding 6.625% Senior Notes due 2013 of Carpenter Technology Corporation

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME ON NOVEMBER 14, 2003, UNLESS EXTENDED.

Terms of the exchange offer:

- We will exchange all old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.
- You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer.
- We believe that the exchange of old notes will not be a taxable event for U.S. federal income tax purposes, but you should see "United States Federal Income Tax Consequences" on page 37 for more information.
- We will not receive any proceeds from the exchange offer.
- The terms of the new notes are substantially identical to the old notes, except that the new notes are registered under the Securities Act of 1933 and the transfer restrictions and registration rights applicable to the old notes do not apply to the new notes.

See "Risk Factors" beginning on page 9 for a discussion of risks that should be considered by holders prior to tendering their old notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended, which we refer to as the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where the old notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

The date of this prospectus is October 6, 2003.

This prospectus is not an offer to exchange these securities and is not soliciting tenders of old notes in any state where the offer or sale is not permitted.

This prospectus incorporates important business and financial information about Carpenter that is not included in or delivered with this prospectus. See "Where You Can Find More Information" for more information regarding these matters. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this prospectus.

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Carpenter Technology Corporation is a Delaware corporation. Our principal executive offices are located at 2 Meridian Boulevard, Wyomissing, Pennsylvania 19610, and our telephone number at that address is (610) 208-2000. Our World Wide Web site address is www.cartech.com. The information in our web site is not part of this prospectus. Our common stock is listed on the New York Stock Exchange under the symbol "CRS."

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference contain various "Forward-Looking Statements" pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements, which represent our expectations or beliefs concerning various future events, include statements concerning future revenues and growth or decline in various market segments. These Forward-Looking Statements are subject to risks and uncertainties that could cause actual results to differ from those projected, anticipated or implied. The most significant of these uncertainties are described in our filings with the SEC, including our Form 10-K for the year ended June 30, 2003. Such risks include but are not limited to:

the cyclical nature of the specialty materials business and certain end-use markets, including aerospace, power generation, automotive, industrial and consumer durables, all of which are subject to changes in general economic and financial market conditions;

our ability to ensure adequate supplies of raw materials and to recoup increased costs of electricity, natural gas and raw materials, such as nickel, through increased prices and surcharges;

domestic and foreign excess manufacturing capacity for certain alloys that we produce;

fluctuations in currency exchange rates, resulting in increased competition and downward pricing pressure on certain products;

the degree of success of government trade actions;

fluctuations in stock markets which could impact the valuation of the assets in our pension trusts and the accounting for pension assets;

the potential cost advantages of new competitors or competitors who have reorganized through bankruptcy;

the transfer of manufacturing capacity from the United States to foreign countries; and

the consolidation of customers and suppliers.

Any of these factors could have an adverse and/or fluctuating effect on our results of operations. The Forward-Looking Statements in this document are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. We undertake no obligation to update or revise any forward-looking statements.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read carefully the entire prospectus and the documents incorporated by reference into this prospectus, including the risks of investing discussed under "Risk Factors," before making an investment decision.

In this prospectus, "Company," "we," "our," "us" and "Carpenter" refer to Carpenter Technology Corporation. With respect to the descriptions of our business contained in this prospectus, such terms refer to Carpenter Technology Corporation and our subsidiaries.

The Exchange Offer

On May 22, 2003, we issued and sold $100.0 million aggregate principal amount 6.625% Senior Notes Due 2013, which we refer to as the old notes. In connection with that sale, we entered into an exchange and registration rights agreement with the initial purchaser of the old notes in which we agreed to deliver this prospectus to you and to complete an exchange offer for the old notes. As required by the exchange and registration rights agreement, we are offering to exchange $100.0 million aggregate principal amount of our new 6.625% Senior Notes Due 2013, which we refer to as the new notes, the issuance of which will be registered under the Securities Act, for a like aggregate principal amount of our old notes. We refer to this offer to exchange new notes for old notes in accordance with the terms set forth in this prospectus and the accompanying letter of transmittal as the exchange offer. You are entitled to exchange your old notes for new notes. We urge you to read the discussions under the headings "The Exchange Offer" and "The New Notes" in this summary for further information regarding the exchange offer and the new notes.

The Company

Carpenter Technology Corporation, incorporated in 1904, is engaged in the manufacture, fabrication and distribution of specialty metals and engineered products. We are organized in the following business units: Specialty Alloys Operations, Dynamet, Carpenter Powder Products and Engineered Products. For segment reporting, the Specialty Alloys Operations, Dynamet and Carpenter Powder Products segments have been aggregated into one reportable segment, Specialty Metals, because of the similarities in products, processes, customers, distribution methods and economic characteristics.

Products

We primarily process basic raw materials such as chromium, nickel, titanium, iron scrap and other metal alloying elements through various melting, hot-forming and cold-working facilities to produce finished products in the form of billet, bar, rod, wire, narrow strip, special shapes, and hollow forms in many sizes and finishes. We also produce certain metal powders and fabricated metal products. In addition, ceramic products are produced from various raw materials using molding, heating and other processes.

Specialty Metals includes the manufacture and distribution of stainless steels, titanium, high-temperature alloys, electronic alloys, tool steels and other alloys in billet, bar, wire, rod, strip and powder forms. Specialty Metals sales are distributed directly from our production plants and our distribution network as well as through independent distributors.

Engineered Products includes the manufacture and sale of structural ceramic products, ceramic cores for the casting industry, tubular metal products for nuclear and aerospace applications and custom shaped bar.

The approximate percentages of our consolidated net sales contributed by the Specialty Metals and Engineered Products segments for the three fiscal years ended June 30, 2003, are set forth below.

Certain reclassifications of prior periods' amounts have been made to conform with the current period's presentation.

	Fiscal Year Ended June 30,		
Segment Sales	**2003**	**2002**	**2001**
Specialty Metals	87%	87%	88%
Engineered Products	13%	13%	12%
Total	100%	100%	100%

The major classes of our products are:

Stainless steels

A broad range of corrosion-resistant alloys including conventional stainless steels and many proprietary grades for special applications.

Special alloys

Other special purpose alloys used in critical components such as bearings and fasteners. Heat resistant alloys that range from slight modifications of the stainless steels to complex nickel and cobalt base alloys. Alloys for electronic, magnetic and electrical applications with controlled thermal expansion characteristics, or high electrical resistivity or special magnetic characteristics. Fabrication of special stainless steels and zirconium base alloys into tubular products for the aircraft industry and nuclear reactors.

Ceramics and other materials

Certain engineered products, including ceramic cores for investment castings ranging from small simple configurations to large complex shapes and structural ceramic components and precision-welded tubular products, as well as drawn solid tubular shapes.

Titanium products

A corrosion-resistant, highly specialized metal with a combination of high strength and low density. Most common uses are in aircraft, medical devices, sporting equipment and chemical and petroleum processing.

Tool and other steels

Tool and die steels, which are extremely hard metal alloys, used for tooling and other wear-resisting components in metalworking operations such as stamping, extrusion and machining. Other steels include carbon steels purchased for distribution and other miscellaneous products.

Beginning in the mid-1990's, we undertook a strategic initiative to diversify our product offering by growing our sales of specialty materials including ceramic products, titanium and special alloys. The chart below, which sets forth the approximate percentages of our net sales contributed by our major classes of products, highlights the shift in product mix over the last seven fiscal years.

	1997	1998	1999	2000	2001	2002	2003
Ceramics/Other	5%	6%	8%	9%	10%	10%	10%
Titanium	5%	11%	10%	8%	7%	8%	8%
Special Alloys	34%	30%	29%	28%	35%	38%	33%
Tool Steel/Other	7%	6%	7%	7%	5%	4%	4%
Stainless Steel	49%	47%	46%	48%	43%	40%	45%
	100%	100%	100%	100%	100%	100%	100%

Business Strategy

Developing High-Performance Products and Services We develop highly differentiated products for selected markets as a way to meet customers' needs and achieve profitable growth. Our goal is to have at least 10% of the revenues generated by our Specialty Alloys Operations from products commercialized within the last five years. Through our warehouses, additional value is provided to customers by offering services such as vendor-managed inventory programs to minimize our customers' storage and shipping costs. Our warehouses also allow us to provide frequent delivery service, where we can deliver product directly to operators on a just-in-time basis.

Exploiting Specialty Growth Markets Worldwide We focus on developing a broad portfolio of specialty alloys and engineered materials. We look to participate in markets where we can be a major supplier. We leverage our technical expertise by expanding our product offering to new markets.

Streamlining We focus on operational excellence, asset utilization and safety in our workplaces. Our continuous improvement efforts include the use of variation reduction teams encompassing almost 500 employees using lean and process variation reduction methods to improve yields, reduce costs, streamline processes and better satisfy customers.

Competitive Strengths

We believe that the following factors have contributed to our success:

We are a leading manufacturer and distributor of specialty materials with a focus on high performance metals, and engineered products serving niche markets. We seek to maintain and increase our leading position through product innovation.

We have a customer-oriented sales and distribution system, supported by front-line metallurgists and engineers to deliver over 400 specialty alloys, engineered products and other premium products.

We are geographically diverse and so are the end-use markets we sell into, with approximately 25% of our revenues generated outside the United States. We sell highly technical products to the automotive, aerospace, electronic, medical, power generation, chemical and petroleum processing, consumer goods, and other industrial markets.

We have some of the most modern equipment as a result of nearly $550 million of investments during the last seven years. This has allowed us to expand our product offerings and enter new markets, and may allow us to sustain a low level of capital expenditures over the next several years.

We are committed to prudent financial management and maintaining our investment grade rating.

Our management team is experienced and recognized in the industry for having a successful track record of managing through business cycles.

Seasonality of Business

Our sales and operational results are normally influenced by seasonal factors. The first fiscal quarter (three months ending September 30) is typically the lowest principally because of annual plant vacation and maintenance shutdowns in this period by us as well as by many of our customers. The second half of the fiscal year is typically stronger than the first half.

Competition

Our business is highly competitive. We supply materials to a wide variety of end-use market sectors, none of which currently consumes more than approximately 30% of our output, and compete with various companies depending on end-use sector, product or geography.

There are approximately 10 domestic companies producing one or more similar specialty metal products that are considered to be major competitors to our specialty metals operations in one or more product sectors. There are several dozen smaller producing companies and converting companies in the United States who are competitors. We also compete directly with several hundred independent distributors of products similar to those distributed by us. Additionally, numerous foreign producers export into the United States various specialty metal products similar to those produced by us. Furthermore, new capacity, which may focus on the production of stainless steel commodity products, continues to be added worldwide.

Imports of foreign specialty steels, particularly stainless steels, have long been a concern to the domestic steel industry because of the potential for unfair pricing by foreign producers. Such pricing practices have usually been supported by foreign governments through direct and indirect subsidies. These unfair trade practices have resulted in high import penetration into the U.S. stainless steel markets, with calendar year 2002 levels at about 42% for stainless bar, 65% for stainless rod, and 55% for stainless wire.

Because of the unfair trade practices and the resulting injury, we joined with other domestic producers in the filing of trade actions against foreign producers who have dumped their stainless steel products into the United States. As a result of these actions, the U.S. Department of Commerce issued anti-dumping orders for the collection of dumping duties on imports of stainless bar from Brazil, India, Japan and Spain at rates as high as 63% of their value and on imports of stainless rod from Brazil, France and India at rates as high as 49% of their value. Those orders will continue in effect until January 2006 and July 2005, respectively.

Additional anti-dumping orders are in place with regard to imports of stainless rod from Italy, Japan, Korea, Spain, Sweden and Taiwan at rates as high as 34% of their value. Countervailing duty orders are also in place against stainless rod imports from Italy. These orders were established in 1998 and will continue in effect until September 2003. New anti-dumping orders were issued in March 2002 against imports of stainless bar from France, Germany, Italy, Korea and the United Kingdom and will continue in effect until March 2007.

In a related matter, President George W. Bush announced in June 2001 the implementation of a three-part multilateral initiative on steel. The first part consisted of the initiation with the International Trade Commission (ITC) of a trade action under Section 201 of the Trade Act of 1974 against imports of selected steel products, including several specialty steel products. This action led to the imposition of additional tariffs for a period of three years against imports of stainless bar, rod and wire from most of the steel producing countries of the world. The other two parts included the initiation of multilateral negotiations to reduce excess world steel capacity and to eliminate government subsidies and other unfair trade practices. As part of the Section 201 trade relief, a midterm review conducted by the ITC is required to monitor/investigate the developments with respect to the domestic industry to make a positive adjustment to import competition. The President may then take action to reduce, modify, terminate or maintain the relief any time, after taking into account the Commission's report.

On July 7, 2003, the World Trade Organization (WTO) determined that the safeguard measures were not consistent with the Uruguay round agreement. The United States has filed an appeal to the Appellate Body of the WTO. On January 8, 2003, the WTO found that the United States' use of countervailing duties is not consistent with the Uruguay round agreements. This WTO ruling may lead to the elimination of countervailing duties on imports from selected countries. See "Risk Factors".

The Exchange Offer

Securities Offered	$100,000,000 aggregate principal amount of 6.625% Senior Notes due May 15, 2013. The terms of the new notes and old notes are identical in all material respects, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
The Exchange Offer	We are offering the new notes to you in exchange for a like principal amount of old notes. Old notes may be exchanged only in integral multiples of $1,000. We intend by the issuance of the new notes to satisfy our obligations contained in the exchange and registration rights agreement.
Expiration Date; Withdraw of Tender	The exchange offer will expire at 5:00 p.m., New York City time, on November 14, 2003, or such later date and time to which it may be extended by us. The tender of old notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date of the exchange offer. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder thereof as promptly as practicable after the expiration or termination of the exchange offer.
Conditions to the Exchange Offer	Our obligation to accept for exchange, or to issue new notes in exchange for, any old notes is subject to customary conditions relating to compliance with any applicable law or any applicable interpretation by the staff of the Securities and Exchange Commission, the receipt of any applicable interpretation by the staff of the Securities and Exchange Commission, the receipt of any applicable governmental approvals and the absence of any actions or proceedings of any governmental agency or court which could materially impair our ability to consummate the exchange offer. See "The Exchange Offer Conditions to the Exchange Offer."
Procedures for Tendering Old Notes	If you wish to participate in the exchange offer and tender your old notes, you must complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal, in accordance with its instructions and the instructions in this prospectus, and mail or otherwise deliver the letter of transmittal, or the facsimile, together with the old notes and any other required documentation, to the exchange agent at the address set forth herein. See "The Exchange Offer Procedures for Tendering Old Notes."
Use of Proceeds	We will not receive any proceeds from the exchange offer.
Exchange Agent	U.S. Bank Trust National Association is serving as the exchange agent in connection with the exchange offer.
Federal Income Tax Consequences	The exchange of notes pursuant to the exchange offer should not be a taxable event for federal income tax purposes. See "United States Federal Income Tax Consequences."

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Consequences of Exchanging Old Notes Pursuant to the Exchange Offer

Based on certain interpretive letters issued by the staff of the Securities and Exchange Commission to third parties in unrelated transactions, we are of the view that holders of old notes (other than any holder who is an "affiliate" of our company within the meaning of Rule 405 under the Securities Act) who exchange their old notes for new notes pursuant to the exchange offer generally may offer the new notes for resale, resell the new notes and otherwise transfer the new notes without compliance with the registration and prospectus delivery provisions of the Securities Act, provided:

- the new notes are acquired in the ordinary course of the holders' business;
- the holders have no arrangement with any person to participate in a distribution of the new notes; and
- neither the holder nor any other person is engaging in or intends to engage in a distribution of the new notes.

Each broker-dealer that receives new notes for its own account in exchange for old notes must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. See "Plan of Distribution." In addition, to comply with the securities laws of applicable jurisdictions, the new notes may not be offered or sold unless they have been registered or qualified for sale in the applicable jurisdiction or in compliance with an available exemption from registration or qualification. We have agreed, under the exchange and registration rights agreement and subject to limitations specified in the exchange and registration rights agreement, to register or qualify the new notes for offer or sale under the securities or blue sky laws of the applicable jurisdictions as any holder of the notes reasonably requests in writing. If a holder of old notes does not exchange the old notes for new notes according to the terms of the exchange offer, those old notes will continue to be subject to the restrictions on transfer contained in the legend printed on the old notes. In general, the old notes may not be offered or sold, unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Holders of old notes do not have any appraisal or dissenters' rights under the Delaware General Corporation Law in connection with the exchange offer. See "The Exchange Offer Consequences of Failure to Exchange; Resales of New Notes."

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The New Notes

The terms of the new notes and the old notes are identical in all material respects, except that transfer restrictions and registration rights relating to the old notes do not apply to the new notes.

Issuer	Carpenter Technology Corporation
Notes Offered	$100,000,000 aggregate principal amount of 6.625% Senior Notes due May 15, 2013.
Issue Price	99.944%
Issue Date	May 22, 2003
Denominations	$1,000 with integral multiples of $1,000
Stated Maturity Date	May 15, 2013
Interest Basis	Fixed Rate Notes
Interest Rate	6.625% per annum
Interest Payment Dates	May 15 and November 15, commencing November 15, 2003

Regular Record Dates	May 1 and November 1
Optional Redemption	The new notes will be redeemable as a whole or in part, at our option, at any time, at a redemption price equal to the greater of (1) the principal amount being redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below under "Description of Notes Optional Redemption") plus 30 basis points, plus, in either case, accrued and unpaid interest on the notes to the redemption date.
Ranking	The new notes will rank equally in right of payment with all of Carpenter's existing and future unsecured senior debt and will be senior in right of payment to any future subordinated debt. The indenture relating to the new notes does not limit Carpenter's ability or the ability of Carpenter's subsidiaries to incur additional unsecured indebtedness.
Certain Covenants	Carpenter will issue the new notes under an existing indenture with U.S. Bank Trust National Association, as successor trustee. The indenture, among other things, limits Carpenter's ability and the ability of Carpenter's subsidiaries to:
	incur debt secured by liens; and
	engage in sale/leaseback transactions.

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Use of Proceeds	Carpenter will not receive any cash proceeds from this offering. See "Use of Proceeds."
Further Issuances	Carpenter may from time to time without the consent of the holders of the new notes create and issue further notes having the same terms and conditions as the new notes so that each further issuance is consolidated and forms a single series with the previously outstanding notes.

For a more detailed description of the new notes, see "Description of Notes."

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RISK FACTORS

Our business involves a number of risks, some of which are beyond our control. You should carefully consider each of the risks and uncertainties we describe below and all of the other information in this prospectus before making an investment decision. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties that we do not currently know or that we currently believe to be immaterial may also adversely affect our business.

RISKS RELATING TO OUR BUSINESS

Our Business is Sensitive to General Economic, Political and Military Conditions.

Demand for certain of our products, such as ceramics, titanium, stainless steel and high-temperature alloys, is sensitive to general economic conditions. The prices of certain of our other products have had, and in the future may have, significant fluctuations as a result of general economic conditions, imports and other factors beyond our control. The demand for our products and for products in certain end-use markets, including, but not limited to, aerospace, power generation, automotive, certain industrial products and consumer durables, is affected by domestic economic conditions, as well as changes in the world economy. In addition to general economic conditions, our operating performance can be influenced by market-specific factors. As an example, our sales to the aerospace market have been adversely affected by the decline in commercial jet deliveries. The decline in deliveries stems in part from the effects of the terrorist acts of September 11, 2001, on commercial airline travel.

Because of the comparatively high level of fixed costs associated with our manufacturing processes, changes in production volumes can result in significant variations in net income. Any significant decrease in demand for our products or a decline in prices for such products could have a material adverse effect on our business, financial condition or results of operations.

Our Specialty Metals Segment Uses Raw Materials Which May Become Subject to Supply Interruptions.

Our Specialty Metals segment depends on continued delivery of critical raw materials for its day-to-day operations. These raw materials include nickel, ferrichrome, cobalt, molybdenum, titanium, manganese and iron scrap. The sources of some of these raw materials are located in countries subject to potential interruptions of supply. These potential interruptions could cause material shortages and adversely affect the availability and prices of these raw materials, which could materially adversely affect our results of operations.

Foreign and Domestic Competition and Over Capacity in Our Industry Restricts Our Ability to Increase Prices for Our Products.

Our competitors are located throughout the world. Currently, there is worldwide excess manufacturing capacity for certain alloys that we produce, resulting in increased competition and downward pricing pressure. We compete generally on the basis of quality, the ability to meet customers' product specifications, price requirements and delivery schedules. We supply materials to a wide variety of end-use markets, none of which currently consumes more than 30% of our output, and compete with various companies depending on end-use markets, product or geography. There are approximately 10 domestic companies producing one or more similar specialty metal products that are considered to be major competitors to our specialty metals operations in one or more product sectors. There are several dozen smaller producing companies and converting companies in the United States that are competitors. We also compete directly with several hundred independent distributors of products similar to those distributed by our distribution system. If we cannot compete successfully, our business, financial condition and results of operations could be adversely affected.

Additionally, foreign producers export to the United States various stainless steel and specialty metal products similar to those produced by us. The continuing high levels of stainless steel imports and the excess inventories of these products in the distributor supply chain result in increased competition based on price and delivery.

Trade Actions Taken by the United States Government Against Certain of Our Foreign Competitors May Not Be Effective to Relieve Competition for Our Products from Foreign Producers.

Since the Section 201 trade action was put into place, numerous exclusions have been granted to certain foreign companies for specific products they produce. Some of these exclusions include products that compete against products produced by us. There can be no assurance that no additional exclusions will be granted nor can there be any assurance that the Section 201 trade action will continue in its current format or any format when its mid-term review by the Bush Administration is completed in September 2003. In May 2003, the World Trade Organization issued a final ruling against the Section 201 remedies. Although President Bush's administration has indicated preliminarily that it will appeal the ruling, we cannot predict whether the administration will appeal the ruling or the likelihood of success of any appeal. Additionally, there can be no assurance that the current anti-dumping and countervailing duty orders will be extended beyond the scheduled sunset dates.

We Could Face Additional Pricing Pressures as a Result of Competitors Who Develop Lower Cost Structures Through the Bankruptcy Process.

Several of our competitors have filed for protection under the U.S. Bankruptcy Code. In such proceedings, these competitors may be able to close unprofitable facilities, reduce or eliminate certain liabilities, such as pension or retiree medical costs, and restructure debt and other agreements, including labor agreements. As a result, competitors that emerge from bankruptcy may do so with lower cost structures. This could allow these companies to lower their selling prices, which may further aggravate the downward pressure on pricing in several of our markets or affect our ability to seek higher prices.

The Transfer of Manufacturing Capacity by Our Customers Out of the United States to Lower Cost Regions of the World Could Adversely Effect Us.

Manufacturing activity in the United States has been on the decline over the past several years. One of the reasons for this decline is the migration by U.S. manufacturers to other regions of the world that offer lower cost labor forces. In addition to the low labor costs, these countries typically have currencies that are much weaker relative to the U.S. dollar. The combined effect is that U.S. manufacturers can reduce product costs by manufacturing and assembling in other regions of the world and then importing those products to the United States. Some of our customers have shifted production to other regions of the world and there can be no assurance that this trend will not continue. If our customers locate in areas that we cannot economically serve then our ability to continue to provide materials to them may be adversely affected.

Increased Consolidation Among Our Customers or Suppliers Could Increase Their Ability to Exert Greater Pressure on Product Pricing or Raw Material Costs.

There is the possibility that some of our customers may combine operations either through acquisition or merger with other customers of ours. As a result of the increased purchasing leverage, the combined company could attempt to exert downward pricing pressure on products that we sell. Also, with the additional size and strength from such acquisitions or mergers, those customers may have more incentive to vertically integrate and develop the internal capability to manufacture some of the products they purchase from us.

There is also the possibility that one or more of our suppliers could combine with each other. This could give them greater leverage to raise the prices or control the supply for our raw materials. If this occurs at a time when our customers are also consolidating, we may have less ability to pass the increased costs on to our customers.

We Are Subject to Stringent Federal, State, Local and Foreign Environmental Laws and Regulations in Connection with Our Manufacturing Operations.

We are subject to various stringent federal, state, local and foreign environmental laws and regulations relating to pollution, protection of public health and the environment, natural resource damage and occupational safety and health. The liability for future environmental remediation costs is evaluated by management on a quarterly basis. We accrue amounts for environmental remediation costs which represent management's best estimate of the probable and reasonably estimable costs relating to environmental remediation. Estimates of the amount and timing of future costs of environmental remediation requirements are necessarily imprecise because of the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of currently unknown remediation sites and the allocation of costs among the potentially responsible parties. For further information on environmental matters, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003 and incorporated herein by reference.

RISKS RELATING TO THE NOTES

There Is No Public Market for the Notes and It Is Unlikely That One Will Develop.

The notes are a new issue of securities with no established trading market and will not be listed on any securities exchange. Wachovia Securities, Inc. acted as the initial purchaser in connection with the offer and sale of the notes. Wachovia Securities has informed us that it intends to make a market in the notes. However, Wachovia Securities may cease its market-making at any time. In addition, the liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for debt securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally.

Failure to Tender Your Old Notes for New Notes Could Limit Your Ability to Resell the Old Notes.

The old notes were not registered under the Securities Act or under the securities laws of any state and may not be resold, offered for resale or otherwise transferred unless they are subsequently registered or resold under an exemption from the registration requirements of the Securities Act and applicable state securities laws. If you do not exchange your old notes for new notes in the exchange offer, you will not be able to resell, offer to resell or otherwise transfer the old notes unless they are registered under the Securities Act or unless you resell them, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act. In addition, we will no longer be under an obligation to register the old notes under the Securities Act except in the limited circumstances provided under the exchange and registration rights agreement. If you want to exchange your old notes in the exchange offer for the purpose of participating in a distribution of the new notes, you may be deemed to have received restricted securities, and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In consideration for issuing the new notes, we will receive in exchange old notes of like principal amount, the terms of which are identical in all material respects to the new notes. The old notes surrendered in exchange for new notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the new notes will not result in any increase in our indebtedness. We have agreed to bear the expenses of the exchange offer. No underwriter is being used in connection with the exchange offer.

The net proceeds from the sale of the old notes was $98.1 million, after deducting discounts, commissions and expenses of the offering. The proceeds from the sale of the old notes were used to redeem our outstanding 9% Sinking Fund Debentures due 2022 and for general corporate purposes.

The following table sets forth Carpenter's short-term debt and long-term debt as of June 30, 2003. This table should be read in conjunction with "Selected Historical Consolidated Financial Data" and "Capitalization" included elsewhere in this prospectus.

	As of June 30, 2003 (in millions)
Short-Term Debt:	
Committed Revolver	$ 0.0
364-day Revolver	17.1
Total Short-Term Debt	$ 17.1
Long-Term Debt (including current portion):	
Medium-Term Notes, Series C at 7.625% due 2011	101.9(1)
Medium-Term Notes, Series B at 6.28% to 7.10% due from April 2003 to 2018	156.6(1)
Medium-Term Notes, Series A at 6.95% due 2005	20.0
6.625% Senior Notes due 2013	99.1
Other	1.4
Total Long-Term Debt	379.0
Total Debt	$ 396.1

(1) A portion of the Series B and Series C notes are associated with fixed to floating interest rate swaps. Therefore, the carrying value of the debt has been adjusted to reflect the underlying value of the swaps in accordance with fair value hedge accounting.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges:

	2003	2002	2001	2000	1999
Ratio of earnings to fixed charges	(1)	(1)	2.3x	2.8x	2.4x

(1) For our fiscal year 2002, our fixed charges exceeded our earnings by $11.4 million. For our fiscal year 2003, our fixed charges exceeded our earnings by $21.0 million.

For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes, extraordinary charges and cumulative effect of changes in accounting principles, gains and losses related to less-than-fifty-percent-owned persons, fixed charges (excluding capitalized interest), plus the amount of previously capitalized interest amortized during the period. Fixed charges consist of interest costs (which include capitalized interest and amortization of debt discount and debt expense) and an amount representing the interest component of non-capitalized leases.

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CAPITALIZATION

The following table sets forth Carpenter's consolidated cash and cash equivalents and capitalization as of June 30, 2003 and June 30, 2002. This table should be read in conjunction with "Selected Historical Consolidated Financial Data" included elsewhere in this prospectus.

	June 30, 2003	June 30, 2002
	(in millions)	
Cash and Cash Equivalents	$ 53.5	$ 18.7
Short-Term Debt(1)		
Committed Revolver	$ 0.0	$ 0.0
364-day Revolver	$ 17.1	$ 16.8
Total Short Term Debt	$ 17.1	$ 16.8
Long-Term Debt (including current portion):		
Medium-Term Notes, Series C at 7.625% due 2011	$ 101.9(1)	$ 99.5(1)
Medium-Term Notes, Series B at 6.28% to 7.10% due from April 2003 to 2018	156.6(1)	198.0(1)
Medium-Term Notes, Series A at 6.95% due 2005	20.0	20.0
6.625% Senior Notes due 2013	99.1	
9% Sinking Fund Debentures due 2022		99.7
Other	1.4	8.8
Total Long-Term Debt	379.0	426.0
Total Debt	$ 396.1	$ 442.8

	June 30, 2003	June 30, 2002
Stockholders' Equity	474.6	508.3
Total Capitalization	$ 870.7	$ 951.1

(1) A portion of the Series B and Series C notes are associated with fixed to floating interest rate swaps. Therefore, the carrying value of the debt has been adjusted to reflect the underlying value of the swaps in accordance with fair value hedge accounting.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following data, insofar as it relates to each of the fiscal years 1999-2003, was derived from annual financial statements, including those incorporated in this prospectus by reference to Carpenter's Annual Report on Form 10-K for the fiscal year ended June 30, 2003.

You should read this historical information together with the consolidated financial statements and related notes of Carpenter in the annual reports and other information that Carpenter has filed with the Securities and Exchange Commission and incorporated herein by reference.

	2003	2002(2)	2001(3)	2000	1999
	($ in millions, except per share data)				
Statement of Income Data:					
Net sales	$ 871.1	$ 977.1	$ 1,324.1	$ 1,109.1	$ 1,049.3
Cost of sales	717.4	814.2	1,038.0	861.8	786.1
Gross profit	153.7	162.9	286.1	247.3	263.2
Selling and administrative expenses	118.8	142.1	153.7	147.3	164.0
Special charges(1)(4)	30.6		36.0		14.2
Interest expense	31.0	34.6	40.3	33.4	29.3
Other income net	(3.8)	(0.5)	(2.3)	(13.3)	(0.1)
(Loss) income before income taxes and cumulative effect of accounting changes	(22.9)	(13.3)	58.4	79.9	55.8
Income taxes	(12.0)	(7.3)	23.2	26.6	18.7
(Loss) income before cumulative effect of accounting changes, net of tax	(10.9)	(6.0)	35.2	53.3	37.1
Cumulative effect of accounting changes, (net of $9.4 million tax in fiscal 2001)		(112.3)	(14.1)		
Net (loss) income	$ (10.9)	$ (118.3)	$ 21.1	$ 53.3	$ 37.1
Earnings per share:					
Basic					
(Loss) earnings before cumulative effect of accounting changes	$ (0.56)	$ (0.35)	$ 1.52	$ 2.35	$ 1.61

	2003	2002(2)	2001(3)	2000	1999
Cumulative effect of accounting changes		(5.06)	(0.64)		
Net (loss) earnings	$ (0.56)	$ (5.41)	$ 0.88	$ 2.35	$ 1.61
Diluted					
(Loss) earnings before cumulative effect of accounting changes	$ (0.56)	$ (0.35)	$ 1.50	$ 2.31	$ 1.58
Cumulative effect of accounting changes		(5.06)	(0.62)		
Net (loss) earnings	$ (0.56)	$ (5.41)	$ 0.88	$ 2.31	$ 1.58
Cash dividends on common stock	$ 0.5775	$ 1.32	$ 1.32	$ 1.32	$ 1.32