Jefferies 2011 Global Industrial and Aerospace & Defense Conference

Carpenter Technology Corporation

August 11, 2011

CARPENTER

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Forward-Looking Statements

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act. These statements, which represent the Company's expectations or beliefs concerning various future events, include statements concerning future revenues, EBITDA, synergies, strategy, earnings and liquidity associated with continued growth in various market segments, cost reductions expected from various initiatives, our contemplated acquisition and other events. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those projected, anticipated or implied. Any of these risks could have adverse and/or fluctuating effects on the Company's results of operations. For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see the Company's SEC filings. All subsequent forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. The Company is not under any obligation to, and expressly disclaims any obligation to, update or alter any forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

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Carpenter Technology Overview

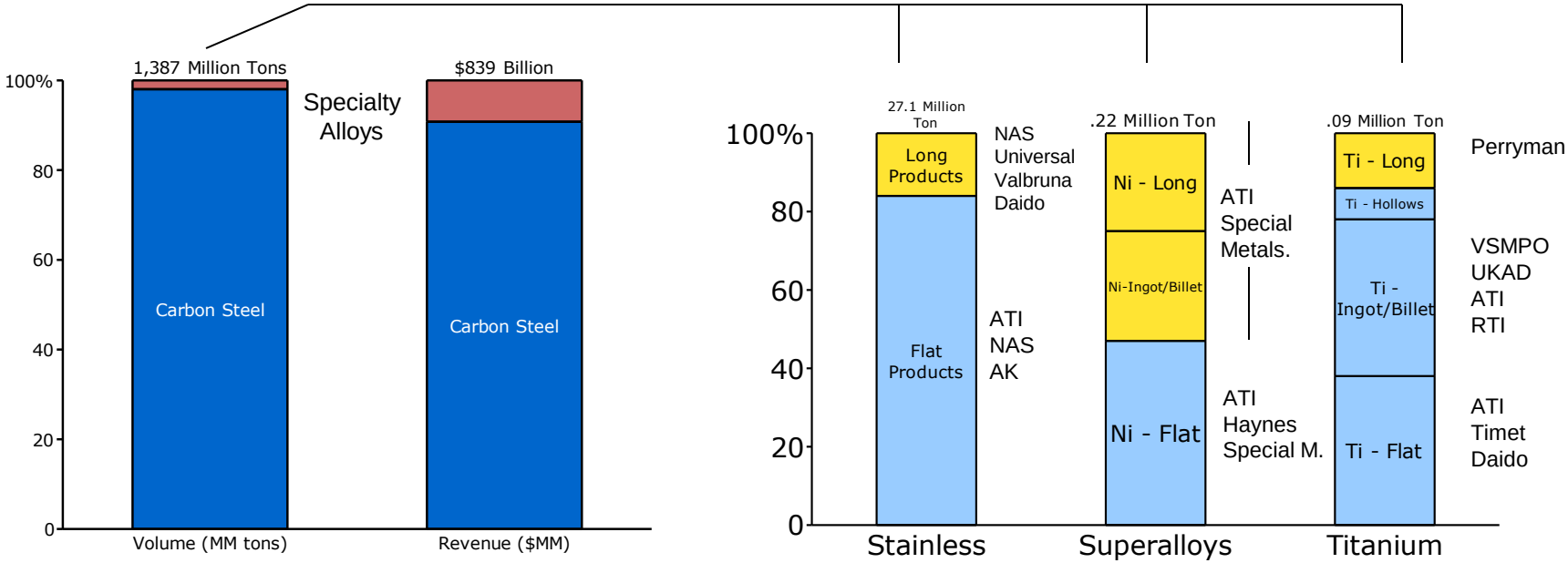
Leader in Specialty Metals for Critical Applications

- Over 120 Years of metallurgical and manufacturing expertise
- Continue to evolve to meet changing material requirements
- Focused on high value, differentiated products in niche markets for demanding applications, not large volumes
- Unique capabilities for products where tight tolerance in chemistry or dimensions is required
- Reputation for quality, consistency and high value
- Attractive end-use markets and strong customer relationships

Specialty Alloys is Most Profitable Sector

- Specialty alloys represents 2% of steel industry volume but over 9% of revenue
- Carpenter manufactures long product forms within specialty alloys
- Higher average pricing and profit per pound

2009 Global Steel Consumption – Breakdown by Type



Carbon ASP = $0.28/lb

ASP	$1.28/lb	$7.25/lb	$25.00/lb

Source: SSINA, ISSF, SMR and Management's Estimates (2010)

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Business Outlook

- We believe we are in the early stages of a sustained growth cycle in our key end-markets
- Very few companies have our capabilities to supply the critical products in these end-markets
- Current industry supply/demand relationship is favorable – and we are taking action to address future capacity needs
- We are well positioned competitively – and have strengthened our position in strategic end-markets and products
- There are high barriers to entry for new competitors – required expertise, customer loyalty and qualification process, capital investment and lead time

Carpenter is Well Positioned

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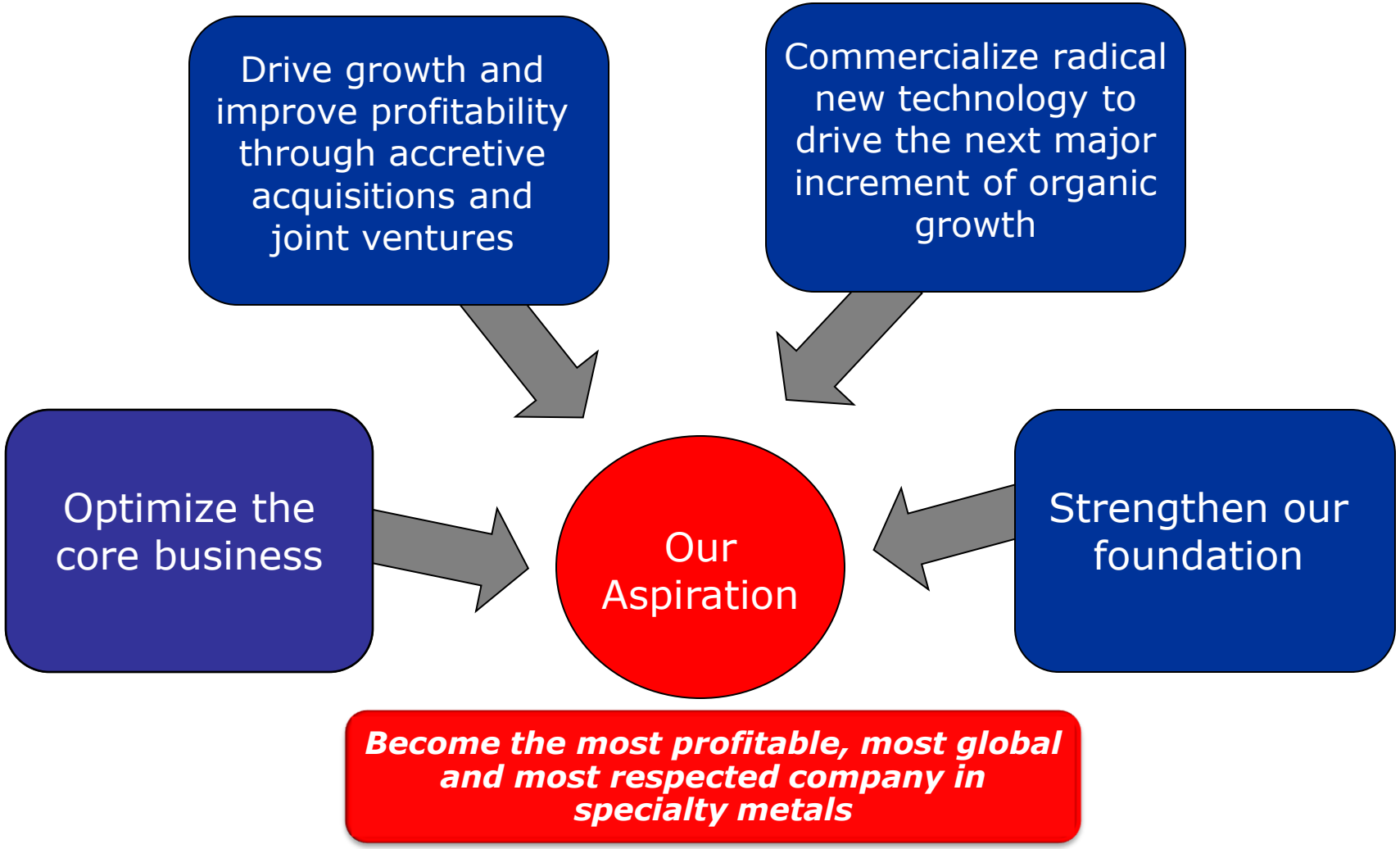
Path to Success



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Progress Made in FY2011

- **Markets/Customers**
  - Aerospace (+24%) and Energy (+144%) sales continue to grow rapidly
  - Strengthened customer relationships and market share positions
  - Customers signing longer term contracts with higher volume commitments

- **Profit Improvement**
  - Increased profit/lb from pricing and mix management actions
  - Delivering continued Safety, Quality, Delivery & Cost improvement
  - Returning back to peak profit levels (OI ex. EID +165%)

- **Positioned the Business for Continued Success**
  - Key Acquisitions and Joint Ventures
    - Latrobe Specialty Metals, Amega West, Oilfield Alloys, Sandvik joint ventures
  - Addressing future capacity needs to support customer demand
    - Titanium, Powder, Reading, next major increment
  - Continued investment in new product development
  - Strengthened capital structure

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Steps to Sustain Growth

- **Increase price/mix and volume (limited) to achieve return to peak+ EBITDA over the next 2 years**
- **Gain new capacity, earnings and synergies from Latrobe acquisition to drive growth over the next 3 years**
- **Address next increment of premium products capacity needed to support increases in customer volume requirements**
- **Commercialize new technology to create new major sources of volume and capitalize on general favorable trends in material requirements**
- **Continue to drive international growth and presence**
- **Accelerate growth with smart acquisitions & collaborations**

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Carpenter to Acquire Latrobe Specialty Metals

Transaction Highlights

Purchase Price	~$558 M Enterprise Value[1]
Consideration	8.1 M shares of CRS stock $170 M in cash to repay debt/deal costs
Valuation	9.6x TTM EBITDA[2] ex. synergies 6.8x FY 2012E[3] EBITDA ex. synergies
EPS Impact	Expected to be highly accretive ($25M net synergies by year 3) Expected to be accretive in year 1 including one-time expenses
Key Latrobe Directors to join Carpenter's Board	Thomas O. Hicks, Chairman of Hicks Equity Partners Steven E. Karol, Managing Partner of Watermill Group
Selling shareholder ownership in Carpenter	15.5%
Shareholder Agreements	5-year standstill; voting agreement until 2014 annual stockholder meeting
Expected Closing	Following HSR approval

[1] Based on pre-announced CRS share price of $47.88
[2] TTM for period ending March 31, 2011
[3] Carpenter management estimates based on 6/30 FYE

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Expected Benefits of Carpenter – Latrobe Combination

Strategic Benefits

- Immediately increases premium melt capacity to meet current strong customer demand
- Expands offerings in fast-growth aerospace and energy markets
- Complementary asset capabilities will lead to enriched, higher-margin product mix and operating cost synergies
- Provides volume and efficiencies to justify investment in next major increment of premium product capability
- Provides capabilities for commercialization of new Carpenter products under development
- Combined entity will have:
  - 7 VIM furnaces
  - 40 VAR furnaces
  - 13 ESR furnaces
  - 2 Presses
  - 3 Forges

Financial Benefits

- Highly synergistic
  - Run-rate synergies of >$25M net before-tax by year 3
- Accretive in year 1
- Increased revenue and EBITDA growth rate
- Fast payout on cash portion of acquisition
- 100% of equity consideration to be paid in Carpenter stock
  - Selling shareholders see significant value in combination and Carpenter's growth plan
  - Stronger pro forma capital structure
  - Preserves liquidity for organic capex and other growth investments
- Interest savings from absorbing debt into Carpenter capital structure

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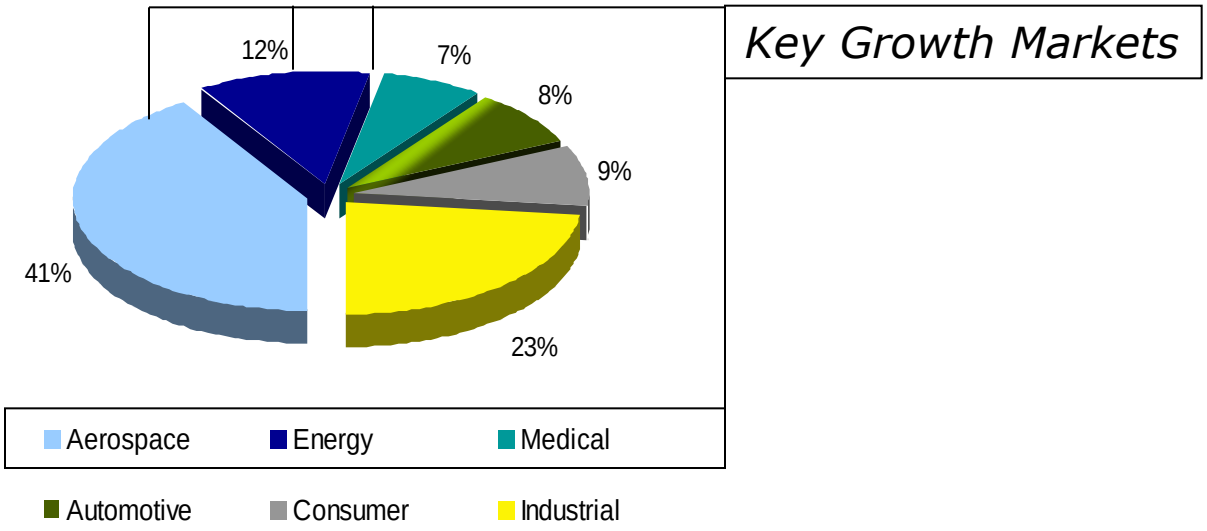
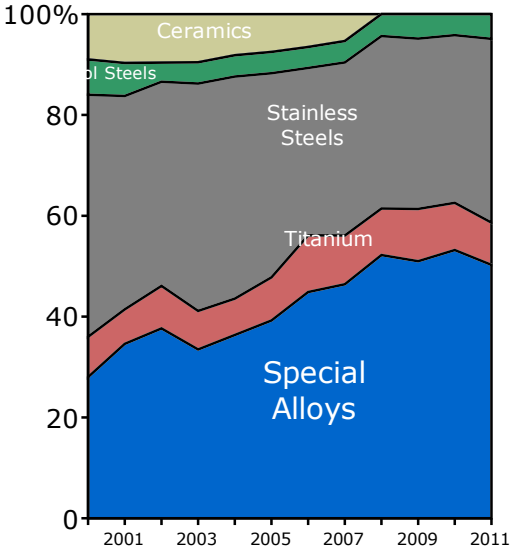
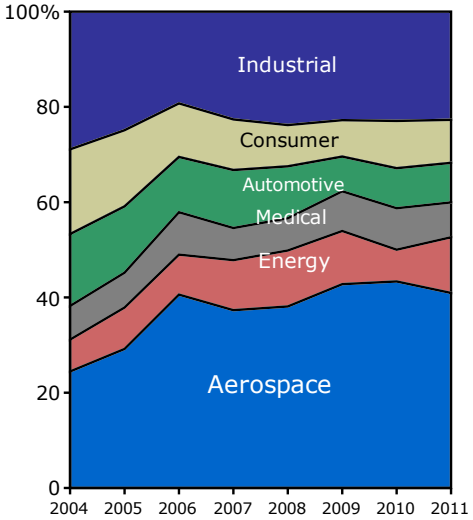
Alloy, Market and Geographic Diversification

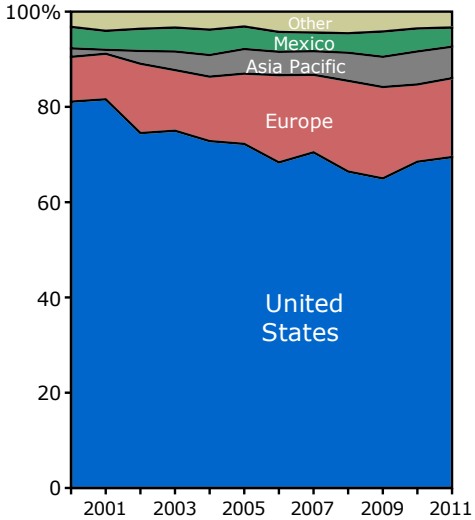
Fiscal Year 2011 Net Sales - $1.7 Billion

Revenue by End-Use Market









Source: Company SEC filings

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Engineered Materials For Aerospace

$686 Million
41% of FY 2011 Net Sales

STRUCTURAL/ OTHER COMPONENTS

Flaptrack / Slat Track Components
- Custom 465® stainless, 17-4 PH

Landing Gear
- AerMet® 100 alloy, Custom 465® stainless

Avionics / APU
- Hiperco® 50 alloy

FASTENERS (Airframe/Pylon)

- Titanium
- Pyromet® A-286 alloy
- Pyromet® 718 alloy
- Carpenter 15-7PH

ENGINE COMPONENTS

- Pyromet® 718 alloy
- Waspaloy
- Pyromet® 355 alloy
- Pyromet® 901 alloy
- Controlled Expansion Superalloys
- NiMark® 250 alloy

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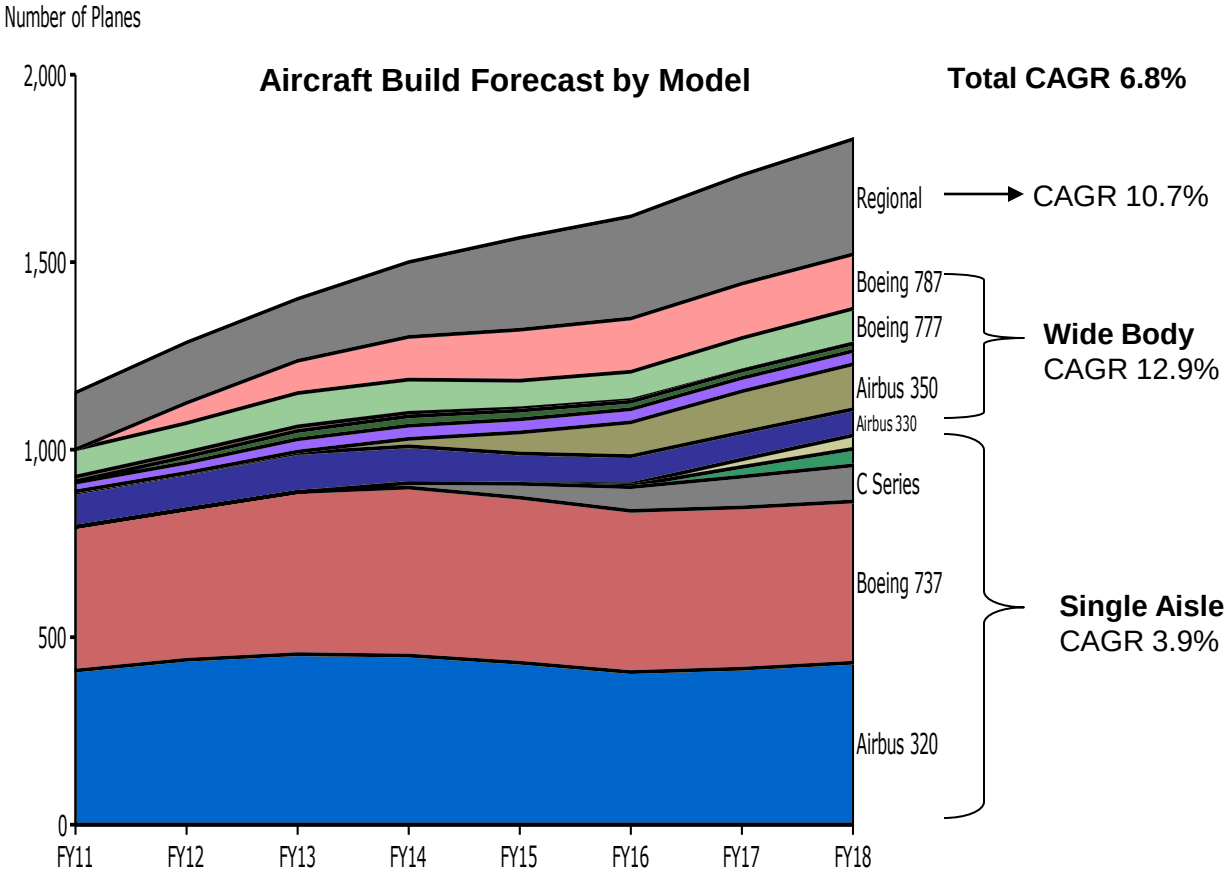
Material Consumption to Increase Faster than Plane Build Schedule



OEM	Model	Material Index*	Comments
Boeing	737	1.00	High volume single aisle
Boeing	747-400/8	3.74	Large aircraft. Significant C465, Ni billet
Boeing	777	3.54	Large volume of Ti fasteners and stainless airframe applications
Boeing	787	1.79	Large engines (Ni billet). Ti fastener usage 8x 737
Airbus	A-320	0.93	High volume single aisle
Airbus	A-350	2.01	Large engines (Ni billet). Significant Ti and Ni fasteners
Airbus	A-380	4.75	Low volume of builds but huge usage of all materials (Ni, Ti, stainless)

***Material Index** = Number of 737 aircraft that would be built with the equivalent amount of material (engine billet, Ni and Ti fasteners, airframe SS) used in the other aircraft

Source: Airline Monitor, Boeing, Airbus, Carpenter analysis

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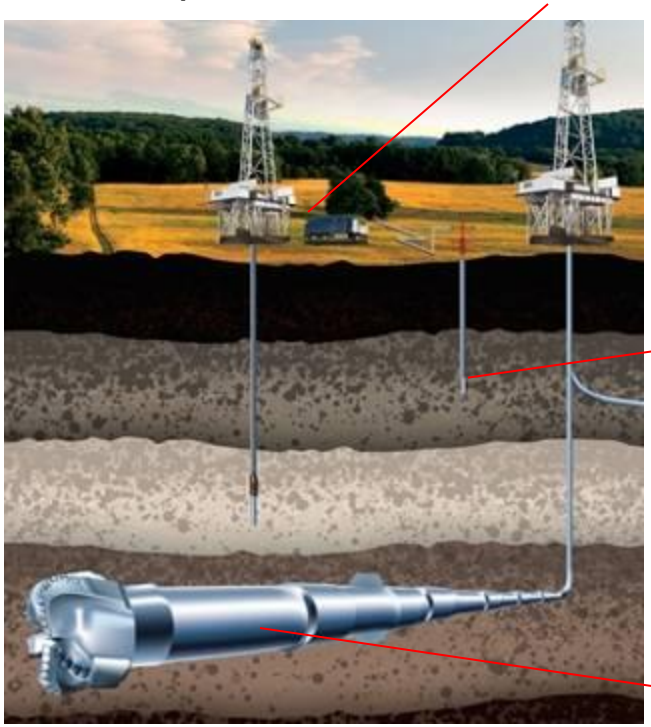
Engineered Materials For Energy

$196 Million
12% of FY 2011 Net Sales

Oil & Gas

- Non Mag drill collars
- Wireline/slick line
- Completions



Power Generation

- Gas turbines
- Nuclear

Focus on new applications; downstream participation via Amega West/Oilfield Alloys acquisitions. Expect Energy to be our fastest growing market.

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Engineered Materials For Medical Applications

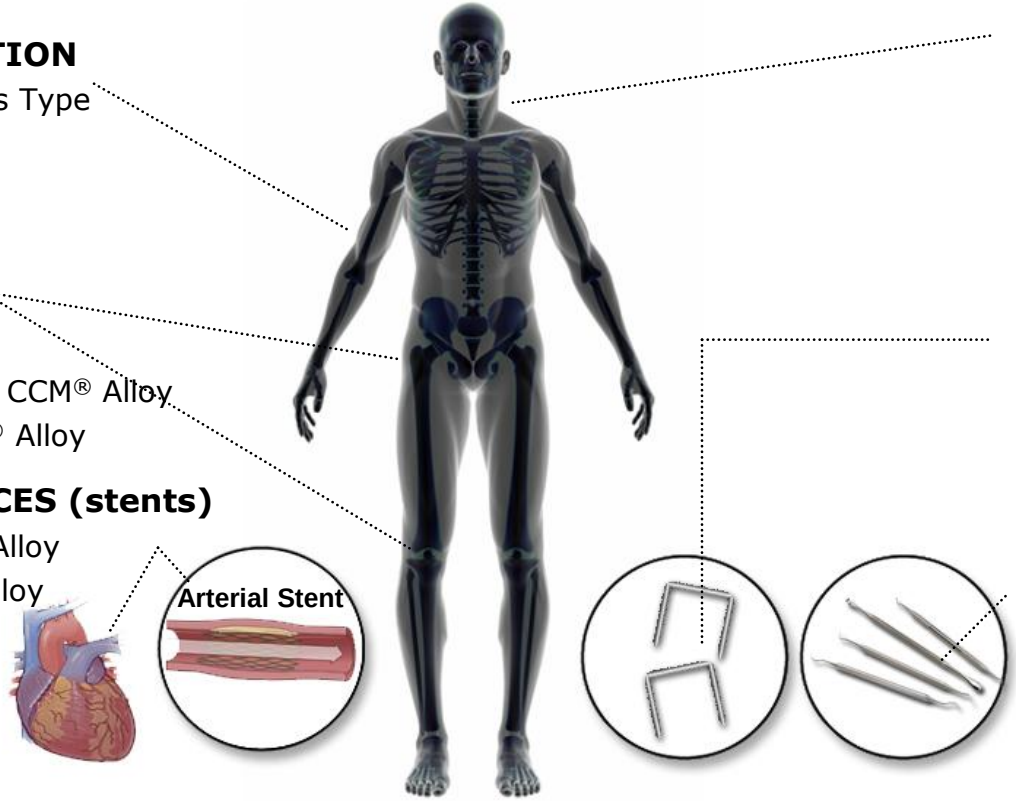
$123 Million
7% of FY 2011 Net Sales

Steady Market Growth and Share Gain in Higher Value Products

FRACTURE FIXATION
- Carpenter Stainless Type 316/316L
- Ti 6AI-4V ELI
- BioDur® 108 Alloy

HIP AND KNEE REPLACEMENTS
- BioDur® Carpenter CCM® Alloy
- BioDur® CCM Plus® Alloy

VASCULAR DEVICES (stents)
- Carpenter MP35N Alloy
- Carpenter L-605 Alloy



ARTIFICIAL DISCS AND SPINAL FIXATION
- Micro-Melt® BioDur® Carpenter CCM® Alloy
- BioDur® CCM Plus® Alloy

SURGICAL NEEDLES AND STAPLES
- Custom 475® Stainless
- Carpenter Stainless Type 420
- Ti 6AI-4V ELI

DENTAL INSTRUMENTS AND IMPLANTS
- Carpenter Stainless Type 440A
- Custom 465® Stainless
- Ti 6AI-4V ELI

Future growth driven by demographics and developing markets

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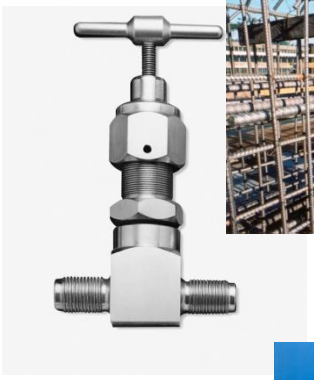
Other End-Use Markets

Focus on Higher Value Stainless

(millions)	Net Sales /% FY 2011	Growth Focus Areas
Industrial	$381 / 23%	• Valves and fittings • Welding
Consumer	$151 / 9%	• Housing • Electronics • Sports
Automotive	$139 / 8%	• Fuel injectors • Engine valves • Safety applications



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Commercialize new technology to drive the next increment of organic growth

Material Requirements Moving Into Our Sweet Spot

Aerospace:

- Lighter weight
- Fuel efficiency
- Longer lasting

Automotive:

- Fuel efficiency
- Hotter temperatures
- Higher pressures

R&D

Energy:

- Tougher
- Corrosive resistant
- Longer lasting

Other Industries:

- Greater strength to weight ratios
- Longer lasting

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Financial Summary

- **Experienced significant improvement in financial results in the 2H of FY11:**
  - Pricing and mix management actions
  - Further volume growth of high value products
  - Cost management
- **Targeting return to prior peak EBITDA by FY13-FY14, then beyond**
- **Strong financial position to fund organic and external growth opportunities**
  - Goal is to maintain liquidity above $150 million
  - Target debt leverage below 3x
- **Will continue to be conservative and disciplined on major growth investments**

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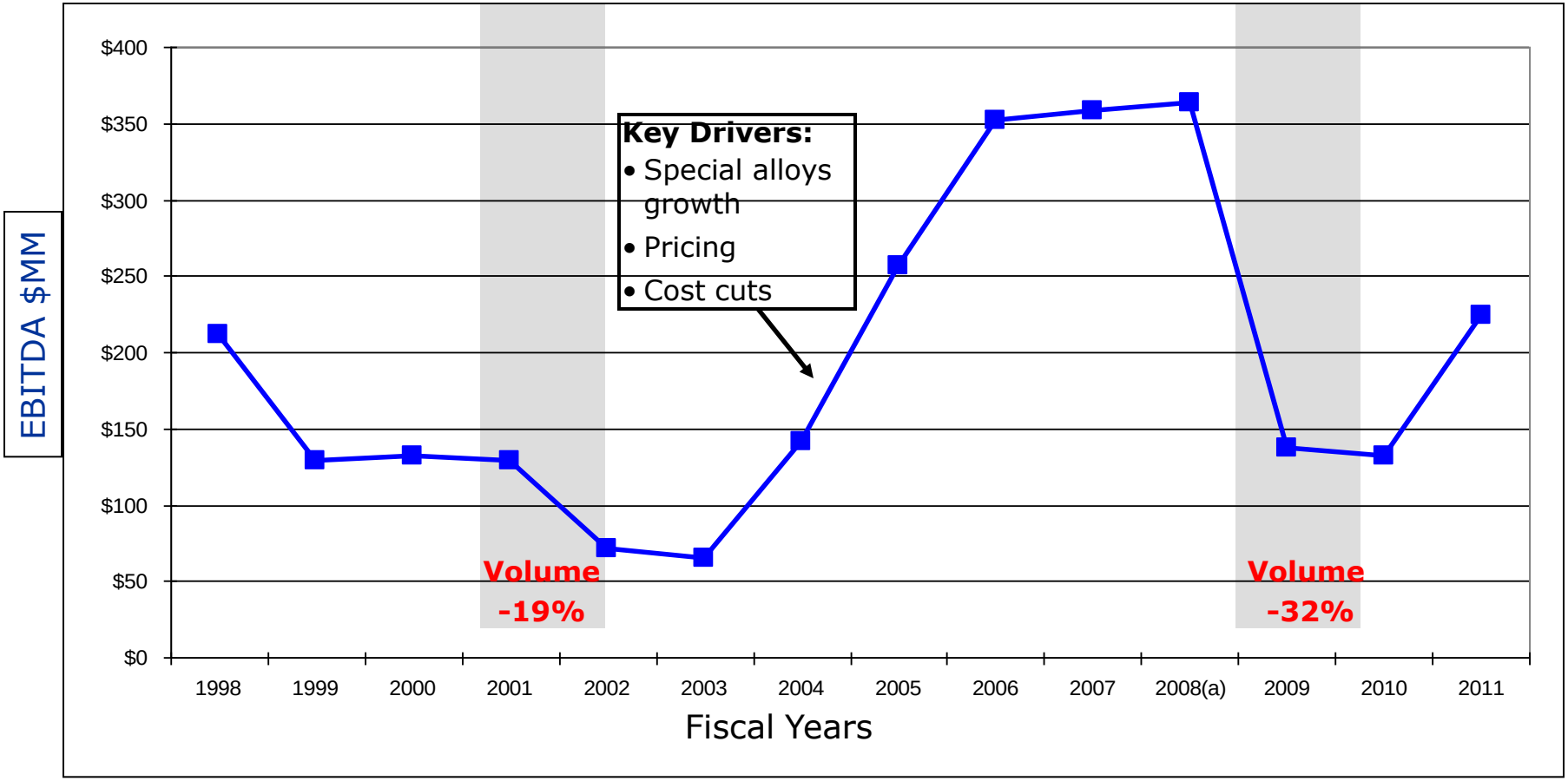
EBITDA Trend

Expect better EBITDA performance at top and bottom of cycle



(a) Excludes $21 million special litigation reserve

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Quarterly Results Trend

- Positive trend in operating margin and EBITDA should continue into FY12

	FY10				FY11			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Volume (K tons)	17.3	18.5	24.9	25.9	24.1	26.4	28.9	29.0
Change vs YA	*-30%*	*-19%*	*20%*	*57%*	*39%*	*43%*	*16%*	*12%*
Revenue (M$ ex. Surcharge)	187.9	207.3	256.7	269.8	263.7	277.0	338.0	352.4
Change vs YA	*-38%*	*-24%*	*-4%*	*26%*	*40%*	*34%*	*32%*	*31%*
Operating Income (loss) (M$ Ex. EID and Latrobe)	(3.8)	11.5	22.3	19.7	22.9	20.9	44.0	46.2
Operating Margin (ex. Pension/Surcharge/Latrobe)	-2.0%	5.5%	8.7%	7.3%	8.7%	7.5%	13.0%	13.1%
EBITDA (M$)	16.4	32.0	43.0	40.7	44.4	42.3	68.3	68.5
Earnings per Share (ex. Latrobe)	($0.21)	$0.08	$0.05	$0.13	$0.17	$0.21	$0.64	$0.61

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Financial Strength

- **Strong cash flow generation**

- **Strong liquidity position** ($ in millions)

	FY08	FY09	FY10	FY11
Cash and Marketable Securities	$408.6	$355.1	$370.6	$523.0
Available Revolver	$187.8	$187.4	$196.2	$346.5
Total Liquidity	$596.4	$542.5	$566.8	$869.5

- **Strong balance sheet** ($ in millions)

	FY08	FY09	FY10	FY11
Debt	$299.7	$278.6	$259.6	$507.8
Net Cash (Debt)	$108.9	$76.5	$111.0	$15.2
Debt / Capital	26.3%	31.1%	31.2%	39.6%
Interest Coverage (TTM)	17.7	8.5	7.4	13.1
Debt / EBITDA (TTM - Internal)	0.8	2.0	2.0	2.3

Target is min. liquidity of $150M, max debt leverage of 3x

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"CRS Investment Case" Summary

- **Exciting growth prospects on core businesses**
  - Aerospace and Energy
  - Titanium and Powder Products
  - International

- **Actions in place to drive return to prior peak EBITDA and beyond**
  - Pricing/mix improvement
  - Increased volume of premium products
  - Cost control

- **Organic growth supplemented with accretive acquisitions and JV's** (e.g. Latrobe, Amega West and Oilfield Alloys acquisitions)

- **Several potential major R&D initiatives**
  (and general favorable material trends)

- **Strong financial position and corporate foundation**

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