

CARPENTER TECHNOLOGY CORP
Form 8-K
June 21, 2011

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): June 21, 2011

CARPENTER TECHNOLOGY CORPORATION

(Exact Name of Issuer as Specified in Charter)

Delaware
(State or Other Jurisdiction of

Incorporation or Organization)

1-5828
(Commission

File Number)

23-0458500
(I.R.S. Employer

Identification Number)

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P.O. Box 14662

Reading, Pennsylvania
(Address of Principal Executive Offices)

(610) 208-2000

19612-4662
(Zip Code)

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K 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
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Item 1.01. Entry Into a Material Definitive Agreement.

On June 21, 2011, Carpenter Technology Corporation, a Delaware Corporation (the *Company*) entered into a new unsecured revolving credit facility (the *Credit Facility*) pursuant to a Credit Agreement with Bank Of America, N.A., as administrative agent, swingline lender and letter of credit issuer, and the other lenders party thereto (collectively, the *Lenders*), JPMorgan Chase Bank, N.A., as syndication agent, PNC Bank, National Association, The Bank Of Tokyo-Mitsubishi UFJ, Ltd., New York Branch and Sovereign Bank, each, as a documentation agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and J.P. Morgan Securities LLC, as joint lead arrangers and joint book managers (the *Credit Agreement*).

The Credit Agreement replaces the *Company's* Credit Agreement dated as of November 24, 2009 (the *Prior Credit Agreement*), by and among the *Company*, the financial institutions party thereto, as lenders, Bank of America, N.A., as administrative agent for the lenders, swingline lender and letter of credit issuer, and the other agents and arrangers party thereto, which had been set to expire on November 24, 2012. The *Prior Credit Agreement* was described in Item 1.01 of the *Company's* Current Report on Form 8-K filed with the Securities and Exchange Commission on November 25, 2009, and which description is incorporated herein by reference. The *Prior Credit Agreement* was terminated effective June 21, 2011.

The Credit Agreement extends to June 21, 2016; permits the *Company* to borrow funds for working capital and other general corporate purposes; contains a revolving credit commitment amount of \$350,000,000, subject to the *Company's* right, from time to time, to request an increase of the commitment to \$500,000,000 in the aggregate; and provides for the issuance of letters of credit within such amount. The *Company* has the right to voluntarily prepay and reborrow loans, to terminate or reduce the commitments under the *Credit Facility*, and, subject to certain lender approvals, to join subsidiaries as subsidiary borrowers.

Interest on the borrowings under the *Credit Facility* will accrue at variable rates, based upon LIBOR or a defined *Base Rate*, that are determined based upon the rating of the *Company's* senior unsecured long-term debt (the *Debt Rating*). The applicable margin to be added to LIBOR ranges from 0.65% to 1.95%, and for *Base Rate*-determined loans, from 0.0% to 0.95%. The *Company* will also pay quarterly a facility fee ranging from 0.10% to 0.45%, determined based upon the *Company's* *Debt Rating*, of the \$350,000,000 commitment under the *Credit Agreement*. In addition, the *Company* must pay certain letter of credit fees, ranging from 0.65% to 1.95%, with respect to letters of credit issued under the *Credit Agreement*.

The *Company* is subject to certain financial and restrictive covenants under the *Credit Agreement*, which, among other things,

require the maintenance of a minimum interest coverage ratio (which begins at 3.25 to 1.00 for the period through September 30, 2011, and ultimately increases to 3.50 to 1.00);

forbid the *Company* from exceeding a debt to capital ratio of 55%;

prohibit certain additional indebtedness or contingent obligations and certain new liens on assets,

prohibit certain acquisitions of or investments in businesses;

restrict the *Company's* ability to merge or consolidate with, or otherwise sell substantially all of its assets to, another party;

restrict the *Company's* ability to dispose of or sell certain assets in other situations; and

restrict the *Company's* ability to declare or make dividends or stock distributions in circumstances that would cause a material adverse effect.

The restrictions of these covenants (other than the financial ratio covenants) are subject to certain exceptions or threshold triggering amounts or events specified in the *Credit Agreement*, and in some cases the restrictions may be waived by the *Lenders*. If the *Company* were to fail to

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comply with these covenants, the Company would be in default under the Credit Agreement.

The foregoing summary of the Credit Agreement is qualified in its entirety by reference to the full text of the Credit Agreement, a copy of which is filed herewith as Exhibit 10.1 and incorporated by reference.

Item 1.02. Termination of a Material Definitive Agreement.

The disclosure set forth above under Item 1.01 is hereby incorporated by reference into this Item 1.02.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure

On June, 21, 2011, the Company issued a press announcing the execution of the Credit Agreement, a copy of which is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(d)

| Exhibit Number | Exhibit |
|-----------------------|--|
| 10.1 | Credit Agreement Dated As Of June 21, 2011 among Carpenter Technology Corporation, as borrower, Bank Of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the other lenders party thereto, JPMorgan Chase Bank, N.A., as Syndication Agent, PNC Bank, National Association, The Bank Of Tokyo-Mitsubishi UFJ, Ltd., New York Branch and Sovereign Bank, each, as a Documentation Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Joint Book Managers |
| 99.1 | Press Release dated June 21, 2011 |

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.

Carpenter Technology Corporation

Date: June 21, 2011

By: /s/ James D. Dee
James D. Dee

Vice President, General Counsel and Secretary

EXHIBIT INDEX

**Exhibit
Number**

Exhibit

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