

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

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## 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**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**3312**  
(Primary Standard Industrial Classification Code  
Number)

**23-0458500**  
(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)

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

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

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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.

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

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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.

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

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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."

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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.carttech.com](http://www.carttech.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.

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## 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.

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

Segment Sales	Fiscal Year Ended June 30,		
	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*

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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%

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## **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.

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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.

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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.

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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".

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### 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."



### 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."

### 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: <p style="text-align: center;">incur debt secured by liens; and</p> <p style="text-align: center;">engage in sale/leaseback transactions.</p>

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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 Affect 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.

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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)
<b>Short-Term Debt:</b>	
Committed Revolver	\$ 0.0
364-day Revolver	17.1
	<u>17.1</u>
Total Short-Term Debt	\$ 17.1
	<u>17.1</u>
<b>Long-Term Debt (including current portion):</b>	
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
	<u>379.0</u>
Total Long-Term Debt	379.0
	<u>379.0</u>
Total Debt	\$ 396.1
	<u>396.1</u>

- (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:

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
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.

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
	(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
<b>Total Short Term Debt</b>	<b>\$ 17.1</b>	<b>\$ 16.8</b>
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
<b>Total Long-Term Debt</b>	<b>379.0</b>	<b>426.0</b>
<b>Total Debt</b>	<b>\$ 396.1</b>	<b>\$ 442.8</b>

	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)				
<b>Statement of Income Data:</b>					
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
<b>Earnings per share:</b>					
Basic					
(Loss) earnings before cumulative effect of accounting changes	\$ (0.56)	\$ (0.35)	\$ 1.52	\$ 2.35	\$ 1.61

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	<u>2003</u>	<u>2002(2)</u>	<u>2001(3)</u>	<u>2000</u>	<u>1999</u>
Cumulative effect of accounting changes		(5.06)	(0.64)		
Net (loss) earnings	\$ (0.56)	\$ (5.41)	\$ 0.88	\$ 2.35	\$ 1.61
<b>Diluted</b>					
(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

**Balance Sheet Data (at period end):**

Working capital	\$ 219.4	\$ 165.1	\$ 115.0	\$ 88.6	\$ 128.2
Property, plant and equipment, net	651.7	713.1	752.2	789.9	750.4
Total assets	1,399.9	1,479.5	1,691.5	1,745.9	1,607.8
Total debt	396.1	442.8	522.7	582.6	510.4
Stockholders' equity	474.6	508.3	648.6	653.6	632.5

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**Other Data:**

Net cash provided from operations	\$ 92.2	\$ 143.7	\$ 118.6	\$ 62.4	\$ 87.4
Net cash provided from (used for) investing activities	2.5	(23.1)	(35.2)	(98.6)	(54.3)
Net cash used for financing activities	(60.3)	(109.7)	(85.1)	40.2	(80.0)
Capital expenditures	8.5	26.7	50.5	105.0	153.1
Depreciation and amortization	64.0	67.7	72.5	68.3	65.7
Net pension credit	(3.4)	(17.1)	40.3	36.4	29.4

- (1) Fiscal year 2003 includes a special charge of \$30.6 million related principally to workforce reduction, pension plan curtailment loss, loss on early retirement of debt and writedown of certain assets. See note 3 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003, incorporated herein by reference.
- (2) Fiscal year 2002 reflects the adoption of SFAS 142 (Goodwill and Other Intangible Assets) effective July 1, 2001. See note 1 and note 6 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003, incorporated herein by reference.



- (3) Fiscal 2001 reflects the adoption of Staff Accounting Bulletin 101 (Revenue Recognition in Financial Statements) effective July 1, 2000. See note 1 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003, incorporated herein by reference. In addition, fiscal 2001 includes a special charge of \$37.6 million related principally to the realignment of Specialty Alloys Operations, planned divestitures of certain Engineered Products Group businesses and a loss on the disposal of the Bridgeport, Connecticut site. See note 3 to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended June 30, 2003, incorporated herein by reference.
- (4) Fiscal 1999 includes a special charge of \$14.2 million related to a salaried work force reduction and a reconfiguration of the U.S. distribution network.

## DESCRIPTION OF NOTES

### General

The new notes will be issued under an indenture, dated as of January 12, 1994, between Carpenter and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as successor trustee (the "Trustee"), as it may be amended or supplemented from time to time (the "Indenture"). The following summary of certain provisions of the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, including the definitions therein of certain terms which are not otherwise defined in this prospectus. The terms of the Indenture are also governed by certain provisions contained in the Trust Indenture Act of 1939. Certain capitalized terms used below but not defined herein have the meanings ascribed to them in the Indenture. As used in this Section, the terms "Note" and "Notes" refer to the new notes.

### Principal, Maturity and Interest

The Indenture provides that securities in separate series may be issued thereunder from time to time without limitation as to aggregate principal amount. The Indenture provides that Carpenter may specify a maximum aggregate principal amount for the securities of any series and such terms and provisions therefor which are not inconsistent with the Indenture, including as to maturity, principal and interest, as Carpenter may determine. The Notes will constitute a single series of securities for purposes of the Indenture. The Notes will be initially limited in aggregate principal amount to \$100.0 million. Such limit may be increased by Carpenter in the future if it determines that it may wish to sell additional Notes. The Notes will be unsecured obligations of Carpenter and will rank on a parity with all of its other unsecured and unsubordinated indebtedness. The Notes will mature on May 15, 2013. Interest on the Notes will accrue at the rate of 6.625% per annum and will be payable in cash semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2003. We will make each interest payment to the holders of record of the Notes on the immediately preceding May 1 and November 1. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date that it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. With respect to any Note, the description of the Notes herein is qualified in its entirety by reference to, and to the extent inconsistent therewith is superseded by, such Note.

The Notes will be issuable as Book-Entry Notes. See " Book-Entry Global Notes". The Notes will be issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof, unless otherwise specified in the Notes.

The Indenture and Notes do not contain any covenants other than those set forth herein. Accordingly, Carpenter may, subject to such covenants and Carpenter's other obligations and restrictions, incur additional indebtedness, pay dividends, engage in transactions with stockholders and affiliates, make investments, create liens, transfer assets among subsidiaries and engage in sales of assets and subsidiary stock.

### Payment of Principal and Interest

Interest will be payable to the person in whose name a Note is registered at the close of business on the Regular Record Date next preceding each May 15 or November 15, as applicable; provided, however, that interest payable at maturity will be payable to the person to whom principal shall be payable. The "Regular Record Date" with respect to any Note shall be the immediately preceding May 1 or November 1, as applicable.

Payments of interest will include interest accrued to but excluding such May 15 or November 15, as applicable. Any payment on any Note due on any day which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the

same force and

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effect as if made on the due date, and no interest shall accrue for the period from and after such date. The term "Business Day," as used herein, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close.

The Indenture provides that principal of and any premium and interest on the securities of a particular series will be payable at the office of such Paying Agent or Paying Agents as Carpenter may designate for such purpose from time to time, except that at Carpenter's option payment of any interest may be made by check mailed to the address of the person entitled thereto as such address appears in the Security Register.

The Trustee will be designated as Carpenter's sole Paying Agent for payments with respect to the Notes. Payment of the principal (and premium, if any) and any interest due with respect to any Note will be paid at the corporate trust office of the Trustee in New York, New York; provided, however, that all payments of principal, premium, if any, and interest on Book-Entry Global Notes shall be payable as described under " Book-Entry Global Notes." Carpenter may at any time designate additional Paying Agents or rescind the designation of any Paying Agent or approve a change in the office through which any Paying Agent acts, except that Carpenter will be required to maintain a Paying Agent in each Place of Payment for the Notes.

All moneys paid by Carpenter to a Paying Agent for the payment of the principal of or any premium or interest on any Note which remain unclaimed at the end of two years after such principal premium or interest has become due and payable will be repaid to Carpenter, and the Holder of such Note thereafter may look only to Carpenter for payment thereof.

#### **Optional Redemption**

The Notes may be redeemed, in whole or in part, at our option at any time or from time to time. The redemption price for the Notes to be redeemed on any redemption date will be equal to the greater of the following amounts:

100% of the principal amount of the Notes being redeemed on the redemption date; and

the sum of the present values of the remaining scheduled payments of principal of and interest on the notes being redeemed on that redemption date (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semiannual basis at the Treasury Rate (as defined below), as determined by the Reference Treasury Dealer (as defined below), plus 30 basis points.

plus, in each case, accrued and unpaid interest on the Notes to the redemption date. Notwithstanding the foregoing, installments of interest on Notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the Notes and the Indenture. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of the Notes to be redeemed. Once notice of redemption is mailed, the Notes called for redemption will become due and payable on the redemption date and at the applicable redemption price, plus accrued and unpaid interest to the redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Notes to be redeemed

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that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations, or (C) if only one Reference Treasury Dealer Quotation is received, such quotation.

"Reference Treasury Dealer" means (A) Wachovia Securities, Inc. (or its affiliates which are Primary Treasury Dealers), and its successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by us.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected by lot by DTC, in the case of Notes represented by a global security, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by a global security. The Notes will not be entitled to the benefit of any mandatory redemption or sinking fund.

### **Form, Exchange and Transfer**

The Notes will be issuable only in fully registered form, without coupons, and only in denominations of \$1,000 and integral multiples thereof.

At the option of the Holder, subject to the terms of the Indenture and the limitations applicable to Global Notes, Notes will be exchangeable for other Notes of the same series of any authorized denomination and of a like tenor and aggregate principal amount.

Subject to the term of the Indenture and the limitations applicable to Global Notes, Notes may be presented for exchange as provided above or for registration of transfer (duly endorsed or with the form of transfer endorsed thereon duly executed) at the office of the Security Registrar or at the office of any transfer agent designated by Carpenter for such purpose. No service charge will be made for any registration of transfer or exchange of Notes, but Carpenter may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Such transfer or exchange will be effected upon the Security Registrar or such transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. Carpenter will appoint the Trustee as Security Registrar. Carpenter may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts, except that Carpenter will be required to maintain a transfer agent in each Place of Payment for the Notes.

If the Notes are to be redeemed in part, Carpenter will not be required to (i) issue, register the transfer of or exchange any Note during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any such Note that may be selected for redemption and

ending at the close of business on the day of such mailing or (ii) register the transfer of or exchange any Note so selected for redemption, in whole or in part, except the unredeemed portion of any such Note being redeemed in part.

### **Book-Entry Global Notes**

Some or all of the Notes may be represented, in whole or in part, by one or more global certificates (the "Global Notes") which will have an aggregate principal amount equal to that of the Notes represented thereby. Each Global Note will be registered in the name of DTC or a nominee of DTC (the "Depositary"), will be deposited with such Depositary or nominee or a custodian therefor and will bear a legend regarding the restrictions on exchanges and registration of transfer thereof referred to below and any such other matters as may be provided for pursuant to the Indenture. Carpenter has been informed by DTC that its nominee will be Cede & Co. ("CEDE"). Accordingly, CEDE is expected to be the initial

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registered holder of the Notes. No person acquiring an interest in a Note (a "Holder") will be entitled to receive a certificate representing such person's interest in such Note except as set forth herein. Unless and until definitive Notes are issued under the limited circumstances described herein, all references to actions by Holders shall refer to actions taken by DTC upon instructions from its Participants, and all references herein to payments and notices to Holders shall refer to payments and notices to DTC or CEDE, as the registered holder of the Notes, as the case may be, for distribution to Holders in accordance with the DTC procedures.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to Section 17A of the Securities Exchange Act of 1934. DTC was created to hold securities for its participating organizations ("Participants") and to facilitate the clearance and settlement of securities transactions between Participants through electronic book-entry, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations, and may include certain other organizations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants").

As long as the Depository, or its nominee, is the registered Holder of a Global Note, the Depository or such nominee, as the case may be, will be considered the sole owner and Holder of such Global Note and the Notes represented thereby for all purposes under the Notes and the Indenture. Except in the limited circumstances referred to below, owners of beneficial interests in a Global Note will not be entitled to have such Global Note or any Notes represented thereby registered in their names, and will not be considered to be the owners or Holders of such Global Note or any Notes represented thereby for any purpose under the Notes or the Indenture. All payments of principal of and any premium and interest on a Global Note will be made to the Depository or its nominee, as the case may be, as the Holder thereof. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in a Global Note. Ownership of beneficial interests in a Global Note will be limited to Participants and Indirect Participants. In connection with the issuance of any Global Note, the Depository will credit, on its book-entry registration and transfer system, the respective principal amounts of Notes represented by the Global Note to the accounts of its Participants.

Ownership of beneficial interests in a Global Note will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the Depository (with respect to Participants' interests) or any such Participant (with respect to Indirect Participants). Payments, transfers, exchanges and other matters relating to beneficial interests in a Global Note may be subject to various policies and procedures adopted by the Depository from time to time. Neither Carpenter, the Trustee nor any agent of Carpenter or the Trustee will have any responsibility or liability for any

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aspect of the Depository's or any Participant's records relating to, or for payments made on account of, beneficial interests in a Global Note, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Secondary trading in Notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. In contrast, beneficial interests in a Global Note, in some cases, may trade in the Depository's same-day funds settlement system, in which secondary market trading activity in those beneficial interests would be required by the Depository to settle in immediately available funds. There is no assurance as to the effect, if any, that settlement in immediately available funds would have on trading activity in such beneficial interests. Also, settlement for purchases of beneficial interests in a Global Note upon the original issuance thereof may be required to be made in immediately available funds.

Holders that are not Participants or Indirect Participants but desire to purchase, sell or otherwise transfer ownership of, or other interests in, Notes may do so only through Participants and Indirect Participants. Under a book-entry format, Holders may experience some delay in their receipt of payments, since such payments will be forwarded by the agent designated by Carpenter to CEDE, as nominee for DTC. DTC will forward such payments to its Participants, which thereafter will forward them to Indirect Participants or Holders. Holders will not be recognized by either of the Trustees as registered holders of the Notes entitled to the benefits of the relevant Indenture. Holders that are not Participants will be permitted to exercise their rights as such only indirectly through Participants.

Under the rules, regulations and procedures creating and affecting DTC and its operations, DTC will be required to make book-entry transfers of Notes among Participants and to receive and transmit payments to Participants. Participants and Indirect Participants with which Holders have accounts with respect to the Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Holders.

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Because DTC can only act on behalf of Participants, who in turn act on behalf of Indirect Participants, and on behalf of certain banks, trust companies and other persons approved by it, the ability of a Holder to pledge Notes to persons or entities that do not participate in the DTC system, or to otherwise act with respect to such Notes, may be limited due to the absence of physical certificates for such Notes.

DTC has advised Carpenter that it will take any action permitted to be taken by a Holder under the relevant Indenture only at the direction of one or more Participants to whose accounts with DTC the Notes are credited. The Global Security shall be exchangeable for Notes registered in the names of persons other than DTC or its nominee only if (i) DTC notifies Carpenter that it is unwilling or unable to continue as depository for such Global Security or if at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934 at a time when DTC is required to be so registered to act as such depository or (ii) Carpenter executes and delivers to the Trustee a Company Order that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for Notes registered in such names as DTC shall direct. Upon the occurrence of any event described in the immediately preceding paragraph, DTC is generally required to notify all Participants of the availability through DTC of definitive Notes. Upon surrender by DTC of the Global Security representing the Notes and instructions for registration, the Trustee will reissue the Notes as definitive Notes, and thereafter the Trustee will recognize the holders of such definitive Notes as registered holders of Notes entitled to the benefits of the Indenture.

The Global Note may not be transferred except as a whole by DTC with respect to such Note to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or to a successor depository appointed by the Corporation. DTC may not sell, assign, transfer or otherwise convey any beneficial interest in a Global Note evidencing all or part of the Notes unless such beneficial interest is an amount equal to an authorized denomination for the Notes.

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### Certain Covenants

*Restrictions on Secured Debt.* If Carpenter or any Restricted Subsidiary shall incur, issue, assume or guarantee any loans or notes, bonds, debentures or other similar evidences of indebtedness for money borrowed ("Debt") secured by a mortgage, pledge or lien ("Mortgage") on any Principal Property of Carpenter or any Restricted Subsidiary, or on any shares of Capital Stock or Debt of any Restricted Subsidiary, Carpenter will provide or cause such Restricted Subsidiary to provide that the Notes (together with, if Carpenter shall so determine, any other Debt of Carpenter or such Restricted Subsidiary then existing or thereafter created which is not subordinated to the Notes) be secured equally and ratably with (or, at Carpenter's option, prior to) such secured Debt, unless the aggregate amount of all such secured Debt, together with all Attributable Debt with respect to sale and leaseback transactions involving Principal Properties (with the exception of such transactions which are excluded as described in "Restrictions on Sales and Leasebacks" below), would not exceed 5% of Consolidated Net Tangible Assets. The above restrictions will not apply to, and there will be excluded from secured Debt in any computation under such restriction, Debt secured by (i) Mortgages on property of, or on any shares of Capital Stock of or Debt of, any corporation existing at the time such corporation becomes a Restricted Subsidiary, (ii) Mortgages in favor of Carpenter or a Restricted Subsidiary, (iii) Mortgages in favor of governmental bodies to secure progress, advance or other payments, (iv) Mortgages on property, shares of Capital Stock or Debt existing at the time of acquisition thereof (including acquisition through merger or consolidation) and purchase money and construction Mortgages which are entered into within specified time limits, (v) Mortgages securing industrial revenue or pollution control bonds and (vi) any extension, renewal or replacement of any Mortgage referred to in the foregoing clauses (i) through (v) inclusive.

*Restrictions on Sales and Leasebacks.* Neither Carpenter nor any Restricted Subsidiary will enter into any sale and leaseback transaction involving any Principal Property, unless the aggregate amount of all Attributable Debt with respect to such transactions plus all Debt secured by Mortgages on Principal Properties (with the exception of secured Debt which is excluded as described in "Restrictions on Secured Debt" above) would not exceed 5% of Consolidated Net Tangible Assets.

This restriction will not apply to, and there will be excluded from Attributable Debt in any computation under such restriction, any sale and leaseback transaction if (i) the lease is for a period, including renewal rights, of not in excess of three years, (ii) the sale and leaseback transaction of the Principal Property is made prior to, at the time of or within a specified period after its acquisition or construction, (iii) the lease secures or relates to industrial revenue or pollution control bonds, (iv) the transaction is between Carpenter and a Restricted Subsidiary or between Restricted Subsidiaries or (v) Carpenter or such Restricted Subsidiary within 180 days after the sale or transfer applies an amount equal to the greater of the net proceeds of the sale of the Principal Property leased pursuant to such arrangement or the fair market value of the Principal Property so leased at the time of entering into such arrangement to (a) the retirement of the Notes or certain Funded Debt of Carpenter or a Restricted Subsidiary or (b) the purchase of other property which will constitute Principal Property having a fair market value, in the opinion of Carpenter's Board of Directors, at least equal to the fair market value of the Principal Property so leased. The amount to be applied to the retirement of such Funded Debt of Carpenter or a Restricted Subsidiary shall be reduced by (x) the principal amount of any Notes (or other Notes or debentures constituting such Funded Debt) delivered within such 180-day period to the Trustee or other applicable trustee for retirement and cancellation and (y) the principal amount of such Funded Debt other than items referred to in the preceding clause (x), voluntarily retired by Carpenter or a Restricted Subsidiary within 180 days after such sale, provided that, notwithstanding the foregoing, no retirement referred to in this paragraph may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision.

Except as described in "Restrictions on Secured Debt" and "Restrictions on Sales and Leasebacks," the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

### Successor Company

The Indenture will provide that no consolidation or merger of Carpenter with or into any other corporation and no conveyance, transfer or lease of its properties and assets substantially as an entirety to any person may be made unless (i) the person formed by or resulting from any such consolidation or merger or which shall have received the transfer of such property and assets shall be a corporation organized and existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume by a supplemental indenture payment of the principal of, premium (if any) and interest on the Notes and the performance and observance of the Indenture, (ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (iii) Carpenter shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that the consolidation, merger, conveyance, transfer or lease, and if a supplemental indenture is required for such transaction, such supplemental indenture, complies with the above requirements of the Indenture.

### Events of Default

Each of the following will constitute an Event of Default under the Indenture with respect to the Notes: (a) failure to pay principal of or any premium on any Note when due; (b) failure to pay any interest on any Note when due, continued for 30 days; (c) failure to deposit any sinking fund payment, when due, in respect of any Note; (d) failure to perform any other covenant of Carpenter in the Indenture (other than a covenant included in the Indenture solely for the benefit of a series of Securities other than the Notes), continued for 60 days after written notice has been given by the Trustee, or the Holders of at least 25% in principal amount of the Outstanding Notes as provided in the Indenture; (e) certain defaults by Carpenter or any of Carpenter's Restricted Subsidiaries under any bond, debenture, Note or other evidence of indebtedness for money borrowed in excess of \$3,000,000, under any capitalized lease or under any mortgage, indenture or instrument, which default (i) consists of a failure to pay any such indebtedness or liability upon its stated maturity or (ii) results in such indebtedness or liability becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, and continuance thereof for 10 days after written notice has been given by the Trustee, or the Holders of at least 25% in principal amount of the Outstanding Notes, as provided in the Indenture; and (f) certain events in bankruptcy, insolvency or reorganization.

If an Event of Default (other than an Event of Default described in clause (f) above) with respect to the Notes at the time Outstanding shall occur and be continuing, either the Trustee or the Holders of at least 25% in aggregate principal amount of the Outstanding Notes by notice as provided in the Indenture may declare the principal amount of the Notes to be due and payable immediately. If an Event of Default described in clause (f) above with respect to the Notes at the time Outstanding shall occur, the principal amount of all the Notes will automatically, and without any action by the Trustee or any Holder, become immediately due and payable. After any such acceleration, but before a judgment or decree based on acceleration, the Holders of a majority in aggregate principal amount of the Outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the non-payment of accelerated principal (or other specified amount), have been cured or waived as provided in the Indenture. For information as to waiver of defaults, see " Modification and Waiver."

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable indemnity. Subject to such provisions for the indemnification of the Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Notes.

No Holder of a Note will have any right to institute any proceeding with respect to the Indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless (i) such Holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the Holders of at least 25% in aggregate principal amount of the Outstanding Notes have made written request, and such Holder or Holders have offered reasonable indemnity, to the Trustee to institute such proceeding as trustee and (iii) the Trustee has failed to institute such proceeding, and has not received from the Holders of a majority in aggregate principal amount of the Outstanding

Notes a direction inconsistent with such request, within 60 days after such notice, request and offer. However, such limitations do not apply to a suit instituted by a Holder of a Note for the enforcement of payment of the principal of or any premium or interest on such Note on or after the applicable due date specified in such Note.

Carpenter will be required to furnish to the Trustee annually a statement by certain of its officers as to whether or not, to Carpenter's knowledge, Carpenter is in default in the performance or observance of any of the terms, provisions and conditions of the Indenture and, if so, specifying all such known defaults.

#### **Modification and Waiver**

Modifications and amendments of the Indenture may be made by Carpenter and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the outstanding securities of each series affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the Holder of each outstanding security affected thereby, (a) change the stated maturity of the principal of, or any installment of principal of or interest on, any security, (b) reduce the principal amount of, or any premium or interest on, any security, (c) reduce the amount of principal of any security payable upon acceleration of the maturity thereof, (d) change the place or currency of payment of principal of, or any premium or interest on, any security, (e) impair the right to institute suit for the enforcement of any payment on or with respect to any security, (f) reduce the percentage in principal amount of outstanding securities of any series, the consent of whose Holders is required for modification or amendment of the Indenture, (g) reduce the percentage in principal amount of outstanding securities of any series necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults or (h) modify such provisions with respect to modification and waiver.

The Holders of a majority in principal amount of the outstanding securities of any series may waive compliance by Carpenter with certain restrictive provisions of the Indenture. The Holders of a majority in principal amount of the outstanding securities of any series may waive any past default under the Indenture, except a default in the payment of principal, premium or interest and certain covenants and provisions of the Indenture which cannot be amended without the consent of the Holder of each outstanding security of such series affected.

The Indenture provides that in determining whether the Holders of the requisite principal amount of the outstanding securities have given or taken any direction, notice, consent, waiver or other action under the Indenture as of any date, (i) the principal amount of an Original Issue Discount Security that

will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of such date upon acceleration of the maturity thereof to such date, (ii) if, as of such date, the principal amount payable at the stated maturity of a security is not determinable (for example, because it is based on an index), the principal amount of such security deemed to be outstanding as of such date will be an amount determined in the manner prescribed for such security and (iii) the principal amount of a security denominated in one or more foreign currencies or currency units that will be deemed to be outstanding will be the U.S. dollar equivalent, determined as of such date in the manner prescribed for such security, of the principal amount of such security (or, in the case of a security described in clause (i) or (ii) above, of the amount described in such clause).

Certain securities, including those for whose payment or redemption money has been deposited or set aside in trust for the Holders and those that have been fully defeased pursuant to Section 1302 of the Indenture, will not be deemed to be outstanding.

Except in certain limited circumstances, Carpenter will be entitled to set any day as a record date for the purpose of determining the Holders of outstanding securities of any series entitled to give or take any direction, notice, consent, waiver or other action under the Indenture, in the manner and subject to the limitations provided in the Indenture. In certain limited circumstances, the Trustee also will be entitled to set a record date for action by Holders. If a record date is set for any action to be taken by Holders of a particular series such action may be taken only by persons who are Holders of outstanding securities of that series on the record date. To be effective, such action must be taken by Holders of the requisite principal amount of such securities within a specified period following the record date. For any particular record date, this period will be 180 days or such shorter period as may be specified by Carpenter (or the Trustee, if it set the record date), and may be shortened or lengthened (but not beyond 180 days) from time to time.

#### **Defeasance and Covenant Defeasance**

The provisions of Section 1302 of the Indenture, relating to defeasance and discharge of indebtedness, or Section 1303 of the Indenture, relating to defeasance of certain restrictive covenants in the Indenture, are applicable to the Notes.

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*Defeasance and Discharge.* The Indenture provides that, upon Carpenter's exercise of its option (if any) to have Section 1302 of the Indenture apply to any Notes, Carpenter will be discharged from all of its obligations with respect to such Notes (except for certain obligations to exchange or register the transfer of Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold moneys for payment in trust) upon the deposit in trust for the benefit of the Holders of such Notes of money or U.S. Government Obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such Notes on the respective stated maturities in accordance with the terms of the Indenture and such Notes. Such defeasance or discharge may occur only if, among other things, Carpenter has delivered to the Trustee an Opinion of Counsel to the effect that Carpenter has received from, or there has been published by, the United States Internal Revenue Service a ruling, or there has been a change in tax law, in either case to the effect that Holders of such Notes will not recognize gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge were not to occur.

*Defeasance of Certain Covenants.* The Indenture provides that, upon Carpenter's exercise of its option (if any) to have Section 1303 of the Indenture apply to any Notes, Carpenter may omit to comply with certain restrictive covenants, including those described under " Certain Covenants," and the occurrence of certain Events of Default, which are described above in clause (d) (with respect to

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such restrictive covenants) and clause (e) under " Events of Default," will be deemed not to be or result in an Event of Default, in each case with respect to such Notes. In order to exercise such option, Carpenter will be required to deposit, in trust for the benefit of the Holders of such Notes, money or U.S. Government Obligations, or both, which, through the payment of principal and interest in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay the principal of and any premium and interest on such Notes on the respective stated maturities in accordance with the terms of the Indenture and such Notes. Carpenter will also be required, among other things, to deliver to the Trustee an opinion of counsel to the effect that Holders of such Notes will not recognize gain or loss for federal income tax purposes as a result of such deposit and defeasance of certain obligations and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and defeasance were not to occur. In the event Carpenter exercised this option with respect to any Notes and such Notes were declared due and payable because of the occurrence of any Event of Default, the amount of money and U.S. Government Obligations so deposited in trust would be sufficient to pay amounts due on such Notes at the time of their respective stated maturities but may not be sufficient to pay amounts due on such Notes upon any acceleration resulting from such Event of Default. In such case, Carpenter would remain liable for such payments.

### Notices

Notices to Holders of Notes will be given by mail to the addresses of such Holders as they may appear in the Security Register.

### Title

Carpenter, the Trustee and any agent of Carpenter or the Trustee may treat the person in whose name a Note is registered as the absolute owner thereof (whether or not such Note may be overdue) for the purpose of making payment and for all other purposes.

### Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the law of the State of New York.

### Regarding the Trustee

U.S. Bank Trust National Association, formerly known as First Trust of New York, National Association, is the successor Trustee under the Indenture.

### Certain Definitions

"Attributable Debt" means, as to any particular lease under which any person is at the time liable and at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such person under such lease during the remaining primary term thereof, discounted from the respective due dates thereof to such date at the same rate per annum as the rate of interest borne by the outstanding Notes, on a weighted average basis. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of the rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges. In the case of any lease which is terminable by the lessee upon the



payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Capital Stock" as applied to the stock of any corporation, means the capital stock of every class whether now or hereafter authorized, regardless of whether such capital stock shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of such corporation.

"Consolidated Net Tangible Assets" means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (i) all liabilities other than (a) deferred income taxes, (b) Funded Debt and (c) shareholders' equity (including all preferred stock whether or not redeemable) and (ii) all goodwill, trade names, trademarks, patents, organization expenses and other like intangibles, all as set forth on the most recent balance sheet of Carpenter and its consolidated Subsidiaries and computed in accordance with generally accepted accounting principles.

"Funded Debt" means (i) all indebtedness for money borrowed having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendible beyond 12 months from such date at the option of the borrower and (ii) rental obligations payable more than 12 months from such date under leases which are capitalized in accordance with generally accepted accounting principles (such rental obligations to be included as Funded Debt at the amount so capitalized at the date of such computation and to be included for the purposes of the definition of Consolidated Net Tangible Assets both as an asset and as Funded Debt at the respective amounts so capitalized).

"Principal Property" means any manufacturing or processing plant or warehouse owned at the date of the Indenture or thereafter acquired by Carpenter or any Restricted Subsidiary of Carpenter which is located within the United States of America and the gross book value (including related land and improvements thereon and all machinery and equipment included therein without deduction of any depreciation reserves) of which on the date as of which the determination is being made exceeds 2% of Consolidated Net Tangible Assets, other than (i) any property which in the opinion of Carpenter's Board of Directors is not of material importance to the total business conducted by Carpenter as an entirety or (ii) any portion of a particular property which is similarly found not to be of material importance to the use or operation of such property.

"Restricted Subsidiary" means a Subsidiary of Carpenter (i) substantially all the property of which is located, or substantially all the business of which is carried on, within the United States of America and (ii) which owns a Principal Property.

"Subsidiary" means any corporation more than 50% of the outstanding voting stock of which is owned or controlled, directly or indirectly, by (i) Carpenter, (ii) Carpenter and one or more Subsidiaries or (iii) one or more Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class has such voting power by reason of any contingency.

"U.S. Government Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any such payment of principal of or interest on any U.S. Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

## THE EXCHANGE OFFER

### Purpose and Effect of the Exchange Offer

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We issued and sold the old notes to the initial purchaser on May 22, 2003. The initial purchaser subsequently sold the old notes to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Because the old notes are subject to transfer restrictions, we and the initial purchaser entered into an exchange offer and registration rights agreement dated May 22, 2003, under which we agreed:

not later than September 30, 2003, to prepare and file with the SEC the registration statement of which this prospectus is a part;

not later than October 17, 2003, to use our reasonable best efforts to cause the registration statement to become effective under the Securities Act;

upon the effectiveness of the registration statement, to offer the new notes in exchange for surrender of the old notes; and

to keep the exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the old notes.

The registration statement is intended to satisfy in part our obligations relating to the old notes under the exchange and registration rights agreement.

Under existing interpretations of the SEC, the new notes will be freely transferable by holders other than our affiliates after the exchange offer without further registration under the Securities Act if the holder of the new notes represents that:

it is acquiring the new notes in the ordinary course of its business;

it has no arrangement or understanding with any person to participate in the distribution of the new notes;

it is not our affiliate, as that term is interpreted by the SEC; and

is not an agent, as that term is interpreted by the SEC, holding securities that have, or that are reasonably likely to have, the status of an unsold allotment in an initial distribution.

However, broker-dealers receiving new notes in the exchange offer will have a prospectus delivery requirement regarding resales of the new notes. The SEC has taken the position that broker-dealers receiving new notes in the exchange offer may fulfill their prospectus delivery requirements relating to new notes (other than a resale of an unsold allotment from the original sale of the old notes) with this prospectus. Under the exchange and registration rights agreement, we are required to allow broker-dealers receiving new notes in the exchange offer and other persons, if any, with similar prospectus delivery requirements to use this prospectus in connection with the resale of the new notes. Each broker-dealer that receives new notes for its own account 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, must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. See "Plan of Distribution."

### **Terms of Exchange Offer; Period for Tendering Old Notes**

Upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal (which together constitute the exchange offer), we will accept for exchange old notes which are properly tendered on or prior to the expiration date of the exchange offer and not withdrawn as permitted below. The expiration date of the exchange offer shall be 5:00 p.m., New York City time, on November 14, 2003, unless extended by us, in our sole discretion. As of the date of this

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prospectus, \$100.0 million aggregate principal amount of the old notes are outstanding. This prospectus, together with the letter of transmittal, is first being sent on or about October 10, 2003, to all holders of old notes known to us. Our obligation to accept old notes for exchange pursuant to the exchange offer is subject to conditions as set forth under " Conditions to the Exchange Offer" below.

We expressly reserve the right, at any time or from time to time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance for any exchange of any old notes, by giving notice of the extension to the holders of old notes as described below. During any extension, all old notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified below under " Conditions to the Exchange Offer." We will give notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable, the notice in the case of any extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date of the exchange offer.

Holders of old notes do not have any appraisal or dissenters' rights under the Delaware General Corporation Law in connection with the exchange offer.

### Procedures for Tendering Old Notes

The tender to us of old notes by a holder of old notes as set forth below and the acceptance of the tender by us will constitute a binding agreement between the tendering holder and us upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal. Except as set forth below, a holder who wishes to tender old notes for exchange under the exchange offer must transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, at the address set forth below under " Exchange Agent" on or prior to the expiration date of the exchange offer. In addition, the exchange agent must receive:

certificates for the old notes along with the letter of transmittal, or

prior to the expiration date of the exchange offer, a timely confirmation of a book-entry transfer of the old notes into the exchange agent's account at The Depository Trust Company in accordance with the procedure for book-entry transfer described below, or

the holder must comply with the guaranteed delivery procedure described below.

The method of delivery of old notes, letters of transmittal and all other required documents is at your election and risk. If delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or old notes to us.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes surrendered for exchange are tendered:

by a registered holder of the old notes who has not completed the box entitled "Special Issuance Instruction" or "Special Delivery Instruction" on the letter of transmittal; or

for the account of a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States.

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In the event the signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be by a firm which is a member of a registered national securities exchange or a member of the National Association of

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Securities Dealers, Inc. or by a commercial bank or trust company having an office or correspondent in the United States. If old notes are registered in the name of a person other than a signer of the letter of transmittal, the old notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by us in our sole discretion, duly executed by the registered holder with the signature on the old notes or the written instrument or instruments of transfer or exchange guaranteed by a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States. Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and who wishes to tender, should contact the registered holder promptly and instruct the registered holder to tender on the beneficial owner's behalf. If the beneficial owner wishes to tender on the owner's own behalf, the owner must, prior to completing and executing the letter of transmittal and delivering the owner's old notes, either (1) make appropriate arrangements to register ownership of the old notes in the owner's name or (2) obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of old notes tendered for exchange will be determined by us in our sole discretion. This determination shall be final and binding. We reserve the absolute right to reject any and all tenders of any old notes not properly tendered or to not accept any old notes which acceptance might, in our judgment or our counsel's judgment, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any old notes either before or after the expiration date of the exchange offer (including the right to waive the ineligibility of any holder who seeks to tender old notes in the exchange offer). The interpretations of the terms and conditions of the exchange offer as to any old notes either before or after the expiration date of the exchange offer (including the letter of transmittal and the instructions to the letter of transmittal) by us shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes for exchange must be cured within a reasonable period of time as we shall determine. Neither we, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity regarding any tender of old notes for exchange, nor shall any of them incur any liability for failure to give notification.

If the letter of transmittal or any old notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporation or others acting in a fiduciary or representative capacity, these persons should so indicate when signing, and, unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By tendering, each holder of old notes will represent to us in writing that, among other things:

the new notes acquired in the exchange offer are being obtained in the ordinary course of business of the holder and any beneficial holder;

neither the holder nor any beneficial holder has an arrangement or understanding with any person to participate in the distribution of the new notes; and

neither the holder nor any other person is an "affiliate," as defined under Rule 405 of the Securities Act, of our company. If the holder is not a broker-dealer, the holder must represent that it is not engaged in or does it intend to engage in distribution of the new notes.

If any holder or any other person is an "affiliate," as defined under Rule 405 of the Securities Act, of ours, or is engaged in, or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution of the new notes to be acquired in the exchange offer, the

holder or any other person must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

If any holder is a broker-dealer, the holder must represent that it will receive new notes for its own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities. Each broker-dealer that receives new notes for its own account 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, must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. See "Plan of Distribution."

**Acceptance of Old Notes for Exchange; Delivery of New Notes**

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, as soon as is reasonably practicable after the expiration date of the exchange offer, all old notes properly tendered, and will issue the new notes as soon as is reasonably practicable after acceptance of the old notes. See " Conditions to the Exchange Offer" below. For purposes of the exchange offer, we shall be deemed to have accepted properly tendered old notes for exchange when, as and if we have given oral and written notice to the exchange agent.

The new notes will bear interest from the most recent date to which interest has been paid on the old notes, or if no interest has been paid on old notes, from May 22, 2003. Accordingly, registered holders of new notes on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid, from May 22, 2003. Old notes accepted for exchange will cease to accrue interest from and after the date of consummation of the exchange offer. Holders of old notes whose old notes are accepted for exchange will not receive any payment for accrued interest on the old notes otherwise payable on any interest payment date the record date for which occurs on or after consummation of the exchange offer and will be deemed to have waived their rights to receive accrued interest on the old notes.

In all cases, issuance of new notes for old notes that are accepted for exchange in the exchange offer will be made only after timely receipt by the exchange agent of (1) certificates for the old notes or a timely confirmation of book-entry transfer of the old notes into the exchange agent's account at The Depository Trust Company, (2) a properly completed and duly executed letter of transmittal and (3) all other required documents. If any tendered old notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if old notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged old notes will be returned without expense to the tendering holder of the old notes (or, in the case of old notes tendered by book-entry transfer into the exchange agent's account at The Depository Trust Company according to the book-entry transfer procedures described below, the non-exchanged old notes will be credited to an account maintained with the Depository Trust Company) as promptly as practicable after the expiration of the exchange offer.

**Book-Entry Transfer**

Any financial institution that is a participant in The Depository Trust Company's systems may make book-entry delivery of old notes by causing The Depository Trust Company to transfer the old notes into the exchange agent's account at The Depository Trust Company in accordance with The Depository Trust Company's procedures for transfer. However, although delivery of old notes may be affected through book-entry transfer at The Depository Trust Company, the letter of transmittal or facsimile of the letter of transmittal with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the exchange agent at the address set forth below under " Exchange Agent" on or prior to the expiration date of the exchange offer, unless the holder has strictly complied with the guaranteed delivery procedures described below.

We understand that the exchange agent has confirmed with The Depository Trust Company that any financial institution that is a participant in The Depository Trust Company's system may utilize The Depository Trust Company's Automated Tender Offer Program to tender old notes. We further understand that the exchange agent will request, within two business days after the date the exchange offer commences, that The Depository Trust Company establish an account for the old notes for the purpose of facilitating the exchange offer, and any participant may make book-entry delivery of old notes by causing The Depository Trust Company to transfer the old notes into the exchange agent's account in accordance with The Depository Trust Company's Automated Tender Offer Program procedures for transfer. However, the exchange of the old notes so tendered will only be made after timely confirmation of the book-entry transfer and timely receipt by the exchange agent of, in addition to any other documents required, an appropriate letter of transmittal with any required signature guarantee and an agent's message, which is a message, transmitted by The Depository Trust Company and received by the exchange agent and forming part of a confirmation of a book-entry transfer, which states that The Depository Trust Company has received an express acknowledgement from a participant tendering old notes which are the subject of the confirmation of a book-entry transfer and that the participant has received and agrees to be bound by the terms of the letter of transmittal and that we may enforce the agreement against that participant.

**Guaranteed Delivery Procedures**

If a registered holder of the old notes desires to tender the old notes and the old notes are not immediately available, or time will not permit the holder's old notes or other required documents to reach the exchange agent before the expiration date of the exchange offer, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may nonetheless be effected if:

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the tender is made through a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States;

prior to the expiration date of the exchange offer, the exchange agent received from the firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States a properly completed and duly executed letter of transmittal (or a facsimile of the letter of transmittal) and Notice of Guaranteed Delivery, substantially in the form provided by us (by telegram, telex, facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of old notes and the amount of old notes tendered, stating that the tender is being made and guaranteeing that within five New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered old notes, in proper form for transfer, or a confirmation of a book-entry transfer, as the case may be, and any other documents required by the letter of transmittal will be deposited by the firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or commercial bank or trust company having an office or correspondent in the United States with the exchange agent; and

the certificates for all physically tendered old notes, in proper form for transfer, or a confirmation of a book-entry transfer, as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within five New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery.

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### Withdrawal Rights

Tenders of old notes may be withdrawn at any time prior to the expiration date of the exchange offer. For a withdrawal to be effective, a written notice of withdrawal must be received by the exchange agent at the address set forth below under " Exchange Agent." Any notice of withdrawal must:

specify the name of the person having tendered the old notes to be withdrawn;

identify the old notes to be withdrawn (including the principal amount of the old notes); and

where certificates for old notes have been transmitted specify the name in which the old notes are registered, if different from that of the withdrawing holder.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of the certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States unless the holder is a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States.

If old notes have been tendered in accordance with the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at The Depository Trust Company to be credited with the withdrawn old notes and otherwise comply with the procedures of the facility. All questions as to the validity, form and eligibility (including time of receipt) of the notices will be determined by us, whose determination shall be final and binding on all parties. Any old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder without cost to the holder (or in the case of old notes tendered by book-entry transfer into the exchange agent's account at The Depository Trust Company according to the book-entry transfer procedures described above, the old notes will be credited to an account maintained with The Depository Trust Company for the old notes) as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be retendered by following one of the procedures described under " Procedures for Tendering Old Notes" above at any time on or prior to the expiration date of the exchange offer.

### Conditions To The Exchange Offer

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Notwithstanding any other provision of the exchange offer, we shall not be required to accept for exchange, or to issue new notes in exchange for, any old notes and may terminate or amend the exchange offer if at any time before the acceptance of the old notes for exchange or the exchange of new notes for the old notes, we determine that:

the exchange offer does not comply with any applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission;

we have not received all applicable governmental approvals; or

any actions or proceedings of any governmental agency or court exist which could materially impair our ability to consummate the exchange offer.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any condition or may be waived by us in whole or in part at any time and from time to time in our reasonable discretion. Our failure at any time to exercise any of the foregoing

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rights shall not be deemed a waiver of that right and each right shall be deemed an ongoing right which may be asserted at any time and from time to time.

In addition, we will not accept for exchange any old notes tendered, and no new notes will be issued in exchange for any old notes, if at that time any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939, as amended. In any event we are required to use every reasonable effort to obtain the withdrawal of any stop order at the earliest possible time.

### **Exchange Agent**

U.S. Bank Trust National Association has been appointed as the exchange agent for the exchange offer. All executed letters of transmittal should be directed to the exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and request for Notices of Guaranteed Delivery should be directed to the exchange agent addressed as follows:

U.S. Bank Trust National Association  
U.S. Bank West Side Flats Operations Center  
60 Livingston Avenue  
St. Paul, MN 55107  
Attention: Specialized Finance Carpenter Technology Exchange Offer  
1-800-934-6802

Delivery other than as set forth above will not constitute a valid delivery.

### **Fees and Expenses**

We will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. The principal solicitation is being made by mail; however, additional solicitations may be made in person or by telephone by our officers and employees.

The expenses to be incurred in connection with the exchange offer will be paid by us. These expenses include fees and expenses of the exchange agent and trustee under the indenture governing the notes, accounting and legal fees and printing costs, among others.

### **Accounting Treatment**

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The new notes will be recorded at the same carrying amount as the old notes, which is the principal amount as reflected in our accounting records on the date of the exchange and, accordingly, no gain or loss will be recognized. The debt issuance costs will be capitalized and amortized to interest expense over the term of the new notes.

### Transfer Taxes

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes in connection with the tender, except that holders who instruct us to register new notes in the name of, or request that old notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax thereon.

### Consequences of Failure To Exchange; Resales of New Notes

Holders of old notes who do not exchange their old notes for new notes in the exchange offer will continue to be subject to the restrictions on transfer of the old notes as set forth in the legend on the old notes as a consequence of the issuance of the old notes in accordance with exemptions from, or in

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transactions not subject to, the registration requirements of, the Securities Act and applicable state securities laws. Old notes not exchanged in accordance with the exchange offer will continue to accrue interest at 6<sup>5</sup>/<sub>8</sub>% per annum and will otherwise remain outstanding in accordance with their terms. Holders of old notes do not have any appraisal or dissenters' rights under the Delaware General Corporation Law in connection with the exchange offer. In general, the old notes may not be offered or sold unless registered under the Securities Act, except in accordance with an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will register the old notes under the Securities Act. However, (1) if because of any change in law or applicable interpretations by the staff of the SEC, we are not permitted to effect the exchange offer, (2) if the exchange offer is not consummated by November 18, 2003, (3) if any of the old notes tendered pursuant to the exchange offer are not exchanged for new notes within 10 days of being accepted in the exchange offer, (4) if any initial purchaser so requests with respect to the old notes not eligible to be exchanged for new notes in the exchange offer and held by it following consummation of the exchange offer, (5) if any applicable law or interpretations do not permit any holder to participate in the exchange offer or (6) if any holder of old notes that participates in the exchange offer, does not receive new notes in exchange for old notes that may be sold without restriction under state and federal securities laws, we are obligated to file a shelf registration statement on the appropriate form under the Securities Act relating to the old notes held by such persons.

Based on interpretive letters issued by the staff of the SEC to third parties in unrelated transactions, we are of the view that new notes issued in accordance with the exchange offer may be offered for resale, resold or otherwise transferred by the holders (other than (1) any holder which is an "affiliate" of us within the meaning of Rule 405 under the Securities Act or (2) any broker-dealer that purchases notes from us to resell in accordance with Rule 144A or any other available exemption) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that the new notes are acquired in the ordinary course of the holders' business and the holders have no arrangement or understanding with any person to participate in the distribution of the new notes. If any holder has any arrangement or understanding regarding the distribution of the new notes to be acquired in accordance with the exchange offer, the holder (1) could not rely on the applicable interpretations of the staff of the SEC and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. A broker-dealer who holds old notes that were acquired for its own account as a result of market-making or other trading activities may be deemed to be an "underwriter" within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of new notes. Each broker-dealer that receives new notes for its own account 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, must acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale of the new notes. See "Plan of Distribution." We have not requested the staff of the SEC to consider the exchange offer in the context of a no-action letter, and there can be no assurance that the staff would take positions similar to those taken in the interpretive letters referred to above if we were to make a no-action request.

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 jurisdictions or an exemption from registration or qualification is available and is complied with. We have agreed, under the registration rights agreement and subject to specified limitations therein, to register or qualify the new notes for offer or sale under the securities or blue sky laws of the applicable jurisdictions in the United States as any selling holder of the notes reasonably requests in writing.

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### PLAN OF DISTRIBUTION

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 the new notes. 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 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 of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until January 4, 2004 (90 days after the date of this prospectus), all dealers effecting transactions in the new notes may be required to deliver a prospectus.

We will not receive any proceeds from any sale of new notes by broker-dealers. New notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the new notes or a combination of those methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices, or at negotiated prices, at or to or through brokers or dealers who may receive compensation in the form of commissions or concessions that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of the new notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any resale of new notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver 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.

For a period of 180 days after the expiration date of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

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### UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material United States federal income tax consequences of the exchange offer and the ownership and disposition of the new notes. Unless otherwise stated, this summary deals only with the new notes received in the exchange offer in exchange for the old notes that were purchased for cash on original issue. This summary assumes that the old notes were and the new notes are held as capital assets. For purposes of this summary, U.S. holders are holders of new notes that are:

- (1) citizens or residents of the United States,
- (2) corporations or other entities taxable as corporations created or organized in or under the laws of the United States, any state thereof or the District of Columbia,
- (3) estates, the income of which is subject to United States federal income taxation regardless of its source, or
- (4) trusts if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership or other entity treated as a partnership for United States federal income tax purposes holds new notes, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding notes, we suggest that you consult your tax advisor.

This summary does not deal with special classes of holders such as banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, or tax-exempt investors and does not discuss securities held as part of a hedge, straddle, "synthetic security" or other integrated transaction.

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This summary also does not address the tax consequences to persons that have a functional currency other than the U.S. dollar or the tax consequences to shareholders, partners or beneficiaries of a holder of securities. Further, it does not include any description of any alternative minimum tax consequences or the tax laws of any state or local government or of any foreign government that may be applicable to the notes.

This summary is based on the Internal Revenue Code, the Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as of the date hereof, and all of which are subject to change, possibly on a retroactive basis.

You should consult with your own tax advisor regarding the federal, state, local and foreign income, franchise, personal property, and any other tax consequences of the exchange offer and the ownership and disposition of the new notes.

### **Tax Consequences to U.S. Holders**

This subsection describes the material United States federal income tax consequences of the exchange offer and of owning, selling and disposing of the new notes.

### **The Exchange Offer**

The exchange of old notes for new notes in the exchange offer should not be a taxable event for holders because there should not be a significant modification of the terms of the notes. Instead, the

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notes will be treated as a continuation of the old notes for federal income tax purposes. Therefore, if you exchange your old notes for new notes pursuant to the exchange offer:

- (1) you will not recognize gain or loss in connection with the exchange;
- (2) you will have the same tax basis in the new notes that you had in the old notes immediately prior to the exchange;
- (3) you will have the same holding period in the new notes that you had in the old notes immediately prior to the exchange; and
- (4) the federal income tax consequences associated with owning the old notes will continue to apply to the new notes.

### **Interest Income**

Under applicable Treasury Regulations, the old notes are not treated as having been issued with original issue discount because the difference between the old note's stated redemption price at maturity (\$1,000 per note) and their issue price (\$999.44 per note) is considered to be *de minimis*.

Because the new notes are treated as a continuation of the old notes, a new note received in the exchange offer for an old note will have the same original issue discount characteristics as the old note for which it is exchanged. As a result:

If you are a cash method taxpayer, you must report the stated interest on the new note in your income when it is received by you.

If you are an accrual method taxpayer, you must report the stated interest on the new note as it accrues.

You will not be required to include the *de minimis* original issue discount in your income as it accrues. Instead, you will include such discount in your computation of gain or loss when you sell, exchange or otherwise dispose of the new note

(including by way of retirement or redemption).

### **Sale or Exchange of Notes**

A holder will generally recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or other disposition of the new note and the holder's adjusted tax basis in the new note. A holder who exchanged old notes for new notes in the exchange offer will have the same basis in the new note that the holder had in the old note. Gain recognized on the sale of a new note will be long term capital gain provided the holder's holding period for the new note exceeds one year. A holder's holding period for the old notes will be added to the holder's holding period in the new notes, if the holder participates in the exchange offer. In the case of a holder other than a corporation, the current maximum marginal United States federal income tax rate applicable to long term capital gain recognized on the sale of a note is 15% (scheduled to increase to 20% on January 1, 2009).

If the selling price is less than the holder's adjusted tax basis, the holder will recognize a capital loss. Capital losses cannot be applied to offset ordinary income for United States federal income tax purposes except that a non-corporate taxpayer may offset a capital loss against ordinary income to the extent of \$3,000 per year (or \$1,500 per year for a married person filing a separate return).

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### **Information Reporting and Backup Withholding Tax**

In general, information reporting requirements will apply to payments of principal and interest on the new notes and payments of the proceeds of the sale of the new notes, and backup withholding tax may apply to those payments if:

- (i) the holder fails to furnish or certify his correct taxpayer identification number to us in the manner required,
- (ii) we are notified by the Internal Revenue Service that the holder has failed to report payments of interest and dividends properly, or
- (iii) under certain circumstances, the holder fails to certify that the holder has not been notified by the Internal Revenue Service that the holder is subject to backup withholding for failure to report interest and dividend payments.

Under current law, the backup withholding rate is 30% for 2003, 29% for 2004 and 2005, and 28% for 2006 and thereafter, subject to increase to 31% after 2010. Any amounts withheld under the backup withholding rules from a payment to a holder will be allowed as a credit against the holder's United States federal income tax and may entitle the holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

### **Non-U.S. Holders of New Notes**

The rules governing United States federal income taxation of a beneficial owner of new notes that, for United States federal income tax purposes, is a holder who is not a United States person as that term is defined in the Internal Revenue Code are complex and no attempt will be made herein to provide more than a summary of those rules. Non-U.S. holders should consult with their own tax advisors to determine the effect of federal, state, local and foreign income tax laws, as well as treaties, with regard to an investment in the notes, including any reporting requirements.

This discussion assumes that the note or interest payment is not subject to the rules of Section 871(h)(4)(A) of the Internal Revenue Code, relating to interest payments that are determined by reference to income, profits, changes in value of property or other attributes of Carpenter or a related party.

### **Interest Income**

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Generally, interest income of a non-U.S. holder that is not effectively connected with a United States trade or business will be subject to a withholding tax at a 30% rate (or, if applicable, a lower tax rate specified by a treaty). However, interest income earned on a new note held by a non-U.S. holder will qualify for the "portfolio interest" exemption and therefore will not be subject to United States federal income tax or withholding tax, provided that the interest income is not effectively connected with a United States trade or business of the non-U.S. holder and provided that:

- (1) the non-U.S. holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- (2) the non-U.S. holder is not a controlled foreign corporation that is related to us through stock ownership;
- (3) the non-U.S. holder is not a bank which acquired the note in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary c