

CARPENTER TECHNOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transactions affect earnings or it becomes probable the forecasted transactions will not occur. The following is a summary of the gains (losses) related to cash flow hedges recognized during the years ended June 30, 2019, 2018 and 2017:

(\$ in millions)	Amount of Gain (Loss) Recognized in AOCI on Derivatives Years Ended June 30,		
	2019	2018	2017
Derivatives in Cash Flow Hedging Relationship:			
Commodity contracts	\$ 45.4	\$ 41.4	\$ 9.4
Foreign exchange contracts	(0.9)	(0.4)	(0.1)
Total	<u>\$ 44.5</u>	<u>\$ 41.0</u>	<u>\$ 9.3</u>

(\$ in millions)	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income Years Ended June 30,		
		2019	2018	2017
Derivatives in Cash Flow Hedging Relationship:				
Commodity contracts	Cost of sales	\$ 5.1	\$ 3.8	\$ (22.8)
Foreign exchange contracts	Net sales	1.0	(1.0)	0.5
Forward interest rate swaps	Interest expense	0.4	0.4	0.4
Total		<u>\$ 6.5</u>	<u>\$ 3.2</u>	<u>\$ (21.9)</u>