

Myths about Titanium Supply to the US Military

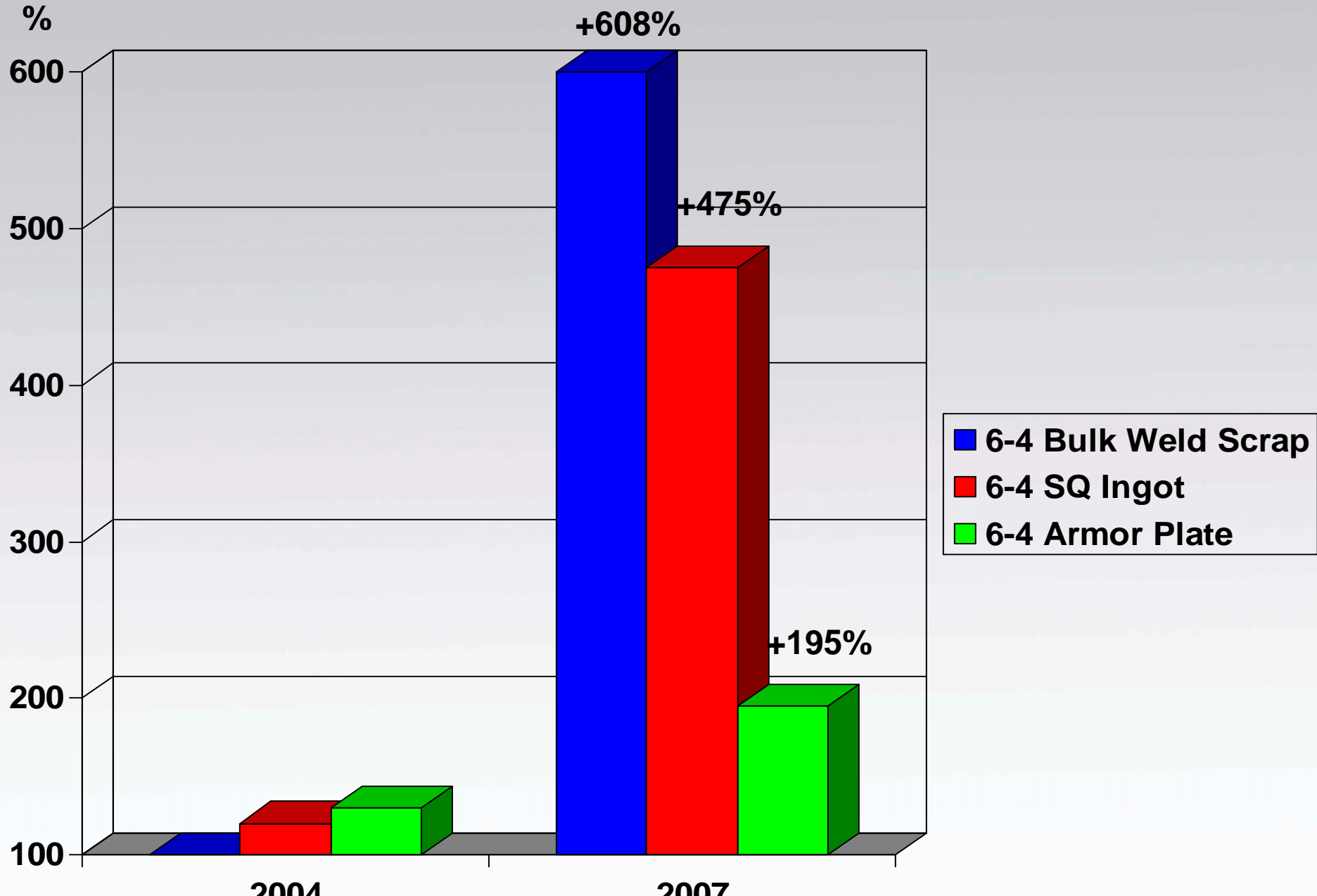
Strategic Materials Conference
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Gus Gustin - TIMET

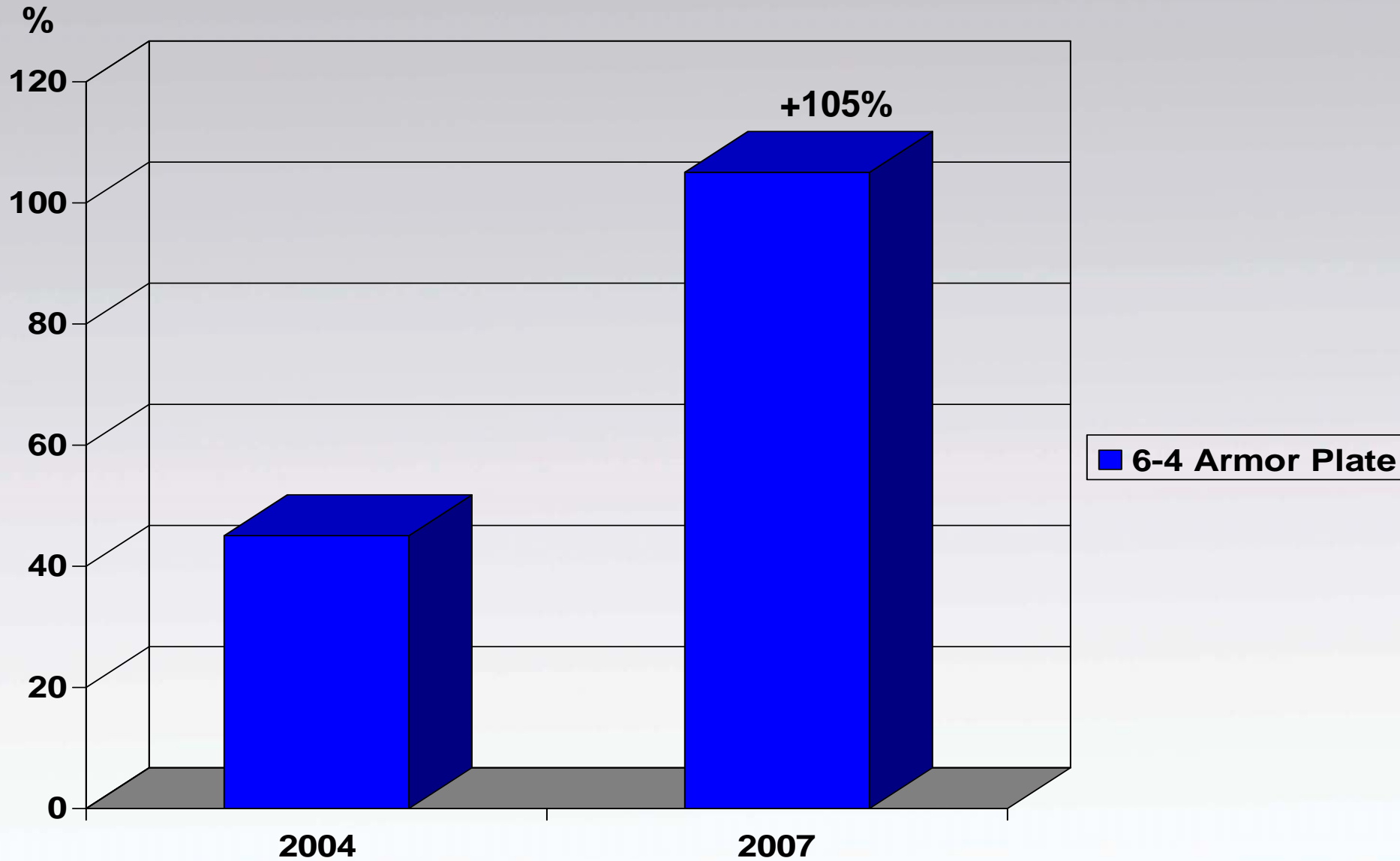
Myth: A Titanium shortage and spot price cyclicalities drove cost over-runs and the inability to support the military effort in a timely basis.

- Preponderance of long term agreements (LTA's) in place, especially for airframes and engines.
- Actual spot prices (see chart).
- Armor plate lead times stable.
- TIMET allocation of metal for military programs.

Price – Spot Market



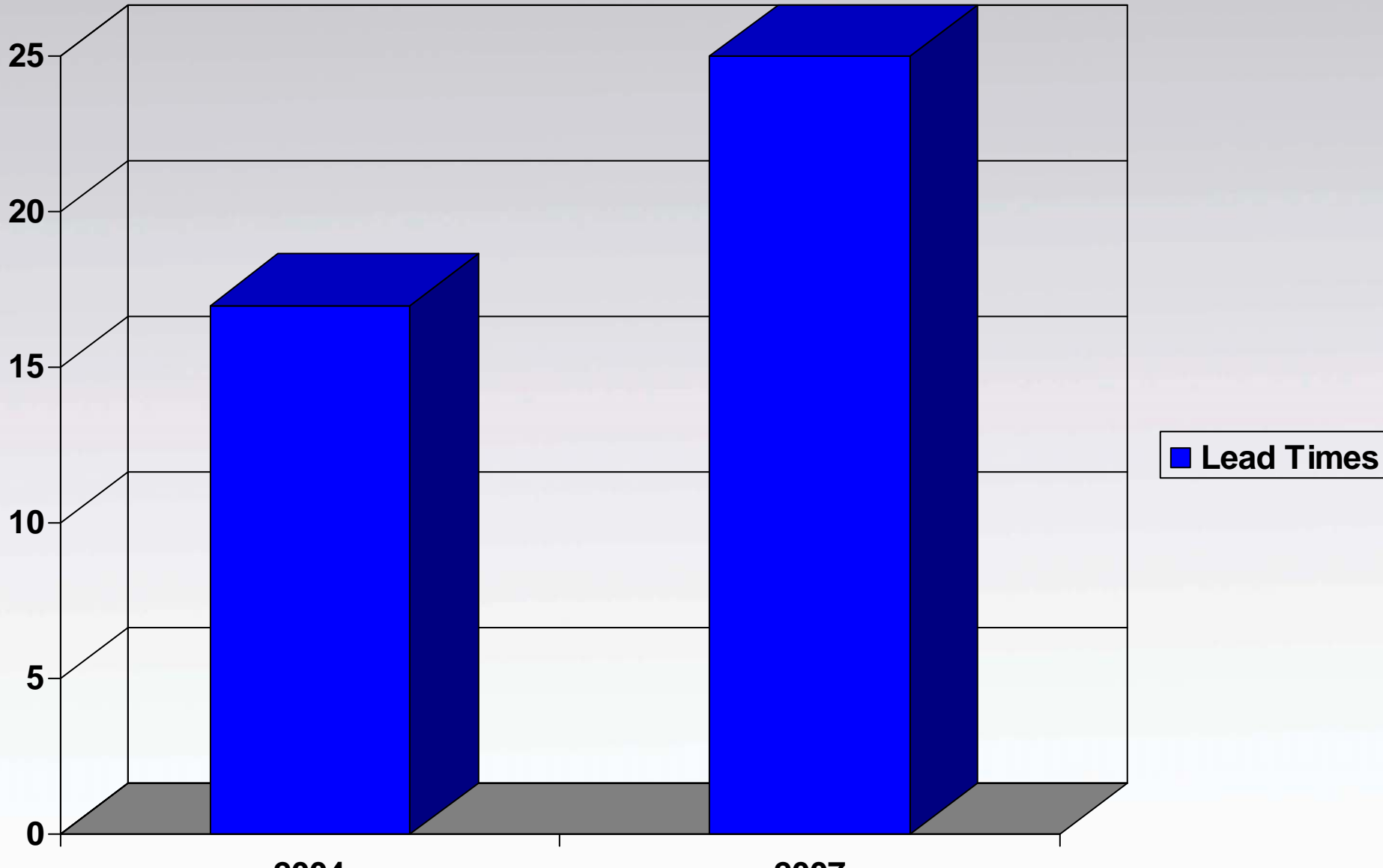
Volume Supplied – 6-4 Armor Plate - TIMET



6-4 Armor Plate Lead Times



Weeks



Titanium, Industrial Base, Price Trends and Technology Initiatives

- Cause of spikes was a surge in demand worldwide, particularly in China.
- Suggests a healthy, strong, domestic supply of titanium.
- Improve contract practices; monitor market trends; reduce buy-to-fly ratios; optimize scrap recycling; explore new technologies.

What to do in the future?



- TIMET and the Titanium industry supports the stockpiling of intermediate products to buffer the up cycles.
- Cost is reduced if stockpile purchases are made during a down cycle.
- Lead times are reduced in an up cycle when intermediate material is held in the stockpile.