



Fiscal 2011 Q3 Earnings

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Chairman & CEO
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Forward-Looking Statements

Information included within this presentation describing projected growth and future results and events constitutes forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results in future periods may differ materially from the forward-looking statements because of a number of risks and uncertainties, including but not limited to fluctuations in the aerospace, power generation, and general industrial cycles; the relative success of the Company's entry into new markets; competitive pricing; the financial viability of the Company's significant customers; the impact on the Company of customer labor disputes; demand, timing and market acceptance of new commercial and military programs; the availability and cost of energy, materials, supplies, and insurance; the cost of pension benefits and post-retirement medical benefits; equipment failures; relations with the Company's employees; the Company's ability to manage its operating costs and to integrate acquired businesses in an effective manner; governmental regulations and environmental matters; risks associated with international operations and world economies; the relative stability of certain foreign currencies; the impact of adverse weather or natural disasters; the availability and cost of financing; and implementation of new technologies and process improvement. Any forward-looking statements should be considered in light of these factors. The Company undertakes no obligation to publicly release any forward-looking information to reflect anticipated or unanticipated events or circumstances after the date of this document.

Continued Positive Trends in Sales and Earnings

	Q3 FY11	Q3 FY10	% Change
Net Sales	\$ 1,590.3 M	\$ 1,364.6 M	16.5 %
Consolidated Segment Operating Income	\$ 386.9 M	\$ 354.4 M	9.2 %
<i>Margin %</i>	24.3 %	26.0 %	
Earnings Per Share from Continuing Operations (<i>diluted</i>)	\$ 1.80	\$ 1.61	11.8 %

Y-O-Y Q3 Sales:

- Strong aerospace recovery → ~ 20% ↑
 - Investment Cast Products
 - Castings and alloys
 - Forged Products
- Slight increase in OEM/distributor aerospace fastener sales → ~ 5% ↑
 - Higher shipments of non-structural fasteners to distribution
 - Additional non-structural share gains
- Uptick in IGT sales → ~ 10% ↑
- Increased general industrial activity → ~ 30% ↑
- Reduction in seamless pipe sales → ~ 35% ↓
- Decrease in contractual pass-through pricing of ~ \$5M offset by higher nickel selling prices of ~ \$27M

Sequential Sales Q2 → Q3:

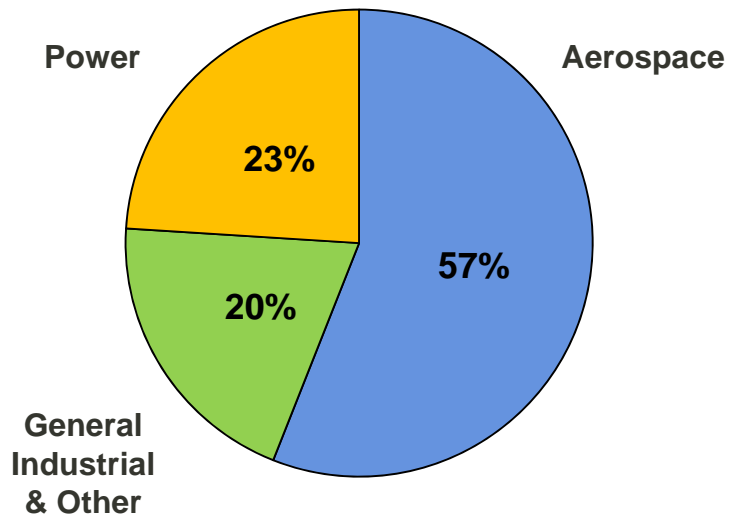
- ~ 5% increase in aerospace sales
- Continued improvement in seamless pipe sales off a significantly reduced base
- Moderate general industrial growth → ~ 5% ↑
- Flat IGT and fastener distribution shipments

Y-O-Y Q3 EBIT:

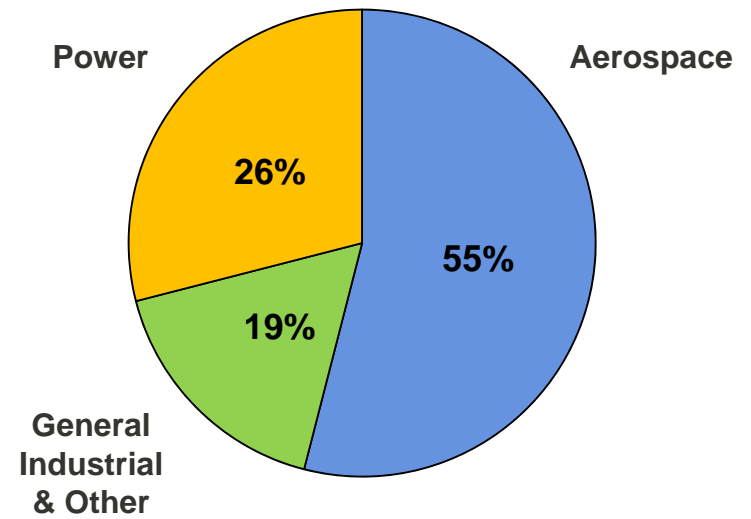
- Solid drop-through on higher aerospace volumes
- Decreased seamless pipe shipments/higher general industrial sales
- Further expansion into other aerospace fastener product families
 - Offsetting 787 and core distribution fasteners

Sales By Market – Q3 FY11 vs. Q3 FY10

Q3 FY11



Q3 FY10



Segment Summary

Investment Cast Products

	Q3 FY11	Q3 FY10	% Change
Sales	\$ 537.7 M	\$ 454.7 M	18.3 %
Operating Income	\$ 170.8 M	\$ 137.5 M	24.2 %
<i>Operating Margin</i>	31.8 %	30.2 %	

Y-O-Y Q3 Sales:

- Higher aerospace sales y-o-y → ~ 30% ↑
 - OEM schedules aligning with build rates → ~ 35% ↑
 - Improving aerospace aftermarket → ~ 25% ↑
- Relatively flat IGT sales
- Slight uptick in contractual material pass-through → ~ \$3M ↑

Y-O-Y Q3 EBIT:

- Higher volumes → increased operational leverage
 - ~ 40% incremental margins
- Strong variable cost improvement
 - Productivity gains
 - Decreased labor rates
 - Lower cost manufacturing in Mexico



Sequential Sales Developments Q2 → Q3:

- Increased aerospace revenues → ~ 10% ↑
- Continued modest growth in IGT → ~ 3% ↑
 - Aftermarket offsetting reduced OEM deliveries

- Further strength in base aerospace schedules
- FY12 upside
 - Increased build rates
 - 777: 5 → 7 (mid-2011) → 8.3 (Q1 2013)
 - 737: 31.5 → 35 (early 2012) → 38 (Q2 2013)
 - A320: 36 → 38 (August 2011) → 40 (Q1 2012)
 - 787 production

Segment Summary

Forged Products

	Q3 FY11	Q3 FY10	% Change
Sales	\$ 708.5 M	\$ 587.0 M	20.7 %
Operating Income	\$ 141.8 M	\$ 136.4 M	4.0 %
<i>Operating Margin</i>	20.0 %	23.2 %	

Y-O-Y Q3 Sales:

- Decline in contractual material pass-through pricing → ~ \$9M ↓
- Higher average nickel selling prices at primary mills → ~ \$27M ↑
- Recovery of aerospace component schedules
 - ~ 25% increase in y-o-y sales
 - Carlton growth → ~ 40% ↑
- Major decline in seamless pipe throughput
 - ~ 35% y-o-y decrease
- Additional general industrial strength
 - ~ 50% sales gain y-o-y

Sequential Sales Developments Q2 → Q3:

- Continued aerospace strength → ~ 2% ↑
- Moderate growth in seamless pipe off significantly reduced base
- Higher level of general industrial activity → ~ 5% ↑

Y-O-Y Q3 EBIT:

- Solid aerospace leverage
 - Carlton volume and integration
 - Intense focus on revert usage and yield management
- Downward pressure from reduced seamless pipe shipments
 - Offset by lower margin general industrial sales



- Further strength in base aerospace schedules
- FY12 upside
 - Increased build rates
 - 777: 5 → 7 (mid-2011) → 8.3 (Q1 2013)
 - 737: 31.5 → 35 (early 2012) → 38 (Q2 2013)
 - A320: 36 → 38 (August 2011) → 40 (Q1 2012)
 - 787 production
- Seamless pipe shipments begin to strengthen at end of Q4 and through FY12
- Further general industrial opportunities

Segment Summary

Fastener Products

	Q3 FY11	Q3 FY10	% Change
Sales	\$ 344.1 M	\$ 322.9 M	6.6 %
Operating Income	\$ 104.8 M	\$ 105.8 M	(0.9) %
<i>Operating Margin</i>	30.5 %	32.8 %	

Y-O-Y Q3 Sales:

- Modest aerospace uptick → ~ 5% ↑
 - Strong aerostructure penetration
 - Share gains in other product families
 - Regional/business jet orders starting
- Continued general industrial growth → ~ 15% ↑

Sequential Sales Developments Q2 → Q3:

- Aerospace growth → ~ 5% ↑
 - New product share gains
 - Sporadic improvement in distributor base
 - Regional/business jet orders slowly starting to return
- Flat general industrial shipments

Y-O-Y Q3 EBIT:

- General industrial volume
- Decreased base aerospace volumes
 - 787 specific products
 - Core distribution
- Increased share of lower-margin aerospace fasteners



- Core product schedules continue slow, steady climb
- Accelerators will be next big growth platforms
 - 787 orders
 - Recovery in distributor market
- Continued expansion of market share

Cash and Debt Position for Q3 FY11

	<u>January 2, 2011</u>	<u>Sept 26, 2010</u>	<u>Q3 Change</u>
Cash	\$ 822.8 M	\$ 410.6 M	\$ 412.2 M
Debt	236.9 M	237.6 M	0.7 M
<i>Debt-To-Capitalization</i>	3.4 %	3.5 %	
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Total change in cash and debt			<u><u>\$ 412.9M</u></u>

Well-positioned to take advantage of
opportunities for top- and bottom- line growth.

Inventory Position

	<u>January 2, 2011</u>	<u>Sept 26, 2010</u>	<u>Sept to Jan Increase/(Decrease)</u>
Raw Materials & Supplies	\$ 466 M	\$ 474 M	\$ (8) M
WIP	547 M	536 M	11 M
Finished Goods	322 M	310 M	12 M
LIFO	<u>186 M</u>	<u>180 M</u>	<u>6 M</u>
Total	<u>\$ 1,521 M</u>	<u>\$ 1,500 M</u>	<u>\$ 21 M</u>

Q3 FY11 Summary

Aerospace

- Commercial OEM
 - Realignment of component schedules with aircraft build rates
 - Investment Cast Products/Forged Products
- Structural aerospace fasteners
 - Still no change in distributor schedules
 - Small amount of OEM traction
 - Continued increased share in other aerospace fastener product families
 - Increase in regional/business jet activity off dramatic Q3 FY10 decline
- Improving aerospace aftermarket

Power

- Seamless pipe
 - Significant drop from Q1/Q2 FY10 sales levels
 - ~ 35% y-o-y decrease in Q3
- IGT
 - Soft IGT sales bolstered by emerging aftermarket

General Industrial

- Strong recovery from dismal FY10

Outlook → Q4 and Beyond

Aerospace

- Casting and forging
 - Continue to track current commercial aircraft build rates
 - Delivery schedules of base programs build over next two years
 - 777 (+2-3 per month)
 - 737 (+4-7 per month)
 - A320 (+2-4 per month)
 - Ramp-up of 787 production
 - Potential upside (see chart, slide 12)
 - Currently expect 4-6 month delay in increased schedules
 - Aftermarket
 - Growth driven by higher aircraft cycles
- Fasteners
 - Realignment of distribution schedules to previous demand levels
 - Production go-ahead on 787 program
 - Significant dollar content per aircraft (see chart, slide 13)
 - Minimal activity at present time

Power

- Forging
 - Seamless pipe
 - Continued sequential growth
 - Shipments start to accelerate by end of Q4 and through FY12
 - Longer-term opportunities
 - Oil & gas
 - Refining and petrochemical
- Casting
 - IGT
 - Potential modest OEM recovery in CY12

General Industrial

- Moderate but steady upside
- Targeted share gains

POISED FOR MAJOR UPSIDE OPPORTUNITY

Castings/Forgings



Fasteners



Questions

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