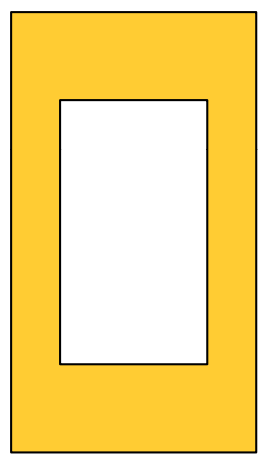


Titanium in Military Airframes

Al McCormack

Global Sourcing Commodity Manager - Metals

GKN Aerospace

 GO ARMY!

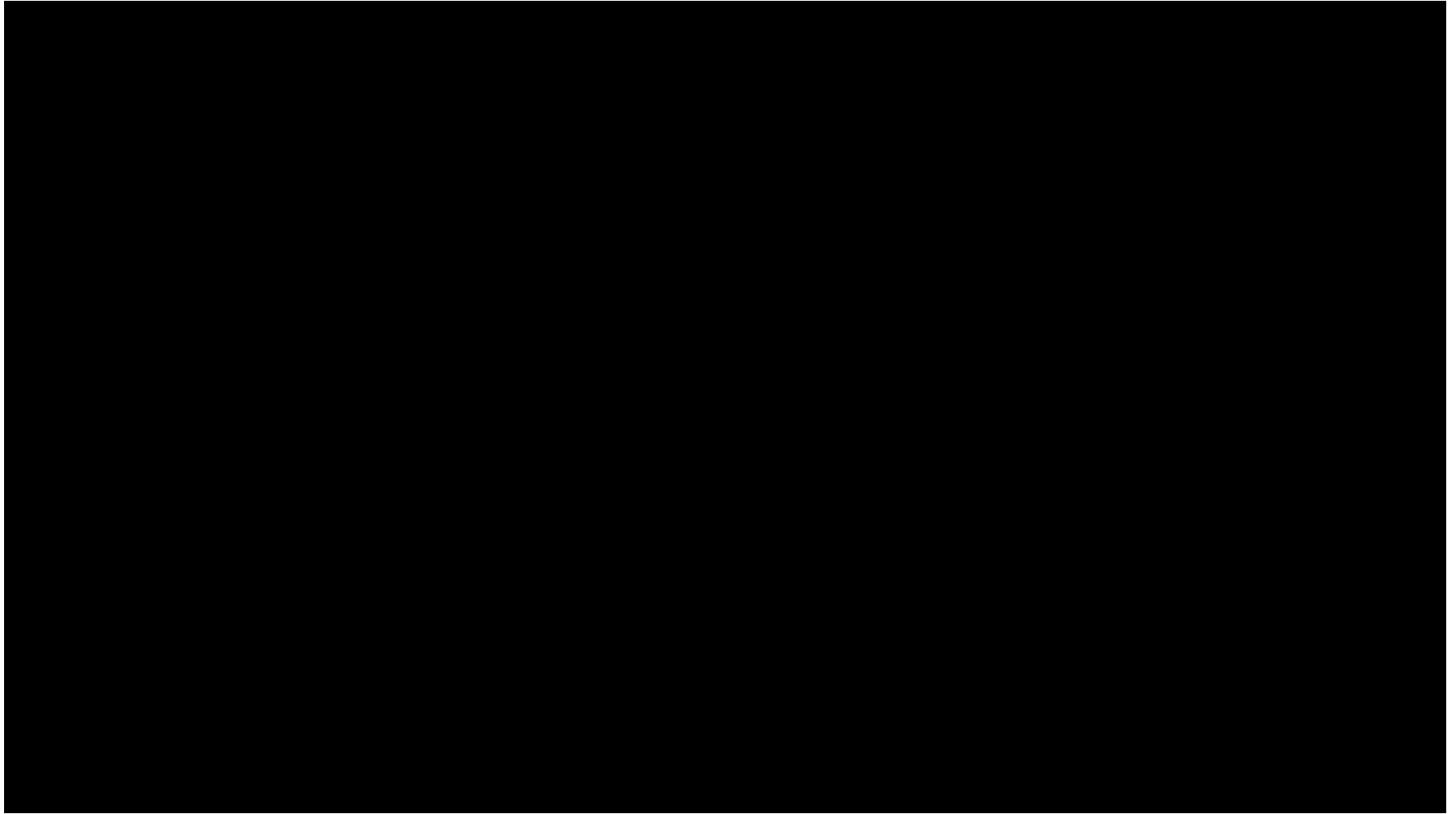
Disclaimer

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History of GKN Plc in Short

- The story of GKN began in 1759 when the Dowlais Iron Company was set up in the village of Dowlais in South Wales, John Guest was appointed as manager of Dowlais .
- The current company, GKN plc, was incorporated as Guest, Keen and Co Limited on 9th July 1900 on the merger of the Dowlais Iron Company with Arthur Keen's Patent Nut and Bolt Company.
- In 1902 the Company acquired Nettlefolds Limited, one of the world's leading manufacturers of screws and fasteners.
- Over the years the Company transitioned out of the Iron and Fastener businesses and into Marine, Aircraft and Automotive production.

GKN Aerospace Video

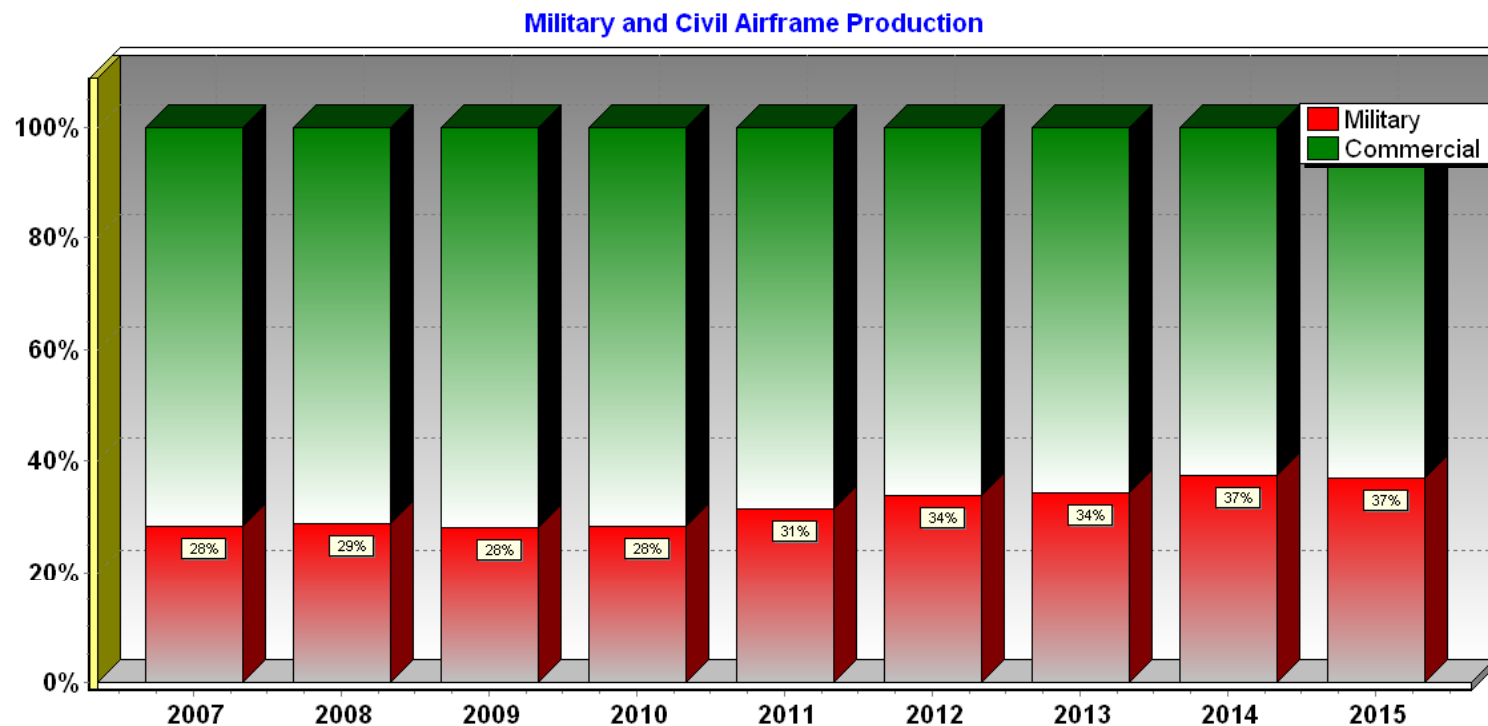


Titanium in Military Airframe Production

- Focus on Major Platforms using Titanium in Airframes
- Global Military Airframe Production
- Titanium Demand in Airframe Production
- Growth in Titanium content not restricted to the commercial sector
- Effect on Titanium Demand with Sustained Legacy Program Production
- Downstream process capacity concerns

Global Airframe Production

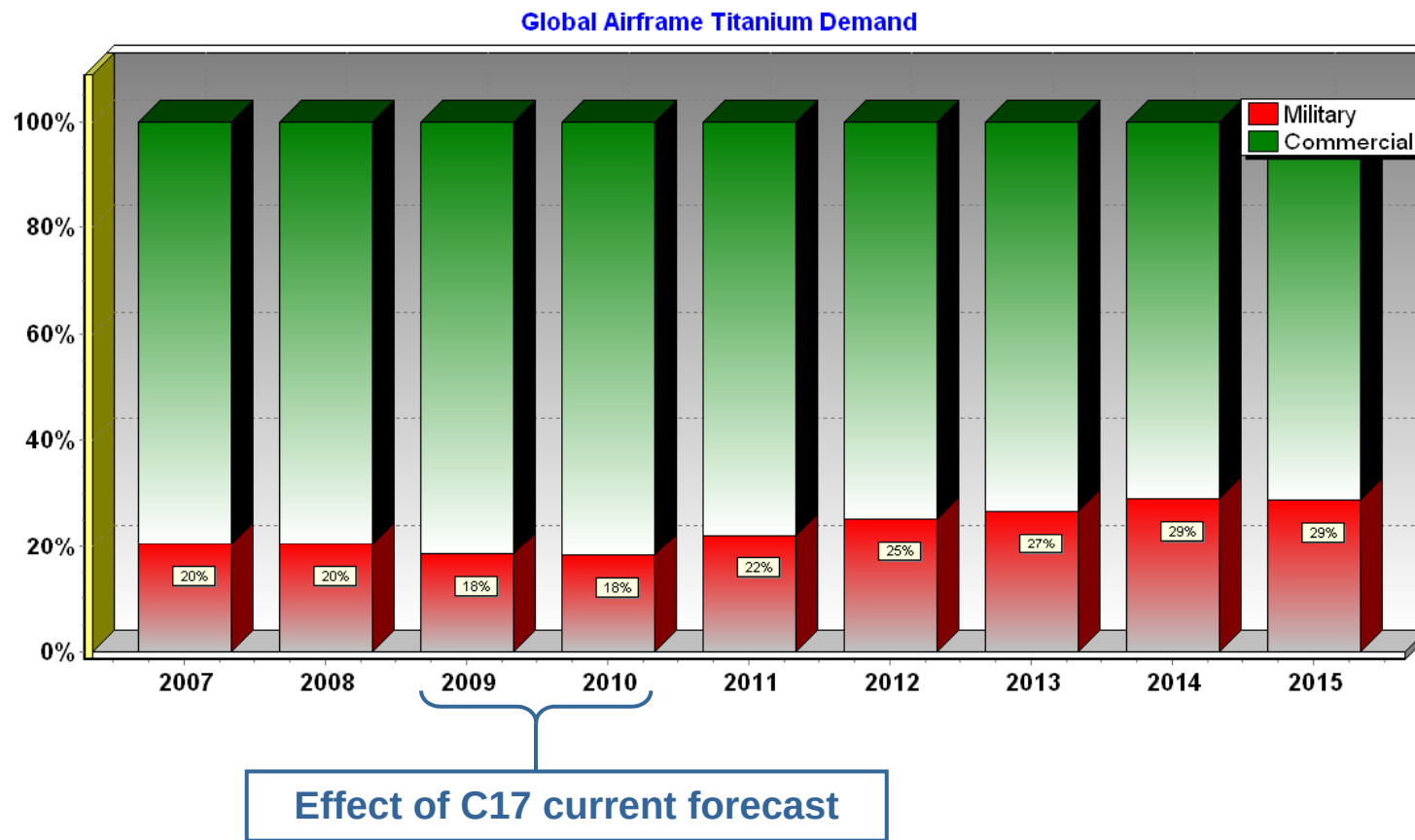
- Total Military Airframe Production will grow to 37% of Global Airframe Production by 2015, up from current 28%



- Market Drivers are JSF and Russia
- Russia will double military aircraft production by 2025 (source: RIA Novosti, 11 Aug 07)

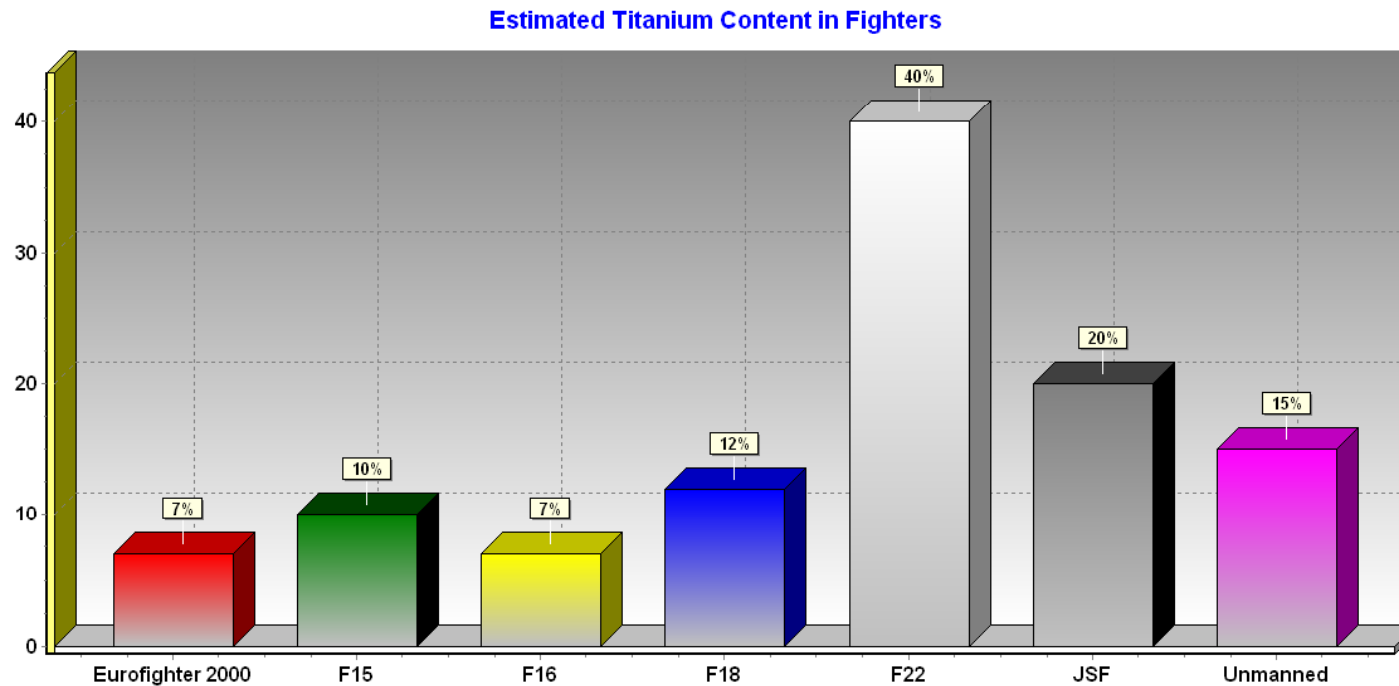
Military Airframe% of Global Titanium Demand

- The Market Share of Titanium for Military Airframe Production will increase to 29% in 2015, up from 20% in 2007



Titanium Content Growth in Fighters

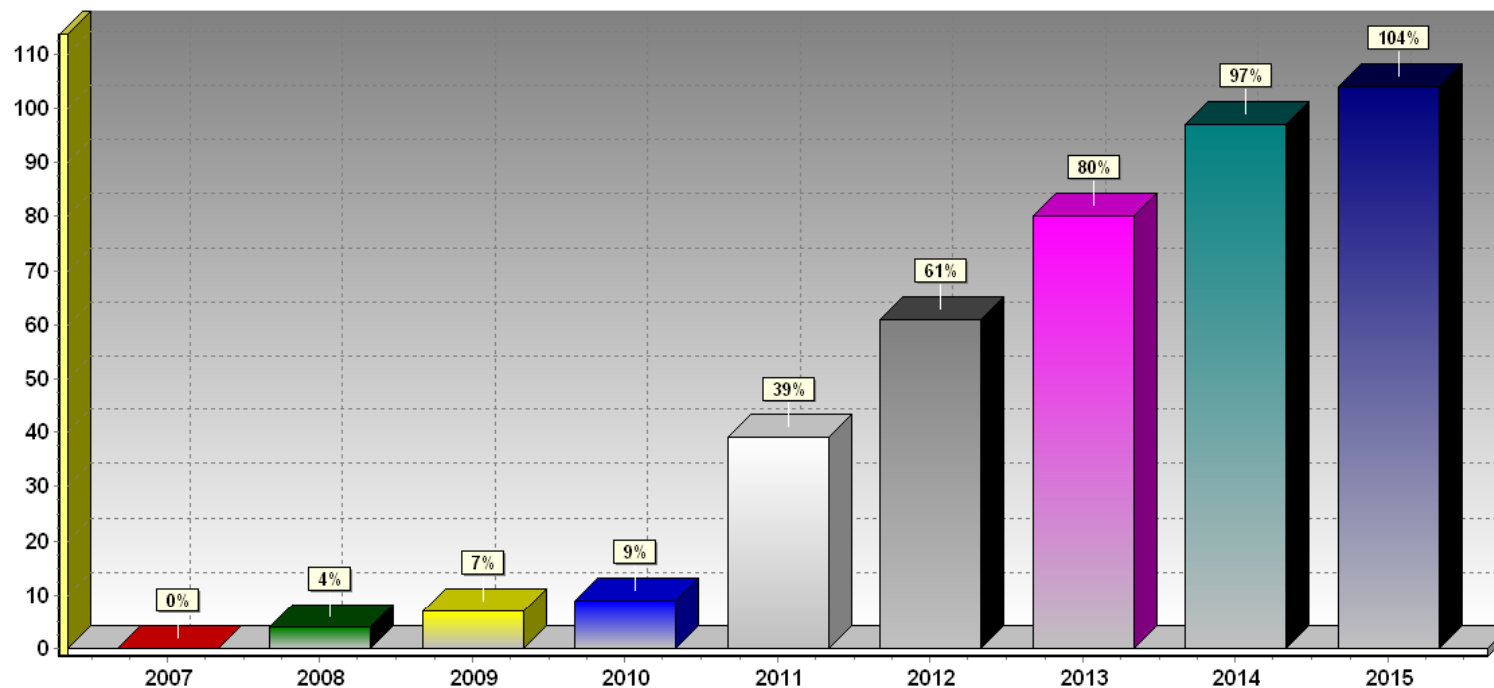
- Next Generation Aircraft will contain a higher Titanium content than legacy platforms.



Projected Increased in Titanium Demand

- Within the Military sector the increased content of Titanium in future platforms and expected higher build rates, demand for Titanium is anticipated to double by 2015.

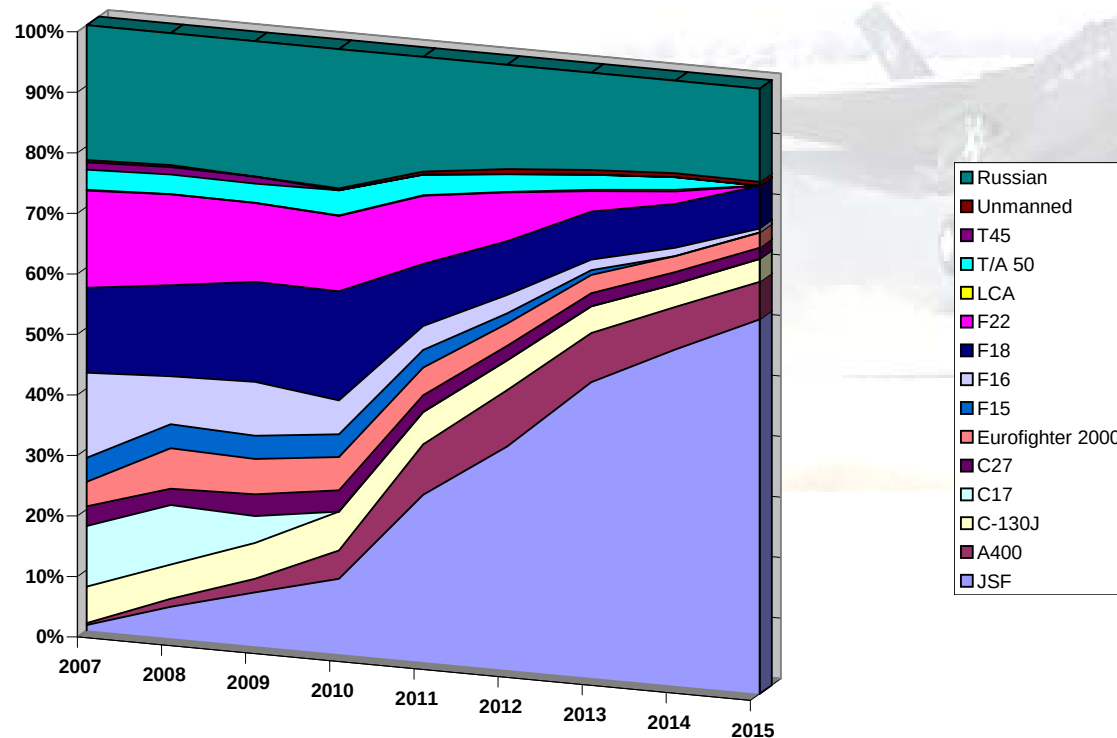
Estimated Growth in Titanium Demand in Military Airframes



Titanium in Military Airframe Production

- Main drivers in the forecasted demand are the F18, JSF, A400M, Russian platforms

Percentage of Military Transport and Fighter Airframe Titanium Demand



➤ JSF + Russian = 80%

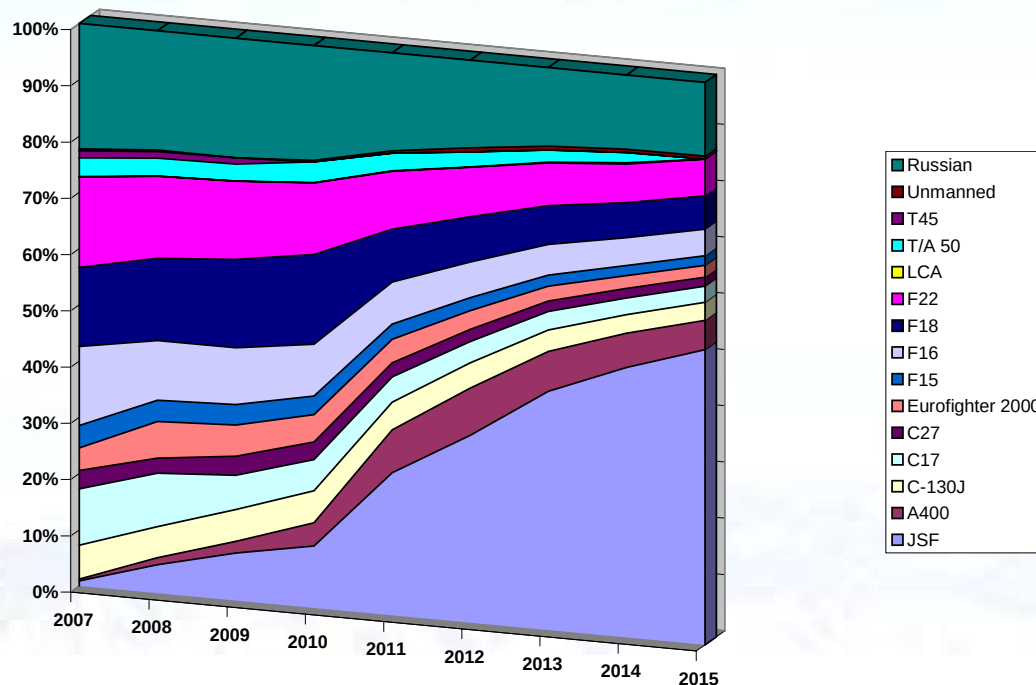
➤ All Others = 20%

EXPECT ➤ MORE

Effect of Sustained Legacy Production

- > What happens if production of existing platforms is extended beyond current forecast models?

Impact on Military Airframe Titanium Demand with Sustained Legacy Production

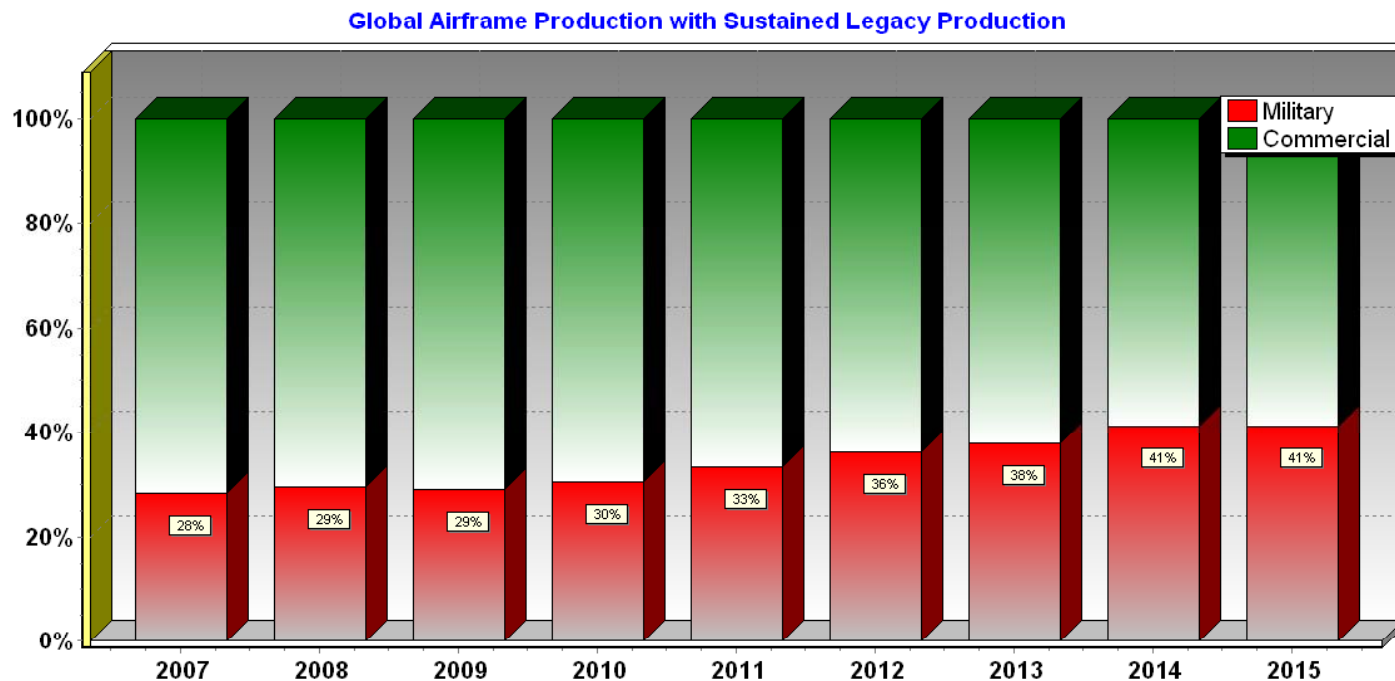


- > JSF + Russian = 65%
- > All Others = 35%



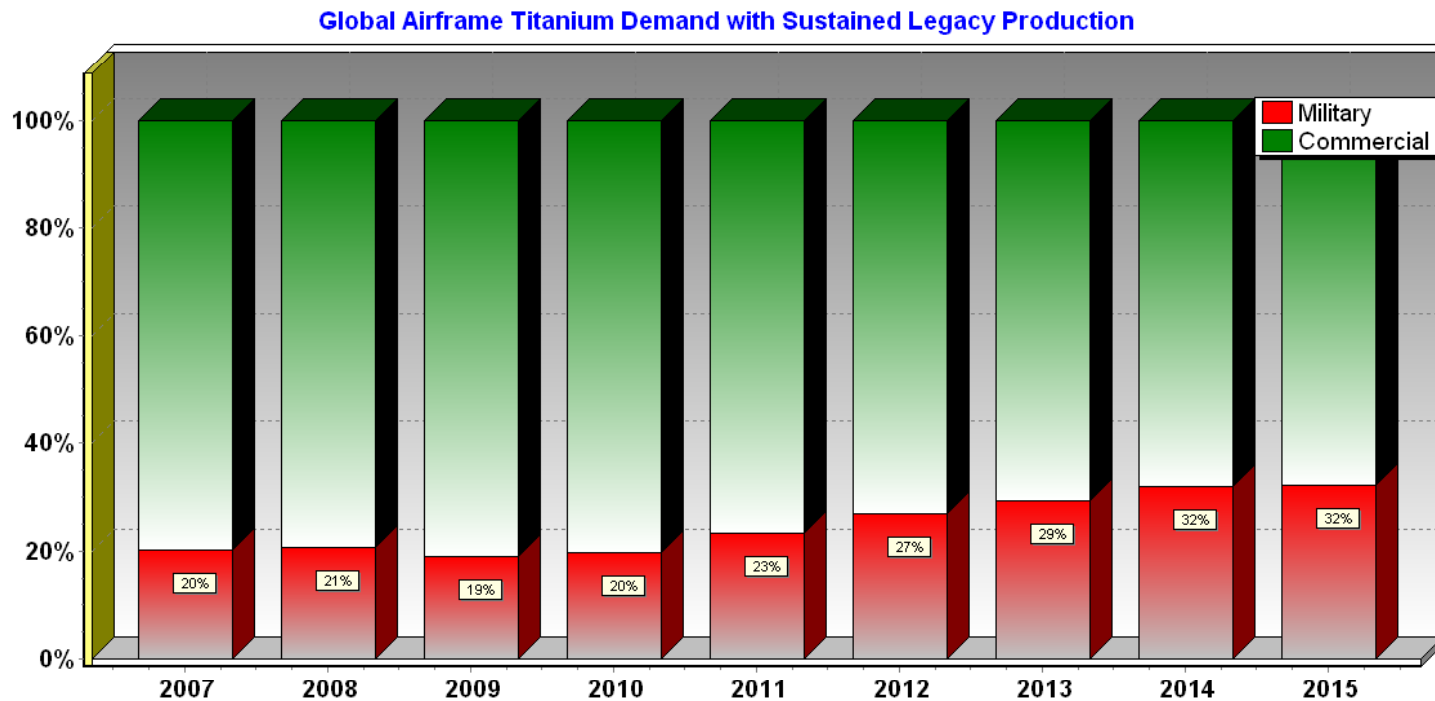
Airframe Production with Sustained Legacy Programs

- Total Military Airframe Production would be expected to grow to 41% by 2015, a 13% increase or 4% higher than without sustained production.



Effect on Titanium Demand with Sustained Legacy Programs

- Titanium demand in Military Airframe Production would be expected to grow to 32% by 2015, or 3% higher than without sustained production.

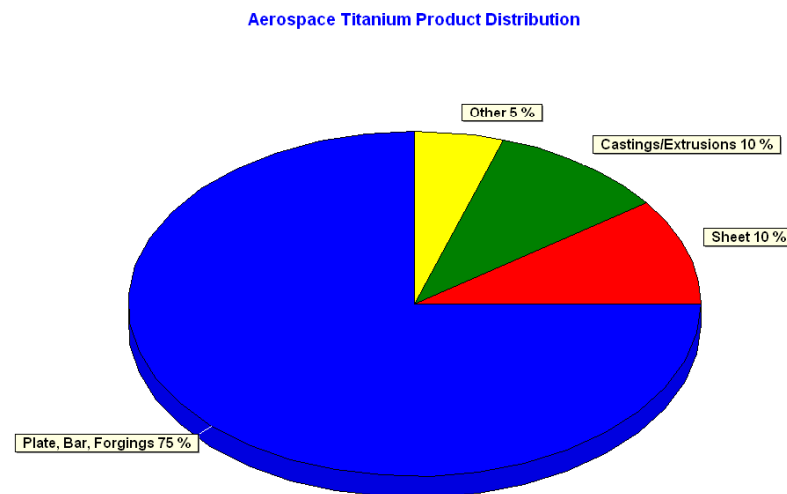


Where Does the Metal Go?

- With the forecasted growth of Titanium Mill Production there must be corresponding growth in processing the material.
- Areas of Capacity Concern:
 - Forging
 - Casting
 - Forming
 - Machining
- The following slides review Machining Capacity

Titanium Machining Capacity

- Titanium Mill Products are not fly away products
- Most Products will be processed by Machining Companies
- The Products are generally Forgings, Plate or Bar Products
- Assuming the Product distribution of:



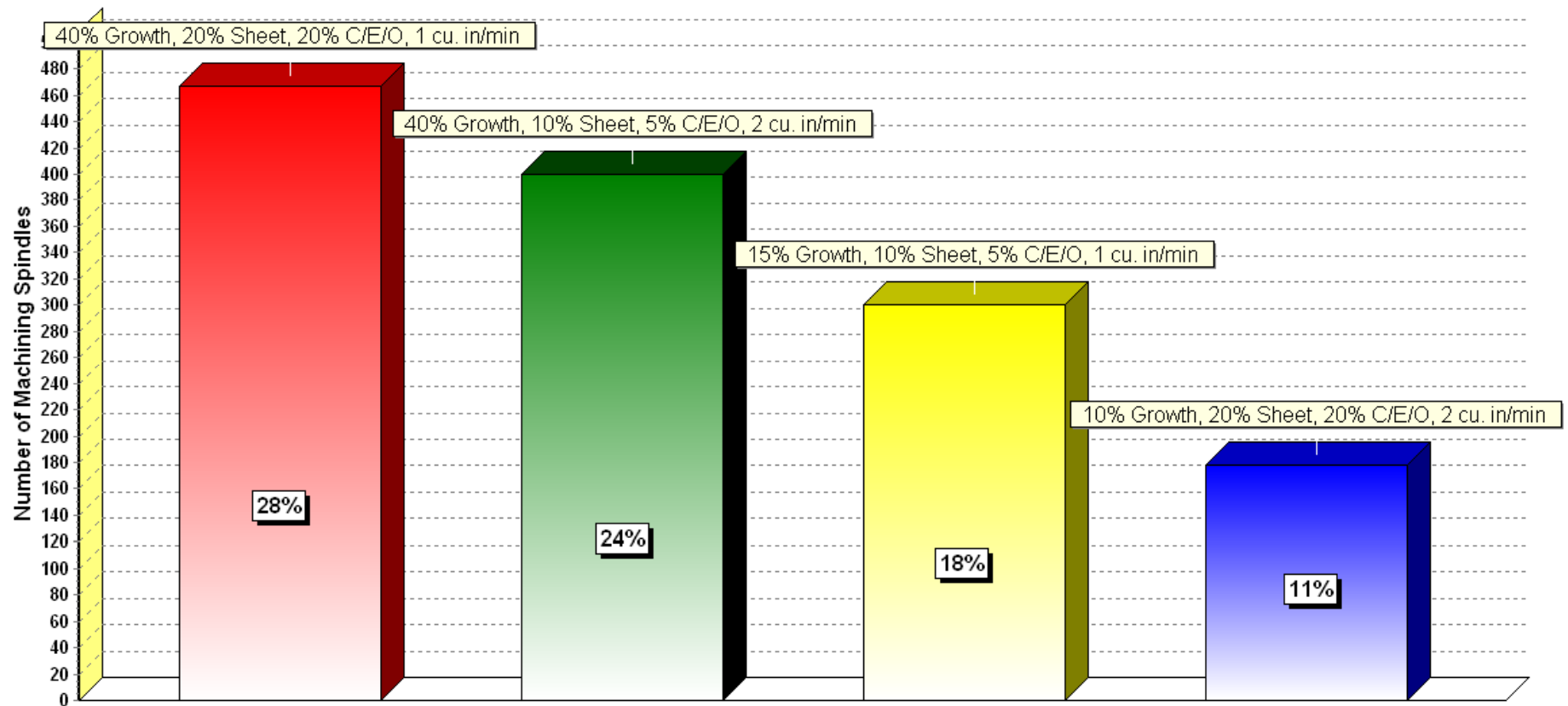
Titanium Machining Capacity

> Machining Capacity Requirement Calculation

Year	Military Only		Military and Commercial	
	2007	2015	2007	2015
Assumed Pounds to Aerospace Sector	10,000,000	20,000,000	50,000,000	70,000,000
10% of Volume Produced as Sheet	(1,000,000)	(3,000,000)	(7,500,000)	(10,500,000)
15% of Volume to Casting/Extrusion/Others Products	(1,500,000)	(2,000,000)	(5,000,000)	(7,000,000)
75 % to Machining Companies	7,500,000	15,000,000	37,500,000	52,500,000
8:1 Buy to Fly Ratio	6,000,000	12,000,000	30,000,000	42,000,000
Equivalent cubic inches(.163 density)	36,809,816	73,619,632	184,049,080	257,668,712
Machining Hours at 60 cubic inches per hour removal rate(1cu in/min)	306,748	613,497	1,533,742	2,147,239
Annual Hours Available per Machining spindle (90% of 365 x 7)	2,300	2,300	2,300	2,300
Machine Tool Utilization 80%	1,840	1,840	1,840	1,840
Spindles Needed in a Year	167	333	834	1,167
Required growth in Machining Capacity		100%		40%

Titanium Machining Capacity

2015 - Machining Capacity Sensitivity Analysis



In Summary

- A minimum of 11% growth of hard metal machining capacity is required by 2015.
- Most likely scenario is 28% growth required.
- Major Capital Investment in processing the forecasted Titanium Production is required to meet OEM build rates.
- Competing Capital Issues
 - These capital funds will be distributed between similar demand forecasts for Aluminum.
 - Aluminum High Speed machines are not suitable for Titanium machining

Thank You