Good morning.
Well, you’ve heard from all of these gentlemen that the markets for titanium are strong and getting stronger. They each focused on a segment of the industry. My job is to try to sum it all up. Each of us has our own data and forecasting is never an exact science, so you may see some differences in the numbers that I’ll show you, but the overall message will be the same.

The current condition of the industry is one characterized by unprecedented demand for titanium, driven primarily by air traffic growth, lighter, more efficient aircraft, and strong demand from other market segments including industrial, consumer and defense applications. This demand is currently exceeding supply, generating competition among titanium consumers for available units.

My summary represents world wide numbers expressed in millions of pounds and organized into three major market segments: Commercial Aerospace, Industrial/Consumer and Defense. Let’s start with the big story, Commercial Aerospace, where two factors are at work – increased air traffic and greater utilization of titanium in new aircraft designs.

It was probably evident by those of you who flew to this conference that there are more people flying these days. I’ll bet you didn’t see many empty seats on your flight. That’s happening all over the world, particularly in developing areas like China and the Middle East which have growing middle classes.

John Monahan showed you the huge growth in air travel and aircraft demand. Air traffic grew 12.5% in 2004, followed by 7.5% in 2005 and 5-6% is expected annually for this year and next.

This growth has stimulated record new orders for commercial aircraft and record backlogs for Airbus and Boeing, which now total 4,206 planes, representing 5 years worth of production.

The forecast for large jet aircraft production out to 2015 looks like this, reaching 1,165 planes in 2015.

The second big factor, the amount of titanium being put into new planes, is driven by the need for lighter, more cost efficient aircraft.

Airlines need lower operating costs to help stop the flow of red ink so prevalent in recent years. The new aircraft designs make this possible with increased use of composites to
replace aluminum. Because of the compatibility between titanium and composite material, this switch has led to much higher titanium usage – going from approximately 5% of the weight of the airframe on the last generation of aircraft to 20% plus on some new models.

This graphic shows our estimate of the titanium mill product input of each aircraft and how it has increased from approximately 25,000 pounds in today’s narrow bodies, to 90,000 pounds for a 747, to something in the neighborhood of 200,000 pounds on the latest designs.

It is also anticipated that sometime after the end of this decade, new single isle replacement aircraft will be developed by Boeing and Airbus, utilizing similar composite-titanium designs.

As Tom Williams indicated, increased aircraft build rates naturally give rise to increased need for engines and spares and the titanium they contain.

All tolled, we estimate titanium consumption from Commercial Aerospace will total approximately 52 million pounds 2006, increase through the end of this decade to 76 million pounds and reach 130 million pounds by 2015.

Now let’s turn to Industrial and Consumer markets which presently consume over half of all titanium produced worldwide. Mr. Nagomi and Dr. Holtz detailed a number of these applications in their presentations, so I won’t duplicate that discussion here. I will note that that the economic expansion in China and the Middle East that I eluded to earlier is also a big driver here, as infrastructure growth in those parts of the world consume huge amounts of titanium and other metals.

The fastest growth in new uses for titanium may well be in the medical arena where scores of new applications utilize titanium’s light weight, corrosion resistance and compatibility with the human body. The growing demand for oil and gas production from deep water sources, like the find just announced by Chevron in the Gulf of Mexico, also represents a big opportunity for titanium.

We think the future for these markets looks something like this, consuming approximately 90 million pounds this year and growing to nearly 140 million pounds by 2015.

That leaves the defense market, which has figured prominently in the use of titanium from the inception of the industry.

With defense spending at high levels worldwide, titanium use in these applications represents 14% of global consumption. Most of that consumption is in jet fighter programs, but ground and naval applications are growing. The largest defense acquisition program ever, the Joint Strike Fighter, is completing its developmental phase and will soon play a prominent role in future titanium demand. We estimate that this program will need in excess of 15 million pounds annually by 2015 and nearly double this market’s consumption of titanium, as you can see here on our projection for Defense.

Before I stack these charts, let me put all three of them up here side by side just to emphasize the point that this is not just a commercial aerospace story. All three of these market groups are strong and all three are growing.
Putting all three segments together, we expect worldwide demand to be 165 million pounds this year, 190 million next year, then growing steadily to over 300 million by 2015.

To meet all of this demand the industry has undertaken unprecedented capacity expansions. You heard Jim Buch estimate the investment to be over $2 billion by the end of the decade. Much of that amount is for additional sponge capacity. Will it be enough? Probably not. If all of the discussed sponge capacity in fact comes online and, if we effectively utilize all of the scrap, we may have enough raw material. Those are big if’s. With respect to mill product capacity, I think more will be needed. I believe it is even more likely that additional finishing capacity will be needed – final machining, forming, sub-assembly, etc. Of course, none of these capacity additions happen quickly. As a result, we believe titanium will continue to be in tight supply for some time to come.

Thank you for your attention.
Market Outlook Summary

Timothy G. Rupert

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RTI International Metals, Inc.
Safe Harbor

The information in this presentation, including oral comments, includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, and are subject to the safe harbor created by that Act. Because such forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the impact of global events on the commercial aerospace industry, military spending, global economic conditions, the competitive nature of the markets for specialty metals, the ability of the Company to obtain an adequate supply of raw materials, successful completion of the Company’s capital expansion projects, and the design and effectiveness of the Company’s internal control over financial reporting. Additional information concerning such factors is contained from time to time in the Company’s Securities and Exchange Commission filings, copies of which can be obtained from the Company or the SEC.
Major Market Drivers

1. Air traffic growth

2. Lighter, more efficient aircraft

3. Solid demand from other market groups
   - Industrial & consumer products
   - Defense
Market Segments

- Commercial Aerospace
- Industrial/Consumer
- Defense
Commercial Aerospace

1. Increased air traffic

2. More titanium in aircraft designs
Air Traffic Growth

- More people flying

- China, India & Middle East

- 12.5 % growth in 2004
  7.5 % growth in 2005
  6.0 % growth forecast for 2006 & 2007
Commercial Aerospace Backlog

Airbus & Boeing Backlog Totals

July, 2005

July, 2006

NEW RECORD

4,206

2,998

Represents 5 years of aircraft production

Source: Aerospace Market News – August 2006
Global Aerospace Production Forecast

Source: *The Airline Monitor* – July 2006
Lighter, More Efficient Aircraft

- Airlines need lower aircraft operating costs
- New aircraft designs use more composites
- Titanium and composites compatible
  - Expansion & contraction at temperature
  - No galvanic reaction or corrosion
- Composites require increased use of titanium
- Last generation aircraft used 5% titanium
- New designs use 20% titanium
TITANIUM “BUY” WEIGHT
USAGE BY AIRCRAFT TYPE (000’s lbs.)

Source: RTI estimates

Early Design Estimates for the A350XWB & 787
Source: RTI estimates
Industrial & Consumer Markets

- Driven by economic expansion in China & Middle East
- Fast growing medical demand
- Growing demand from oil & gas
Industrial/Consumer
World Titanium Demand

Source: RTI estimates
Defense Market

- High levels of defense spending
- 14% of global consumption
- Fighter aircraft is biggest user
- Growing use in ground & naval applications
Joint Strike Fighter

Lockheed Martin F-35

- Projected to be largest fighter program ever
- Current estimate 2,600 planes
- Over 60,000 lbs. of titanium per plane
Defense

World Titanium Demand

Source: RTI estimates
Source: RTI estimates
Thank you