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## Carpenter Technology Corporation F3Q09 (Qtr End 03/31/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) And your first question comes from the line of Edward Marshall from Sidoti & Company. Please proceed.

#### Edward Marshall – Sidoti & Company

Good morning.

#### Anne Stevens

Good morning.

#### Edward Marshall – Sidoti & Company

My first question. I just was curious, we talked about inventories coming down and reducing. Is there any kind of outlook that you could provide as far as for 2010 or fiscal 2010 as far as a reduction in inventory and how low can it get with respect to the fact that – I know it's kind of hard to predict given the demand situation.

#### Doug Ralph

We certainly next year are going to manage to a more level inventory pattern than we've seen over the last couple of years. So I don't know that there are significant further reduction potentials versus where we will end up this year. And we have got a lot of work to do in the fourth quarter. But as we deliver the level at the end of this year, I think you can expect just some more level inventory pattern across the next fiscal year.

#### Edward Marshall – Sidoti & Company

I see. And then from a backlog perspective, I don't think you break it out on a quarterly basis. But if you kind of give us an indication as to your book to bill in individual segments and what that's doing, you know you're dipping into backlog here?

#### Doug Ralph

The backlog numbers aren't fully indicative of our results. But we've got backlog numbers at the end of the quarter that are probably running in order of magnitude 40% or so below same period last year.

#### Edward Marshall – Sidoti & Company

I see. Okay, thank you very much.

**Operator**

And your next question comes from the line of Gautam Khanna from Cowen & Company. Please proceed.

**Gautam Khanna – Cowen & Company**

Hi. Could you talk about the cash impact on the pension next year fiscal ?10?

**Doug Ralph**

For fiscal '10, so based on where our asset values ended up at the end of last calendar year we right now would continue to project a cash investment need of about \$20 million. And that would be in September of 2010 for the 2009 plan year. And depending on where we are at the end of this calendar year we would potentially then need to start estimated payments beginning in April 2010 or our 2010 plan year. And those are of an undetermined magnitude because we don't know where the assets are going to be at the end of the calendar year. So very little of that that would affect our fiscal 2010 cash flow.

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