

RTI INTERNATIONAL METALS INC

Form 10-K/A

November 12, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 2

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2012**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number **001-14437**

RTI INTERNATIONAL METALS, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State of Incorporation)

Westpointe Corporate Center One, 5th Floor

1550 Coraopolis Heights Road

Pittsburgh, Pennsylvania
(Address of principal executive offices)

52-2115953
(I.R.S. Employer Identification No.)

15108-2973

(Zip code)

Registrant's telephone number, including area code:

(412) 893-0026

Securities registered pursuant to Section 12(b) of the Act:

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| Title of each class | Name of each exchange on which registered |
|--|--|
| Common Stock, par value \$0.01 per share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant was \$686 million as of June 30, 2012. The closing price of the Company's common stock (Common Stock) on June 29, 2012, as reported on the New York Stock Exchange, was \$22.63.

The number of shares of Common Stock outstanding at January 31, 2013 was 30,441,990.

Documents Incorporated by Reference:

Selected Portions of the Proxy Statement for the 2013 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

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EXPLANATORY NOTE

On October 27, 2013, the Audit Committee of the Board of Directors of RTI International Metals, Inc. (the Company, sometimes referred to as we, us or our), upon the identification by and recommendation of management and the concurrence of PricewaterhouseCoopers LLP, our independent registered public accounting firm, concluded that the previously issued Consolidated Financial Statements for the year ended December 31, 2012 contained in our Annual Report on Form 10-K for the year ended December 31, 2012 (the Original Form 10-K) as originally filed with the Securities and Exchange Commission (the SEC) on February 22, 2013 (the Original Filing Date), as restated by Amendment No. 1 on Form 10-K/A (the Amendment No. 1) filed with the SEC on September 24, 2013, should no longer be relied upon and would be restated to correct errors in those financial statements. The errors overstated net sales and operating income by \$1.5 million as compared to the amounts set forth in Amendment No. 1.

This Amendment No. 2 on Form 10-K/A (the Amendment Form 10-K/A or Annual Report) is being filed to reflect restatements of the Company's Consolidated Financial Statements and related disclosures in Item 8 for the year ended December 31, 2012 (including restated financial information as of and for the interim periods contained therein), and to reflect revisions, where necessary, to certain disclosures within the Business section of Item 1, Risk Factors in Item 1A, Selected Financial Data in Item 6, Management's Discussion and Analysis in Item 7, Financial Statements and Supplementary Data in Item 8, Controls and Procedures in Item 9A, and Exhibits and Financial Statement Schedules in Item 15.

As previously disclosed in the Company's Current Report on Form 8-K filed on September 19, 2013, the Company had historically recognized revenues for certain of its long-term contracts related to projects of the Company's Engineered Products and Services Segment, primarily for use in offshore oil and gas drilling, upon the delivery of products or the performance of services. In July 2013, the Company undertook a review of these contracts, and determined that for certain of the contracts this treatment was incorrect, and as such filed Amendment No. 1 on September 24, 2013 to correctly present the Consolidated Financial Statements using a percentage-of-completion accounting model under Accounting Standards Codification (ASC) 605-35, *Construction-Type and Production-Type Contracts*, as well as other related adjustments, for the contracts at issue.

In connection with the preparation of Amendment No. 1, multiple spreadsheets were created and used to calculate historic revenue and cost of goods sold under the contracts requiring application of the percentage-of-completion methodology under ASC 605-35. During the Company's third quarter closing process, the Company determined that one of these spreadsheets inadvertently contained computational errors resulting in an inaccurate calculation of the revenues and cost of sales for these contracts. These errors resulted in an overstatement of net sales and operating income for the year ended December 31, 2012 by \$1.5 million as compared to the amounts set forth in Amendment No. 1, and have been corrected herein. The Company also made immaterial corrections to goodwill and deferred income tax balances associated with its acquisition of its RTI Remmele Engineering and RTI Remmele Medical subsidiaries.

The following tables present the Company's restated Unaudited Condensed Consolidated Financial Statements for (i) the interim periods in 2012, (ii) the three months ended March 31, 2011 (which information is unchanged from that shown in Amendment No. 1), and (iii) the three months ended June 30, 2011 (which information is unchanged from that shown in Amendment No. 1), as well as revised Unaudited Condensed Consolidated Financial Statements for the six months ended June 30, 2011 and the three and nine months ended September 30, 2011 (which information is unchanged from that shown in Amendment No. 1). Columns labeled First Restatement Adjustment or Revision Adjustment illustrate the effect of the restatement or revision as previously set forth in Amendment No. 1, while columns labeled Second Restatement Adjustment for the interim periods in 2012 refer to the effect of the correction of the errors discussed above and represent the reconciling difference between this Amendment and Amendment No. 1 for such periods in 2012 (2011 information is unchanged from Amendment No. 1). The following tables have been adjusted to present the results of the Company's former RTI Pierce Spafford facility, which was divested in April 2013, as a discontinued operation.

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Three Months Ended March 31, 2012 | | | | | |
|--|-----------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 162,850 | \$ (810) | \$ 311 | \$ 162,351 | \$ (8,281) | \$ 154,070 |
| Cost and expenses: | | | | | | |
| Cost of sales | 127,145 | 897 | 121 | 128,163 | (6,600) | 121,563 |
| Selling, general, and administrative expenses | 21,622 | | | 21,622 | (789) | 20,833 |
| Research, technical, and product development expenses | 1,065 | | | 1,065 | | 1,065 |
| Operating income | 13,018 | (1,707) | 190 | 11,501 | (892) | 10,609 |
| Other income, net | (268) | | | (268) | | (268) |
| Interest income | 82 | | | 82 | | 82 |
| Interest expense | (4,278) | | | (4,278) | | (4,278) |
| Income before income taxes | 8,554 | (1,707) | 190 | 7,037 | (892) | 6,145 |
| Provision for (benefit from) income taxes | 2,929 | (586) | 65 | 2,408 | (321) | 2,087 |
| Net income attributable to continuing operations | 5,625 | (1,121) | 125 | 4,629 | (571) | 4,058 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 571 | 571 |
| Net income | \$ 5,625 | \$ (1,121) | \$ 125 | \$ 4,629 | \$ | \$ 4,629 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.19 | \$ (0.04) | \$ | \$ 0.15 | \$ (0.02) | \$ 0.13 |
| Diluted | \$ 0.19 | \$ (0.04) | \$ | \$ 0.15 | \$ (0.02) | \$ 0.13 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Three Months Ended June 30, 2012 | | | | | |
|---|----------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 190,277 | \$ 1,971 | \$ 182 | \$ 192,430 | \$ (7,968) | \$ 184,462 |
| Cost and expenses: | | | | | | |
| Cost of sales | 153,781 | 2,997 | 136 | 156,914 | (6,471) | 150,443 |
| Selling, general, and administrative expenses | 23,458 | | | 23,458 | (780) | 22,678 |
| Research, technical, and product development expenses | 1,104 | | | 1,104 | | 1,104 |
| Operating income | 11,934 | (1,026) | 46 | 10,954 | (717) | 10,237 |
| Other income, net | 570 | | | 570 | | 570 |
| Interest income | 33 | | | 33 | | 33 |
| Interest expense | (4,209) | | | (4,209) | | (4,209) |
| Income before income taxes | 8,328 | (1,026) | 46 | 7,348 | (717) | 6,631 |
| Provision for (benefit from) income taxes | 3,165 | (382) | 19 | 2,802 | (264) | 2,538 |
| Net income attributable to continuing operations | 5,163 | (644) | 27 | 4,546 | (453) | 4,093 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 453 | 453 |
| Net income | \$ 5,163 | \$ (644) | \$ 27 | \$ 4,546 | \$ | \$ 4,546 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.17 | \$ (0.02) | \$ | \$ 0.15 | \$ (0.01) | \$ 0.14 |
| Diluted | \$ 0.17 | \$ (0.02) | \$ | \$ 0.15 | \$ (0.01) | \$ 0.13 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Six Months Ended June 30, 2012 | | | | | |
|---|--------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 353,127 | \$ 1,161 | \$ 493 | \$ 354,781 | \$ (16,249) | \$ 338,532 |
| Cost and expenses: | | | | | | |
| Cost of sales | 280,926 | 3,894 | 257 | 285,077 | (13,071) | 272,006 |
| Selling, general, and administrative expenses | 45,080 | | | 45,080 | (1,569) | 43,511 |
| Research, technical, and product development expenses | 2,169 | | | 2,169 | | 2,169 |
| Operating income | 24,952 | (2,733) | 236 | 22,455 | (1,609) | 20,846 |
| Other income, net | 302 | | | 302 | | 302 |
| Interest income | 115 | | | 115 | | 115 |
| Interest expense | (8,487) | | | (8,487) | | (8,487) |
| Income before income taxes | 16,882 | (2,733) | 236 | 14,385 | (1,609) | 12,776 |
| Provision for (benefit from) income taxes | 6,094 | (968) | 84 | 5,210 | (585) | 4,625 |
| Net income attributable to continuing operations | 10,788 | (1,765) | 152 | 9,175 | (1,024) | 8,151 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 1,024 | 1,024 |
| Net income | \$ 10,788 | \$ (1,765) | \$ 152 | \$ 9,175 | \$ | \$ 9,175 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.36 | \$ (0.06) | \$ 0.01 | \$ 0.30 | \$ (0.03) | \$ 0.27 |
| Diluted | \$ 0.36 | \$ (0.06) | \$ 0.01 | \$ 0.30 | \$ (0.03) | \$ 0.27 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Three Months Ended September 30, 2012 | | | | | |
|---|---------------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 189,075 | \$ 439 | \$ 259 | \$ 189,773 | \$ (7,228) | \$ 182,545 |
| Cost and expenses: | | | | | | |
| Cost of sales | 151,128 | 3,689 | 19 | 154,836 | (5,941) | 148,895 |
| Selling, general, and administrative expenses | 22,434 | | | 22,434 | (709) | 21,725 |
| Research, technical, and product development expenses | 1,012 | | | 1,012 | | 1,012 |
| Asset and asset-related charges | 1,617 | | | 1,617 | | 1,617 |
| Operating income | 12,884 | (3,250) | 240 | 9,874 | (578) | 9,296 |
| Other income, net | 32 | | | 32 | (16) | 16 |
| Interest income | 18 | | | 18 | | 18 |
| Interest expense | (4,708) | | | (4,708) | | (4,708) |
| Income before income taxes | 8,226 | (3,250) | 240 | 5,216 | (594) | 4,622 |
| Provision for (benefit from) income taxes | 2,601 | (1,049) | 76 | 1,628 | (205) | 1,423 |
| Net income attributable to continuing operations | 5,625 | (2,201) | 164 | 3,588 | (389) | 3,199 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 389 | 389 |
| Net income | \$ 5,625 | \$ (2,201) | \$ 164 | \$ 3,588 | | \$ 3,588 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.19 | \$ (0.07) | \$ 0.01 | \$ 0.12 | \$ (0.01) | \$ 0.11 |
| Diluted | \$ 0.19 | \$ (0.07) | \$ 0.01 | \$ 0.12 | \$ (0.01) | \$ 0.11 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Nine Months Ended September 30, 2012 | | | | | |
|---|--------------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 542,202 | \$ 1,600 | \$ 752 | \$ 544,554 | \$ (23,477) | \$ 521,077 |
| Cost and expenses: | | | | | | |
| Cost of sales | 432,054 | 7,583 | 276 | 439,913 | (19,012) | 420,901 |
| Selling, general, and administrative expenses | 67,514 | | | 67,514 | (2,278) | 65,236 |
| Research, technical, and product development expenses | 3,181 | | | 3,181 | | 3,181 |
| Asset and asset-related charges | 1,617 | | | 1,617 | | 1,617 |
| Operating income | 37,836 | (5,983) | 476 | 32,329 | (2,187) | 30,142 |
| Other income, net | 334 | | | 334 | (16) | 318 |
| Interest income | 133 | | | 133 | | 133 |
| Interest expense | (13,195) | | | (13,195) | | (13,195) |
| Income before income taxes | 25,108 | (5,983) | 476 | 19,601 | (2,203) | 17,398 |
| Provision for (benefit from) income taxes | 8,695 | (2,017) | 160 | 6,838 | (790) | 6,048 |
| Net income attributable to continuing operations | 16,413 | (3,966) | 316 | 12,763 | (1,413) | 11,350 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 1,413 | 1,413 |
| Net income | \$ 16,413 | \$ (3,966) | \$ 316 | \$ 12,763 | \$ | \$ 12,763 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.54 | \$ (0.13) | \$ 0.01 | \$ 0.42 | \$ (0.05) | \$ 0.37 |
| Diluted | \$ 0.54 | \$ (0.13) | \$ 0.01 | \$ 0.42 | \$ (0.05) | \$ 0.37 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Three Months Ended March 31, 2011 | | | | |
|--|-----------------------------------|------------------------------------|-----------------|----------------------------|-----------------------|
| | Previously Reported | First Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 120,850 | \$ (1,139) | \$ 119,711 | \$ (7,911) | \$ 111,800 |
| Cost and expenses: | | | | | |
| Cost of sales | 94,845 | (58) | 94,787 | (6,299) | 88,488 |
| Selling, general and administrative expenses | 17,458 | | 17,458 | (907) | 16,551 |
| Research, technical, and product development expenses | 632 | | 632 | | 632 |
| Asset and asset-related charges | (1,501) | | (1,501) | | (1,501) |
| Operating income | 9,416 | (1,081) | 8,335 | (705) | 7,630 |
| Other income, net | (569) | | (569) | 47 | (522) |
| Interest income | 225 | | 225 | | 225 |
| Interest expense | (4,300) | | (4,300) | | (4,300) |
| Income before income taxes | 4,772 | (1,081) | 3,691 | (658) | 3,033 |
| Provision for income taxes | 2,430 | (658) | 1,772 | (236) | 1,536 |
| Net income attributable to continuing operations | 2,342 | (423) | 1,919 | (422) | 1,497 |
| Net income attributable to discontinued operations, net of tax | | | | 422 | 422 |
| Net income | \$ 2,342 | \$ (423) | \$ 1,919 | \$ | \$ 1,919 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.08 | \$ (0.01) | \$ 0.06 | \$ (0.01) | \$ 0.05 |
| Diluted | \$ 0.08 | \$ (0.01) | \$ 0.06 | \$ (0.01) | \$ 0.05 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |
| Diluted | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Three Months Ended June 30, 2011 | | | | |
|--|----------------------------------|------------------------------------|-----------------|----------------------------|-----------------------|
| | Previously Reported | First Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 123,213 | \$ 2,900 | \$ 126,113 | \$ (8,106) | \$ 118,007 |
| Cost and expenses: | | | | | |
| Cost of sales | 98,624 | 1,536 | 100,160 | (6,336) | 93,824 |
| Selling, general and administrative expenses | 17,618 | | 17,618 | (807) | 16,811 |
| Research, technical, and product development expenses | 890 | | 890 | | 890 |
| Operating income | 6,081 | 1,364 | 7,445 | (963) | 6,482 |
| Other income, net | 133 | | 133 | | 133 |
| Interest income | 355 | | 355 | | 355 |
| Interest expense | (4,250) | | (4,250) | | (4,250) |
| Income before income taxes | 2,319 | 1,364 | 3,683 | (963) | 2,720 |
| Provision for income taxes | 191 | 757 | 948 | (345) | 603 |
| Net income attributable to continuing operations | 2,128 | 607 | 2,735 | (618) | 2,117 |
| Net income attributable to discontinued operations, net of tax | | | | 618 | 618 |
| Net income | \$ 2,128 | \$ 607 | \$ 2,735 | \$ | \$ 2,735 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.07 | \$ 0.02 | \$ 0.09 | \$ (0.02) | \$ 0.07 |
| Diluted | \$ 0.07 | \$ 0.02 | \$ 0.09 | \$ (0.02) | \$ 0.07 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |
| Diluted | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Six Months Ended June 30, 2011 | | | | |
|--|--------------------------------|------------------------|---------------|----------------------------|-----------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Net sales | \$ 244,063 | \$ 1,761 | \$ 245,824 | \$ (16,017) | \$ 229,807 |
| Cost and expenses: | | | | | |
| Cost of sales | 193,469 | 1,478 | 194,947 | (12,635) | 182,312 |
| Selling, general and administrative expenses | 35,076 | | 35,076 | (1,714) | 33,362 |
| Research, technical, and product development expenses | 1,522 | | 1,522 | | 1,522 |
| Asset and asset-related charges | (1,501) | | (1,501) | | (1,501) |
| Operating income | 15,497 | 283 | 15,780 | (1,668) | 14,112 |
| Other income, net | (436) | | (436) | 47 | (389) |
| Interest income | 580 | | 580 | | 580 |
| Interest expense | (8,550) | | (8,550) | | (8,550) |
| Income before income taxes | 7,091 | 283 | 7,374 | (1,621) | 5,753 |
| Provision for income taxes | 2,621 | 99 | 2,720 | (581) | 2,139 |
| Net income attributable to continuing operations | 4,470 | 184 | 4,654 | (1,040) | 3,614 |
| Net income attributable to discontinued operations, net of tax | | | | 1,040 | 1,040 |
| Net income | \$ 4,470 | \$ 184 | \$ 4,654 | \$ | \$ 4,654 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.15 | \$ 0.01 | \$ 0.15 | \$ (0.03) | \$ 0.12 |
| Diluted | \$ 0.15 | \$ 0.01 | \$ 0.15 | \$ (0.03) | \$ 0.12 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |
| Diluted | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Three Months Ended September 30, 2011 | | | | |
|--|---------------------------------------|------------------------|---------------|----------------------------|-----------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Net sales | \$ 143,671 | \$ 676 | \$ 144,347 | \$ (7,494) | \$ 136,853 |
| Cost and expenses: | | | | | |
| Cost of sales | 118,665 | 1,291 | 119,956 | (5,954) | 114,002 |
| Selling, general and administrative expenses | 16,388 | | 16,388 | (772) | 15,616 |
| Research, technical, and product development expenses | 925 | | 925 | | 925 |
| Operating income | 7,693 | (615) | 7,078 | (768) | 6,310 |
| Other income, net | 198 | | 198 | | 198 |
| Interest income | 331 | | 331 | | 331 |
| Interest expense | (4,173) | | (4,173) | | (4,173) |
| Income before income taxes | 4,049 | (615) | 3,434 | (768) | 2,666 |
| Provision for income taxes | 1,982 | (208) | 1,774 | (275) | 1,499 |
| Net income attributable to continuing operations | 2,067 | (407) | 1,660 | (493) | 1,167 |
| Net income attributable to discontinued operations, net of tax | | | | 493 | 493 |
| Net income | \$ 2,067 | \$ (407) | \$ 1,660 | \$ | \$ 1,660 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.07 | \$ (0.01) | \$ 0.05 | \$ (0.02) | \$ 0.04 |
| Diluted | \$ 0.07 | \$ (0.01) | \$ 0.05 | \$ (0.02) | \$ 0.04 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |
| Diluted | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Nine Months Ended September 30, 2011 | | | | |
|--|--------------------------------------|---------------------|------------|-------------------------|--------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Net sales | \$ 387,734 | \$ 2,437 | \$ 390,171 | \$ (23,511) | \$ 366,660 |
| Cost and expenses: | | | | | |
| Cost of sales | 312,134 | 2,769 | 314,903 | (18,589) | 296,314 |
| Selling, general and administrative expenses | 51,464 | | 51,464 | (2,486) | 48,978 |
| Research, technical, and product development expenses | 2,447 | | 2,447 | | 2,447 |
| Asset and asset-related charges | (1,501) | | (1,501) | | (1,501) |
| Operating income | 23,190 | (332) | 22,858 | (2,436) | 20,422 |
| Other income, net | (238) | | (238) | 47 | (191) |
| Interest income | 911 | | 911 | | 911 |
| Interest expense | (12,723) | | (12,723) | | (12,723) |
| Income before income taxes | 11,140 | (332) | 10,808 | (2,389) | 8,419 |
| Provision for income taxes | 4,603 | (109) | 4,494 | (856) | 3,638 |
| Net income attributable to continuing operations | 6,537 | (223) | 6,314 | (1,533) | 4,781 |
| Net income attributable to discontinued operations, net of tax | | | | 1,533 | 1,533 |
| Net income | \$ 6,537 | \$ (223) | \$ 6,314 | \$ | \$ 6,314 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.22 | \$ (0.01) | \$ 0.21 | \$ (0.05) | \$ 0.16 |
| Diluted | \$ 0.22 | \$ (0.01) | \$ 0.21 | \$ (0.05) | \$ 0.16 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |
| Diluted | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Balance Sheet****(Unaudited)****(In thousands, except share and per share amounts)**

| | March 31, 2012 | | | | | |
|---|---------------------|------------------------------------|-------------------------------------|---------------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 117,872 | \$ | \$ | \$ 117,872 | \$ | \$ 117,872 |
| Receivables, less allowance for doubtful accounts of \$936 | 107,177 | | | 107,177 | (4,014) | 103,163 |
| Inventories, net | 327,922 | (5,073) | (2,097) | 320,752 | (13,125) | 307,627 |
| Costs in excess of billings | | 4 | 1 | 5 | | 5 |
| Deferred income taxes | 19,395 | 953 | 127 | 20,475 | | 20,475 |
| Assets of discontinued operations | | | | | 18,598 | 18,598 |
| Other current assets | 10,975 | 316 | | 11,291 | (22) | 11,269 |
| Total current assets | 583,341 | (3,800) | (1,969) | 577,572 | 1,437 | 579,009 |
| Property, plant, and equipment, net | 361,520 | | | 361,520 | (56) | 361,464 |
| Marketable securities | | | | | | |
| Goodwill | 140,236 | | (5,260) | 134,976 | (1,381) | 133,595 |
| Other intangible assets, net | 59,527 | | | 59,527 | | 59,527 |
| Deferred income taxes | 29,111 | | | 29,111 | | 29,111 |
| Other noncurrent assets | 4,972 | 3,504 | | 8,476 | | 8,476 |
| Total assets | \$ 1,178,707 | \$ (296) | \$ (7,229) | \$ 1,171,182 | \$ | \$ 1,171,182 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 68,463 | \$ | \$ | \$ 68,463 | \$ (3,626) | \$ 64,837 |
| Accrued wages and other employee costs | 19,878 | | | 19,878 | (188) | 19,690 |
| Unearned revenues | 40,889 | (2,020) | (2,286) | 36,583 | | 36,583 |
| Liabilities of discontinued operations | | | | | 3,879 | 3,879 |
| Other accrued liabilities | 21,833 | | | 21,833 | (65) | 21,768 |
| Total current liabilities | 151,063 | (2,020) | (2,286) | 146,757 | | 146,757 |
| Long-term debt | 191,189 | | | 191,189 | | 191,189 |
| Liability for post-retirement benefits | 41,806 | | | 41,806 | | 41,806 |
| Liability for pension benefits | 15,097 | | | 15,097 | | 15,097 |
| Deferred income taxes | 38,209 | | (5,068) | 33,141 | | 33,141 |
| Unearned revenues | | 3,504 | | 3,504 | | 3,504 |
| Other noncurrent liabilities | 8,895 | | | 8,895 | | 8,895 |
| Total liabilities | 446,259 | 1,484 | (7,354) | 440,389 | | 440,389 |
| Commitments and Contingencies | | | | | | |
| Shareholders' equity: | | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,066,254 shares issued; 30,286,870 shares outstanding | 311 | | | 311 | | 311 |
| Additional paid-in capital | 480,653 | | | 480,653 | | 480,653 |

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| | | | | | |
|---|----------------|----------------|------------|----------------|----------------|
| Treasury stock, at cost; 779,375 shares | (18,399) | | | (18,399) | (18,399) |
| Accumulated other comprehensive loss | (35,808) | | | (35,808) | (35,808) |
| Retained earnings | 305,691 | (1,780) | 125 | 304,036 | 304,036 |
| Total shareholders equity | 732,448 | (1,780) | 125 | 730,793 | 730,793 |
| Total liabilities and shareholders equity | \$ 1,178,707 | \$ (296) | \$ (7,229) | \$ 1,171,182 | \$ 1,171,182 |

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Table of Contents**Condensed Consolidated Balance Sheet****(Unaudited)****(In thousands, except share and per share amounts)**

| | June 30, 2012 | | | | | |
|---|---------------------|------------------------------------|-------------------------------------|---------------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 99,525 | \$ | \$ | \$ 99,525 | \$ | \$ 99,525 |
| Receivables, less allowance for doubtful accounts of \$967 | 107,455 | | | 107,455 | (3,698) | 103,757 |
| Inventories, net | 349,432 | (6,680) | (3,082) | 339,670 | (12,501) | 327,169 |
| Costs in excess of billings | | 250 | 408 | 658 | | 658 |
| Deferred income taxes | 19,332 | 1,335 | 108 | 20,775 | | 20,775 |
| Assets of discontinued operations | | | | | 17,633 | 17,633 |
| Other current assets | 12,900 | 369 | | 13,269 | | 13,269 |
| Total current assets | 588,644 | (4,726) | (2,566) | 581,352 | 1,434 | 582,786 |
| Property, plant, and equipment, net | 365,788 | | | 365,788 | (53) | 365,735 |
| Marketable securities | | | | | | |
| Goodwill | 140,211 | | (5,260) | 134,951 | (1,381) | 133,570 |
| Other intangible assets, net | 58,251 | | | 58,251 | | 58,251 |
| Deferred income taxes | 29,239 | | | 29,239 | | 29,239 |
| Other noncurrent assets | 5,407 | 3,385 | | 8,792 | | 8,792 |
| Total assets | \$ 1,187,540 | \$ (1,341) | \$ (7,826) | \$ 1,178,373 | \$ | \$ 1,178,373 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 64,278 | \$ | \$ | \$ 64,278 | \$ (3,194) | \$ 61,084 |
| Accrued wages and other employee costs | 25,135 | | | 25,135 | (264) | 24,871 |
| Unearned revenues | 42,056 | (2,302) | (2,910) | 36,844 | | 36,844 |
| Liabilities of discontinued operations | | | | | 3,494 | 3,494 |
| Other accrued liabilities | 21,716 | | | 21,716 | (36) | 21,680 |
| Total current liabilities | 153,185 | (2,302) | (2,910) | 147,973 | | 147,973 |
| Long-term debt | 193,727 | | | 193,727 | | 193,727 |
| Liability for post-retirement benefits | 42,000 | | | 42,000 | | 42,000 |
| Liability for pension benefits | 13,402 | | | 13,402 | | 13,402 |
| Deferred income taxes | 38,817 | | (5,068) | 33,749 | | 33,749 |
| Unearned revenues | | 3,385 | | 3,385 | | 3,385 |
| Other noncurrent liabilities | 8,969 | | | 8,969 | | 8,969 |
| Total liabilities | 450,100 | 1,083 | (7,978) | 443,205 | | 443,205 |
| Commitments and Contingencies | | | | | | |
| Shareholders' equity: | | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,097,449 shares issued; 30,314,874 shares outstanding | 311 | | | 311 | | 311 |
| Additional paid-in capital | 481,855 | | | 481,855 | | 481,855 |

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| | | | | | |
|---|----------------|----------------|------------|----------------|----------------|
| Treasury stock, at cost; 782,575 shares | (18,399) | | | (18,399) | (18,399) |
| Accumulated other comprehensive loss | (37,181) | | | (37,181) | (37,181) |
| Retained earnings | 310,854 | (2,424) | 152 | 308,582 | 308,582 |
| Total shareholders equity | 737,440 | (2,424) | 152 | 735,168 | 735,168 |
| Total liabilities and shareholders equity | \$ 1,187,540 | \$ (1,341) | \$ (7,826) | \$ 1,178,373 | \$ 1,178,373 |

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Table of Contents**Condensed Consolidated Balance Sheet****(Unaudited)****(In thousands, except share and per share amounts)**

| | September 30, 2012 | | | | | |
|---|---------------------|------------------------------------|-------------------------------------|---------------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 73,389 | \$ | \$ | \$ 73,389 | \$ | \$ 73,389 |
| Short-term investments | 3,998 | | | 3,998 | | 3,998 |
| Receivables, less allowance for doubtful accounts of \$909 | 117,455 | | | 117,455 | (3,207) | 114,248 |
| Inventories, net | 378,218 | (9,279) | (3,949) | 364,990 | (12,161) | 352,829 |
| Costs in excess of billings | | 750 | 1,401 | 2,151 | | 2,151 |
| Deferred income taxes | 19,644 | 2,383 | 32 | 22,059 | | 22,059 |
| Assets of discontinued operations | | | | | 16,799 | 16,799 |
| Other current assets | 10,725 | 435 | | 11,160 | | 11,160 |
| Total current assets | 603,429 | (5,711) | (2,516) | 595,202 | 1,431 | 596,633 |
| Property, plant, and equipment, net | 367,818 | | | 367,818 | (50) | 367,768 |
| Goodwill | 138,247 | | (5,260) | 132,987 | (1,381) | 131,606 |
| Other intangible assets, net | 57,664 | | | 57,664 | | 57,664 |
| Deferred income taxes | 32,197 | | | 32,197 | | 32,197 |
| Other noncurrent assets | 5,113 | 3,240 | | 8,353 | | 8,353 |
| Total assets | \$ 1,204,468 | \$ (2,471) | \$ (7,776) | \$ 1,194,221 | \$ | \$ 1,194,221 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 70,079 | \$ | \$ | \$ 70,079 | \$ (2,913) | \$ 67,166 |
| Accrued wages and other employee costs | 29,730 | | | 29,730 | (285) | 29,445 |
| Unearned revenues | 38,633 | (1,086) | (3,024) | 34,523 | | 34,523 |
| Liabilities of discontinued operations | | | | | 3,198 | 3,198 |
| Other accrued liabilities | 27,458 | | | 27,458 | | 27,458 |
| Total current liabilities | 165,900 | (1,086) | (3,024) | 161,790 | | 161,790 |
| Long-term debt | 196,079 | | | 196,079 | | 196,079 |
| Liability for post-retirement benefits | 42,220 | | | 42,220 | | 42,220 |
| Liability for pension benefits | 2,555 | | | 2,555 | | 2,555 |
| Deferred income taxes | 38,731 | | (5,068) | 33,663 | | 33,663 |
| Unearned revenues | | 3,240 | | 3,240 | | 3,240 |
| Other noncurrent liabilities | 8,908 | | | 8,908 | | 8,908 |
| Total liabilities | 454,393 | 2,154 | (8,092) | 448,455 | | 448,455 |
| Commitments and Contingencies | | | | | | |
| Shareholders' equity: | | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,106,934 shares issued; 30,324,359 shares outstanding | 311 | | | 311 | | 311 |
| Additional paid-in capital | 483,156 | | | 483,156 | | 483,156 |

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| | | | | | | |
|---|---------------------|-------------------|-------------------|---------------------|-----------|---------------------|
| Treasury stock, at cost; 782,575 and 749,429 shares | (18,399) | | | (18,399) | | (18,399) |
| Accumulated other comprehensive loss | (31,472) | | | (31,472) | | (31,472) |
| Retained earnings | 316,479 | (4,625) | 316 | 312,170 | | 312,170 |
| Total shareholders equity | 750,075 | (4,625) | 316 | 745,766 | | 745,766 |
| Total liabilities and shareholders equity | \$ 1,204,468 | \$ (2,471) | \$ (7,776) | \$ 1,194,221 | \$ | \$ 1,194,221 |

Table of Contents**Condensed Consolidated Balance Sheet****(Unaudited)****(In thousands, except share and per share amounts)**

| | Previously Reported | First Restatement Adjustment | March 31, 2011 As Corrected | Discontinued Operations | Currently Reported |
|---|------------------------|------------------------------------|--------------------------------|----------------------------|-----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 276,154 | \$ | \$ 276,154 | \$ | \$ 276,154 |
| Short-term investments | 38,892 | | 38,892 | | 38,892 |
| Receivables, less allowance for doubtful accounts of \$461 | 76,499 | | 76,499 | (3,748) | 72,751 |
| Inventories, net | 269,402 | 161 | 269,563 | (8,511) | 261,052 |
| Costs in excess of billings | | 112 | 112 | | 112 |
| Deferred income taxes | 22,928 | 736 | 23,664 | | 23,664 |
| Assets of discontinued operations | | | | 13,724 | 13,724 |
| Other current assets | 13,933 | 239 | 14,172 | (16) | 14,156 |
| Total current assets | 697,808 | 1,248 | 699,056 | 1,449 | 700,505 |
| Property, plant, and equipment, net | 261,331 | | 261,331 | (68) | 261,263 |
| Marketable securities | 48,779 | | 48,779 | | 48,779 |
| Goodwill | 42,205 | | 42,205 | (1,381) | 40,824 |
| Other intangible assets, net | 14,219 | | 14,219 | | 14,219 |
| Deferred income taxes | 23,537 | | 23,537 | | 23,537 |
| Other noncurrent assets | 5,977 | 3,820 | 9,797 | | 9,797 |
| Total assets | \$ 1,093,856 | \$ 5,068 | \$ 1,098,924 | \$ | \$ 1,098,924 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 36,105 | \$ | \$ 36,105 | \$ (4,173) | \$ 31,932 |
| Accrued wages and other employee costs | 15,230 | | 15,230 | (244) | 14,986 |
| Unearned revenues | 26,020 | 1,810 | 27,830 | | 27,830 |
| Liabilities of discontinued operations | | | | 4,551 | 4,551 |
| Other accrued liabilities | 29,290 | | 29,290 | (134) | 29,156 |
| Total current liabilities | 106,645 | 1,810 | 108,455 | | 108,455 |
| Long-term debt | 180,269 | | 180,269 | | 180,269 |
| Liability for post-retirement benefits | 40,277 | | 40,277 | | 40,277 |
| Liability for pension benefits | 28,504 | | 28,504 | | 28,504 |
| Deferred income taxes | 3,102 | | 3,102 | | 3,102 |
| Unearned revenues | | 3,820 | 3,820 | | 3,820 |
| Other noncurrent liabilities | 8,569 | | 8,569 | | 8,569 |
| Total liabilities | 367,366 | 5,630 | 372,996 | | 372,996 |
| Commitments and Contingencies | | | | | |
| Shareholders' equity: | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 30,917,846 shares issued; 30,172,675 shares outstanding | 309 | | 309 | | 309 |

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| | | | | | |
|--|---------------------|-----------------|---------------------|-----------|---------------------|
| Additional paid-in capital | 475,779 | | 475,779 | | 475,779 |
| Treasury stock, at cost; 745,171 shares | (17,646) | | (17,646) | | (17,646) |
| Accumulated other comprehensive loss | (27,808) | | (27,808) | | (27,808) |
| Retained earnings | 295,856 | (562) | 295,294 | | 295,294 |
| Total shareholders equity | 726,490 | (562) | 725,928 | | 725,928 |
| Total liabilities and shareholders equity | \$ 1,093,856 | \$ 5,068 | \$ 1,098,924 | \$ | \$ 1,098,924 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Balance Sheet****(Unaudited)****(In thousands, except share and per share amounts)**

| | Previously Reported | Revision Adjustment | June 30, 2011 As Revised | Discontinued Operations | Currently Reported |
|---|------------------------|------------------------|-----------------------------|----------------------------|-----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 228,313 | \$ | \$ 228,313 | \$ | \$ 228,313 |
| Short-term investments | 63,590 | | 63,590 | | 63,590 |
| Receivables, less allowance for doubtful accounts of \$447 | 66,211 | | 66,211 | (3,803) | 62,408 |
| Inventories, net | 259,241 | (1,168) | 258,073 | (7,805) | 250,268 |
| Deferred income taxes | 22,950 | (20) | 22,930 | | 22,930 |
| Assets of discontinued operations | | | | 13,062 | 13,062 |
| Other current assets | 11,952 | 265 | 12,217 | (8) | 12,209 |
| Total current assets | 652,257 | (923) | 651,334 | 1,446 | 652,780 |
| Property, plant, and equipment, net | 266,144 | | 266,144 | (65) | 266,079 |
| Marketable securities | 92,440 | | 92,440 | | 92,440 |
| Goodwill | 42,215 | | 42,215 | (1,381) | 40,834 |
| Other intangible assets, net | 13,965 | | 13,965 | | 13,965 |
| Deferred income taxes | 24,909 | | 24,909 | | 24,909 |
| Other noncurrent assets | 5,600 | 3,754 | 9,354 | | 9,354 |
| Total assets | \$ 1,097,530 | \$ 2,831 | \$ 1,100,361 | \$ | \$ 1,100,361 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 34,036 | \$ | \$ 34,036 | \$ (2,944) | \$ 31,092 |
| Accrued wages and other employee costs | 18,799 | | 18,799 | (266) | 18,533 |
| Unearned revenues | 22,889 | (968) | 21,921 | | 21,921 |
| Liabilities of discontinued operations | | | | 3,467 | 3,467 |
| Other accrued liabilities | 28,479 | | 28,479 | (257) | 28,222 |
| Total current liabilities | 104,203 | (968) | 103,235 | | 103,235 |
| Long-term debt | 182,462 | | 182,462 | | 182,462 |
| Liability for post-retirement benefits | 40,859 | | 40,859 | | 40,859 |
| Liability for pension benefits | 27,604 | | 27,604 | | 27,604 |
| Deferred income taxes | 3,169 | | 3,169 | | 3,169 |
| Unearned revenues | | 3,754 | 3,754 | | 3,754 |
| Other noncurrent liabilities | 8,527 | | 8,527 | | 8,527 |
| Total liabilities | 366,824 | 2,786 | 369,610 | | 369,610 |
| Commitments and Contingencies | | | | | |
| Shareholders' equity: | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 30,933,721 shares issued; 30,188,550 shares outstanding | 309 | | 309 | | 309 |
| Additional paid-in capital | 476,948 | | 476,948 | | 476,948 |
| Treasury stock, at cost; 745,171 shares | (17,646) | | (17,646) | | (17,646) |

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| | | | | |
|--|--------------|----------|--------------|--------------|
| Accumulated other comprehensive loss | (26,889) | | (26,889) | (26,889) |
| Retained earnings | 297,984 | 45 | 298,029 | 298,029 |
| Total shareholders' equity | 730,706 | 45 | 730,751 | 730,751 |
| Total liabilities and shareholders' equity | \$ 1,097,530 | \$ 2,831 | \$ 1,100,361 | \$ 1,100,361 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Balance Sheet****(Unaudited)****(In thousands, except share and per share amounts)**

| | Previously Reported | Revision Adjustment | September 30, 2011 As Revised | Discontinued Operations | Currently Reported |
|---|------------------------|------------------------|----------------------------------|----------------------------|-----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 189,741 | \$ | \$ 189,741 | \$ | \$ 189,741 |
| Short-term investments | 76,587 | | 76,587 | | 76,587 |
| Receivables, less allowance for doubtful accounts of \$760 | 87,883 | | 87,883 | (3,355) | 84,528 |
| Inventories, net | 257,049 | (2,634) | 254,415 | (10,147) | 244,268 |
| Deferred income taxes | 19,974 | 187 | 20,161 | | 20,161 |
| Assets of discontinued operations | | | | 14,945 | 14,945 |
| Other current assets | 14,663 | 271 | 14,934 | | 14,934 |
| Total current assets | 645,897 | (2,176) | 643,721 | 1,443 | 645,164 |
| Property, plant, and equipment, net | 268,056 | | 268,056 | (62) | 267,994 |
| Marketable securities | 89,479 | | 89,479 | | 89,479 |
| Goodwill | 41,305 | | 41,305 | (1,381) | 39,924 |
| Other intangible assets, net | 12,829 | | 12,829 | | 12,829 |
| Deferred income taxes | 23,611 | | 23,611 | | 23,611 |
| Other noncurrent assets | 5,228 | 3,675 | 8,903 | | 8,903 |
| Total assets | \$ 1,086,405 | \$ 1,499 | \$ 1,087,904 | \$ | \$ 1,087,904 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 53,960 | \$ | \$ 53,960 | \$ (4,742) | \$ 49,218 |
| Accrued wages and other employee costs | 20,978 | | 20,978 | (293) | 20,685 |
| Unearned revenues | 18,234 | (1,814) | 16,420 | | 16,420 |
| Liabilities of discontinued operations | | | | 5,069 | 5,069 |
| Other accrued liabilities | 19,831 | | 19,831 | (34) | 19,797 |
| Total current liabilities | 113,003 | (1,814) | 111,189 | | 111,189 |
| Long-term debt | 184,695 | | 184,695 | | 184,695 |
| Liability for post-retirement benefits | 41,128 | | 41,128 | | 41,128 |
| Liability for pension benefits | 7,153 | | 7,153 | | 7,153 |
| Deferred income taxes | 5,441 | | 5,441 | | 5,441 |
| Unearned revenues | | 3,675 | 3,675 | | 3,675 |
| Other noncurrent liabilities | 8,538 | | 8,538 | | 8,538 |
| Total liabilities | 359,958 | 1,861 | 361,819 | | 361,819 |
| Commitments and Contingencies | | | | | |
| Shareholders' equity: | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 30,935,132 shares issued; 30,187,961 shares outstanding | 309 | | 309 | | 309 |
| Additional paid-in capital | 478,025 | | 478,025 | | 478,025 |

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| | | | | | |
|--|--------------|----------|--------------|----|--------------|
| Treasury stock, at cost; 747,171 shares | (17,646) | | (17,646) | | (17,646) |
| Accumulated other comprehensive loss | (34,292) | | (34,292) | | (34,292) |
| Retained earnings | 300,051 | (362) | 299,689 | | 299,689 |
| Total shareholders' equity | 726,447 | (362) | 726,085 | | 726,085 |
| Total liabilities and shareholders' equity | \$ 1,086,405 | \$ 1,499 | \$ 1,087,904 | \$ | \$ 1,087,904 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Three Months Ended March 31, 2012 | | | |
|--|-----------------------------------|------------------------------------|-------------------------------------|-----------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected |
| Net income | \$ 5,625 | \$ (1,121) | \$ 125 | \$ 4,629 |
| Adjustment for non-cash items included in net income: | | | | |
| Depreciation and amortization | 8,734 | | | 8,734 |
| Deferred income taxes | (1,915) | (586) | 65 | (2,436) |
| Stock-based compensation | 1,378 | | | 1,378 |
| Excess tax benefits from stock-based compensation activity | (61) | | | (61) |
| Amortization of discount on long-term debt | 2,352 | | | 2,352 |
| Other | (68) | | | (68) |
| Changes in assets and liabilities: | | | | |
| Receivables | 4,750 | | | 4,750 |
| Inventories | (31,130) | 1,578 | 2,097 | (27,455) |
| Accounts payable | 5,504 | | | 5,504 |
| Income taxes payable | 1,659 | | | 1,659 |
| Unearned revenue | 8,230 | (320) | (2,286) | 5,624 |
| Cost in excess of billings | | 396 | (1) | 395 |
| Other current assets and liabilities | (14,430) | (26) | (192) | (14,648) |
| Other assets and liabilities | (3,587) | 79 | 192 | (3,316) |
| Cash used in operating activities | (12,959) | | | (12,959) |
| INVESTING ACTIVITIES: | | | | |
| Acquisitions, net of cash required | (185,633) | | | (185,633) |
| Maturity/sale of investments | 176,809 | | | 176,809 |
| Capital expenditures | (17,128) | | | (17,128) |
| Purchase of investments | (38) | | | (38) |
| Cash used in investing activities | (25,990) | | | (25,990) |
| FINANCING ACTIVITIES: | | | | |
| Proceeds from exercise of employee stock options | 120 | | | 120 |
| Excess tax benefits from stock-based compensation activity | 61 | | | 61 |
| Purchase of common stock held in treasury | (742) | | | (742) |
| Borrowings on long-term debt | (97) | | | (97) |
| Cash used in financing activities | (658) | | | (658) |
| Effect of exchange rate changes on cash and cash equivalents | 637 | | | 637 |
| Decrease in cash and cash equivalents | (38,970) | | | (38,970) |
| Cash and cash equivalents at beginning of period | 156,842 | | | 156,842 |
| Cash and cash equivalents at end of period | \$ 117,872 | \$ | \$ | \$ 117,872 |

Table of Contents**Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | As Reported | Six Months Ended June 30, 2012 | | As Corrected |
|--|--------------------|---|--|---------------------|
| | | First Restatement Adjustment | Second Restatement Adjustment | |
| Net income | \$ 10,788 | \$ (1,765) | \$ 152 | \$ 9,175 |
| Adjustment for non-cash items included in net income: | | | | |
| Depreciation and amortization | 18,957 | | | 18,957 |
| Deferred income taxes | (2,025) | (968) | 84 | (2,909) |
| Stock-based compensation | 2,518 | | | 2,518 |
| Excess tax benefits from stock-based compensation activity | (66) | | | (66) |
| (Gain) loss on sale of property, plant and equipment | (74) | | | (74) |
| Amortization of discount on long-term debt | 4,738 | | | 4,738 |
| Other | 758 | | | 758 |
| Changes in assets and liabilities: | | | | |
| Receivables | 2,904 | | | 2,904 |
| Inventories | (54,089) | 3,185 | 3,082 | (47,822) |
| Accounts payable | 4,172 | | | 4,172 |
| Income taxes payable | 5,117 | | | 5,117 |
| Unearned revenue | 9,526 | (721) | (2,910) | 5,895 |
| Cost in excess of billings | | 150 | (408) | (258) |
| Other current assets and liabilities | (13,154) | (79) | (192) | (13,425) |
| Other assets and liabilities | (4,279) | 198 | 192 | (3,889) |
| Cash used in operating activities | (14,209) | | | (14,209) |
| INVESTING ACTIVITIES: | | | | |
| Acquisitions, net of cash required | (185,633) | | | (185,633) |
| Maturity/sale of investments | 176,809 | | | 176,809 |
| Capital expenditures | (34,901) | | | (34,901) |
| Purchase of investments | (38) | | | (38) |
| Cash used in investing activities | (43,763) | | | (43,763) |
| FINANCING ACTIVITIES: | | | | |
| Proceeds from exercise of employee stock options | 211 | | | 211 |
| Excess tax benefits from stock-based compensation activity | 66 | | | 66 |
| Purchase of common stock held in treasury | (742) | | | (742) |
| Repayments on long-term debt | (298) | | | (298) |
| Cash used in financing activities | (763) | | | (763) |
| Effect of exchange rate changes on cash and cash equivalents | 1,418 | | | 1,418 |
| Decrease in cash and cash equivalents | (57,317) | | | (57,317) |
| Cash and cash equivalents at beginning of period | 156,842 | | | 156,842 |
| Cash and cash equivalents at end of period | \$ 99,525 | \$ | \$ | \$ 99,525 |

Table of Contents**Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Nine Months Ended September 30, 2012 | | | |
|--|--------------------------------------|------------------------------------|-------------------------------------|-----------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected |
| Net income | \$ 16,413 | \$ (3,966) | \$ 316 | \$ 12,763 |
| Adjustment for non-cash items included in net income: | | | | |
| Depreciation and amortization | 29,405 | | | 29,405 |
| Asset and asset-related charges (income) | 1,617 | | | 1,617 |
| Deferred income taxes | (2,860) | (2,017) | 160 | (4,717) |
| Stock-based compensation | 3,658 | | | 3,658 |
| Excess tax benefits from stock-based compensation activity | (100) | | | (100) |
| Amortization of discount on long-term debt | 7,192 | | | 7,192 |
| Other | 675 | | 823 | 1,498 |
| Changes in assets and liabilities: | | | | |
| Receivables | (11,799) | | | (11,799) |
| Inventories | (81,086) | 5,785 | 3,949 | (71,352) |
| Accounts payable | 10,424 | | | 10,424 |
| Income taxes payable | 8,893 | | | 8,893 |
| Unearned revenue | 11,581 | 350 | (3,024) | 8,907 |
| Cost in excess of billings | | (350) | (1,401) | (1,751) |
| Other current assets and liabilities | (6,844) | (145) | (192) | (7,181) |
| Other assets and liabilities | (13,442) | 343 | 192 | (12,907) |
| Cash used in operating activities | (26,273) | | 823 | (25,450) |
| INVESTING ACTIVITIES: | | | | |
| Acquisitions, net of cash required | (182,811) | | | (182,811) |
| Maturity/sale of investments | 176,809 | | | 176,809 |
| Capital expenditures | (47,879) | | | (47,879) |
| Purchase of investments | (4,037) | | | (4,037) |
| Cash used in investing activities | (57,918) | | | (57,918) |
| FINANCING ACTIVITIES: | | | | |
| Proceeds from exercise of employee stock options | 335 | | | 335 |
| Excess tax benefits from stock-based compensation activity | 100 | | | 100 |
| Deferred financing costs | | | (823) | (823) |
| Purchase of common stock held in treasury | (742) | | | (742) |
| Repayments on long-term debt | (543) | | | (543) |
| Cash used in financing activities | (850) | | (823) | (1,673) |
| Effect of exchange rate changes on cash and cash equivalents | 1,588 | | | 1,588 |
| Decrease in cash and cash equivalents | (83,453) | | | (83,453) |
| Cash and cash equivalents at beginning of period | 156,842 | | | 156,842 |
| Cash and cash equivalents at end of period | \$ 73,389 | \$ | \$ | \$ 73,389 |

Table of Contents**Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Three Months Ended March 31, 2011 | | |
|--|--|---|-------------------------------|
| | Previously Reported | First Restatement Adjustment | Currently Reported |
| <u>OPERATING ACTIVITIES:</u> | | | |
| Net income | \$ 2,342 | \$ (423) | \$ 1,919 |
| Adjustment for non-cash items included in net income: | | | |
| Depreciation and amortization | 5,582 | | 5,582 |
| Asset and asset-related charges (income) | (597) | | (597) |
| Deferred income taxes | (1,233) | (658) | (1,891) |
| Stock-based compensation | 1,402 | | 1,402 |
| Excess tax benefits from stock-based compensation activity | (102) | | (102) |
| (Gain) loss on sale of property, plant and equipment | 47 | | 47 |
| Amortization of discount on long-term debt | 2,166 | | 2,166 |
| Other | 116 | | 116 |
| Changes in assets and liabilities: | | | |
| Receivables | (19,479) | | (19,479) |
| Inventories | 1,522 | (6) | 1,516 |
| Accounts payable | (6,640) | | (6,640) |
| Income taxes payable | (87) | | (87) |
| Unearned revenue | (3,445) | 1,040 | (2,405) |
| Cost in excess of billings | | (12) | (12) |
| Other current assets and liabilities | (2,395) | 6 | (2,389) |
| Other noncurrent assets and liabilities | (2,974) | 53 | (2,921) |
| Cash used in operating activities | (23,775) | | (23,775) |
| <u>INVESTING ACTIVITIES:</u> | | | |
| Maturity/sale of investments | 5,000 | | 5,000 |
| Capital expenditures | (10,137) | | (10,137) |
| Purchase of investments | (72,612) | | (72,612) |
| Cash used in investing activities | (77,749) | | (77,749) |
| <u>FINANCING ACTIVITIES:</u> | | | |
| Proceeds from exercise of employee stock options | 154 | | 154 |
| Excess tax benefits from stock-based compensation activity | 102 | | 102 |
| Purchase of common stock held in treasury | (283) | | (283) |
| Repayments on long-term debt | (3) | | (3) |
| Cash used in financing activities | (30) | | (30) |
| Effect of exchange rate changes on cash and cash equivalents | 757 | | 757 |
| Decrease in cash and cash equivalents | (100,797) | | (100,797) |
| Cash and cash equivalents at beginning of period | 376,951 | | 376,951 |
| Cash and cash equivalents at end of period | \$ 276,154 | \$ | \$ 276,154 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Six Months Ended June 30, 2011 | | |
|--|---------------------------------------|--------------------------------|-------------------------------|
| | Previously Reported | Revision Adjustment | Currently Reported |
| <u>OPERATING ACTIVITIES:</u> | | | |
| Net income | \$ 4,470 | \$ 184 | \$ 4,654 |
| Adjustment for non-cash items included in net income: | | | |
| Depreciation and amortization | 11,279 | | 11,279 |
| Asset and asset-related charges (income) | (597) | | (597) |
| Deferred income taxes | (2,547) | 99 | (2,448) |
| Stock-based compensation | 2,502 | | 2,502 |
| Excess tax benefits from stock-based compensation activity | (263) | | (263) |
| (Gain) loss on sale of property, plant and equipment | 39 | | 39 |
| Amortization of discount on long-term debt | 4,361 | | 4,361 |
| Other | (122) | | (122) |
| Changes in assets and liabilities: | | | |
| Receivables | (9,069) | | (9,069) |
| Inventories | 12,501 | 1,323 | 13,824 |
| Accounts payable | (10,345) | | (10,345) |
| Income taxes payable | (81) | | (81) |
| Unearned revenue | (6,779) | (1,805) | (8,584) |
| Cost in excess of billings | | 100 | 100 |
| Other current assets and liabilities | 2,040 | (20) | 2,020 |
| Other noncurrent assets and liabilities | (2,169) | 119 | (2,050) |
| Cash provided by operating activities | 5,220 | | 5,220 |
| <u>INVESTING ACTIVITIES:</u> | | | |
| Maturity/sale of investments | 19,079 | | 19,079 |
| Capital expenditures | (18,646) | | (18,646) |
| Purchase of investments | (154,772) | | (154,772) |
| Cash used in investing activities | (154,339) | | (154,339) |
| <u>FINANCING ACTIVITIES:</u> | | | |
| Proceeds from exercise of employee stock options | 201 | | 201 |
| Excess tax benefits from stock-based compensation activity | 263 | | 263 |
| Purchase of common stock held in treasury | (283) | | (283) |
| Repayments on long-term debt | (5) | | (5) |
| Cash provided by financing activities | 176 | | 176 |
| Effect of exchange rate changes on cash and cash equivalents | 305 | | 305 |
| Decrease in cash and cash equivalents | (148,638) | | (148,638) |
| Cash and cash equivalents at beginning of period | 376,951 | | 376,951 |
| Cash and cash equivalents at end of period | \$ 228,313 | \$ | \$ 228,313 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Nine Months Ended September 30, 2011 | | |
|--|---|--------------------------------|-------------------------------|
| | Previously Reported | Revision Adjustment | Currently Reported |
| <u>OPERATING ACTIVITIES:</u> | | | |
| Net income | \$ 6,537 | \$ (223) | \$ 6,314 |
| Adjustment for non-cash items included in net income: | | | |
| Depreciation and amortization | 16,697 | | 16,697 |
| Asset and asset-related charges (income) | (597) | | (597) |
| Deferred income taxes | 2,268 | (109) | 2,159 |
| Stock-based compensation | 3,528 | | 3,528 |
| Excess tax benefits from stock-based compensation activity | (263) | | (263) |
| (Gain) loss on sale of property, plant and equipment | 65 | | 65 |
| Amortization of discount on long-term debt | 6,613 | | 6,613 |
| Deferred financing cost writedown | | | |
| Amortization of premiums paid for short-term investments | 1,595 | | 1,595 |
| Bad debt expense | | | |
| Other | (197) | | (197) |
| Changes in assets and liabilities: | | | |
| Receivables | (32,428) | | (32,428) |
| Inventories | 12,415 | 2,789 | 15,204 |
| Accounts payable | 9,241 | | 9,241 |
| Income taxes payable | (18) | | (18) |
| Unearned revenue | (10,919) | (2,729) | (13,648) |
| Cost in excess of billings | | 100 | 100 |
| Other current assets and liabilities | (6,862) | (26) | (6,888) |
| Other noncurrent assets and liabilities | (21,182) | 198 | (20,984) |
| Cash used in operating activities | (13,507) | | (13,507) |
| <u>INVESTING ACTIVITIES:</u> | | | |
| Maturity/sale of investments | 53,454 | | 53,454 |
| Capital expenditures | (25,954) | | (25,954) |
| Purchase of investments | (200,846) | | (200,846) |
| Cash used in investing activities | (173,346) | | (173,346) |
| <u>FINANCING ACTIVITIES:</u> | | | |
| Proceeds from exercise of employee stock options | 252 | | 252 |
| Excess tax benefits from stock-based compensation activity | 263 | | 263 |
| Purchase of common stock held in treasury | (283) | | (283) |
| Repayments on long-term debt | (25) | | (25) |
| Cash provided by financing activities | 207 | | 207 |
| Effect of exchange rate changes on cash and cash equivalents | (564) | | (564) |
| Decrease in cash and cash equivalents | (187,210) | | (187,210) |
| Cash and cash equivalents at beginning of period | 376,951 | | 376,951 |

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| | | | |
|--|------------|----|------------|
| Cash and cash equivalents at end of period | \$ 189,741 | \$ | \$ 189,741 |
|--|------------|----|------------|

The information in the table above is unchanged from Amendment No. 1.

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In connection with the restatement addressed in Amendment No. 1, management had assessed the effectiveness of our disclosure controls and procedures and included revised disclosure therein under Item 9A of Part II, Controls and Procedures with respect to material weaknesses in our internal control over financial reporting with respect to revenue recognition for certain customer contracts, risk assessment controls, and control activities related to the accounting for recent acquisitions, subsequent integration of acquired businesses, and annual goodwill impairment test. Solely as a result of those material weaknesses, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2012 and through the date of this filing. No additional or new material weaknesses were determined in connection with the computational error that has resulted in the current restatement on this Form 10-K/A.

Management continues to take steps to remediate the material weaknesses in our internal control over financial reporting as reflected in Amendment No. 1. We believe that, as a result of management's in-depth review of its accounting processes and the additional procedures and internal controls management is in the process of implementing, there are no material inaccuracies or omissions of material fact in this Form 10-K/A and, to the best of our knowledge, we believe that the Consolidated Financial Statements in this Form 10-K/A fairly present in all material aspects the financial condition, results of operations and cash flows of the Company in conformity with U.S. generally accepted accounting principles.

The Company has amended and restated in its entirety each item of the Original Form 10-K and Amendment No. 1 filed with the SEC that required a change to reflect this restatement and to include certain additional information. These items include Items 1 and 1A of Part I; Items 6, 7, 8 and 9A of Part II; and Item 15 of Part IV. Pursuant to Rule 12b-25 under the Securities Exchange Act of 1934, as amended, this Form 10-K/A contains only the items and exhibits to the Original Form 10-K and Amendment No. 1 that are being amended and restated, and those unaffected items or exhibits are not included herein. Except as stated above, this Form 10-K/A speaks only as of the Original Filing Date, and this filing has not been updated to reflect any events occurring after the Original Filing Date or to modify or update disclosures affected by other subsequent events other than the change in the Company's reportable segments effective January 1, 2013 and the presentation of RTI Pierce Spafford as a discontinued operation, both of which have been reflected herein. In particular, forward-looking statements included in this Amendment represent management's views as of the Original Filing Date. Such forward-looking statements should not be assumed to be accurate as of any future date. This Amendment should be read in conjunction with the Company's other filings made with the SEC subsequent to the Original Filing Date, including Amendment No. 1, together with any amendments to those filings.

Item 15 of Part IV of this Form 10-K/A has been amended to include the currently-dated certifications from our principal executive officer and principal financial officer, as required by Section 302 and 906 of the Sarbanes-Oxley Act of 2002.

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RTI INTERNATIONAL METALS, INC. AND CONSOLIDATED SUBSIDIARIES

As used in this report, the terms RTI, Company, Registrant, we, our, and, us mean RTI International Metals, Inc., its predecessors and consolidated subsidiaries, taken as a whole, unless the context indicates otherwise.

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PART I

Item 1. Business

The Company

The Company is a leading producer and global supplier of titanium mill products, and a manufacturer of fabricated titanium and specialty metal components for the international aerospace, defense, energy, medical device, and other consumer and industrial markets. It is a successor to entities that have been operating in the titanium industry since 1951. The Company first became publicly traded on the New York Stock Exchange in 1990 under the name RMI Titanium Co. and the symbol RTI, and was reorganized into a holding company structure in 1998 under the name RTI International Metals, Inc.

On February 13, 2012, the Company completed its acquisition of all of the issued and outstanding common stock of Remmele Holding, Inc. (formerly REI Delaware Holding, Inc.) (Remmele), which directly owns all of the issued and outstanding capital stock of RTI Remmele Engineering, Inc. (formerly Remmele Engineering, Inc.) and indirectly owns all of the issued and outstanding capital stock of RTI Remmele Medical, Inc. (formerly REI Medical, Inc.). Remmele provides precision machining and collaborative engineering, as well as other key technologies and services, for the aerospace and defense and medical device sectors.

In April 2013, the Company completed the sale of its RTI Pierce Spafford subsidiary for approximately \$10.5 million of cash and a receivable from escrow of approximately \$1.9 million. The escrow funds will be released in October 2014 assuming no claims from the purchaser. The results of RTI Pierce Spafford have been presented as results from discontinued operations on the Company's Consolidated Statements of Operations and the related assets and liabilities have been presented separately on the Company's Consolidated Balance Sheets as assets and liabilities of discontinued operations. The Company's Consolidated Financial Statements and the Notes thereto have been conformed to exclude amounts attributable to RTI Pierce Spafford.

Industry Overview

Titanium's physical characteristics include a high strength-to-weight ratio, performance in extreme temperatures, and superior corrosion and erosion resistance. Relative to other metals, it is particularly effective in extremely harsh conditions. Given these properties, the scope of potential uses for titanium would be much broader than its current uses, but for its higher cost of production as compared to other metals. The first major commercial application of titanium occurred in the early 1950s when it was used in components in aircraft gas turbine engines. Subsequent applications were developed to use the material in other aerospace components and in airframe construction. Traditionally, a majority of the U.S. titanium industry's output has been used in aerospace applications. The cyclical nature of the aerospace and defense industries have been the principal cause of the fluctuations in the demand for titanium-related products. In more recent years, increasing quantities of the industry's output have been used in non-aerospace applications, such as the global chemical processing industry, oil and gas exploration and production, geothermal energy production, medical products, consumer products, and non-aerospace military applications such as heavy artillery and armoring.

The U.S. titanium industry's reported shipments were approximately 100 million pounds and 86 million pounds in 2011 and 2010, respectively, and are estimated to be approximately 90 million pounds in 2012. The decline in shipments during 2012 was due, in part, to destocking in the commercial aerospace industry, as companies worked through excess titanium inventory. Notwithstanding the current uncertainty in the defense industry related to the future of various defense programs, including the Lockheed Martin F-35 Joint Strike Fighter (JSF), demand for titanium is currently expected to increase in 2013 due to the ongoing aircraft build-rate increases expected from both Boeing and Airbus, as well as the continued ramp up of the Boeing 787 Dreamliner® program and continued development of the Airbus A350XWB program.

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Changes in titanium demand from commercial aerospace typically precede increases or decreases in aircraft production. In the Company's experience, aircraft manufacturers and their subcontractors generally order titanium mill products six to eighteen months in advance of final aircraft production. This long lead time is due to the time it takes to produce a final assembly or part that is ready for installation in an airframe or jet engine.

The following is a summary of the Company's proportional sales to each of the three primary markets it serves and a discussion of events occurring within those markets:

| | 2012 (As Restated) | 2011 (As Revised) | 2010 (As Revised) |
|----------------------------|-----------------------|----------------------|----------------------|
| Commercial Aerospace | 55% | 58% | 52% |
| Defense | 23% | 28% | 30% |
| Energy, Medical, and Other | 22% | 14% | 18% |

Commercial Aerospace

Historically, growth in the commercial aerospace market was the result of increased world-wide air travel, which drove not only increased aircraft production but also larger aircraft with higher titanium content than previous models. More recently and into the future, growth in the commercial aerospace market is expected to be driven instead by changes in global demographics resulting in increased world-wide travel, coupled with the need for more fuel efficient aircraft due to higher energy costs and increased competition, as well as an expected replacement cycle of older aircraft. The leading manufacturers of commercial aircraft, Airbus and Boeing, reported an aggregate of 9,055 aircraft on order at the end of 2012, a 10% increase from the prior year. This increase was primarily driven by strong orders for the single aisle 737 MAX and A320neo aircraft. This order backlog represents approximately seven years of production, at current build rates, for both Airbus and Boeing. According to *Aerospace Market News*, reported deliveries of large commercial aircraft by Airbus and Boeing totaled:

| | 2012 | 2011 | 2010 |
|------------|-------|-------|------|
| Deliveries | 1,189 | 1,011 | 972 |

Further, *The Airline Monitor* forecasts deliveries of large commercial jets for Airbus and Boeing of approximately:

| | 2015 | 2014 | 2013 |
|-----------------------|-------|-------|-------|
| Forecasted deliveries | 1,380 | 1,360 | 1,270 |

Airbus is producing the largest commercial aircraft, the A380, and Boeing is accelerating deliveries of the new 787 Dreamliner®. Additionally, Airbus is continuing development of the A350XWB to compete with Boeing's 787 model. The A350XWB is currently expected to go into service in late 2014. All three of these aircraft use substantially more titanium per aircraft than on any other current commercial aircraft. As production of these aircraft increases, titanium demand is expected to grow to levels significantly above previous peak levels.

Defense

Military aircraft make extensive use of titanium and other specialty metals in their airframe structures and jet engines. These aircraft include U.S. fighters such as the F-22, F-18, F-15, and JSF, and European fighters such as the Mirage, Rafale, and Eurofighter-Typhoon. Military troop transports such as the C-17 and A400M also use significant quantities of these metals.

The JSF is set to become the fighter for the 21st century with production currently expected to exceed 3,000 aircraft over the life of the program. In 2007, the Company was awarded a long-term contract extension from Lockheed Martin to supply up to eight million pounds annually of titanium mill product to support full-rate

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production of the JSF through 2020. The products supplied by the Company include sheet, plate, billet, and ingot. Under the contract, the Company is currently supplying approximately two million pounds annually. While the JSF program is the subject of ongoing budget discussions due to continuing defense budget pressures and the potential sequestration of the defense budget, the current Secretary of Defense has affirmed his commitment to this program. Nonetheless, over the next several years, the program is expected to consume approximately two million pounds per year.

In addition to aerospace defense requirements, there are numerous titanium applications on ground vehicles and artillery, driven by its armoring (greater strength) and mobility (lighter weight) enhancements. An example of these qualities is the light-weight Howitzer artillery program, which began full-rate production in 2005. The Company is the principal titanium supplier for the Howitzer under a contract with BAE Systems through the first quarter of 2014.

Energy, Medical, & Other

Sales to the energy, medical device, and other consumer and industrial markets consist primarily of shipments to the energy and medical device sectors from the Engineered Products and Services (EP&S) Segment and continued shipments of ferro titanium to the specialty steel industry from the Titanium Segment.

In the energy sector, demand for the Company's products for oil and natural gas extraction, including deepwater drilling exploration and production, continued to increase in 2012. Demand for these products has grown due to increased oil and gas development from deepwater and difficult-to-reach locations around the globe. As the complexity of oil and gas exploration and production increases, the expected scope of potential uses for titanium-based structures and components is expected to increase, as well.

In the medical device sector, the Company collaboratively engineers innovative, precision-machined solutions with its customers in the minimally invasive surgical device and implantable device markets. The market for medical devices is focused primarily on North America, Western Europe, and Japan. Demand for these products is expected to increase as populations age and the healthcare industry continues to focus on cost containment.

Growth in developing nations, such as China, India, and the Middle East, has stimulated increased demand from the chemical process industry for heat exchangers, tubing for power plant construction, and specialty metals for desalinization plants. While the Company does not currently participate in these markets due to the nature of its product line, increased demand for these products has resulted in increased titanium demand overall.

Products and Segments

Effective January 1, 2013, the Company conducts business in two segments: the Titanium Segment and the EP&S Segment. The new structure better reflects the Company's transformation into an integrated supplier of advanced titanium products across the entire supply chain, and better aligns its resources to support the Company's long-term growth strategy.

Titanium Segment

The Titanium Segment melts, processes, produces, stocks, distributes, finishes, cuts-to-size and facilitates just-in-time delivery services of a complete range of titanium mill products which are further processed by its customers for use in a variety of commercial aerospace, defense, and industrial and consumer applications. Its titanium furnaces (as well as other processing equipment) and products are certified and approved for use by all major domestic and most international manufacturers of commercial and military airframes and jet engines. Attaining such certifications is often time consuming and expensive and can serve as a barrier to entry into the titanium mill product market. With operations in Niles and Canton, Ohio; Hermitage, Pennsylvania; Martinsville,

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Virginia; Garden Grove, California; Windsor, Connecticut; Tamworth, England; and Rosny-Sur-Seine, France, the Titanium Segment manufactures and distributes mill products that are fabricated into parts and utilized in aircraft structural sections such as landing gear, fasteners, tail sections, wing support and carry-through structures, and various engine components including rotor blades, vanes and discs, rings, and engine casings. The Titanium Segment also focuses on the research and development of evolving technologies relating to raw materials, melting, and other production processes, and the application of titanium in new markets.

The Titanium Segment's mill products are sold to a customer base consisting primarily of manufacturing and fabrication companies in the supply chain for the commercial aerospace, defense, energy, medical device, and other consumer and industrial markets. Customers include prime aircraft manufacturers and their family of subcontractors including fabricators, forge shops, extruders, castings producers, fastener manufacturers, machine shops, and metal distribution companies. Titanium mill products are semi-finished goods and usually represent the raw or starting material for these customers who then form, fabricate, machine, or further process the products into semi-finished and finished parts. In 2012, approximately 33% of the Titanium Segment's products were sold to the Company's EP&S Segment, compared to 31% in 2011 and 26% in 2010, where value-added services are performed on such parts prior to their ultimate shipment to the customer. The increase in sales to the EP&S Segment in 2012 resulted from the Company's expansion of its engineering, precision machining, and fabrication capabilities, which increased demand for mill products from the Titanium Segment.

Engineered Products and Services Segment

The EP&S Segment is comprised of companies with significant hard and soft-metal expertise that form, extrude, fabricate, machine, micro machine, and assemble titanium, aluminum, and other specialty metal parts and components. Its products, many of which are complex engineered parts and assemblies, serve the commercial aerospace, defense, medical device, oil and gas, power generation, and chemical process industries, as well as a number of other industrial and consumer markets. With operations located in Minneapolis, Minnesota; Houston, Texas; Sullivan, Missouri; Washington, Missouri; Laval, Canada; and Welwyn Garden City, England, the EP&S Segment provides value-added products and services such as engineered tubulars and extrusions, fabricated and machined components and sub-assemblies, and components for the production of minimally invasive and implantable medical devices, as well as engineered systems for deepwater oil and gas exploration and production infrastructure.

Integrated Strategy

The Company believes that by providing its customers with a full-range of products and technologies, from mill products to assembled and kitted titanium components, it provides significant value to its customers.

When titanium products and fabrications are involved in a project, the Titanium Segment and the EP&S Segment coordinate their varied capabilities to provide the best materials solution for the Company's customers. An example of this is the Company's light-weight Howitzer artillery program. The Titanium Segment provides the titanium mill products to the EP&S Segment, which in turn provides extrusions, hot-formed parts, and machined components which are then packaged as a kit and shipped to the customer for final assembly.

The Company's consolidated net sales represented by each Segment for each of the past three years are summarized in the following table:

| | 2012 | | 2011 | | 2010 | |
|--|---------------|--------|--------------|--------|--------------|--------|
| | (As Restated) | | (As Revised) | | (As Revised) | |
| (dollars in millions) | \$ | % | \$ | % | \$ | % |
| Titanium Segment | \$ 361.0 | 51.0% | \$ 337.8 | 67.4% | \$ 260.1 | 64.0% |
| Engineered Products and Services Segment | 347.1 | 49.0% | 163.5 | 32.6% | 146.4 | 36.0% |
| Total consolidated net sales | \$ 708.1 | 100.0% | \$ 501.3 | 100.0% | \$ 406.5 | 100.0% |

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Operating income (loss) contributed by each Segment for each of the past three years is summarized in the following table:

| <i>(dollars in millions)</i> | 2012 (as restated) | | 2011 (as revised) | | 2010 (as revised) | |
|---|-----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | \$ | % | \$ | % | \$ | % |
| Titanium Segment | \$ 38.7 | 82.1% | \$ 36.7 | 152.3% | \$ 21.2 | 153.6% |
| Engineered Products and Services Segment | 8.4 | 17.9% | (12.6) | (52.3)% | (7.4) | (53.6)% |
| Total consolidated operating income (loss) | \$ 47.1 | 100.0% | \$ 24.1 | 100.0% | \$ 13.8 | 100.0% |

The Company's total consolidated assets identified with each Segment as of December 31 of each of the past three years are summarized in the following table:

| <i>(dollars in millions)</i> | 2012 | 2011 | 2010 |
|--|-------------------|-------------------|-------------------|
| | (as restated) | (as revised) | (as revised) |
| Titanium Segment | \$ 576.8 | \$ 502.7 | \$ 477.8 |
| Engineered Products and Services Segment | 577.3 | 300.3 | 250.7 |
| Assets of Discontinued Operations | 14.7 | 16.1 | 11.3 |
| General Corporate (1) | 83.7 | 309.3 | 371.5 |
| Total consolidated assets | \$ 1,252.5 | \$ 1,128.4 | \$ 1,111.3 |

(1) Consists primarily of unallocated cash and short-term investments.

The Company's long-lived assets by geographic area as of December 31 of each of the past three years are summarized in the following table:

| <i>(dollars in millions)</i> | 2012 | 2011 | 2010 |
|---|-----------------|-----------------|-----------------|
| | (as restated) | (as revised) | (as revised) |
| United States | \$ 465.7 | \$ 279.0 | \$ 242.3 |
| Canada | 67.7 | 71.3 | 77.0 |
| England | 37.7 | 37.1 | 5.5 |
| France. | 0.8 | 0.5 | 0.4 |
| Total consolidated long-lived assets | \$ 571.9 | \$ 387.9 | \$ 325.2 |

Exports

The Company's exports consist primarily of titanium mill products, extrusions, and machined extrusions used in the aerospace markets. The Company's export sales as a percentage of total net sales for each of the past three years were as follows:

| | 2012 | 2011 | 2010 |
|--------------|------|------|------|
| Export sales | 35% | 36% | 36% |

Such sales were made primarily to Europe, where the Company is a leader in supplying flat-rolled titanium alloy mill products. Most of the Company's export sales are denominated in U.S. Dollars. For further information about geographic areas, see Note 13 to the Consolidated Financial Statements included in this Amendment No. 2.

Backlog

The Company's order backlog for all markets was approximately \$545 million as of December 31, 2012, as compared to \$462 million at December 31, 2011. A large portion of the increase is attributable to the Company's acquisition of Remmele in 2012. Of the backlog at December 31, 2012, approximately \$504 million is likely to

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be realized in 2013. The Company defines backlog as firm business scheduled for release into the production process for a specific delivery date. The Company has numerous contracts that extend multiple years, including the Airbus, JSF, and Boeing 787 Dreamliner® long-term supply agreements, which are not included in backlog until a specific release into production or a firm delivery date has been established.

Raw Materials

The principal raw materials used in the production of titanium mill products are titanium sponge (a porous metallic material, so called due to its appearance), titanium scrap, and various alloying agents. The Company sources its raw materials from a number of domestic and foreign titanium suppliers under long-term contracts and other negotiated transactions. Currently, all of the Company's titanium sponge requirements are sourced from foreign suppliers. Requirements for titanium sponge, scrap, alloys, and other metallics vary depending upon the exacting specification of the end market application. The Company's cold-hearth and electron beam melting process provides it with the flexibility to consume a wider range of metallics, thereby reducing its need for purchased titanium sponge.

The Company currently has supply agreements in place for certain critical raw materials. These supply agreements are with suppliers located in, or for products produced in, Japan and the United States, and allow the Company to purchase certain quantities of raw materials at either annually negotiated prices or, in some cases, fixed prices that may be subject to certain underlying input cost adjustments. Purchases made under these contracts are denominated in U.S. Dollars; however, in some cases, the contract provisions include potential price adjustments based on the extent that the Yen to U.S. Dollar exchange rate falls outside of a specified range. These contracts expire at various periods through 2021. The Company acquires the balance of its raw materials opportunistically on the spot market as needed. The Company believes it has adequate sources of supply for titanium sponge, titanium scrap, alloying agents, and other raw materials to meet its short and medium-term needs.

Business units in the EP&S Segment obtain the majority of their titanium mill product requirements from the Titanium Segment. Other metallic requirements are generally sourced from the best available supplier at competitive market prices.

Competition and Other Market Factors

The titanium metals industry is a highly-competitive and cyclical global business. Titanium competes with other materials, including certain stainless steel, other nickel-based high-temperature and corrosion resistant alloys, and composites. A metal manufacturing company with rolling and finishing facilities could participate in the mill product segment of the industry, although it would either need to acquire intermediate product from an existing source or further integrate to include vacuum melting and forging operations to provide the starting stock for further rolling. In addition, many end-use applications, especially in the aerospace industry, require rigorous testing, approvals, and customer certification prior to purchase, which requires a manufacturer to expend significant time and capital and possess extensive technical expertise, given the complexity of the specifications often required by customers.

Consumers of titanium products in the aerospace industry tend to be very large and highly concentrated. Boeing, Airbus, Lockheed Martin, Bombardier, and Embraer manufacture airframes. General Electric, Pratt & Whitney, Rolls Royce, and Snecma build jet engines. Direct purchase from these companies, and their family of specialty subcontractors, account for a majority of aerospace products manufactured for large commercial aerospace and defense applications.

Producers of titanium mill products are primarily located in the U.S., Japan, Russia, Europe, and China. The Company participates directly in the titanium mill product business primarily through its Titanium Segment. The Company's principal competitors in the aerospace titanium mill product market are Allegheny Technologies

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Incorporated (ATI) and Precision Castparts Corporation (PCP), through its recent acquisition of Titanium Metals Corp. (TIE), both based in the United States, and Verkhaya Salda Metallurgical Production Organization (RU: VSMO), based in Russia. The Company competes with these companies primarily on the basis of price, quality of products, technical support, and the availability of products to meet customers' delivery schedules.

The EP&S Segment competes with other companies primarily on the basis of price, quality, timely delivery, and customer service. The Company's principal competitors in the aerospace titanium fabricated component market are GKN Aerospace PLC (LSE: GKN), Triumph Group Inc. (TGI), LMI Aerospace (LMIA), PCP through its acquisition of Primus International, Inc., and Ducommun Inc. (DCO). In the energy production market, the Company competes with 2H Offshore, Oil States International, Inc. (OIS), Ameriforge Group, Inc., and Sheffield Offshore Services. In the medical device market, the Company competes with Norwood Medical, Accellent, and Mountainside Medical. The Company believes that the business units in its EP&S Segment are well-positioned to continue to compete and grow due to the range of goods and services offered, their demonstrated expertise, and the increasing synergy with the Titanium Segment for product and technical support.

Trade and Legislative Factors

Imports of titanium mill products from countries that are subject to the normal trade relations (NTR) tariff rate are subject to a 15% tariff, whereas the countries not subject to the NTR tariff rate are subject to a 45% tariff. Additionally, a 15% tariff exists on unwrought titanium products entering the U.S., including titanium sponge. Currently, the Company imports titanium sponge from Kazakhstan and Japan, which is subject to this 15% tariff. Competitors of the Company that do not import titanium sponge are not subject to the additional 15% tariff in the cost of their products. In the past, the Company has sought relief from this tariff through the Offices of the U.S. Trade Representative but has been unsuccessful in having the tariff removed. The Company believes the U.S. trade laws as currently applied to the domestic titanium industry create a competitive disadvantage to the Company.

U.S. Customs and Border Protection (U.S. Customs) administers a duty drawback program whereby duty paid on imported items can be recovered. In the event materials on which duty has been paid are used in the manufacture of products in the United States and such manufactured products are then exported, duties previously paid may be refunded as drawbacks, provided that various requirements are met. The Company participates in the U.S. Customs' duty drawback program.

The United States Government is required by 10 U.S.C. §2533b, Requirement to buy strategic materials critical to national security from American sources (the Specialty Metals Clause), to use domestically-melted titanium for certain military applications. The law, which dates back to the Berry Amendment of 1973, is important to the Company in that it supports the domestic specialty metals industry. The Specialty Metals Clause was comprehensively revised in the 2007 Defense Authorization Act (the 2007 Act); however, the subject was reopened in the 2007-2008 legislative session as a result of universal dissatisfaction with the implementation of the 2007 Act by the Department of Defense. Consequently, new provisions under the National Defense Authorization Act for Fiscal Year 2008 (2008 Act) reflect a compromise on domestic source requirements for specialty metals.

The 2008 Act provided an important clarification for the specialty metals industry, in that it affirmed that the Specialty Metals Clause does apply to commercial off-the-shelf-items such as: specialty metals mill products like titanium bar, billet, slab, and sheet; forgings and castings of specialty metals (unless incorporated into a commercial off-the-shelf item or subassembly); and fasteners (unless incorporated into commercial off-the-shelf end items or subassemblies). The 2008 Act does provide for a *de minimis* exception whereby defense agencies may accept an item containing up to 2% noncompliant metal, based on the total weight of all of the specialty metals in an item. This exception might apply, for example, to small specialty metal parts in a jet engine if the source of the parts cannot be ascertained. The 2008 Act revised the rules for granting compliance waivers when

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compliant materials are not available such that the Department of Defense was required to reexamine previously granted waivers (which the specialty metals industry had challenged as overly broad) and amend them, if necessary, to comply with the 2008 Act. The 2008 Act also required greater transparency in the use of the waiver process and required the Department of Defense to report to Congress on the first and second anniversaries of the legislation concerning the types of items that were being procured under the new commercial off-the-shelf exception.

The Company believes that the compromises contained in the 2008 Act provided a fair and workable solution bridging the biggest concerns on both sides of the debate. The Company, together with the specialty metals industry as a whole, continues to monitor the application and enforcement of the 2008 Act to affirm that the Specialty Metals Clause continues to ensure a reliable, domestic source for products critical to national security.

Environmental Liabilities

The Company is subject to various environmental laws and regulations as well as certain health and safety laws and regulations that are subject to frequent modifications and revisions. While historically the cost of compliance for these matters has not had a material adverse impact on the Company, it is not possible to accurately predict the ultimate effect changing environmental health and safety laws and regulations may have on the Company in the future. The Company continually evaluates its obligations for environmental-related costs on a quarterly basis and makes adjustments as necessary. For further information on the Company's environmental liabilities, see Note 14 to the Consolidated Financial Statements included in this Annual Report.

Marketing and Distribution

The Company markets its titanium mill and related products and services worldwide. The majority of the Company's sales are made through its own sales force. The Company's sales force has offices in Pittsburgh, Pennsylvania; Niles, Ohio; Minneapolis, Minnesota; Houston, Texas; Garden Grove, California; St. Louis and Washington, Missouri; Windsor, Connecticut; Tamworth and Welwyn Garden City, England; and Laval, Canada. Technical Marketing personnel are available to service these offices. Customer support for new product applications and development is provided by the Company's Customer Technical Service personnel at each business unit, as well as at the corporate-level through the Company's Technical Business Development and Research and Development organizations located in Pittsburgh, Pennsylvania and Niles, Ohio, respectively. Sales of the EP&S Segment's products and services are made by our corporate-level sales force and personnel at each location.

Research, Technical, and Product Development

The Company conducts research, technical, and product development activities including not only new product development, but also new or improved technical and manufacturing processes.

The principal goals of the Company's research programs are advancing technical expertise in the production of titanium mill and fabricated products, and developing innovative solutions to customer needs through new and improved mill and value-added products. The Company's research, technical, and product development expenses for each of the past three years were as follows:

| | 2012 | 2011 | 2010 |
|--|--------|--------|--------|
| <i>(dollars in millions)</i> | | | |
| Research, technical and product development expenses | \$ 4.2 | \$ 3.4 | \$ 3.3 |

Table of Contents**Patents and Trademarks**

The Company possesses a substantial body of technical know-how and trade secrets. The Company considers its expertise, trade secrets, and patent portfolio to be important to the conduct of its business, although no individual item is currently considered to be material to either the Company's business as a whole or to an individual reporting segment. The Company's Titanium Segment holds eight patents covering various manufacturing processes, most of which have not yet been commercialized. The Company's EP&S Segment holds seven patents related to its energy business. With the exception of one patent expiring in 2013, all of the Company's patents have been issued between 2000 and 2011 and with the payment of all required maintenance fees, expire between 2020 and 2031.

Employees

At December 31, 2012, the Company and its subsidiaries had 2,362 employees, 886 of whom were classified as administrative and sales personnel. Of the total number of employees, 841 employees were in the Titanium Segment, 1,450 in the EP&S Segment, and 71 in RTI Corporate.

The United Steelworkers of America (USW) represents 354 of the hourly, clerical, and technical employees at the Company's plant in Niles, Ohio. On March 8, 2012, the Company and the USW extended its current union contract through June 30, 2018. The Company's facility in Washington, Missouri has 155 hourly employees who are represented by the International Association of Machinists and Aerospace Workers (IAMAW). The current labor contract with the IAMAW expires on February 19, 2015. No other Company employees are currently represented by a union.

Executive Officers of the Registrant

Listed below are the executive officers of the Company, together with their ages and titles as of December 31, 2012.

| Name | Age | Title |
|-------------------------|------------|---|
| Dawne S. Hickton | 55 | Vice Chair, President and Chief Executive Officer |
| James L. McCarley | 49 | Executive Vice President of Operations |
| Stephen R. Giangjordano | 55 | Executive Vice President of Technology and Innovation |
| William T. Hull | 55 | Senior Vice President and Chief Financial Officer |
| William F. Strome | 57 | Senior Vice President of Finance and Administration |
| Chad Whalen | 38 | Vice President, General Counsel and Secretary |

Biographies

Ms. Hickton was appointed Vice Chair, President and Chief Executive Officer in October 2009. She had served as Vice Chair and Chief Executive Officer since April 2007, Senior Vice President and Chief Administrative Officer since July 2005, Corporate Secretary since April 2004, and Vice President and General Counsel since June 1997. Prior to joining the Company, Ms. Hickton had been an Assistant Professor of Law at The University of Pittsburgh School of Law, and was employed at U.S. Steel Corporation from 1983 through 1994.

Mr. McCarley was appointed Executive Vice President of Operations in May 2010. He had served as the Chief Executive Officer of General Vortex Energy, Inc., a private developer of engine and combustion technologies, from September 2009 to May 2010. From 1987 to 2009, Mr. McCarley served in a variety of management positions at Wyman Gordon, a division of Precision Castparts Corporation, a global manufacturer of complex metal components, most recently as Division President of Wyman Gordon West from 2008 to 2009 and Vice President & General Manager from 2006 to 2008.

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Mr. Giangiordano was appointed Executive Vice President of Technology and Innovation in July 2008. He had served as Executive Vice President since April 2007, Senior Vice President, Titanium Group since October 2002 and Vice President, Titanium Group since July 1999. Prior to that assignment, he served as Senior Director, Technology since 1994.

Mr. Hull was appointed Senior Vice President and Chief Financial Officer in April 2007. He had served as Vice President and Chief Accounting Officer since August 2005. Prior to joining the Company, Mr. Hull served as Corporate Controller of Stoneridge, Inc., of Warren, Ohio, where he was employed since 2000. Mr. Hull is a Certified Public Accountant.

Mr. Strome was appointed Senior Vice President of Finance and Administration in October 2009. He had served as Senior Vice President of Strategic Planning and Finance since November 2007. Prior to joining the Company, Mr. Strome served as a Principal focusing on environmental development projects at Laurel Mountain Partners, L.L.C. Prior to joining Laurel in 2006, Mr. Strome served as Senior Managing Director and Group Head, Diversified Industrials at the investment banking firm Friedman, Billings, Ramsey & Co., Inc. From 1981 to 2001, Mr. Strome was employed by PNC Financial Services Group, Inc. in various legal capacities and most recently managed PNC's corporate finance advisory activities and its mergers and acquisitions services.

Mr. Whalen was appointed Vice President, General Counsel and Secretary in February 2007. Mr. Whalen practiced corporate law at the law firm of Buchanan Ingersoll & Rooney PC from 1999 until joining the Company. He is an active member of The Society of Corporate Secretaries and Government Professionals and the Business Law Section of the American Bar Association.

Available Information

Our Internet address is www.rtiintl.com. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such documents are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"). All filings are available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. In addition, all filings are available via the SEC's website (www.sec.gov). We also make available on our website our corporate governance documents, including the Company's Code of Business Ethics, governance guidelines, and the charters for various board committees.

Item 1A. Risk Factors.

Our business is subject to various risks and uncertainties. Any of these individual risks described below, or any number of these risks occurring simultaneously, could have a material effect on our Consolidated Financial Statements, business, or results of operations. You should carefully consider these factors, as well as the other information contained in this document, when evaluating your investment in our securities.

We are subject to risks associated with global economic and political uncertainties.

Like other companies, we are susceptible to macroeconomic downturns in the United States and abroad that may affect our performance and the performance of our customers and suppliers. Further, the lingering effects of the global financial crisis that began in 2008 may have an impact on our business and financial condition in ways that we currently cannot predict. That crisis and related turmoil in the global financial system has had and may continue to have an impact on our business and our financial condition. In addition to the impact that the global financial crisis has already had, we may face significant financial and operational challenges if conditions in the financial markets do not improve or if they worsen. For example, an extension of the credit crisis to other industries (for example, the availability of financing for the purchase of commercial aircraft) could adversely impact overall demand for our products, which could have a negative effect on our revenues.

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In addition, our ability to access the traditional bank and capital markets may be severely restricted, which could have an adverse impact on our ability to react to changing economic and business conditions. In addition, we are subject to various domestic and international risks and uncertainties, including changing social conditions and uncertainties relating to the current and future political climate. Changes in policy resulting from the current political environment, including fluctuations in global currencies, could have an adverse impact on the financial condition and the level of business activity of the defense industry or other market segments in which we participate. This may reduce our customers' demand for our products and/or depress pricing of those products, resulting in a material adverse impact on our business, prospects, results of operations, revenues, and cash flows.

A substantial amount of revenue is derived from the commercial aerospace and defense industries and a limited number of customers.

Approximately 78% of our current annual revenue is derived from the commercial aerospace and defense industries. Of this amount, Boeing, through multiple contracts with various company subsidiaries covering varying periods, accounted for approximately 12% of our consolidated net sales in 2012. Within those industries are a relatively small number of consumers of titanium products. Those industries have historically been highly cyclical, resulting in the potential for sudden and dramatic changes in expected production and spending that, as a partner in the supply chain, can negatively impact our operational plans and, ultimately, the demand for our products and services.

In addition, many of our customers are dependent on the commercial airline industry which has shown to be subject to significant economic and political challenges due to threats or acts of terrorism, rising or volatile fuel costs, pandemics, or other outbreaks of infectious diseases, aggressive competition, global economic slowdown, and other factors. Further, new aerospace and defense platforms under which we have a contract to supply our products may be subject to production delays which affect the timing of the delivery of our products for such platforms. Any one or combination of these factors could occur suddenly and result in a reduction or cancellation in orders of new airplanes and parts which could have an adverse impact on our business. Neither we nor our customers may be able to project or plan in a timely manner for the impact of these events.

Continued U.S. budget deficits could result in significant defense spending cuts and/or reductions in defense programs, including the JSF program.

Some of our customers are particularly sensitive to the level of government spending on defense-related products. Government programs are dependent upon the continued availability of appropriations, which are approved on an annual basis. Sudden reductions in defense spending could occur due to economic or political changes, such as the impact of sequestration, which could result in a downturn in demand for defense-related titanium products. Further, changes to existing defense procurement laws and regulations, such as the domestic preference for specialty metals, could adversely affect our results of operations.

A significant amount of our current capital spending and our forecasted revenue is associated with the JSF program. Continued record U.S. Federal budget deficits could result in significant pressure to reduce the annual defense budget, potentially including delays or cancellations of major defense programs. Significant delays in the ramp up of the JSF program, or a reduction in the total number of aircraft produced, could have a material adverse impact on our results of operations, financial position, and cash flows.

A significant amount of our future revenue is based on long-term contracts for new aircraft programs.

We have signed several long-term contracts in recent years to produce titanium mill products and complex engineered assemblies for several new aircraft programs, including the Boeing 787, the JSF and the Airbus family of aircraft, including the A380, the A350XWB and the A400M military transport. In order to meet the delivery requirements of these contracts, we have invested in significant capital expansion projects. Because of the global economic slowdown and production problems experienced by many of our customers, we have

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experienced significant delays in these programs. Further delays due to the problems associated with the Boeing 787's lithium-ion batteries or for other reasons, program cancellations, or a loss of one or more customers associated with these programs, could have a material adverse impact on our business, prospects, results of operations, revenues, cash flows, and financial standing.

Integrating acquisitions may be more difficult, costly or time-consuming than expected, which may adversely affect our results and affect adversely the value of our stock following such acquisitions.

We have entered into acquisitions that we believe will be beneficial to RTI and its shareholders. The success of the acquisitions will depend, in part, on our ability to realize the anticipated benefits from integrating the businesses. To realize these anticipated benefits, we must successfully integrate the businesses in an efficient and effective manner. If we are not able to achieve these objectives within the anticipated time frames, or at all, the anticipated benefits and cost savings of the acquisitions may not be realized fully, or at all, or may take longer to realize than expected, and our results of operations, financial position, and cash flow may be adversely affected.

Specifically, issues that must be addressed in integrating the acquisitions into our operations in order to realize the anticipated benefits of the acquisitions include, among others:

integrating and optimizing the utilization of the properties and equipment of RTI and acquired businesses;

integrating the sales and information technology systems of RTI and the acquired businesses; and

conforming standards, controls, procedures and policies, business cultures and compensation structures between the companies. Integration efforts will also divert management attention and resources. An inability to realize the full extent of the anticipated benefits of the acquisition, as well as any delays encountered in the integration process, could have an adverse effect upon our results of operations, financial position, and cash flow.

In addition, the actual integrations may result in additional and unforeseen expenses, and the anticipated benefits of the integrations may not be realized. Actual synergies, if achieved at all, may be lower than those expected and may take longer to achieve than anticipated. If we are not able to adequately address these challenges, we may be unable to successfully integrate the operations of the acquired businesses into ours, or to realize the anticipated benefits of the acquisitions.

If our internal controls are not effective, investors could lose confidence in our financial reporting.

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to conduct a comprehensive evaluation of their internal control over financial reporting. To comply with this statute, we are required to document and test our internal control over financial reporting; our management is required to assess and issue a report concerning our internal control over financial reporting; and our independent registered public accounting firm is required to attest to and report on management's assessment and the effectiveness of internal control over financial reporting. Management had previously concluded that we maintained effective internal control over financial reporting as of December 31, 2012. Management has since determined that the material weaknesses described in Part II Item 9A. Controls and Procedures of our First Amendment filed September 24, 2013 existed as of December 31, 2012. Accordingly, management has now concluded that our internal control over financial reporting was not effective as of December 31, 2012.

Our Audit Committee has directed management to develop and present a plan and timetable for the implementation of remediation measures (to the extent not already implemented), and our Audit Committee is currently monitoring such implementation. We believe that these actions will remediate the control deficiencies we have previously identified and strengthen our internal control over financial reporting. Although we have begun the process of remediating these material weaknesses, this process will take time, and we will not be able

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to assert that we have remediated these material weaknesses until the procedures that we put in place have been working for a sufficient period of time for us to determine that they are effective.

Although we believe we are taking appropriate actions to remediate the control deficiencies we have identified, we cannot assure you that we will not discover other material weaknesses in the future. We did not identify any new or additional deficiencies or weaknesses in connection with the computational error that promulgated this Amendment filing. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in implementation, could cause us to fail to meet our periodic reporting obligations or result in material misstatements in our financial statements, and substantial costs and resources may be required to rectify these or other internal control deficiencies. If we cannot produce reliable financial reports, investors could lose confidence in our reported financial information, the market price of our common stock could decline significantly, and our business and financial condition could be harmed.

The carrying value of goodwill and other intangible assets may not be recoverable.

As of December 31, 2012, we had goodwill of \$130.6 million and other intangible assets of \$56.5 million. Goodwill and other intangible assets are recorded at fair value on the date of acquisition. In accordance with applicable accounting guidance, we review such assets at least annually for impairment. Impairment may result from, among other things, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, and a variety of other factors. The amount of any impairment is expensed immediately through the Consolidated Statement of Operations. Any future goodwill or other intangible asset impairment could have a material adverse effect on our results of operations.

We have significant net operating loss carry-forwards related to our Canadian subsidiary, and the recovery of them requires us to maintain or increase our current margins as we ramp toward full rate production as well as secure extensions of our current long-term supply agreements.

Through December 31, 2012, our Canadian subsidiary had generated taxable losses totaling \$159.0 million, resulting in a net deferred tax asset of \$33.3 million. Of these losses, approximately \$0.5 million expire in 2015 with the remainder expiring between 2026 and 2033.

The losses were the result of underutilization of our purpose-built Canadian facility due to several years of delays by our customer. We expect that the facility will generate sufficient taxable income during the contract period and any extensions to realize the net operating loss carry-forwards. However, should the contract prove less profitable than currently expected, or should we fail to win contract extensions to produce this product, we may be required to record a valuation allowance against these deferred tax assets.

We are dependent on services that are subject to price and availability fluctuations.

We often depend on third parties to provide outside material processing services that may be critical to the manufacture of our products. Purchase prices and availability of these services are subject to volatility. At any given time, we may be unable to obtain these critical services on a timely basis, at acceptable prices, or on other acceptable terms, if at all. Further, if an outside processor is unable to produce to required specifications, our additional cost to cure may negatively impact our margins.

If we are unable to protect our data and process control systems against data corruption, cyber-based attacks, or network security breaches, we could experience disruption to our operations, the compromise or corruption of confidential information, and/or damage to our reputation, relationship with customers, or physical assets, all of which could negatively impact our financial results.

We have in place a number of systems, processes, and practices designed to protect against intentional or unintentional misappropriation or corruption of our systems and information or disruption of our operations due

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to a cyber incident. Despite such efforts, we could be subject to breaches of security systems which may result in unauthorized access, misappropriation, corruption, or disruption of the information we are trying to protect. Security breaches of our data or process control systems, including physical or electronic break-ins, computer viruses, attacks by hackers or similar breaches, can create system disruptions, shutdowns, or unauthorized disclosure of confidential information. If we are unable to prevent such security or privacy breaches, our operations could be disrupted or we may suffer loss of reputation, financial loss, property damage, and other regulatory penalties because of lost or misappropriated information. Furthermore, our customers are increasingly imposing more stringent contractual obligations on us relating to our information security protections. If we are unable to maintain protections and processes at a level commensurate with that required by our large customers, it could negatively affect our relationships with those customers and harm our business.

Fluctuations in our income tax obligations and effective income tax rate may result in volatility of our earnings and stock price.

We are subject to income taxes in many U.S. and certain foreign jurisdictions. Our effective income tax rate (calculated by application of generally accepted accounting principles in the United States (GAAP)) in a given financial statement period may be materially impacted by changes in the jurisdictional mix and level of earnings in the various jurisdictions in which we are subject to income taxes. As a result, there could be ongoing variability period to period in our income tax rates and reported net income.

We may be affected by our ability to successfully expand our operations in a timely and cost effective manner.

In connection with several of our long-term commercial contracts, we have undertaken several major capital expansion projects which are currently estimated to continue through 2012. Our inability to successfully complete the construction of these facilities in a timely and cost-effective manner, or at all, could have a material adverse effect on our business, financial condition and results of operations. Further, our undertaking of these significant initiatives places a significant demand on management, financial, and operational resources. Our success in these projects will depend upon the ability of key financial and operational management to ensure the necessary internal and external resources are in place to properly complete and operate these facilities.

The demand for our products and services may be adversely affected by demand for our customers' products and services.

Our business is substantially derived from titanium mill products and fabricated metal parts, which are primarily used by our customers as components in the manufacture of their products. The ability or inability to meet our financial expectations could be directly impacted by our customers' abilities or inabilities to meet their own financial expectations. A continued downturn in demand for our customers' products and services could occur for reasons beyond their control such as unforeseen spending constraints, competitive pressures, rising prices, the inability to contain costs, and other domestic as well as global economic, environmental or political factors. A continued slowdown in demand by, or complete loss of business from, these customers could have a material impact on our results of operations and financial position, including, but not limited to, impairment of goodwill and long-lived assets, which could be material.

We may be subject to competitive pressures.

The titanium metals industry is highly-competitive on a worldwide basis. Our competitors are located primarily in the U.S., Japan, Russia, Europe, and China. Our Russian competitor, in particular, has significantly greater capacity than us and others in our industry. Additionally, our industry has recently seen rapid consolidation, including the PCP acquisitions of Titanium Metals Corp. and Primus International, Inc., and the ATI acquisition of Ladish Co., Inc. Not only do we face competition for a limited number of customers with other producers of titanium products, but we also must compete with producers of other generally less expensive materials of construction including stainless steel, nickel-based high temperature and corrosion resistant alloys, and composites.

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Our competitors could experience more favorable operating conditions than us including lower raw materials costs, more favorable labor agreements, or other factors which could provide them with competitive cost advantages in their ability to provide goods and services. Changes in costs or other factors related to the production and supply of titanium mill products compared to costs or other factors related to the production and supply of other types of materials of construction may negatively impact our business and the industry as a whole. New competitive forces unknown to us today could also emerge which could have an adverse impact on our financial performance. Our foreign competitors in particular may have the ability to offer goods and services to our customers at more favorable prices due to advantageous economic, environmental, political, or other factors.

We may experience a lack of supply of raw materials at costs that provide us with acceptable margin levels.

The raw materials required for the production of titanium mill products (primarily titanium sponge and scrap) are acquired from a number of domestic and foreign suppliers. Although we have long-term contracts in place for the procurement of certain amounts of raw material, we cannot guarantee that our suppliers can fulfill their contractual obligations. Our suppliers may be adversely impacted by events within or outside of their control that may adversely affect our business operations. We cannot guarantee that we will be able to obtain adequate amounts of raw materials from other suppliers in the event that our primary suppliers are unable to meet our needs. We may experience an increase in prices for raw materials which could have a negative impact on our profit margins if we are unable to adequately increase product pricing, and we may not be able to project the impact that an increase in costs may cause in a timely manner. We may be contractually obligated to supply products to our customers at price levels that do not result in our expected margins due to unanticipated increases in the costs of raw materials. We may experience dramatic increases in demand and we cannot guarantee that we will be able to obtain adequate levels of raw materials at prices that are within acceptable cost parameters in order to fulfill that demand.

We are subject to changes in product pricing.

The titanium industry is highly cyclical. Consequently, excess supply and competition may periodically result in fluctuations in the prices at which we are able to sell certain products. Price reductions may have a negative impact on our operating results. In addition, our ability to implement price increases is dependent on market conditions, often beyond our control. Given the long manufacturing lead times for certain products, the realization of financial benefits from increased prices may be delayed.

We may experience a shortage in the supply of energy or an increase in energy costs to operate our plants.

We own twenty-six natural gas wells which provide some but not all of the non-electrical energy required by our Niles, Ohio operations. Because our operations are reliant on energy sources from outside suppliers, we may experience significant increases in electricity and natural gas prices, unavailability of electrical power, natural gas, or other resources due to natural disasters, interruptions in energy supplies due to equipment failure or other causes, or the inability to extend expiring energy supply contracts on favorable economical terms.

We may not be able to recover the carrying value of our long-lived assets, which could require us to record asset impairment charges.

As of December 31, 2012, we had net property, plant, and equipment of \$375.9 million. We operate in a highly competitive and highly cyclical industry. In addition, we have invested heavily in new machinery and facilities in order to win new long-term supply agreements related to next-generation aircraft such as the Boeing 787, the Airbus family of commercial aircraft, and the JSF program. If we were unable to realize the benefits under these agreements, for whatever reason, we could be required to record material asset and asset related impairment charges in future periods which could adversely affect our results of operations.

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Many of our products must be manufactured to stringent quality standards and are used in critical aircraft components and medical devices.

Given the critical nature of many of the end uses for our products, including specifically their use in critical rotating parts of gas turbine engines and their use in medical devices, a quality issue could have a material adverse impact on our reputation in the marketplace. While we maintain product liability insurance, including aircraft grounding liability, of \$500 million, should a quality or warranty claim exceed this coverage, or should our coverage be denied, such liability could have a material adverse impact on Consolidated Financial Statements.

Healthcare Legislation may impact our business.

In March 2010, comprehensive health care reform legislation under the Patient Protection and Affordable Care Act and Health Care Education and Affordability Reconciliation Act (the Act) was passed and signed into law. Among other things, the Act includes guaranteed coverage requirements, eliminates pre-existing condition exclusions and annual and lifetime maximum limits, restricts the extent to which policies can be rescinded, and imposes new and significant taxes on health insurers and health care benefits. Provisions of the Act become effective at various dates over the next several years. The Department of Health and Human Services, the National Association of Insurance Commissioners, the Department of Labor and the Treasury Department have issued and are continuing to issue the necessary enabling regulations and guidance with respect to the Act. Due to the breadth and complexity of the Act, the lack of implementing regulations and interpretive guidance, and the phased-in nature of the implementation, it is difficult to predict the overall impact of the Act on our business. Depending on how and when the provisions of the Act are implemented, our results of operations, financial position and cash flows could be materially adversely affected.

Our business could be harmed by strikes or work stoppages.

Approximately 354 hourly, clerical and technical employees at our Niles, Ohio facility are represented by the United Steelworkers of America. Our current labor agreement with this union expires June 30, 2018. Approximately 155 hourly employees at our RTI Tradco facility in Washington, Missouri are represented by the International Association of Machinists and Aerospace Workers. Our current labor agreement with this union was approved on February 15, 2011, and expires February 19, 2015.

We cannot be certain that we will be able to negotiate new bargaining agreements upon expiration of the existing agreements on the same or more favorable terms as the current agreements, or at all, without production interruptions caused by a labor stoppage. If a strike or work stoppage were to occur in connection with the negotiation of a new collective bargaining agreement, or as a result of a dispute under our collective bargaining agreements with the labor unions, our business, financial condition, and results of operations could be materially adversely affected.

Our business is subject to the risks of international operations.

We operate subsidiaries and conduct business with suppliers and customers in foreign countries which exposes us to risks associated with international business activities. We could be significantly impacted by those risks, which include the potential for volatile economic and labor conditions, political instability, expropriation, and changes in taxes, tariffs, and other regulatory costs. We are also exposed to and can be adversely affected by fluctuations in the exchange rate of the U.S. Dollar against other foreign currencies, particularly the Canadian Dollar, the Euro, and the British Pound. Although we are operating primarily in countries with relatively stable economic and political climates, there can be no assurance that our business will not be adversely affected by those risks inherent to international operations.

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Our success depends largely on our ability to attract and retain key personnel.

Much of our future success depends on the continued service and availability of skilled personnel, including members of our executive team, management, materials engineers and other technical specialists, and staff positions. The loss of key personnel could adversely affect our ability to perform until suitable replacements are found. There can be no assurance that we will be able to continue to successfully attract and retain key personnel.

The demand for our products and services may be affected by factors outside of our control.

War, terrorism, natural disasters, and public health issues including pandemics, whether in the U.S. or abroad, have caused and could cause damage or disruption to international commerce by creating economic and political uncertainties that may have a negative impact on the global economy as a whole. Our business operations, as well as our suppliers' and customers' business operations, are subject to interruption by those factors as well as other events beyond our control such as governmental regulations, fire, power shortages, and others. Although it is impossible to predict the occurrences or consequences of any such events, they could result in a decrease in demand for our products, make it difficult or impossible for us to deliver products to our customers or to receive materials from our suppliers, and create delays and inefficiencies in our supply chain. Our operating results and financial condition may be adversely affected by these events.

We may be affected by our ability or inability to obtain financing.

Our ability to access the traditional bank or capital markets in the future for additional financing, if needed, and our future financial performance could be influenced by our ability to meet current covenant requirements associated with our existing credit agreement, our credit rating, or other factors.

We are subject to, and could incur, substantial costs and liabilities under environmental, health, and safety laws.

We own and/or operate a number of manufacturing and other facilities. Our operations and properties are subject to various laws and regulations relating to the protection of the environment and health and safety matters, including those governing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. Some environmental laws can impose liability for all of the costs of a contaminated site without regard to fault or the legality of the original conduct. We could incur substantial costs, including fines, penalties, civil and criminal sanctions, investigation and cleanup costs, natural resource damages and third-party claims for property damage or personal injury, as a result of violations of or liabilities under environmental laws and regulations or the environmental permits required for our operations. Many of our properties have a history of industrial operations, including the use and storage of hazardous materials, and we are involved in remedial actions relating to some of our current and former properties and, along with other responsible parties, third-party sites. We have established reserves for such matters where appropriate. The ultimate costs of cleanup, and our share of such costs, however, are difficult to accurately predict and could exceed current reserves. We also could incur significant additional costs at these or other sites if additional contamination is discovered, additional cleanup obligations are imposed and/or the participation or financial viability of other responsible parties changes in the future. In addition, while the cost of complying with environmental laws and regulations has not had a material adverse impact on our operations in the past, such laws and regulations are subject to frequent modifications and revisions, and more stringent compliance requirements, or more stringent interpretation or enforcement of existing requirements, may be imposed in the future on us or the industries in which we operate. As a result, we could incur significant additional costs complying with environmental laws and regulations in the future.

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The following table sets forth selected historical financial data and should be read in conjunction with the Consolidated Financial Statements and related Notes to the Consolidated Financial Statements, including Note 2.

The selected historical data was derived from our Consolidated Financial Statements (in thousands, except per share data).

| | Years Ended December 31, | | | | |
|---|--------------------------|----------------------|----------------------|----------------------|------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) | 2009 (as revised) | 2008 |
| Income Statement Data: | | | | | |
| Net sales | \$ 708,090 | \$ 501,288 | \$ 406,491 | \$ 393,241 | \$ 586,750 |
| Operating income (loss) | 47,111 | 24,052 | 13,812 | (87,009) | 86,730 |
| Income (loss) before income taxes | 28,832 | 8,463 | 11,571 | (95,789) | 87,313 |
| Net income (loss) from continuing operations | 18,440 | 4,194 | 3,260 | (67,071) | 55,273 |
| Basic earnings (loss) per share continuing operations (1) | \$ 0.61 | \$ 0.14 | \$ 0.11 | \$ (2.66) | \$ 2.40 |
| Diluted earnings (loss) per share continuing operations (1) | \$ 0.61 | \$ 0.14 | \$ 0.11 | \$ (2.66) | \$ 2.38 |

| | December 31, | | | | |
|----------------------------|-----------------------|----------------------|----------------------|----------------------|------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) | 2009 (as revised) | 2008 |
| Balance Sheet Data: | | | | | |
| Working capital | \$ 471,637 | \$ 586,471 | \$ 638,017 | \$ 388,987 | \$ 561,105 |
| Total assets | 1,252,481 | 1,128,420 | 1,111,305 | 854,332 | 1,029,203 |
| Long-term debt | 198,337 | 186,981 | 178,107 | 81 | 238,550 |
| Total shareholders equity | 741,535 | 722,093 | 718,261 | 678,914 | 601,934 |

- (1) Adjusted for retrospective application of the provisions of the earnings per share accounting guidance which became effective for the Company on January 1, 2009. For further information, see Note 6 to the Company's Consolidated Financial Statements included in this Annual Report.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (as restated).

Forward-Looking Statements

The following discussion should be read in connection with the information contained in the Consolidated Financial Statements and the Notes to Consolidated Financial Statements. The following information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and is subject to the safe harbor created by that Act. Such forward-looking statements may be identified by their use of words like expects, anticipates, believes, intends, estimates, projects, other words of similar meaning, or other statements contained that are not historical facts. Forward-looking statements are based on expectations and assumptions regarding future events. In addition to factors discussed throughout this Annual Report, the following factors and risks should also be considered, including, without limitation:

global economic and political uncertainties,

a significant portion of our revenue is concentrated within the commercial aerospace and defense industries and the limited number of potential customers within those industries,

changes in defense spending and cancellation or changes in defense programs or initiatives, including the JSF program,

long-term supply agreements and the impact if another party to a long-term supply agreement fails to fulfill its requirements under existing contracts or successfully manage its future development and production schedule,

our ability to successfully integrate newly acquired businesses,

if our internal controls are not effective, investors could lose confidence in our financial reporting,

our ability to recover the carrying value of goodwill and other intangible assets,

our ability to recover significant net operating loss carry-forwards relating to our Canadian subsidiary,

our dependence on services that are subject to price and availability fluctuations,

our ability to protect our data and systems against corruption and cyber-security threats and attacks,

fluctuations in our income tax obligations and effective income tax rate, and

our ability to execute on new business awards,

demand for our products,

competition in the titanium industry,

the future availability and prices of raw materials,

the historic cyclical nature of the titanium and commercial aerospace industries,

energy shortages or cost increases,

labor matters,

risks related to international operations,

our ability to attract and retain key personnel,

the ability to obtain access to financial markets and to maintain current covenant requirements,

potential costs for violations of applicable environmental, health, and safety laws.

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 and other risk factors are set forth in this filing, as well as in other filings filed with or

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furnished to the SEC, copies of which are available from the SEC or may be obtained upon request from the Company. Except as may be required by applicable law, we undertake no duty to update our forward-looking information.

Restatement of Previously Reported Audited Annual and Unaudited Interim Consolidated Financial Information

The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to certain restatement adjustments made to the previously reported Consolidated Financial Statements for the year ended December 31, 2012 and revision adjustments made to the previously reported Consolidated Financial Statements for the years ended December 31, 2011 and 2010. See Note 2 to our Consolidated Financial Statements in Item 8 of this Annual Report for additional information.

Overview

We are a leading producer and global supplier of titanium mill products, and a supplier of fabricated titanium and specialty metal components, for the international aerospace, defense, energy, medical device and other markets.

Effective January 1, 2013, we conduct business in two segments: the Titanium Segment and the Engineered Products and Services (EP&S) Segment. The new structure better reflects our transformation into an integrated supplier of advanced titanium products across the entire supply chain, and better aligns our resources to support our long-term growth strategy.

The Titanium Segment melts, processes, produces, stocks, distributes, finishes, cuts-to-size and facilitates just-in-time delivery services of a complete range of titanium mill products which are further processed by its customers for use in a variety of commercial aerospace, defense, and industrial and consumer applications. With operations in Niles, Ohio; Canton, Ohio; Hermitage, Pennsylvania; Martinsville, Virginia; Garden Grove, California; Windsor, Connecticut; Tamworth, England; and Rosny-Sur-Seine, France, the Titanium Segment has overall responsibility for the production and distribution of primary mill products including, but not limited to, bloom, billet, sheet, and plate. In addition, the Titanium Segment produces ferro titanium alloys for its steelmaking customers. The Titanium Segment also focuses on the research and development of evolving technologies relating to raw materials, melting, and other production processes, and the application of titanium in new markets.

The EP&S Segment is comprised of companies with significant hard and softmetal expertise that form, extrude, fabricate, machine, micro machine, and assemble titanium, aluminum, and other specialty metal parts and components. Its products, many of which are complex engineered parts and assemblies, serve the commercial aerospace, defense, medical device, oil and gas, power generation, and chemical process industries, as well as a number of other industrial and consumer markets. With operations located in Minneapolis, Minnesota; Houston, Texas; Sullivan, Missouri; Washington, Missouri; Laval, Canada; and Welwyn Garden City, England, the EP&S Segment provides value-added products and services such as engineered tubulars and extrusions, fabricated and machined components and subassemblies, and components for the production of minimally invasive and implantable medical devices, as well as engineered systems for deepwater oil and gas exploration and production infrastructure.

The EP&S Segment accesses the Titanium Segment as its primary source of titanium mill products. For the years ended December 31, 2012, 2011, and 2010, approximately 33%, 31%, and 26%, respectively, of the Titanium Segment's sales were to the Engineered Products and Services Segment.

Trends and Uncertainties

The defense sector continues to face uncertainties due to overall budget pressures and the pending sequestration of Department of Defense appropriations. Additionally, we believe the recent concern over the

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reliability of lithium ion batteries deployed on the Boeing 787, a major consumer of titanium, could lead to potential production delays if a solution is not quickly identified. These issues are placing pressure on the market for titanium products.

Notwithstanding these pressures, we believe that overall end-market titanium demand will continue to accelerate over the next several years, driven largely by commercial aircraft production by Boeing and Airbus and strong jet engine market activity. In addition, our recent acquisitions are furthering our move toward becoming an integrated supplier of advanced titanium products. We continue to win incremental, value-add packages in both the commercial aerospace and defense markets, and have diversified into the medical device markets, supporting our strategy to move further up the value chain.

Executive Summary

In 2012, we generated record revenues of \$708.1 million, with our EP&S Segment contributing almost half of that revenue. This performance demonstrates our continuing emergence as an integrated supplier of advanced titanium products.

During the year, we completed the integration of both RTI Advanced Forming, acquired in November 2011, and Remmele Engineering, acquired in February 2012. RTI Advanced Forming expanded our hot and superplastic forming capabilities into commercial aerospace. Remmele Engineering brought important collaborative engineering, precision machining, and robotic manufacturing capabilities to RTI in the commercial aerospace, defense, and medical device markets.

Within our Titanium Segment, we attained the first commercial approval of our forging and grinding facility in Martinsville, Virginia. This facility adds new productivity and capacity to our Titanium Segment in support of our strategic customers, such as Airbus and their new assembly facility in Mobile, Alabama. We also completed early contract negotiations with our union at our Niles, Ohio facility. The new agreement, which runs through 2018, includes favorable terms for both parties that allow us to focus on reducing costs and improving productivity in a stable labor market.

Results of Operations

For the Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

Net Sales. Net sales for our reportable segments, excluding intersegment sales, for the years ended December 31, 2012 and 2011 are summarized in the following table:

| | Years Ended December 31, | | \$ | % |
|-------------------------------------|--------------------------|----------------------|-------------------------|-------------------------|
| <i>(Dollars in millions)</i> | 2012 (as restated) | 2011 (as revised) | Increase/ (Decrease) | Increase/ (Decrease) |
| Titanium Segment | \$ 361.0 | \$ 337.8 | \$ 23.2 | 6.9% |
| EP&S Segment | 347.1 | 163.5 | 183.6 | 112.3% |
| Total consolidated net sales | \$ 708.1 | \$ 501.3 | \$ 206.8 | 41.3% |

The increase in the Titanium Segment's net sales was primarily the result of higher sales volumes at our titanium service centers, driven by increased demand for our titanium products in the commercial aerospace and defense markets. These volume improvements resulted in higher net sales of \$19.9 million, while higher average selling prices caused by a favorable product mix during 2012 also impacted sales at our titanium service centers \$5.3 million. Prime mill product shipments increased 2.6% to 7.9 million pounds for the year ended December 31, 2012 from 7.7 million pounds for the year ended December 31, 2011. The increased volume was primarily driven by higher aircraft build rates by both Boeing and Airbus. These increases were partially offset by a \$0.10 per pound decrease in average realized selling prices of prime mill products to \$17.43 per pound, lower ferro-alloy demand from our specialty steel customers, and a reduction in demand for the outside processing of titanium forgings.

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The increase in the EP&S Segment's net sales was primarily attributable to our two recent acquisitions, Remmele in February 2012 and RTI Advanced Forming in November 2011, which increased net sales \$144.1 million. Additionally, strong demand from our energy market and commercial aerospace customers, due to increasing oil and gas exploration and aircraft build rates, resulted in a \$45.2 million and \$9.7 million increase in net sales, respectively. These increases were partially offset by a decline in our military shipments for the F-15, F-22, and various helicopter programs.

Gross Profit. Gross profit for our reportable segments for the years ended December 31, 2012 and 2011 is summarized in the following table:

| | Years Ended December 31, | | | | | |
|--|-----------------------------|---------------|----------------------|---------------|----------------------------|---------------------------|
| | 2012 (as restated) | | 2011 (as revised) | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
| | \$ | % of Sales | \$ | % of Sales | | |
| <i>(Dollars in millions)</i> | | | | | | |
| Titanium Segment | \$ 79.3 | 22.0% | \$ 75.6 | 22.4% | \$ 3.7 | 4.9% |
| EP&S Segment | 60.3 | 17.4% | 18.0 | 11.0% | 42.3 | 235.0% |
| Total consolidated gross profit | \$ 139.6 | 19.7% | \$ 93.6 | 18.7% | \$ 46.0 | 49.1% |

Excluding the \$3.0 million benefit from a duty drawback accrual reversal in 2012 and the \$1.1 million benefit from the settlement of the Tronox supply contract dispute in 2011, the Titanium Segment's gross profit increased \$1.8 million. The increase in the Titanium Segment's gross profit was principally due to higher margin sales mix and higher volumes at our titanium service centers, driven primarily by higher commercial aerospace demand. The Titanium Segment's gross profit was further benefited by higher sales volumes and flat average costs per pound at \$13.99. These improvements were partially offset by lower average realized selling prices and the impact of the electrical transformer fire at our Canton, Ohio facility, which collectively reduced gross profit by \$2.1 million.

The increase in the EP&S Segment's gross profit was primarily attributable to our two recent acquisitions, which benefited gross profit \$25.0 million. Additionally, the incremental margins on increased sales volumes for the energy market and commercial aerospace customers, due to increasing oil and gas exploration and aircraft build rates, resulted in an \$17.3 million increase in gross profit.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses (SG&A) for our reportable segments for the years ended December 31, 2012 and 2011 are summarized in the following table:

| | Years Ended December 31, | | | | | |
|------------------------------------|-----------------------------|---------------|----------------|---------------|----------------------------|---------------------------|
| | 2012 | | 2011 | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
| | \$ | % of Sales | \$ | % of Sales | | |
| <i>(Dollars in millions)</i> | | | | | | |
| Titanium Segment | \$ 38.1 | 10.6% | \$ 37.5 | 11.1% | \$ 0.6 | 1.6% |
| EP&S Segment | 49.9 | 14.4% | 30.2 | 18.5% | 19.7 | 65.2% |
| Total consolidated SG&A | \$ 88.0 | 12.4% | \$ 67.7 | 13.5% | \$ 20.3 | 30.0% |

The \$20.3 million increase in SG&A expenses was primarily related to our two recent acquisitions, which increased SG&A expenses \$19.1 million. Additionally, SG&A expenses were impacted by moderate increases in salary, benefit and incentive related expense and higher professional fees. SG&A expenses decreased as a percentage of sales due to the leverage gained through the increase in net sales.

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Research, Technical, and Product Development Expenses. Research, technical, and product development expenses for the Company were \$4.2 million and \$3.4 million for the years ended December 31, 2012 and 2011, respectively. This spending, primarily related to our Titanium Segment, reflected the Company's continued efforts to make productivity and quality improvements to current manufacturing processes, as well as new product development.

Asset and Asset-related Charges (Income). Asset and asset-related charges (income) for the years ended December 31, 2012 and 2011 were \$0.4 million and \$(1.5) million, respectively. In 2012, these charges related to the impairment of assets destroyed in a fire in an electrical transformer at our Canton, Ohio facility in September, net of related insurance recoveries. In 2011, asset and asset-related charges (income) consisted of favorable settlements related to the accrued contractual commitments associated with our indefinitely delayed titanium sponge plant, offset in part by the write-down of sponge plant-related assets related to these settlements as our contractors were able to return certain assets to their vendors for refunds.

Operating Income (Loss). Operating income (loss) for our reportable segments for the years ended December 31, 2012 and 2011 is summarized in the following table:

| | Years Ended December 31, | | | | | |
|--|-----------------------------|--------------|----------------|--------------|----------------------------|---------------------------|
| | 2012 | | 2011 | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
| | (as restated) | (as revised) | (as revised) | (as revised) | | |
| \$ | % of Sales | \$ | % of Sales | | | |
| <i>(Dollars in millions)</i> | | | | | | |
| Titanium Segment | \$ 38.7 | 10.7% | \$ 36.7 | 10.9% | \$ 2.0 | 5.4% |
| EP&S Segment | 8.4 | 2.4% | (12.6) | (7.7)% | 21.0 | 166.7% |
| Total consolidated operating income | \$ 47.1 | 6.7% | \$ 24.1 | 4.8% | \$ 23.0 | 95.4% |

Excluding the \$3.0 million benefit from the duty drawback accrual reversal in 2012 and \$1.1 million benefit from the settlement of the Tronox supply contract dispute in 2011, the Titanium Segment's operating income increased \$0.1 million. The increase was the result of higher gross profit, due to a higher margin sales mix as well as higher volumes at our titanium service centers, driven primarily by strengthening commercial aerospace demand. Largely offsetting these increases were lower average realized selling prices and the impact of the electrical transformer fire at our Canton, Ohio facility, and the 2011 benefit from asset and asset-related charges (income). Increased SG&A unfavorably impacted the Titanium Segment \$0.6 million.

The EP&S Segment's operating income increased compared to the prior year due to the favorable impact of the two recent acquisitions, Remmele in February 2012 and RTI Advanced Forming in November 2011. The EP&S Segment's operating income also benefited from higher sales to the energy and commercial aerospace markets.

Other Income (Expense). Other income (expense) for the year ended December 31, 2012 was \$(0.5) million and was \$0.1 million, respectively, for the year ended December 31, 2011. Other income (expense) consisted primarily of foreign exchange gains and losses from our international operations.

Interest Income and Interest Expense. Interest income for the years ended December 31, 2012 and 2011 was \$0.1 million and \$1.2 million, respectively. The decrease was principally related to lower average cash and investment balances, compared to the prior year.

Interest expense was \$17.9 million and \$16.8 million for the years ended December 31, 2012 and 2011, respectively. The increase in interest expense is partially attributable to our new capitalized leases, which accounted for \$0.2 million of interest expense in 2012, and increased principal accretion on our 3.0% Convertible Senior Notes (the Notes) due December 2015. Included in interest expense for the years ended December 31, 2012 and 2011, is \$9.7 million and \$8.9 million, respectively, of debt discount amortization and \$1.1 million of debt issuance cost amortization, for each period, associated with the Notes.

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Provision for (Benefit from) Income Tax (as restated). We recognized income tax expense of \$10.4 million, or 36.0% of pretax income in 2012, compared to \$4.3 million, or 50.4% of pretax income in 2011, for federal, state, and foreign income taxes. Our effective income tax rate decreased 14.4 percentage points from 2011, principally due to the effects of adjustments to prior year income taxes and the higher level of pretax income in 2012.

Adjustments to prior years income taxes accounted for 15.1 percentage points of the decrease. Non-deductible acquisition costs and compensation together with other miscellaneous items contributed to another 11.8 percentage point reduction. These reductions were partially offset by the effects of foreign operations and state taxes which increased the rate by 12.6 percentage points.

Reconciliation of the 2011 effective income tax rate to the 2012 effective income tax rate:

| | |
|---|--------|
| 2011 effective income tax rate | 50.4% |
| Changes in effective income tax rate: | |
| Effects of foreign operations | 8.7 |
| State taxes | 3.9 |
| Adjustments to prior years income taxes | (15.1) |
| Non-deductible acquisition costs/officer compensation | (7.5) |
| Other | (4.4) |
| 2012 effective income tax rate | 36.0% |

Refer to Note 7 to our accompanying Consolidated Financial Statements for a reconciliation between our effective tax rate and the statutory tax rate.

For the Year Ended December 31, 2011 Compared to the Year Ended December 31, 2010

Net Sales. Net sales for our reportable segments, excluding intersegment sales, for the years ended December 31, 2011 and 2010 are summarized in the following table:

| | Years Ended December 31, | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
|------------------------------|-----------------------------|----------------------|-------------------------------|------------------------------|
| | 2011 (as revised) | 2010 (as revised) | | |
| <i>(Dollars in millions)</i> | | | | |
| Titanium Segment | \$ 337.8 | \$ 260.1 | \$ 77.7 | 29.9% |
| EP&S Segment | 163.5 | 146.4 | 17.1 | 11.7% |
| Total consolidated net sales | \$ 501.3 | \$ 406.5 | \$ 94.8 | 23.3% |

Excluding the \$15.4 million payment recognized in 2010 related to the resolution of certain Airbus 2009 contractual obligations, the Titanium Segment's net sales increased \$93.1 million. This increase was primarily the result of an increase in prime mill product shipments to trade customers to 7.7 million pounds in 2011 from 6.6 million pounds in 2010, coupled with an increase in average realized selling prices to \$17.53 per pound in 2011 compared to \$16.05 per pound in 2010. The increasing build rates by both Boeing and Airbus drove the increased mill product volume. The primary driver for the increase in average realized selling prices was that the 2011 mix combined a higher percentage of flat products which generally carry higher overall prices relative to forged products. Additionally, ferro-alloy net sales increased by \$3.5 million due to higher demand from our specialty steel customers. Higher sales volumes at our titanium service centers, driven by increased demand for our titanium products, primarily in the commercial aerospace market, as well as higher demand for our specialty metals products, contributed \$69.7 million to the increase, offset by a \$5.7 million reduction in titanium service center net sales due to decreases in average realized selling prices.

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This increase in the EP&S Segment's net sales was principally due to increased demand in the commercial aerospace market, led by the Boeing 787 Dreamliner® program, which increased net sales by \$24.7 million. Additionally, net sales to our military customers increased \$0.6 million due to strong demand from the F-15, F-18, and various helicopter programs. The EP&S Segment also benefited from the acquisition of RTI Advanced Forming, Ltd. in November 2011 which increased net sales by \$2.1 million. These increases were partially offset by a decrease in sales to our energy market customers of \$10.3 million, principally due to the slowdown in drilling permitting in the Gulf of Mexico during 2011 and the delivery of several engineered components supporting the containment of the oil spill in the Gulf of Mexico in 2010.

Gross Profit. Gross profit for our reportable segments for the years ended December 31, 2011 and 2010 is summarized in the following table:

| | Years Ended December 31, | | | | | |
|--|-----------------------------|---------------|----------------|---------------|----------------------------|---------------------------|
| | 2011 | | 2010 | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
| | (as revised) | % of Sales | (as revised) | % of Sales | | |
| <i>(Dollars in millions)</i> | \$ | | \$ | | | |
| Titanium Segment | \$ 75.6 | 22.4% | \$ 49.7 | 19.1% | \$ 25.9 | 52.1% |
| EP&S Segment | 18.0 | 11.0% | 22.7 | 15.5% | (4.7) | (20.7)% |
| Total consolidated gross profit | \$ 93.6 | 18.7% | \$ 72.4 | 17.8% | \$ 21.2 | 29.3% |

Excluding the \$15.4 million payment recognized in 2010 related to the resolution of certain Airbus 2009 contractual obligations and the \$8.3 million charge in 2010 associated with the disputed Tronox supply contract, the Titanium Segment's gross profit increased \$33.0 million. The increase in the Titanium Segment's gross profit was primarily due to its ability to control its production costs, as average cost per pound rose to \$13.98 per pound in 2011 from \$13.45 per pound in 2010, or 3.9%, while average selling price per pound rose 9.2%. Higher volume and a favorable mix helped offset raw material cost pressures during 2011. Furthermore, the Titanium Segment was favorably impacted \$0.8 million due to increased ferro-alloy sales to our specialty steel customers. Gross profit at our titanium service centers contributed \$13.5 million to the increase, primarily driven by higher customer demand in the commercial aerospace market. These increases were partially offset by a reduction in third-party sales of Titanium Segment-sourced inventory through our EP&S Segment facilities, and a lower margin sales mix and higher operating expenses at our titanium service centers in 2011, which decreased gross profit \$2.4 million and \$1.6 million, respectively.

The decrease in gross profit for the EP&S Segment was primarily driven by a reduction in sales to our energy market customers, principally due to material delivery delays by our suppliers, the slowdown in permitting in the Gulf of Mexico, and the delivery of several engineered components supporting the containment of the oil spill in the Gulf of Mexico in 2010, which combined to reduce gross profit by \$12.2 million. The decrease was partially offset by improved production efficiencies and delivery performance, resulting in an \$7.1 million improvement as EP&S Segment deliveries related to the Boeing 787 Dreamliner® Pi Box program continued to slowly ramp up.

Selling, General, and Administrative Expenses. SG&A for our reportable segments for the years ended December 31, 2011 and 2010 are summarized in the following table:

| | Years Ended December 31, | | | | | |
|------------------------------------|-----------------------------|---------------|----------------|---------------|----------------------------|---------------------------|
| | 2011 | | 2010 | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
| | (as revised) | % of Sales | (as revised) | % of Sales | | |
| <i>(Dollars in millions)</i> | \$ | | \$ | | | |
| Titanium Segment | \$ 37.5 | 11.1% | \$ 31.1 | 12.0% | \$ 6.4 | 20.6% |
| EP&S Segment | 30.2 | 18.5% | 29.2 | 19.9% | 1.0 | 3.4% |
| Total consolidated SG&A | \$ 67.7 | 13.5% | \$ 60.3 | 14.8% | \$ 7.4 | 12.3% |

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The decrease in SG&A as a percent of sales was primarily due to the leverage gained through the increase in sales, partially offset by increases in salary, benefit, and incentive-related expenses of \$5.3 million driven by increases in our cash incentive compensation program, and acquisition-related expenses of \$2.1 million.

Research, Technical, and Product Development Expenses. Research, technical, and product development expenses for the Company were \$3.4 million and \$3.3 million for the years ended December 31, 2011 and 2010, respectively. This spending reflected the Company's continued efforts to develop advanced titanium products as well as to make productivity and quality improvements to manufacturing processes.

Asset and Asset-related Charges (Income). Asset and asset-related charges (income) for the years ended December 31, 2011 and 2010 were \$(1.5) million and \$(5.0) million, respectively. Asset and asset-related income consisted of favorable settlements related to the accrued contractual commitments associated with our cancelled titanium sponge plant, offset in part by the write-down of sponge plant-related assets related to those settlements as our contractors were able to return these assets to their vendors for refunds.

Operating Income (Loss). Operating income (loss) for our reportable segments for the years ended December 31, 2011 and 2010 is summarized in the following table:

| | Years Ended | | December 31, | | \$ Increase/ (Decrease) | % Increase/ (Decrease) |
|-------------------------------------|--------------|---------------|--------------|---------------|----------------------------|---------------------------|
| | 2011 | | 2010 | | | |
| | (as revised) | % of Sales | (as revised) | % of Sales | | |
| <i>(Dollars in millions)</i> | \$ | | \$ | | | |
| Titanium Segment | \$ 36.7 | 10.9% | \$ 21.2 | 8.2% | \$ 15.5 | 73.1% |
| EP&S Segment | (12.6) | (7.7)% | (7.4) | (5.1)% | (5.2) | 70.3% |
| Total consolidated operating income | \$ 24.1 | 4.8% | \$ 13.8 | 3.4% | \$ 10.3 | 74.6% |

Excluding the \$15.4 million payment recognized in 2010 related to the resolution of certain Airbus 2009 contractual obligations and the \$8.3 million charge in 2010 associated with the disputed Tronox supply contract, the Titanium Segment's operating income increased \$22.6 million. The increase was primarily due to higher gross profit, largely due to higher volumes and higher average realized selling prices across the segment, which were partially offset by increased SG&A expenses.

The increase in the EP&S Segment's operating loss was primarily attributable to a reduction in sales to our energy market customers, principally due to material delivery delays by our suppliers, the slowdown in permitting in the Gulf of Mexico, and delivery of several engineered components supporting the containment of the oil spill in the Gulf of Mexico in 2010. Operating income at the EP&S Segment was further impacted by an increase in SG&A related to higher salary, benefit, and incentive-related expenses.

Other Income (Expense). Other income (expense) for the years ended December 31, 2011 and 2010 was \$0.1 million and \$(0.6) million, respectively. Other income (expense) consisted primarily of foreign exchange gains and losses from our international operations.

Interest Income and Interest Expense. Interest income for the years ended December 31, 2011 and 2010 was \$1.2 million and \$0.5 million, respectively. The increase was principally related to higher average cash and investment balances in 2011 compared to 2010.

Interest expense was \$16.8 million and \$2.1 million for the years ended December 31, 2011 and 2010, respectively. Changes in our effective interest rate between the periods were primarily attributable to the duration for which we had debt outstanding during each year as we issued the Notes on December 14, 2010. Interest on the Notes was recorded using the Interest Method. At the time of issuance, we determined a similar straight-rate

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debt instrument had an interest rate of 8.675%. As a result, during the year ended December 31, 2010, we recorded interest expense of \$0.7 million, including debt discount amortization of \$0.4 million and amortization of debt issuance costs of \$0.1 million associated with the Notes. Interest expense for the year ended December 31, 2011 included \$8.9 million of debt discount amortization and amortization of debt issuance costs of \$1.1 million associated with the Notes.

Provision for Income Tax (as revised). We recognized income tax expense of \$4.3 million, or 50.4% of pretax income, in 2011 compared to income tax expense of \$8.3 million, or 71.8% of pretax income, in 2010 for federal, state, and foreign income taxes. Our effective income tax rate decreased 21.4 percentage points from 2010, principally due to the effects of foreign operations, state tax effects, and certain items present in 2010 that did not reoccur in 2011.

The effects of foreign operations, which included the impact of lower foreign statutory tax rates, certain statutory allowances, foreign exchange rate movements, and a modest amount of U.S. foreign tax credits, accounted for 28.5 percentage points of the decrease. State tax effects, reflecting changes in the mix of domestic income, normal revisions to state apportionment factors, and favorable adjustments to 2010 tax expense upon filing the 2010 state tax returns contributed to another 18.3 percentage point reduction. Tax reserve adjustments and the repeal of the Medicare subsidy in 2010 contributed a 15.0 percentage point increase. Nondeductible acquisition costs and officer's compensation increased the year-over-year rate by another 8.7 percentage points.

Reconciliation of the 2010 effective income tax rate to the 2011 effective income tax rate:

| | |
|---|--------|
| 2010 effective income tax rate | 71.8% |
| Changes in effective income tax rate: | |
| Effects of foreign operations | (28.5) |
| State taxes | (18.3) |
| Tax reserves/law changes | 15.0 |
| Non-deductible acquisition costs/officer compensation | 8.7 |
| Other | 1.7 |
| 2011 effective income tax rate | 50.4% |

Refer to Note 7 to our accompanying Consolidated Financial Statements for a reconciliation between our effective tax rate and the statutory tax rate.

Duty Drawback Investigation

As previously disclosed, we had been subject to investigation by U.S. Customs since 2007 relating to \$7.6 million of historic claims filed in connection with a duty recapture program. As part of this program, we utilized an authorized agent to recapture duty paid on imported titanium sponge as an offset against exports for our own or customer products shipped outside the United States. We had recorded a contingent liability of \$9.5 million as our best estimate of probable loss in connection with the investigation, and repaid \$6.7 million to U.S. Customs through the end of 2011 for invalid claims.

During 2012, we received favorable rulings from U.S. Customs that effectively settled our ongoing claim protests. We were issued a final penalty notice, which provided some penalty relief and reduced our liability for penalties to \$0.9 million. As a result of this final penalty notice, we reduced our contingent liability \$2.2 million with respect to the above-mentioned claims.

We have filed \$11.4 million of new duty drawback claims through a new authorized agent beginning in the fourth quarter of 2007 through the end of 2012. Furthermore, we have exported products over the past several years that may give rise to additional duty drawback claims of up to \$12.5 million. As a result of the investigation discussed above, we only record these credits when payment is received from U.S. Customs, until a

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consistent history of receipts against claims filed has been established, at which time we may begin to recognize credits to cost of sales upon filing. Through December 31, 2012, we have received payments totaling \$3.2 million from U.S. Customs in satisfaction of claims filed since initiating our new duty drawback program.

Liquidity and Capital Resources

On February 13, 2012, we completed our purchase of all of the issued and outstanding capital stock of Remmele Engineering, Inc. (Remmele) for total consideration of approximately \$185.4 million, including approximately \$182.6 million in cash and the assumption of \$2.8 million of capitalized equipment leases. The purchase was financed through cash and other highly-liquid investments on hand.

On May 23, 2012, we entered into the Second Amended and Restated Credit Agreement (the Credit Agreement), which replaced our then existing First Amended and Restated Credit Agreement, as amended. The Credit Agreement provides a revolving credit facility of \$150 million and expires on May 23, 2017. Borrowings under the Credit Agreement bear interest, at our option, at a rate equal to the London Interbank Offered Rate (the LIBOR Rate) plus an applicable margin or the base rate plus an applicable margin. Both the applicable margin and the facility fee vary based upon our consolidated net debt to consolidated EBITDA ratio, as defined in the Credit Agreement. We had no borrowings outstanding under the Credit Agreement during the year ended December 31, 2012 or under the First Amended and Restated Credit Agreement during the year ended December 31, 2011, respectively.

Provided we continue to meet our financial covenants under the Credit Agreement, we expect that our cash and cash equivalents of \$97.2 million and our undrawn credit facility, combined with internally generated funds, will provide us sufficient liquidity to meet our current projected operating needs for the next 12 months.

The financial covenants and ratios under our Credit Agreement are described below:

Our leverage ratio (the ratio of Net Debt to Consolidated EBITDA, as defined in the Credit Agreement) was 1.63 at December 31, 2012. If this ratio were to exceed 3.50 to 1, we would be in default under our Credit Agreement and our ability to borrow under our Credit Agreement would be impaired.

Our interest coverage ratio (the ratio of Consolidated EBITDA to Net Interest, as defined in the Credit Agreement) was 13.95 at December 31, 2012. If this ratio were to fall below 2.0 to 1, we would be in default under our Credit Agreement and our ability to borrow under the Credit Agreement would be impaired.

Consolidated EBITDA, as defined in the Credit Agreement, allows for adjustments related to unusual gains and losses, certain noncash items, and certain non-recurring charges. As of December 31, 2012, we were in compliance with our financial covenants under the Credit Agreement.

Cash provided by operating activities. Cash provided by operating activities for the years ended December 31, 2012 and 2011 was \$8.1 million and \$14.8 million, respectively. This decrease was primarily due to the increase in raw material inventories of \$63.5 million at our Titanium Segment facilities due to a combination of favorable scrap metal pricing and our growing backlog at the end of 2012, as well as increases in work in process inventories at our EP&S Segment facilities of \$38.7 million in response to the continued ramp up of the Boeing 787 Dreamliner® Pi Box program. Increases in inventories were offset by increases in net income of \$17.1 million, accounts payable of \$25.8 million, and depreciation of \$18.7 million primarily related to the assets acquired in the Remmele acquisition and assets placed in service at our forging facility in Martinsville, Virginia.

Cash provided by operating activities for the years ended December 31, 2011 and 2010 was \$14.8 million and \$75.2 million, respectively. This decrease was primarily due to the increase in our working capital, principally accounts receivable, as well as our pension contributions of \$27.8 million in 2011 compared to \$3.0 million in 2010.

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Cash provided by (used in) investing activities. Cash provided by (used in) investing activities for the years ended December 31, 2012 and 2011 was \$(67.6) and \$(235.0) million, respectively. The change in investing outflows was due primarily to inflows of \$180.8 million related to sales of short-term investments and marketable securities in 2012 compared to net short-term investment and marketable security-related purchases of \$160.4 million in 2011. This activity was primarily offset by our Remmele acquisition of \$182.6 million and capital expenditures of \$61.5 million during 2012.

Cash provided by (used in) investing activities for the years ended December 31, 2011 and 2010 was \$(235.0) million and \$20.1 million, respectively. The decrease was primarily attributable to the investing of excess cash into short-term investments and marketable securities, and the purchase of Aeromet Advanced Forming, plc., for approximately \$35.8 million in 2011.

Cash provided by (used in) financing activities. Cash provided by (used in) financing activities for the years ended December 31, 2012 and 2011 was \$(1.4) million and \$0.4 million, respectively. The financing outflow during 2012 was primarily driven by financing fees of \$0.8 million related to the Credit Agreement and payments of \$0.7 million related to capital leases at our Remmele facilities, of which there were none in 2011.

Cash provided by (used in) financing activities for the years ended December 31, 2011 and 2010 was \$0.4 million and \$223.8 million, respectively. The decrease was primarily due to the issuance of the Notes in December 2010, which generated \$222.8 million, net of related fees.

Cash balances at foreign subsidiaries. At December 31, 2012, of our cash and cash equivalents of \$97.2 million, approximately \$10.0 million was held at our foreign subsidiaries. Management believes that these balances represent the funds necessary for each affiliate's ongoing operations and at this time, has no intention, nor a foreseeable need, to repatriate these cash balances. Repatriation of these cash balances could result in additional U.S. Federal tax obligations.

Backlog. Our order backlog for all markets was approximately \$545 million as of December 31, 2012, compared to \$462 million at December 31, 2011. Of the backlog at December 31, 2012, approximately \$504 million is likely to be realized during 2013. We define backlog as firm business scheduled for release into our production process for a specific delivery date. We have numerous contracts that extend over multiple years, including the Airbus, JSF and Boeing 787 Dreamliner® long-term supply agreements, which are not included in backlog until a specific release into production or a firm delivery date has been established.

Contractual Obligations, Commitments and Other Post-Retirement Benefits

Following is a summary of the Company's contractual obligations, commercial commitments, and other post-retirement benefit obligations as of December 31, 2012 (in millions):

| | Contractual Obligations | | | | | | |
|-------------------------------|-------------------------|---------|----------|--------|--------|------------|----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter | Total |
| Notes (1) | \$ 6.9 | \$ 6.9 | \$ 236.9 | \$ | \$ | \$ | \$ 250.7 |
| Operating leases (2) | 5.4 | 5.0 | 4.3 | 4.0 | 3.5 | 4.0 | 26.2 |
| Capital leases (2) | 1.1 | 1.1 | 0.6 | 0.2 | 0.1 | | 3.1 |
| Total contractual obligations | \$ 13.4 | \$ 13.0 | \$ 241.8 | \$ 4.2 | \$ 3.6 | \$ 4.0 | \$ 280.0 |

| | Commercial Commitments | | | | | | |
|---------------------------------------|--|----------|----------|----------|---------|------------|----------|
| | Amount of Commitment Expiration per Period | | | | | | |
| | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter | Total |
| Long-term supply agreements (3)(4)(5) | \$ 116.0 | \$ 117.0 | \$ 112.6 | \$ 116.2 | \$ 52.0 | \$ 157.5 | \$ 671.3 |
| Purchase obligations (6) | 76.9 | 1.0 | | | | | 77.9 |
| Standby letters of credit (7) | 1.0 | | | | | | 1.0 |
| Total commercial commitments | \$ 193.9 | \$ 118.0 | \$ 112.6 | \$ 116.2 | \$ 52.0 | \$ 157.5 | \$ 750.2 |

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| | Pension and Post-Retirement Benefits | | | | | | |
|---------------------------------------|--------------------------------------|--------|--------|--------|--------|------------|---------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter | Total |
| Other post-retirement benefits (8)(9) | \$ 3.0 | \$ 3.1 | \$ 3.0 | \$ 3.1 | \$ 3.2 | \$ 32.5 | \$ 47.9 |

| | Tax Obligations | | | | | | |
|------------------------------|-----------------|------|------|------|------|------------|--------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter | Total |
| Uncertain tax positions (10) | \$ | \$ | \$ | \$ | \$ | \$ 7.4 | \$ 7.4 |

- (1) Commitments for the Notes include principal and interest payable through the Notes' maturity. See Note 15 to the Company's accompanying Consolidated Financial Statements.
 - (2) See Note 10 to the Company's accompanying Consolidated Financial Statements.
 - (3) Amounts represent commitments for which contractual terms exceed twelve months.
 - (4) In February 2007, the Company entered into a new contract for the long-term supply of titanium sponge, the primary raw material for our Titanium Segment, with a Japanese supplier. This agreement, which began in 2009, runs through 2016 and provides the Company with supply of up to 13.5 million pounds of titanium sponge annually. For the remaining term of this agreement the Company has agreed to purchase a certain minimum of titanium sponge annually, ranging from 7.0 million to 9.0 million pounds. Future obligations were determined based on current prices as prices are negotiated annually. Purchases under the contract are denominated in U.S. Dollars.
 - (5) In December 2009, the Company entered into two new contracts with two Japanese suppliers for the long-term supply of titanium sponge for delivery between 2012 and 2021. The contracts provide the Company with the supply of up to 19.2 million pounds of titanium sponge annually. The price of the titanium sponge is fixed, subject to certain underlying input cost adjustments and potential price adjustments based on the Yen to U.S. Dollar exchange rate. Future obligations were determined based on the fixed price and minimum volumes.
 - (6) Amounts primarily represent purchase commitments under purchase orders.
 - (7) Amounts represent standby letters of credit primarily related to commercial performance and insurance guarantees.
 - (8) The Company does not fund its other post-retirement employee benefits obligation but instead pays amounts when billed. However, these estimates are based on current benefit plan coverage and are not contractual commitments in as much as the Company retains the right to modify, reduce, or terminate any such coverage in the future. Amounts shown in the years 2013 through 2022 are based on actuarial estimates of expected future cash payments, and exclude the impacts of benefits associated with the Medicare Part D Act of 2003.
 - (9) Commitments for pension plans are not presented due to the uncertain nature of the amounts and timing of future contributions.
 - (10) These amounts are included in the 'Thereafter' column as it cannot be reasonably estimated when these amounts may be settled.
- Other non-current liabilities on the Consolidated Balance Sheet is primarily composed of liabilities for workers' compensation, environmental remediation, asset retirement obligations, and long-term tax reserves. These amounts are not included within the above table due to the uncertain nature regarding the timing of the settlement of these obligations.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, results of operations, liquidity, capital expenditures, or capital resources.

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Credit Agreements

Borrowings under the Credit Agreement bear interest at our option at a rate equal to the LIBOR Rate plus an applicable margin or a prime rate plus an applicable margin. In addition, we pay a facility fee in connection with the Credit Agreement. Both the applicable margin and the facility fee vary based upon our consolidated net debt to consolidated EBITDA, as defined in the Credit Agreement. The Credit Agreement matures on May 23, 2017.

New Accounting Standards

In July 2012, the Financial Accounting Standards Board (the FASB) issued ASU No. 2012-02, Intangibles—Goodwill and Other—Testing Indefinite-Lived Intangible Assets for Impairment. This ASU added an optional qualitative analysis to the yearly testing for indefinite-lived intangible asset impairment. Depending on the outcome of this analysis, the quantitative process could be eliminated for the year the analysis is performed. The amendments in this ASU are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

In December 2011, the FASB issued ASU No. 2011-11 Balance Sheet—Disclosures about Offsetting Assets and Liabilities. This new guidance requires the disclosure of both net and gross information in the notes for relevant assets and liabilities that are offset. This update is effective for annual reporting periods beginning on or after January 1, 2013. The Company does not expect the new guidance to have a material impact on its Consolidated Financial Statements.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement—Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. The new guidance amends current fair value measurement and enhances disclosure requirements to include expansion of the information required for Level 3 measurements. The amendments in this ASU are effective for fiscal years and interim periods beginning after December 15, 2011 and are to be applied prospectively. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Critical Accounting Policies

Our Consolidated Financial Statements are prepared in accordance with GAAP. These principles require management to make estimates and assumptions that have a material impact on the amounts recorded for assets and liabilities and resulting revenue and expenses. Management estimates are based on historical evidence and other available information, which in management's opinion provide the most reasonable and likely result under the current facts and circumstances. Under different facts and circumstances expected results may differ materially from the facts and circumstances applied by management.

Of the accounting policies described in Note 4 of our accompanying Consolidated Financial Statements and others not expressly stated but adopted by management as the most appropriate and reasonable under the current facts and circumstances, the effect upon the Company of the policy of carrying values of accounts receivable, inventories, property, plant, and equipment, intangible assets, goodwill, pensions, post-retirement benefits, worker's compensation, environmental liabilities, and income taxes would be most critical if management estimates were incorrect. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Revenue Recognition. Product and service revenues are recognized when persuasive evidence of an arrangement exists, product delivery has occurred or services have been rendered, pricing is fixed or determinable, and collection is reasonably assured. Service revenues are recognized as services are rendered. Revenue under long-term contracts are recorded on a percentage-of-completion method measured on the cost-to-cost basis for construction-type contracts and the units-of-delivery basis for production-type contracts.

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Since we had not been historically recording revenue and expenses in accordance with ASC 605-35, such estimates are not available for historical periods and it is not practical to create such estimates. As a result, revenues and costs under these contracts have been recorded in equal amounts using the zero profit method under ASC 605-35 until the period when we believe we would have been able to estimate the remaining revenues and costs, at which point the cumulative contract gross profit earned to date was recorded. This generally occurred when the primary deliverable under the contract was delivered. We will continue to use this methodology until such time as a reliable formal process for estimating total contract revenues and costs is implemented, at which time we will recognize contract revenues in proportion to costs for its ongoing contracts.

Provisions for anticipated losses on long-term contracts are recorded in full when such losses become evident. No such losses have been recorded at December 31, 2012, 2011, or 2010.

Revenues from contracts with multiple element arrangements are recognized as each element is earned based on the relative fair value of each element provided the delivered elements have value to customers on a standalone basis. Amounts allocated to each element are based on its objectively determined fair value, such as the sales price for the product or service when it is sold separately.

Inventories. Inventories are valued at cost as determined by the last-in, first out (LIFO), first-in, first-out (FIFO), and weighted-average cost methods. Inventory costs generally include materials, labor, and manufacturing overhead (including depreciation). When market conditions indicate an excess of carrying cost over market value, a lower-of-cost-or-market provision is recorded. At December 31, 2012 and 2011, respectively 55% and 60% of our inventory was valued utilizing the LIFO costing methodology. The remaining inventories are valued at cost determined by a combination of the FIFO and weighted-average cost methods.

Goodwill and Intangible Assets. In the case of goodwill and intangible assets, if future product demand or market conditions reduce management's expectation of future cash flows from these assets, a write-down of the carrying value or acceleration of the amortization period may be required. Intangible assets were originally valued at fair value at the date of acquisition with the assistance of outside experts.

Management evaluates the recoverability of goodwill by first determining, through a qualitative analysis, whether there have been any events or changes in circumstances that would indicate a potential impairment. If the qualitative analysis indicates that it is more-likely-than-not that an impairment has occurred, management compares the fair value of each reporting unit with its carrying value, including goodwill. The fair values of the reporting units are determined using either a discounted cash flow analysis based on historical and projected financial information, a market valuation approach, or a combination of these two approaches. A discounted cash flow analysis provides a fair value estimate based upon each reporting unit's long-term operating and cash flow performance. This approach also considers the impact of cyclical downturns that occur in the titanium and aerospace industries. The market valuation approach applies market multiples such as EBITDA and revenue multiples developed from a set of peer group companies to each reporting unit to determine its fair value.

During our annual qualitative assessment performed as of October 1, 2012, the following key factors were considered:

We have a strong backlog and rely heavily on long-term contracts and pricing which extends out over the next decade. We currently have long-term agreements in place with both Boeing and Airbus, both of whom currently have a production backlog of approximately seven years and are ramping up aircraft production to meet current demand.

For a significant portion of titanium sponge purchases, the primary raw material for the mill product which support our long-term contracts, we have long-term supply agreements lasting through 2021 that significantly reduce price volatility.

The long-term outlook for titanium is strong. We anticipate that titanium will remain a key material used within the commercial aerospace and defense markets due to the continued increased use of titanium in

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airframes and in jet engines, as well as in artillery weapons systems and armored vehicles. Titanium use is growing due to the metal's high strength, low weight, compatibility with composites, and noncorrosive qualities. As a result of our current position as a supplier on the long-term programs noted above, we anticipate that we will be in a position going forward to leverage these relationships as new opportunities arise related to titanium use within the commercial aerospace and defense markets.

We have an integrated business model. As an integrated supplier, we maintain a breadth of capabilities that span the production cycle for highly-engineered titanium and specialty metal components. Unlike most other suppliers of titanium and various specialty metals, we provide our customers with solutions spanning the value stream, from titanium mill products to major assembly design, kitting, and system integration. As a result of our participation throughout the supply chain value stream, especially our unique fabrication capabilities, we believe that we offer significant structural advantages as aircraft production increases and continued design enhancements, as well as cost containment initiatives, drive demand for fabricated titanium parts. This demand and operating leverage should serve to drive revenue growth and profitability during the coming period of anticipated build-rate expansion. We are beginning to see this integrated strategy benefit not only the commercial aerospace and defense markets, but also the medical device and energy markets.

As of October 1, 2012, the date of our annual goodwill impairment test, our market capitalization was approximately 4% below net book value. At December 31, 2012, our market capitalization exceeded our book value by 12%.

The Fabrication and Titanium Service Center reporting units all exceeded prior year and forecasted results. The Titanium Segment's performance was slightly below prior year results and approximated forecasted results. The results still exceeded those used in previous two-step impairment tests, and therefore we do not believe that this is an indication of impairment.

Based on the above factors, it was determined that further testing of the recoverability of our goodwill was not required at our Titanium, Fabrication, or Titanium Service Center reporting units.

Concurrent with the acquisition of Remmele, the Medical Device Fabrication reporting unit was formed. Due to the lack of a historical goodwill passing margin, we elected to perform a two-step impairment test rather than a qualitative assessment of the recoverability of goodwill. The results of the two-step impairment test indicated the Medical Device Fabrication reporting unit's fair value exceeded its carrying value as of October 1, 2012. The fair value was determined using a discounted cash flow analysis using an assumed discount rate of 10%. For further details of our annual goodwill impairment test, refer to Note 4 to the accompanying Consolidated Financial Statements.

Long-Lived Assets. Management evaluates the recoverability of property, plant, and equipment whenever events or changes in circumstances indicate the carrying amount of any such asset may not be fully recoverable in accordance with the FASB's authoritative guidance. Changes in circumstances may include technological changes, changes in our business model, capital structure, economic conditions, or operating performance. If applicable, our evaluation would be based upon, among other items, our assumptions about the estimated undiscounted cash flows these assets are expected to generate. When the sum of the undiscounted cash flows is less than the carrying value, we will recognize an impairment loss. Management applies its best judgment when performing these evaluations to determine the timing of the testing, the undiscounted cash flows associated with the assets, and the fair value of the asset.

Management evaluates the recovery of indefinite-lived intangible assets by first determining, through a qualitative analysis, whether there have been any events or changes in circumstances that would indicate a potential impairment. If the qualitative analysis indicates that it is more-likely-than-not that an impairment has incurred, management compares the fair value of the indefinite-lived intangible asset to its carrying value and then measures the impairment, if any. As of October 1, 2012, our only indefinite-lived intangible asset other than

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goodwill was the Remmele trade name. Our qualitative analysis indicated further testing of the recoverability of the value of the trade name was not required. Our analysis included examining Remmele's customer attrition rates and gross margins, as well as other factors to determine if there were any indicators that the value of the trade name was not recoverable.

Income Taxes. The likelihood of realization of deferred tax assets is reviewed by management quarterly, giving consideration to all the current facts and circumstances. Based upon this review, management records the appropriate valuation allowance to reduce the value of the deferred tax assets to the amount more likely than not to be realized. Should management determine in a future period that an additional valuation allowance is required because of unfavorable changes in the facts and circumstances, there would be a corresponding charge to income tax expense.

Our Canadian subsidiary has generated taxable losses totaling \$159.0 million. These losses were the result of the underutilization of our facility, which was acquired and expanded primarily for production under a long-term supply agreement. They were not the result of an unfavorable contract or unprofitable per unit production. In 2007, we entered into a long-term agreement with an aircraft manufacturer to be the sole supplier, through our Canadian subsidiary, of critical parts for installation on its signature aircraft through 2021. This signature aircraft has suffered a series of well-publicized delays relating to the manufacturer's production of the aircraft. Our facility was built for full-rate production of ten ship sets (one ship set represents all the parts for one plane) per month; however, to date we have not produced at a rate exceeding four ship sets per month. The aircraft manufacturer's current production schedule indicates we will achieve full-rate production of ten ship sets per month in the fourth quarter of 2013.

The signature aircraft remains a strong platform for future growth. At December 31, 2012, the aircraft manufacturer had an order backlog in excess of 800 aircraft, representing over seven years of full-rate production. Successful aircraft, as the signature aircraft is proving itself to be, can generally be expected to be in production for several decades. Our Canadian subsidiary is the single source supplier for these critical parts.

Our contract provides us with several means of reducing our raw material pricing risk. First, the contract provides us access to purchase raw material from the aircraft manufacturer's enabled suppliers at prices typically favorable to market terms. Second, we may have the ability to pass on pricing fluctuations to the aircraft manufacturer. Third, we have the ability to substitute our own material for that of the enabled supplier. In combination, these provisions provide us the necessary flexibility to mitigate the risk of raw material price fluctuations throughout the life of the contract.

The FASB's authoritative guidance requires us to balance the negative evidence of recent losses against the positive evidence supporting the net operating loss carry-forwards. The FASB's authoritative guidance further indicates that cumulative losses in recent years constitute significant negative evidence, which is difficult to overcome, that tax loss carry-forwards should be impaired. In our judgment, for the reasons identified above, the positive evidence of our firm contract, the backlog of orders for the signature aircraft, and the ongoing ramp-up to full-rate production, significantly mitigate the effect of the cumulative losses and which, on an aggregate basis as of December 31, 2012, are more likely than not sufficient to support the realization of our Canadian net deferred tax asset of \$33.3 million. This conclusion is currently under discussion with the Staff of the Securities and Exchange Commission. We will continue to regularly review the assumptions underlying this assessment and, to the extent necessary, make adjustments in future periods.

Tax benefits related to uncertain tax provisions taken or expected to be taken on a tax return are recorded when such benefits meet a more-likely-than-not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that either the appropriate taxing authority has completed their examination even though the statute of limitations remains open, or the statute of limitations has expired. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

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Employee Benefit Plans. Included in our accounting for defined benefit pension plans are assumptions on future discount rates, the expected return on assets, and the rate of future compensation changes. Discount rates are also utilized in our accounting for our post retirement medical plan. We consider current market conditions, including changes in interest rates and plan asset investment returns, as well as longer-term assumptions in determining these assumptions. Actuarial assumptions may differ materially from actual results due to changing market and economic conditions or higher or lower withdrawal rates. These differences may result in a significant impact to the amount of net pension expense or income recorded in the future.

A discount rate is used to determine the present value of future payments. In general, our liability increases as the discount rate decreases and decreases as the discount rate increases. The discount rate was determined by taking into consideration a dedicated bond portfolio model in order to select a discount rate that best matches the expected payment streams of the future payments. Under this model, a hypothetical bond portfolio is constructed with cash flows that are expected to settle in the same timeline as the benefit payment stream from the plans. The portfolio is developed using bonds with a Moody's or Standard & Poor's rating of Aa or better based on the bonds available as of the measurement date. The appropriate discount rate is then selected based on the resulting yield from this portfolio. The discount rate used to determine our future benefit obligation was 4.10% and 4.90% at December 31, 2012 and 2011, respectively.

The discount rate is a significant factor in determining the amounts reported. A change of one-quarter of a percentage point in the discount rate of 4.10% used at December 31, 2012 would have the following effect on the defined benefit plans:

| | .25% | + .25% |
|---|-------------|---------------|
| Effect on total projected benefit obligation (PBO) (in millions) | \$ 4.3 | \$ (4.3) |
| Effect on subsequent years periodic pension expense (in millions) | \$ 0.3 | \$ (0.3) |

A change of one-quarter of a percentage point in the discount rate of 4.10% used at December 31, 2012 would have the following effect on the postretirement medical plan:

| | .25% | + .25% |
|---|-------------|---------------|
| Effect on total net periodic benefit cost (in millions) | \$ 0.1 | \$ (0.1) |
| Effect on accumulated postretirement benefit obligation (in millions) | \$ 1.3 | \$ (1.3) |

We developed the expected return on plan assets by considering various factors which include targeted asset allocation percentages, historical returns, and expected future returns. We assumed an expected rate of return of 7.5% in both 2012 and 2011. A change of one-quarter of a percentage point in the expected rate of return would have the following effect on the defined benefit plans:

| | .25% | + .25% |
|---|-------------|---------------|
| Effect on subsequent years periodic pension expense (in millions) | \$ 0.3 | \$ (0.3) |

A change of one percentage point in the trend rate of 6.78% used at December 31, 2012 would have the following effect on the postretirement medical plan:

| | 1.00% | +1.00% |
|---|--------------|---------------|
| Effect on total service cost and interest cost components (in millions) | \$ (0.2) | \$ 0.2 |
| Effect on accumulated postretirement benefit obligation (in millions) | \$ (1.6) | \$ 1.6 |

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The fair value of the Company's defined benefit pension plan assets as of December 31, 2012 and 2011 were as follows:

| Investment category (in millions) | 2012 | 2011 |
|-----------------------------------|-----------------|-----------------|
| U.S. government securities | \$ 22.0 | \$ 14.8 |
| Corporate bonds | 37.5 | 34.1 |
| Equities | 81.4 | 68.4 |
| Short-term investment funds | 0.6 | 0.8 |
| Real estate funds | 3.5 | 2.6 |
| Other investments - Timberlands | 1.7 | 1.7 |
| Total | \$ 146.7 | \$ 122.4 |

The Company's target asset allocation as of December 31, 2012 by asset category is as follows:

| Investment Category | 2012 |
|--|-------------|
| Equity securities | 55% |
| Debt securities and other short-term investments | 43% |
| Cash | 2% |
| Total | 100% |

Our investment policy for the defined benefit pension plans includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges (shown above) by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plans' actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies. Within these broad investment categories, our investment policy places certain restrictions on the types and amounts of plan investments. For example, no individual stock may account for more than 5% of total equities, no single corporate bond issuer rated below AA may equal more than 10% of the total bond portfolio, non-investment grade bonds may not exceed 10% of the total bond portfolio, and private equity and real estate investments may not exceed 8% of total plan assets.

The Company and a designated third-party fiduciary periodically review the investment policy. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

The following pension and post-retirement benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in millions):

| | Pension Benefit Plans | Post-Retirement Benefit Plan (including Plan D subsidy) | Post-Retirement Benefit Plan (not including Plan D subsidy) |
|--------------|-----------------------------|--|--|
| 2013 | \$ 9.9 | \$ 2.9 | \$ 3.0 |
| 2014 | 9.6 | 3.0 | 3.1 |
| 2015 | 9.8 | 2.8 | 3.0 |
| 2016 | 10.1 | 2.9 | 3.1 |
| 2017 | 10.4 | 3.0 | 3.2 |
| 2018 to 2022 | 57.4 | 17.9 | 19.4 |

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During the years ended December 31, 2012 and 2011, we made cash contributions totaling \$18.2 million and \$27.8 million, respectively, to our Company-sponsored pension plans. In light of current market conditions, we are assessing our future funding requirements. We expect to make a cash contribution of approximately \$5.1 million during 2013 to maintain our desired funding status.

Environmental Liabilities. We are subject to environmental laws and regulations as well as various health and safety laws and regulations that are subject to frequent modifications and revisions. During each of the years ended 2012, 2011, and 2010, respectively, the Company paid approximately \$0.1 million against previously recorded liabilities for environmental remediation, compliance, and related services. While the costs of compliance for these matters have not had a material adverse impact on the Company in the past, it is not possible to accurately predict the ultimate effect these changing laws and regulations may have on the Company in the future. We continue to evaluate our obligations for environmental-related costs on a quarterly basis and make adjustments as necessary.

Given the evolving nature of environmental laws, regulations, and remediation techniques, our ultimate obligation for investigative and remediation costs cannot be predicted. It is our policy to recognize environmental costs in the financial statements when an obligation becomes probable and a reasonable estimate of exposure can be determined. When a single estimate cannot be reasonably made, but a range can be reasonably estimated, we accrue the amount we determine to be the most likely amount within that range. If no single amount is more likely than others within the range, we accrue the lowest amount within the range.

Based on available information, we believe that our share of possible environmental-related costs is in a range from \$0.7 million to \$2.1 million in the aggregate. At each of December 31, 2012 and 2011, the amount accrued for future environmental-related costs was \$1.3 million. Of the total amount accrued at December 31, 2012, approximately \$0.1 million is expected to be paid out within one year and is included as a component of other accrued liabilities in our Consolidated Balance Sheet. The remaining \$1.2 million is recorded as a component of other noncurrent liabilities in our Consolidated Balance Sheet.

As these proceedings continue toward final resolution, amounts in excess of those already provided may be necessary to discharge us from our obligations for these sites.

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Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

RTI International Metals, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows present fairly, in all material respects, the financial position of RTI International Metals, Inc. and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Management and we originally concluded that the Company maintained effective internal control over financial reporting as of December 31, 2012. However, management subsequently determined that material weaknesses in internal control over financial reporting related to (i) revenue under percentage of completion accounting, (ii) the risk assessment process, (iii) acquisition purchase accounting, (iv) financial reporting controls at a recently acquired business and (v) the annual goodwill impairment analysis existed as of that date. Accordingly, management's report was restated and our present opinion on internal control over financial reporting, as presented herein, is different from that expressed in our original report. In addition, management has determined that the second restatement described in Note 2 to the consolidated financial statements was an additional effect of the revenue under percentage of completion accounting material weakness described in (i) above. Accordingly, the second restatement did not affect management's conclusion or our opinion on internal control over financial reporting. In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because material weaknesses in internal control over financial reporting related to (i) revenue under percentage of completion accounting, (ii) the risk assessment process, (iii) acquisition purchase accounting, (iv) financial reporting controls at a recently acquired business and (v) the annual goodwill impairment analysis existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in Management's report on internal control over financial reporting appearing under Item 9A. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the 2012 consolidated financial statements and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company has restated its 2012 consolidated financial statements to correct errors.

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A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Pittsburgh, Pennsylvania

February 22, 2013, except with respect to our opinion on the consolidated financial statements insofar as it relates to the effects of discontinued operations discussed in Note 3 and the change in the composition of reportable segments discussed in Note 13, and except for the effects of the first restatement discussed in Note 2 to the consolidated financial statements and the reevaluation of the effectiveness of internal control over financial reporting and change in conclusion described in the second paragraph of Management's report on internal control over financial reporting, as to which the date is September 24, 2013, and except for the effects of the second restatement discussed in Note 2 to the consolidated financial statements and the additional effect of the material weakness in revenue recognition described in the second paragraph of Management's report on internal control over financial reporting, as to which the date is November 12, 2013

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Consolidated Statements of Operations****(In thousands, except share and per share amounts)**

| | Years Ended December 31, | | |
|---|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| Net sales | \$ 708,090 | \$ 501,288 | \$ 406,491 |
| Cost and expenses: | | | |
| Cost of sales | 568,462 | 407,660 | 334,126 |
| Selling, general, and administrative expenses | 87,986 | 67,685 | 60,309 |
| Research, technical, and product development expenses | 4,164 | 3,392 | 3,256 |
| Asset and asset-related charges (income) | 367 | (1,501) | (5,012) |
| Operating income | 47,111 | 24,052 | 13,812 |
| Other income (expense), net | (501) | 56 | (622) |
| Interest income | 148 | 1,151 | 492 |
| Interest expense | (17,926) | (16,796) | (2,111) |
| Income before income taxes | 28,832 | 8,463 | 11,571 |
| Provision for income taxes | 10,392 | 4,269 | 8,311 |
| Net income attributable to continuing operations | \$ 18,440 | \$ 4,194 | \$ 3,260 |
| Net income attributable to discontinued operations | 1,700 | 1,838 | 310 |
| Net income | \$ 20,140 | \$ 6,032 | \$ 3,570 |
| Earnings per share attributable to continuing operations: | | | |
| Basic | \$ 0.61 | \$ 0.14 | \$ 0.11 |
| Diluted | \$ 0.61 | \$ 0.14 | \$ 0.11 |
| Earnings per share attributable to discontinued operations: | | | |
| Basic | \$ 0.06 | \$ 0.06 | \$ 0.01 |
| Diluted | \$ 0.06 | \$ 0.06 | \$ 0.01 |
| Weighted-average shares outstanding: | | | |
| Basic | 30,127,275 | 30,017,677 | 29,916,465 |
| Diluted | 30,257,688 | 30,257,185 | 30,145,099 |

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income (Loss)****(In thousands)**

| | Years Ended December 31, | | |
|--|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| Net income | \$ 20,140 | \$ 6,032 | \$ 3,570 |
| Other comprehensive income (loss): | | | |
| Foreign currency translation, net of tax of \$1,567, \$(1,101) and \$3,222 | 2,558 | (1,876) | 5,981 |
| Unrealized gain (loss) on investments, net of tax of \$0, \$(19), and \$(8) | | (35) | (15) |
| Realized loss on investments net of tax of \$4, \$0, and \$0 | 8 | | |
| Benefit plan amortization, net of tax of \$(4,921), \$(2,861), and \$(2,552) | (8,077) | (4,963) | (4,740) |
| Other comprehensive income (loss), net of tax | (5,511) | (6,874) | 1,226 |
| Comprehensive income (loss) | \$ 14,629 | \$ (842) | \$ 4,796 |

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Consolidated Balance Sheets****(In thousands, except share and per share amounts)**

| | December 31, | |
|---|----------------------|---------------------|
| | 2012 | 2011 |
| | (as restated) | (as revised) |
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 97,190 | \$ 156,842 |
| Short-term investments | | 164,255 |
| Receivables, less allowance for doubtful accounts of \$722 and \$847 | 105,317 | 86,428 |
| Inventories, net | 385,116 | 259,852 |
| Costs in excess of billings | 2,260 | 400 |
| Deferred income taxes | 31,380 | 19,041 |
| Assets of discontinued operations | 14,741 | 16,083 |
| Other current assets | 11,270 | 10,222 |
| Total current assets | 647,274 | 713,123 |
| Property, plant, and equipment, net | 375,949 | 289,375 |
| Marketable securities | | 12,683 |
| Goodwill | 130,610 | 54,483 |
| Other intangible assets, net | 56,495 | 22,576 |
| Deferred income taxes | 33,287 | 27,424 |
| Other noncurrent assets | 8,866 | 8,756 |
| Total assets | \$ 1,252,481 | \$ 1,128,420 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 91,661 | \$ 55,820 |
| Accrued wages and other employee costs | 34,096 | 26,787 |
| Unearned revenues | 24,998 | 19,716 |
| Liabilities of discontinued operations | 2,332 | 4,244 |
| Other accrued liabilities | 22,550 | 20,085 |
| Total current liabilities | 175,637 | 126,652 |
| Long-term debt | 198,337 | 186,981 |
| Liability for post-retirement benefits | 45,066 | 41,388 |
| Liability for pension benefits | 20,711 | 20,830 |
| Deferred income taxes | 46,384 | 13,606 |
| Unearned revenues | 13,013 | 8,115 |
| Other noncurrent liabilities | 11,798 | 8,755 |
| Total liabilities | 510,946 | 406,327 |
| Commitments and Contingencies | | |
| Shareholders' equity: | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,136,899 and 30,948,209 shares issued; 30,354,324 and 30,198,780 shares outstanding | 311 | 309 |
| Additional paid-in capital | 484,798 | 479,245 |

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| | | |
|---|----------------|----------------|
| Treasury stock, at cost; 782,575 and 749,249 shares | (18,399) | (17,657) |
| Accumulated other comprehensive loss | (44,722) | (39,211) |
| Retained earnings | 319,547 | 299,407 |
| Total shareholders' equity | 741,535 | 722,093 |
| | | |
| Total liabilities and shareholders' equity | \$ 1,252,481 | \$ 1,128,420 |

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****(In thousands)**

| | Years Ended December 31, | | |
|---|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| <u>OPERATING ACTIVITIES:</u> | | | |
| Net income | \$ 20,140 | \$ 6,032 | \$ 3,570 |
| Adjustment for non-cash items: | | | |
| Depreciation and amortization | 41,170 | 22,488 | 22,111 |
| Asset and asset-related charges (income) | 367 | (597) | (2,738) |
| Deferred income taxes, net | 1,433 | 8,097 | 16,124 |
| Stock-based compensation | 4,797 | 4,599 | 3,847 |
| Excess tax benefits from stock-based compensation activity | (196) | (302) | (380) |
| (Gain) loss on disposal of property, plant, and equipment, net | (4) | 70 | (1,362) |
| Amortization of debt issuance costs | 1,403 | 1,471 | 762 |
| Amortization of discount on long-term debt | 9,683 | 8,900 | 393 |
| Amortization of premiums paid for short-term investments and marketable securities, net | | 2,012 | |
| Bad debt expense | 67 | 135 | 193 |
| Changes in assets and liabilities: | | | |
| Receivables | (1,818) | (32,440) | 7,235 |
| Inventories | (103,380) | 3,810 | (3,708) |
| Accounts payable | 32,133 | 6,271 | 2,126 |
| Income taxes payable | 3,767 | 67 | 223 |
| Unearned revenue | 9,193 | (2,606) | 12,029 |
| Costs in excess of billings | (1,860) | (300) | (85) |
| Liability for pension benefits | (12,295) | (22,066) | 1,618 |
| Other current assets and liabilities, net | (3,479) | 5,217 | 16,376 |
| Other noncurrent assets and liabilities, net | 6,945 | 3,977 | (3,126) |
| Cash provided by operating activities | 8,066 | 14,835 | 75,208 |
| <u>INVESTING ACTIVITIES:</u> | | | |
| Acquisitions, net of cash acquired | (182,811) | (35,812) | |
| Maturity/sale of investments | 180,808 | 149,411 | 45,000 |
| Capital expenditures | (61,538) | (38,845) | (28,632) |
| Purchase of investments | (4,037) | (309,820) | (234) |
| Proceeds from disposal of property, plant, and equipment | 10 | 20 | 4,011 |
| Cash provided by (used in) investing activities | (67,568) | (235,046) | 20,145 |
| <u>FINANCING ACTIVITIES:</u> | | | |
| Proceeds from employee stock activity | 729 | 367 | 1,096 |
| Excess tax benefits from stock-based compensation activity | 196 | 302 | 380 |
| Purchase of common stock held in treasury | (742) | (294) | (367) |
| Borrowings on long-term debt | | | 230,000 |
| Repayments on long-term debt | (758) | (25) | (37) |
| Financing fees | (823) | | (7,249) |
| Cash provided by (used in) financing activities | (1,398) | 350 | 223,823 |
| Effect of exchange rate changes on cash and cash equivalents | 1,248 | (248) | 1,559 |

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| | | | |
|--|-----------|-------------|------------|
| Increase (decrease) in cash and cash equivalents | (59,652) | (220,109) | 320,735 |
| Cash and cash equivalents at beginning of period | 156,842 | 376,951 | 56,216 |
| Cash and cash equivalents at end of period | \$ 97,190 | \$ 156,842 | \$ 376,951 |
| Supplemental cash flow information: | | | |
| Cash paid for interest | \$ 7,496 | \$ 7,148 | \$ 588 |
| Cash paid (refund received) for income taxes | \$ 5,333 | \$ (10,191) | \$ (8,141) |
| Non-cash investing and financing activities: | | | |
| Issuance of common stock for restricted stock awards | \$ 2,028 | \$ 1,985 | \$ 1,712 |
| Capital leases | \$ 575 | \$ | \$ |

The accompanying notes are an integral part of these Consolidated Financial Statements.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Consolidated Statement of Shareholders Equity**

(In thousands, except share and per share amounts, unless otherwise indicated)

| | Common Stock | | Additional Paid-In Capital | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|---|-----------------------|--------|----------------------------------|-------------------|----------------------|---|------------|
| | Shares Outstanding | Amount | | | | | |
| Balance at December 31, 2009 (as revised) | 30,010,998 | \$ 307 | \$ 439,361 | \$ (16,996) | \$ 289,805 | \$ (33,563) | \$ 678,914 |
| Net income (as revised) | | | | | 3,570 | | 3,570 |
| Other comprehensive income | | | | | | 1,226 | 1,226 |
| Shares issued for directors' compensation | 16,763 | | | | | | |
| Shares issued for restricted stock award plans | 49,770 | 1 | | | | | 1 |
| Stock-based compensation expense recognized | | | 3,847 | | | | 3,847 |
| Treasury stock purchased at cost | (14,053) | | | (367) | | | (367) |
| Exercise of employee options | 62,757 | 1 | 1,096 | | | | 1,097 |
| Forfeiture of restricted stock awards | (7,800) | | | | | | |
| Tax benefits from stock-based compensation activity | | | 54 | | | | 54 |
| Shares issued for employee stock purchase plan | 5,084 | | 131 | | | | 131 |
| Equity component of convertible debt, net of deferred taxes | | | 29,788 | | | | 29,788 |
| Balance at December 31, 2010 (as revised) | 30,123,519 | \$ 309 | \$ 474,277 | \$ (17,363) | \$ 293,375 | \$ (32,337) | \$ 718,261 |
| Net income (as revised) | | | | | 6,032 | | 6,032 |
| Other comprehensive loss | | | | | | (6,874) | (6,874) |
| Shares issued for directors' compensation | 14,273 | | | | | | |
| Shares issued for restricted stock award plans | 54,665 | | | | | | |
| Stock-based compensation expense recognized | | | 4,599 | | | | 4,599 |
| Treasury stock purchased at cost | (10,423) | | | (294) | | | (294) |
| Exercise of employee options | 13,653 | | 178 | | | | 178 |
| Forfeiture of restricted stock awards | (3,800) | | | | | | |
| Tax benefits from stock-based compensation activity | | | 2 | | | | 2 |
| Shares issued for employee stock purchase plan | 6,893 | | 189 | | | | 189 |
| Balance at December 31, 2011 (as revised) | 30,198,780 | \$ 309 | \$ 479,245 | \$ (17,657) | \$ 299,407 | \$ (39,211) | \$ 722,093 |
| Net income (as restated) | | | | | 20,140 | | 20,140 |
| Other comprehensive loss | | | | | | (5,511) | (5,511) |
| Shares issued for directors' compensation | 26,153 | | | | | | |
| Shares issued for restricted stock award plans | 56,173 | 1 | | | | | 1 |
| Shares issued for performance award plans | 54,315 | 1 | | | | | 1 |
| Stock-based compensation expense recognized | | | 4,797 | | | | 4,797 |
| Treasury stock purchased at cost | (29,946) | | | (742) | | | (742) |
| Exercise of employee options | 41,422 | | 494 | | | | 494 |
| Forfeiture of restricted stock awards | (3,200) | | | | | | |
| Tax benefits from stock-based compensation activity | | | 27 | | | | 27 |
| Shares issued for employee stock purchase plan | 10,627 | | 235 | | | | 235 |

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| | | | | | | | |
|--|------------|--------|------------|-------------|------------|-------------|------------|
| Balance at December 31, 2012 (as restated) | 30,354,324 | \$ 311 | \$ 484,798 | \$ (18,399) | \$ 319,547 | \$ (44,722) | \$ 741,535 |
|--|------------|--------|------------|-------------|------------|-------------|------------|

The accompanying notes are an integral part of these Consolidated Financial Statements.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts, unless otherwise indicated)

Note 1 ORGANIZATION AND OPERATIONS:

The accompanying Consolidated Financial Statements of RTI International Metals, Inc. and its subsidiaries (the Company or RTI) include the financial position and results of operations for the Company.

The Company is a leading producer and global supplier of advanced titanium mill products and a manufacturer of fabricated titanium and specialty metal components for the international aerospace, defense, energy, medical device, and other markets. It is a successor to entities that have been operating in the titanium industry since 1951. The Company first became publicly traded on the New York Stock Exchange in 1990 under the name RMI Titanium Co. and the symbol RTI, and was reorganized into a holding company structure in 1998 under the name RTI International Metals, Inc.

On February 13, 2012, the Company completed its acquisition of all of the issued and outstanding common stock of Remmele Holding, Inc. (formerly REI Delaware Holding, Inc.) (Remmele), which directly owns all of the issued and outstanding capital stock of RTI Remmele Engineering, Inc. (formerly Remmele Engineering, Inc.) and indirectly owns all of the issued and outstanding capital stock of RTI Remmele Medical, Inc. (formerly REI Medical, Inc.) for total consideration of approximately \$185.4 million, including approximately \$182.6 million in cash and the assumption of \$2.8 million of capitalized equipment leases. Remmele provides precision machining and collaborative engineering, as well as other key technologies and services, for the aerospace and defense and medical device sectors. The acquisition broadens the Company's product offerings and provides access to new markets. Refer to Note 5 for additional information on this acquisition.

Effective January 1, 2013, the Company conducts business in two segments: the Titanium Segment and the Engineered Products and Services (EP&S) Segment. The new structure better reflects the Company's transformation into an integrated supplier of advanced titanium products across the entire supply chain, and better aligns its resources to support the Company's long-term growth strategy.

The Titanium Segment melts, processes, produces, stocks, distributes, finishes, cuts-to-size and facilitates just-in-time delivery services of a complete range of titanium mill products which are further processed by its customers for use in a variety of commercial aerospace, defense, and industrial and consumer applications. With operations in Niles, Ohio; Canton, Ohio; Hermitage, Pennsylvania; Martinsville, Virginia; Garden Grove, California; Windsor, Connecticut; Tamworth, England; and Rosny-Sur-Seine, France, the Titanium Segment has overall responsibility for the production and distribution of primary mill products including, but not limited to, bloom, billet, sheet, and plate. In addition, the Titanium Segment produces ferro titanium alloys for its steelmaking customers. The Titanium Segment also focuses on the research and development of evolving technologies relating to raw materials, melting, and other production processes, and the application of titanium in new markets.

The EP&S Segment is comprised of companies with significant hard and soft-metal expertise that form, extrude, fabricate, machine, micro machine, and assemble titanium, aluminum, and other specialty metal parts and components. Its products, many of which are complex engineered parts and assemblies, serve the commercial aerospace, defense, medical device, oil and gas, power generation, and chemical process industries, as well as a number of other industrial and consumer markets. With operations located in Minneapolis, Minnesota; Houston, Texas; Sullivan, Missouri; Washington, Missouri; Laval, Canada; and Welwyn Garden City, England, the EP&S Segment provides value-added products and services such as engineered tubulars and extrusions, fabricated and machined components and subassemblies, and components for the production of minimally invasive and implantable medical devices, as well as engineered systems for deepwater oil and gas exploration and production infrastructure.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

The Engineered Products and Services Segment utilizes the Titanium Segment as its primary source of titanium mill products.

Note 2 RESTATEMENTS AND REVISIONS:

As previously disclosed in the Company's Current Report on Form 8-K filed on September 19, 2013 and the Company's first Amended Annual Report on Form 10-K/A for the year ended December 31, 2012, as filed on September 24, 2013 (Amendment No. 1), the Company historically recognized revenues for certain of its long-term contracts upon the delivery of products or the performance of services. In July 2013, the Company undertook a review of these contracts, and determined that for certain of these contracts this treatment was incorrect, and a project-based accounting model would be more appropriate. As such, the Company filed Amendment No. 1 on September 24, 2013 to correctly present the Consolidated Financial Statements as if these contracts were accounted for using the percentage-of-completion accounting model under Accounting Standards Codification (ASC) 605-35, *Construction-Type and Production-Type Contracts*, as well as other related adjustments. ASC 605-35 requires that management continually update estimates of projected revenues and costs for each contract to determine the appropriate amount of revenue and costs to recognize in each period. For certain contracts, since the Company had not been historically recording revenue and expenses in accordance with ASC 605-35, such estimates are not available for historical periods and it is not practicable to create such estimates. As a result, revenues and costs under these contracts have been recorded in equal amounts using the zero profit method under ASC 605-35 until the period when the Company believed it would have been able to estimate its remaining revenues and costs at which point the cumulative contract gross profit earned to date was recorded. This generally occurred when the primary deliverable under the contract was delivered.

In connection with the preparation of Amendment No. 1, multiple spreadsheets had been created and used to calculate the historic revenue and costs of goods sold under the contracts requiring application of the percentage-of-completion methodology under ASC 605-35. During the Company's third quarter closing process, the Company determined that one of these spreadsheets inadvertently contained computational errors resulting in an inaccurate calculation of the revenues and costs of sales for these contracts. These errors resulted in an overstatement of net sales and operating income for the year ended December 31, 2012 by \$1,464 and \$1,533, respectively, as compared to the amounts set forth in Amendment No. 1. In addition, when combined with the errors in Amendment No. 1, the total of these errors resulted in an overstatement of net sales and operating income from the amounts set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2012 as filed on February 22, 2013, by \$897 and \$5,297. In light of these computational errors, the Company is filing this Amendment No. 2 on Form 10-K/A (the Amendment). The Company also made immaterial corrections associated with its acquisition of its RTI Remmele Engineering and RTI Remmele Medical subsidiaries which increased current deferred tax assets \$192, while decreasing goodwill and non-current deferred tax liabilities by \$5,260 and \$5,068, respectively. Previously restated or revised figures for the years ended December 31, 2011 and 2010, and the related interim periods have not been adjusted in conjunction with the filing of this Amendment as effects on these periods were immaterial.

The effects of this Amendment on the Consolidated Financial Statements as previously filed for the year ended December 31, 2012, the revisions to the Consolidated Financial Statements for the years ended December 31, 2011 and 2010 and the impact of recasting the restated or revised amounts for the respective periods for the disposition of RTI Pierce Spafford in April 2013 are presented below. Columns labeled "First Restatement Adjustment" or "Revision Adjustment" represent the effect of the restatement or revision as set forth in Amendment No. 1, while columns labeled "Second Restatement Adjustment" refer to the effect of the correction of the errors discussed above. The "Second Restatement Adjustment" columns represent the reconciling difference between this Amendment and Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

| | Year Ended December 31, 2012 | | | | | |
|--|------------------------------|------------------------------|-------------------------------|--------------|-------------------------|--------------------|
| | Previously Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Consolidated Statement of Operations | | | | | | |
| Net sales | \$ 738,608 | \$ 567 | \$ (1,464) | \$ 737,711 | \$ (29,621) | \$ 708,090 |
| Cost of sales | 588,077 | 4,331 | 69 | 592,477 | (24,015) | 568,462 |
| Operating Income | 55,030 | (3,764) | (1,533) | 49,733 | (2,622) | 47,111 |
| Income before income taxes | 36,768 | (3,764) | (1,533) | 31,471 | (2,639) | 28,832 |
| Provision for (benefit from) income taxes | 13,253 | (1,366) | (556) | 11,331 | (939) | 10,392 |
| Net income attributable to continuing operations | 23,515 | (2,398) | (977) | 20,140 | (1,700) | 18,440 |
| Net income attributable to discontinued operations, net of tax | | | | | 1,700 | 1,700 |
| Net income | 23,515 | (2,398) | (977) | 20,140 | | 20,140 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.78 | \$ (0.08) | \$ (0.03) | \$ 0.66 | \$ (0.06) | \$ 0.61 |
| Diluted | \$ 0.77 | \$ (0.08) | \$ (0.03) | \$ 0.66 | \$ (0.06) | \$ 0.61 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.06 | \$ 0.06 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.06 | \$ 0.06 |

| | Year Ended December 31, 2011 | | | | |
|--|------------------------------|---------------------|------------|-------------------------|--------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Consolidated Statement of Operations | | | | | |
| Net sales | \$ 529,679 | \$ 1,750 | \$ 531,429 | \$ (30,141) | \$ 501,288 |
| Cost of sales | 429,007 | 2,559 | 431,566 | (23,906) | 407,660 |
| Operating income | 27,761 | (809) | 26,952 | (2,900) | 24,052 |
| Income before income taxes | 12,135 | (809) | 11,326 | (2,863) | 8,463 |
| Provision for income taxes | 5,583 | (289) | 5,294 | (1,025) | 4,269 |
| Net income attributable to continuing operations | 6,552 | (520) | 6,032 | (1,838) | 4,194 |
| Net income attributable to discontinued operations, net of tax | | | | 1,838 | 1,838 |
| Net income | 6,552 | (520) | 6,032 | | 6,032 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.22 | \$ (0.02) | \$ 0.20 | \$ (0.06) | \$ 0.14 |
| Diluted | \$ 0.22 | \$ (0.02) | \$ 0.20 | \$ (0.06) | \$ 0.14 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.06 | \$ 0.06 |
| Diluted | \$ | \$ | \$ | \$ 0.06 | \$ 0.06 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

| | Year Ended December 31, 2010 | | | | |
|--|------------------------------|---------------------|------------|-------------------------|--------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Consolidated Statement of Operations | | | | | |
| Net Sales | \$ 431,793 | \$ (3,571) | \$ 428,222 | \$ (21,731) | \$ 406,491 |
| Cost of sales | 355,908 | (3,809) | 352,099 | (17,973) | 334,126 |
| Operating income | 14,061 | 238 | 14,299 | (487) | 13,812 |
| Income before income taxes | 11,820 | 238 | 12,058 | (487) | 11,571 |
| Provision for income taxes | 8,403 | 85 | 8,488 | (177) | 8,311 |
| Net income attributable to continuing operations | 3,417 | 153 | 3,570 | (310) | 3,260 |
| Net income attributable to discontinued operations, net of tax | | | | 310 | 310 |
| Net income | 3,417 | 153 | 3,570 | | 3,570 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.11 | 0.01 | \$ 0.12 | \$ (0.01) | \$ 0.11 |
| Diluted | \$ 0.11 | \$ 0.01 | \$ 0.12 | \$ (0.01) | \$ 0.11 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |
| Diluted | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |

| | December 31, 2012 | | | | | |
|--|---------------------|------------------------------|-------------------------------|--------------|-------------------------|--------------------|
| | Previously Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Consolidated Balance Sheets | | | | | | |
| Receivables | \$ 108,767 | \$ | \$ (1,261) | \$ 107,506 | \$ (2,189) | \$ 105,317 |
| Inventories, net | 405,289 | (5,208) | (3,841) | 396,240 | (11,124) | 385,116 |
| Costs in excess of billings | | 1,841 | 419 | 2,260 | | 2,260 |
| Deferred income taxes | 28,899 | 1,733 | 748 | 31,380 | | 31,380 |
| Assets of discontinued operations | | | | | 14,741 | 14,741 |
| Other current assets | 10,709 | 561 | | 11,270 | | 11,270 |
| Total current assets | 650,854 | (1,073) | (3,935) | 645,846 | 1,428 | 647,274 |
| Property, plant and equipment, net | 375,996 | | | 375,996 | (47) | 375,949 |
| Goodwill | 137,251 | | (5,260) | 131,991 | (1,381) | 130,610 |
| Other noncurrent assets | 5,844 | 3,022 | | 8,866 | | 8,866 |
| Total assets | 1,259,727 | 1,949 | (9,195) | 1,252,481 | | 1,252,481 |
| Accounts payable | 93,656 | | | 93,656 | (1,995) | 91,661 |
| Accrued wages and other employment costs | 34,433 | | | 34,433 | (337) | 34,096 |
| Unearned revenues | 26,164 | 1,984 | (3,150) | 24,998 | | 24,998 |
| Liabilities of discontinued operations | | | | | 2,332 | 2,332 |
| Total current liabilities | 176,803 | 1,984 | (3,150) | 175,637 | | 175,637 |
| Deferred income taxes | 51,452 | | (5,068) | 46,384 | | 46,384 |
| Unearned revenues | 9,991 | 3,022 | | 13,013 | | 13,013 |
| Total liabilities | 514,158 | 5,006 | (8,218) | 510,946 | | 510,946 |
| Retained earnings | 323,581 | (3,057) | (977) | 319,547 | | 319,547 |
| Total shareholders' equity | 745,569 | (3,057) | (977) | 741,535 | | 741,535 |
| Total liabilities and shareholders' equity | 1,259,727 | 1,949 | (9,195) | 1,252,481 | | 1,252,481 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

| | At December 31, 2011 | | | | |
|---|----------------------|---------------------|------------|-------------------------|--------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Consolidated Balance Sheet | | | | | |
| Receivables, net | \$ 89,359 | \$ | \$ 89,359 | \$ (2,931) | \$ 86,428 |
| Inventories, net | 275,059 | (3,495) | 271,564 | (11,712) | 259,852 |
| Costs in excess of billings | | 400 | 400 | | 400 |
| Deferred income taxes | 18,674 | 367 | 19,041 | | 19,041 |
| Other current assets | 9,932 | 290 | 10,222 | | 10,222 |
| Assets of discontinued operations | | | | 16,083 | 16,083 |
| Total current assets | 714,121 | (2,438) | 711,683 | 1,440 | 713,123 |
| Property, plant, and equipment, net | 289,434 | | 289,434 | (59) | 289,375 |
| Goodwill | 55,864 | | 55,864 | (1,381) | 54,483 |
| Other noncurrent assets | 5,173 | 3,583 | 8,756 | | 8,756 |
| Total assets | 1,127,275 | 1,145 | 1,128,420 | | 1,128,420 |
| Accounts payable | 59,591 | | 59,591 | (3,771) | 55,820 |
| Accrued wages and other employee costs | 27,260 | | 27,260 | (473) | 26,787 |
| Liabilities of discontinued operations | | | | 4,244 | 4,244 |
| Unearned revenues current | 21,495 | (1,779) | 19,716 | | 19,716 |
| Total current liabilities | 128,431 | (1,779) | 126,652 | | 126,652 |
| Unearned revenues noncurrent | 4,532 | 3,583 | 8,115 | | 8,115 |
| Total liabilities | 404,523 | 1,804 | 406,327 | | 406,327 |
| Retained earnings | 300,066 | (659) | 299,407 | | 299,407 |
| Total shareholders equity | 722,752 | (659) | 722,093 | | 722,093 |
| Total liabilities and shareholders equity | 1,127,275 | 1,145 | 1,128,420 | | 1,128,420 |

| | Year Ended December 31, 2012 | | | |
|--|------------------------------|------------------------------|-------------------------------|--------------|
| | Previously Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected |
| Consolidated Statements of Cash Flow (1) | | | | |
| Operating Activities: | | | | |
| Net income | \$ 23,515 | \$ (2,398) | \$ (977) | \$ 20,140 |
| Adjustment for non-cash items included in net income: | | | | |
| Deferred income taxes | 3,355 | (1,366) | (556) | 1,433 |
| Changes in assets and liabilities: | | | | |
| Receivables | (3,079) | | 1,261 | (1,818) |
| Inventories | (108,934) | 1,713 | 3,841 | (103,380) |
| Unearned revenue | 9,141 | 3,202 | (3,150) | 9,193 |
| Billings in excess of costs/cost in excess of billings | | (1,441) | (419) | (1,860) |
| Other current assets and liabilities | (3,016) | (271) | (192) | (3,479) |
| Other noncurrent assets and liabilities | 6,192 | 561 | 192 | 6,945 |

(1) The Company does not present cash flows from discontinued operations, consistent with ASC 230, *Statement of Cash Flows*.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

| | Year Ended December 31, 2011 | | |
|---|------------------------------|---------------------|------------|
| | Previously Reported | Revision Adjustment | As Revised |
| Consolidated Statement of Cash Flows (1) | | | |
| Operating activities: | | | |
| Net income | \$ 6,552 | \$ (520) | \$ 6,032 |
| Adjustment for non-cash items included in net income: | | | |
| Deferred income taxes | 8,386 | (289) | 8,097 |
| Changes in assets and liabilities: | | | |
| Inventories | 160 | 3,650 | 3,810 |
| Unearned revenue | 180 | (2,786) | (2,606) |
| Cost in excess of billings | | (300) | (300) |
| Other current assets and liabilities | 5,262 | (45) | 5,217 |
| Other noncurrent assets and liabilities | 3,687 | 290 | 3,977 |

| | Year Ended December 31, 2010 | | |
|---|------------------------------|---------------------|------------|
| | Previously Reported | Revision Adjustment | As Revised |
| Consolidated Statement of Cash Flows (1) | | | |
| Operating activities: | | | |
| Net income | \$ 3,417 | \$ 153 | \$ 3,570 |
| Adjustment for non-cash items included in net income: | | | |
| Deferred income taxes | 16,039 | 85 | 16,124 |
| Changes in assets and liabilities: | | | |
| Inventories | (2,972) | (736) | (3,708) |
| Unearned revenue | 7,328 | 4,701 | 12,029 |
| Cost in excess of billings | | (85) | (85) |
| Other current assets and liabilities | 16,621 | (245) | 16,376 |
| Other noncurrent assets and liabilities | 747 | (3,873) | (3,126) |

(1) The Company does not present cash flows from discontinued operations, consistent with ASC 230, *Statement of Cash Flows*.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

The effects of the restatements or revisions, as indicated, and the effects of reporting RTI Pierce Spafford as a discontinued operation, as applicable, on the Condensed Consolidated Financial Statements for each of the interim periods in the years ended December 31, 2012 and 2011 are presented below:

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

| | Three Months Ended March 31, 2012 | | | | | |
|---|-----------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 162,850 | \$ (810) | \$ 311 | \$ 162,351 | \$ (8,281) | \$ 154,070 |
| Cost and expenses: | | | | | | |
| Cost of sales | 127,145 | 897 | 121 | 128,163 | (6,600) | 121,563 |
| Selling, general, and administrative expenses | 21,622 | | | 21,622 | (789) | 20,833 |
| Research, technical, and product development expenses | 1,065 | | | 1,065 | | 1,065 |
| Operating income | 13,018 | (1,707) | 190 | 11,501 | (892) | 10,609 |
| Other income, net | (268) | | | (268) | | (268) |
| Interest income | 82 | | | 82 | | 82 |
| Interest expense | (4,278) | | | (4,278) | | (4,278) |
| Income before income taxes | 8,554 | (1,707) | 190 | 7,037 | (892) | 6,145 |
| Provision for (benefit from) income taxes | 2,929 | (586) | 65 | 2,408 | (321) | 2,087 |
| Net income attributable to continuing operations | 5,625 | (1,121) | 125 | 4,629 | (571) | 4,058 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 571 | 571 |
| Net income | \$ 5,625 | \$ (1,121) | \$ 125 | \$ 4,629 | \$ | \$ 4,629 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.19 | \$ (0.04) | \$ | \$ 0.15 | \$ (0.02) | \$ 0.13 |
| Diluted | \$ 0.19 | \$ (0.04) | \$ | \$ 0.15 | \$ (0.02) | \$ 0.13 |

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Earnings per share attributable to
discontinued operations:

| | | | | | | | | |
|---------|----|----|----|----|----|------|----|------|
| Basic | \$ | \$ | \$ | \$ | \$ | 0.02 | \$ | 0.02 |
| Diluted | \$ | \$ | \$ | \$ | \$ | 0.02 | \$ | 0.02 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

| | Three Months Ended June 30, 2012 | | | | | |
|---|----------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 190,277 | \$ 1,971 | \$ 182 | \$ 192,430 | \$ (7,968) | \$ 184,462 |
| Cost and expenses: | | | | | | |
| Cost of sales | 153,781 | 2,997 | 136 | 156,914 | (6,471) | 150,443 |
| Selling, general, and administrative expenses | 23,458 | | | 23,458 | (780) | 22,678 |
| Research, technical, and product development expenses | 1,104 | | | 1,104 | | 1,104 |
| Operating income | 11,934 | (1,026) | 46 | 10,954 | (717) | 10,237 |
| Other income, net | 570 | | | 570 | | 570 |
| Interest income | 33 | | | 33 | | 33 |
| Interest expense | (4,209) | | | (4,209) | | (4,209) |
| Income before income taxes | 8,328 | (1,026) | 46 | 7,348 | (717) | 6,631 |
| Provision for (benefit from) income taxes | 3,165 | (382) | 19 | 2,802 | (264) | 2,538 |
| Net income attributable to continuing operations | 5,163 | (644) | 27 | 4,546 | (453) | 4,093 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 453 | 453 |
| Net income | \$ 5,163 | \$ (644) | \$ 27 | \$ 4,546 | \$ | \$ 4,546 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.17 | \$ (0.02) | \$ | \$ 0.15 | \$ (0.01) | \$ 0.14 |
| Diluted | \$ 0.17 | \$ (0.02) | \$ | \$ 0.15 | \$ (0.01) | \$ 0.13 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

| | Six Months Ended June 30, 2012 | | | | | |
|---|--------------------------------|------------------------------------|-------------------------------------|-----------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 353,127 | \$ 1,161 | \$ 493 | \$ 354,781 | \$ (16,249) | \$ 338,532 |
| Cost and expenses: | | | | | | |
| Cost of sales | 280,926 | 3,894 | 257 | 285,077 | (13,071) | 272,006 |
| Selling, general, and administrative expenses | 45,080 | | | 45,080 | (1,569) | 43,511 |
| Research, technical, and product development expenses | 2,169 | | | 2,169 | | 2,169 |
| Operating income | 24,952 | (2,733) | 236 | 22,455 | (1,609) | 20,846 |
| Other income, net | 302 | | | 302 | | 302 |
| Interest income | 115 | | | 115 | | 115 |
| Interest expense | (8,487) | | | (8,487) | | (8,487) |
| Income before income taxes | 16,882 | (2,733) | 236 | 14,385 | (1,609) | 12,776 |
| Provision for (benefit from) income taxes | 6,094 | (968) | 84 | 5,210 | (585) | 4,625 |
| Net income attributable to continuing operations | 10,788 | (1,765) | 152 | 9,175 | (1,024) | 8,151 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 1,024 | 1,024 |
| Net income | \$ 10,788 | \$ (1,765) | \$ 152 | \$ 9,175 | \$ | \$ 9,175 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.36 | \$ (0.06) | \$ 0.01 | \$ 0.30 | \$ (0.03) | \$ 0.27 |
| Diluted | \$ 0.36 | \$ (0.06) | \$ 0.01 | \$ 0.30 | \$ (0.03) | \$ 0.27 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

Three Months Ended September 30, 2012

| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
|---|------------------------|---|--|-------------------------|------------------------------------|-------------------------------|
| Net sales | \$ 189,075 | \$ 439 | \$ 259 | \$ 189,773 | \$ (7,228) | \$ 182,545 |
| Cost and expenses: | | | | | | |
| Cost of sales | 151,128 | 3,689 | 19 | 154,836 | (5,941) | 148,895 |
| Selling, general, and administrative expenses | 22,434 | | | 22,434 | (709) | 21,725 |
| Research, technical, and product development expenses | 1,012 | | | 1,012 | | 1,012 |
| Asset and asset-related charges | 1,617 | | | 1,617 | | 1,617 |
| Operating income | 12,884 | (3,250) | 240 | 9,874 | (578) | 9,296 |
| Other income, net | 32 | | | 32 | (16) | 16 |
| Interest income | 18 | | | 18 | | 18 |
| Interest expense | (4,708) | | | (4,708) | | (4,708) |
| Income before income taxes | 8,226 | (3,250) | 240 | 5,216 | (594) | 4,622 |
| Provision for (benefit from) income taxes | 2,601 | (1,049) | 76 | 1,628 | (205) | 1,423 |
| Net income attributable to continuing operations | 5,625 | (2,201) | 164 | 3,588 | (389) | 3,199 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 389 | 389 |
| Net income | \$ 5,625 | \$ (2,201) | \$ 164 | \$ 3,588 | | \$ 3,588 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.19 | \$ (0.07) | \$ 0.01 | \$ 0.12 | \$ (0.01) | \$ 0.11 |
| Diluted | \$ 0.19 | \$ (0.07) | \$ 0.01 | \$ 0.12 | \$ (0.01) | \$ 0.11 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

Nine Months Ended September 30, 2012

| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
|---|------------------------|---|--|-------------------------|------------------------------------|-------------------------------|
| Net sales | \$ 542,202 | \$ 1,600 | \$ 752 | \$ 544,554 | \$ (23,477) | \$ 521,077 |
| Cost and expenses: | | | | | | |
| Cost of sales | 432,054 | 7,583 | 276 | 439,913 | (19,012) | 420,901 |
| Selling, general, and administrative expenses | 67,514 | | | 67,514 | (2,278) | 65,236 |
| Research, technical, and product development expenses | 3,181 | | | 3,181 | | 3,181 |
| Asset and asset-related charges | 1,617 | | | 1,617 | | 1,617 |
| Operating income | 37,836 | (5,983) | 476 | 32,329 | (2,187) | 30,142 |
| Other income, net | 334 | | | 334 | (16) | 318 |
| Interest income | 133 | | | 133 | | 133 |
| Interest expense | (13,195) | | | (13,195) | | (13,195) |
| Income before income taxes | 25,108 | (5,983) | 476 | 19,601 | (2,203) | 17,398 |
| Provision for (benefit from) income taxes | 8,695 | (2,017) | 160 | 6,838 | (790) | 6,048 |
| Net income attributable to continuing operations | 16,413 | (3,966) | 316 | 12,763 | (1,413) | 11,350 |
| Net income (loss) attributable to discontinued operations, net of tax | | | | | 1,413 | 1,413 |
| Net income | \$ 16,413 | \$ (3,966) | \$ 316 | \$ 12,763 | \$ | \$ 12,763 |
| Earnings per share attributable to continuing operations: | | | | | | |
| Basic | \$ 0.54 | \$ (0.13) | \$ 0.01 | \$ 0.42 | \$ (0.05) | \$ 0.37 |
| Diluted | \$ 0.54 | \$ (0.13) | \$ 0.01 | \$ 0.42 | \$ (0.05) | \$ 0.37 |
| Earnings per share attributable to discontinued operations: | | | | | | |
| Basic | \$ | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |
| Diluted | \$ | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

| | Three Months Ended March 31, 2011 | | | | |
|--|-----------------------------------|------------------------------------|-----------------|----------------------------|-----------------------|
| | Previously Reported | First Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 120,850 | \$ (1,139) | \$ 119,711 | \$ (7,911) | \$ 111,800 |
| Cost and expenses: | | | | | |
| Cost of sales | 94,845 | (58) | 94,787 | (6,299) | 88,488 |
| Selling, general and administrative expenses | 17,458 | | 17,458 | (907) | 16,551 |
| Research, technical, and product development expenses | 632 | | 632 | | 632 |
| Asset and asset-related charges | (1,501) | | (1,501) | | (1,501) |
| Operating income | 9,416 | (1,081) | 8,335 | (705) | 7,630 |
| Other income, net | (569) | | (569) | 47 | (522) |
| Interest income | 225 | | 225 | | 225 |
| Interest expense | (4,300) | | (4,300) | | (4,300) |
| Income before income taxes | 4,772 | (1,081) | 3,691 | (658) | 3,033 |
| Provision for income taxes | 2,430 | (658) | 1,772 | (236) | 1,536 |
| Net income attributable to continuing operations | 2,342 | (423) | 1,919 | (422) | 1,497 |
| Net income attributable to discontinued operations, net of tax | | | | 422 | 422 |
| Net income | \$ 2,342 | \$ (423) | \$ 1,919 | \$ | \$ 1,919 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.08 | \$ (0.01) | \$ 0.06 | \$ (0.01) | \$ 0.05 |
| Diluted | \$ 0.08 | \$ (0.01) | \$ 0.06 | \$ (0.01) | \$ 0.05 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |
| Diluted | \$ | \$ | \$ | \$ 0.01 | \$ 0.01 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

| | Three Months Ended June 30, 2011 | | | | |
|--|----------------------------------|------------------------------------|-----------------|----------------------------|-----------------------|
| | Previously Reported | First Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Net sales | \$ 123,213 | \$ 2,900 | \$ 126,113 | \$ (8,106) | \$ 118,007 |
| Cost and expenses: | | | | | |
| Cost of sales | 98,624 | 1,536 | 100,160 | (6,336) | 93,824 |
| Selling, general and administrative expenses | 17,618 | | 17,618 | (807) | 16,811 |
| Research, technical, and product development expenses | 890 | | 890 | | 890 |
| Operating income | 6,081 | 1,364 | 7,445 | (963) | 6,482 |
| Other income, net | 133 | | 133 | | 133 |
| Interest income | 355 | | 355 | | 355 |
| Interest expense | (4,250) | | (4,250) | | (4,250) |
| Income before income taxes | 2,319 | 1,364 | 3,683 | (963) | 2,720 |
| Provision for income taxes | 191 | 757 | 948 | (345) | 603 |
| Net income attributable to continuing operations | 2,128 | 607 | 2,735 | (618) | 2,117 |
| Net income attributable to discontinued operations, net of tax | | | | 618 | 618 |
| Net income | \$ 2,128 | \$ 607 | \$ 2,735 | \$ | \$ 2,735 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.07 | \$ 0.02 | \$ 0.09 | \$ (0.02) | \$ 0.07 |
| Diluted | \$ 0.07 | \$ 0.02 | \$ 0.09 | \$ (0.02) | \$ 0.07 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |
| Diluted | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except per share amounts, unless otherwise indicated)****Condensed Consolidated Statement of Operations****(Unaudited)****(In thousands, except per share amounts)**

| | Six Months Ended June 30, 2011 | | | | |
|--|--------------------------------|------------------------|---------------|----------------------------|-----------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Net sales | \$ 244,063 | \$ 1,761 | \$ 245,824 | \$ (16,017) | \$ 229,807 |
| Cost and expenses: | | | | | |
| Cost of sales | 193,469 | 1,478 | 194,947 | (12,635) | 182,312 |
| Selling, general and administrative expenses | 35,076 | | 35,076 | (1,714) | 33,362 |
| Research, technical, and product development expenses | 1,522 | | 1,522 | | 1,522 |
| Asset and asset-related charges | (1,501) | | (1,501) | | (1,501) |
| Operating income | 15,497 | 283 | 15,780 | (1,668) | 14,112 |
| Other income, net | (436) | | (436) | 47 | (389) |
| Interest income | 580 | | 580 | | 580 |
| Interest expense | (8,550) | | (8,550) | | (8,550) |
| Income before income taxes | 7,091 | 283 | 7,374 | (1,621) | 5,753 |
| Provision for income taxes | 2,621 | 99 | 2,720 | (581) | 2,139 |
| Net income attributable to continuing operations | 4,470 | 184 | 4,654 | (1,040) | 3,614 |
| Net income attributable to discontinued operations, net of tax | | | | 1,040 | 1,040 |
| Net income | \$ 4,470 | \$ 184 | \$ 4,654 | \$ | \$ 4,654 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.15 | \$ 0.01 | \$ 0.15 | \$ (0.03) | \$ 0.12 |
| Diluted | \$ 0.15 | \$ 0.01 | \$ 0.15 | \$ (0.03) | \$ 0.12 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |
| Diluted | \$ | \$ | \$ | \$ 0.03 | \$ 0.03 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

| | Three Months Ended September 30, 2011 | | | | |
|--|---------------------------------------|------------------------|---------------|----------------------------|-----------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Net sales | \$ 143,671 | \$ 676 | \$ 144,347 | \$ (7,494) | \$ 136,853 |
| Cost and expenses: | | | | | |
| Cost of sales | 118,665 | 1,291 | 119,956 | (5,954) | 114,002 |
| Selling, general and administrative expenses | 16,388 | | 16,388 | (772) | 15,616 |
| Research, technical, and product development expenses | 925 | | 925 | | 925 |
| Operating income | 7,693 | (615) | 7,078 | (768) | 6,310 |
| Other income, net | 198 | | 198 | | 198 |
| Interest income | 331 | | 331 | | 331 |
| Interest expense | (4,173) | | (4,173) | | (4,173) |
| Income before income taxes | 4,049 | (615) | 3,434 | (768) | 2,666 |
| Provision for income taxes | 1,982 | (208) | 1,774 | (275) | 1,499 |
| Net income attributable to continuing operations | 2,067 | (407) | 1,660 | (493) | 1,167 |
| Net income attributable to discontinued operations, net of tax | | | | 493 | 493 |
| Net income | \$ 2,067 | \$ (407) | \$ 1,660 | \$ | \$ 1,660 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.07 | \$ (0.01) | \$ 0.05 | \$ (0.02) | \$ 0.04 |
| Diluted | \$ 0.07 | \$ (0.01) | \$ 0.05 | \$ (0.02) | \$ 0.04 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |
| Diluted | \$ | \$ | \$ | \$ 0.02 | \$ 0.02 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

| | Nine Months Ended September 30, 2011 | | | | |
|--|--------------------------------------|---------------------|------------|-------------------------|--------------------|
| | Previously Reported | Revision Adjustment | As Revised | Discontinued Operations | Currently Reported |
| Net sales | \$ 387,734 | \$ 2,437 | \$ 390,171 | \$ (23,511) | \$ 366,660 |
| Cost and expenses: | | | | | |
| Cost of sales | 312,134 | 2,769 | 314,903 | (18,589) | 296,314 |
| Selling, general and administrative expenses | 51,464 | | 51,464 | (2,486) | 48,978 |
| Research, technical, and product development expenses | 2,447 | | 2,447 | | 2,447 |
| Asset and asset-related charges | (1,501) | | (1,501) | | (1,501) |
| Operating income | 23,190 | (332) | 22,858 | (2,436) | 20,422 |
| Other income, net | (238) | | (238) | 47 | (191) |
| Interest income | 911 | | 911 | | 911 |
| Interest expense | (12,723) | | (12,723) | | (12,723) |
| Income before income taxes | 11,140 | (332) | 10,808 | (2,389) | 8,419 |
| Provision for income taxes | 4,603 | (109) | 4,494 | (856) | 3,638 |
| Net income attributable to continuing operations | 6,537 | (223) | 6,314 | (1,533) | 4,781 |
| Net income attributable to discontinued operations, net of tax | | | | 1,533 | 1,533 |
| Net income | \$ 6,537 | \$ (223) | \$ 6,314 | \$ | \$ 6,314 |
| Earnings per share attributable to continuing operations: | | | | | |
| Basic | \$ 0.22 | \$ (0.01) | \$ 0.21 | \$ (0.05) | \$ 0.16 |
| Diluted | \$ 0.22 | \$ (0.01) | \$ 0.21 | \$ (0.05) | \$ 0.16 |
| Earnings per share attributable to discontinued operations: | | | | | |
| Basic | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |
| Diluted | \$ | \$ | \$ | \$ 0.05 | \$ 0.05 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except per share amounts)

| | March 31, 2012 | | | | | |
|--|---------------------|------------------------------------|-------------------------------------|---------------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 117,872 | \$ | \$ | \$ 117,872 | \$ | \$ 117,872 |
| Receivables, less allowance for doubtful accounts of \$936 | 107,177 | | | 107,177 | (4,014) | 103,163 |
| Inventories, net | 327,922 | (5,073) | (2,097) | 320,752 | (13,125) | 307,627 |
| Costs in excess of billings | | 4 | 1 | 5 | | 5 |
| Deferred income taxes | 19,395 | 953 | 127 | 20,475 | | 20,475 |
| Assets of discontinued operations | | | | | 18,598 | 18,598 |
| Other current assets | 10,975 | 316 | | 11,291 | (22) | 11,269 |
| Total current assets | 583,341 | (3,800) | (1,969) | 577,572 | 1,437 | 579,009 |
| Property, plant, and equipment, net | 361,520 | | | 361,520 | (56) | 361,464 |
| Marketable securities | | | | | | |
| Goodwill | 140,236 | | (5,260) | 134,976 | (1,381) | 133,595 |
| Other intangible assets, net | 59,527 | | | 59,527 | | 59,527 |
| Deferred income taxes | 29,111 | | | 29,111 | | 29,111 |
| Other noncurrent assets | 4,972 | 3,504 | | 8,476 | | 8,476 |
| Total assets | \$ 1,178,707 | \$ (296) | \$ (7,229) | \$ 1,171,182 | \$ | \$ 1,171,182 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 68,463 | \$ | \$ | \$ 68,463 | \$ (3,626) | \$ 64,837 |
| Accrued wages and other employee costs | 19,878 | | | 19,878 | (188) | 19,690 |
| Unearned revenues | 40,889 | (2,020) | (2,286) | 36,583 | | 36,583 |
| Liabilities of discontinued operations | | | | | 3,879 | 3,879 |
| Other accrued liabilities | 21,833 | | | 21,833 | (65) | 21,768 |
| Total current liabilities | 151,063 | (2,020) | (2,286) | 146,757 | | 146,757 |
| Long-term debt | 191,189 | | | 191,189 | | 191,189 |
| Liability for post-retirement benefits | 41,806 | | | 41,806 | | 41,806 |
| Liability for pension benefits | 15,097 | | | 15,097 | | 15,097 |
| Deferred income taxes | 38,209 | | (5,068) | 33,141 | | 33,141 |
| Unearned revenues | | 3,504 | | 3,504 | | 3,504 |
| Other noncurrent liabilities | 8,895 | | | 8,895 | | 8,895 |

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| | | | | | |
|---|--------------|----------|------------|--------------|--------------|
| Total liabilities | 446,259 | 1,484 | (7,354) | 440,389 | 440,389 |
| Commitments and Contingencies | | | | | |
| Shareholders' equity: | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,066,254 shares issued; 30,286,870 shares outstanding | | | | | |
| | 311 | | | 311 | 311 |
| Additional paid-in capital | 480,653 | | | 480,653 | 480,653 |
| Treasury stock, at cost; 779,375 shares | (18,399) | | | (18,399) | (18,399) |
| Accumulated other comprehensive loss | (35,808) | | | (35,808) | (35,808) |
| Retained earnings | 305,691 | (1,780) | 125 | 304,036 | 304,036 |
| Total shareholders' equity | 732,448 | (1,780) | 125 | 730,793 | 730,793 |
| Total liabilities and shareholders' equity | \$ 1,178,707 | \$ (296) | \$ (7,229) | \$ 1,171,182 | \$ 1,171,182 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

| | June 30, 2012 | | | | | |
|--|---------------------|------------------------------------|-------------------------------------|---------------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 99,525 | \$ | \$ | \$ 99,525 | \$ | \$ 99,525 |
| Receivables, less allowance for doubtful accounts of \$967 | 107,455 | | | 107,455 | (3,698) | 103,757 |
| Inventories, net | 349,432 | (6,680) | (3,082) | 339,670 | (12,501) | 327,169 |
| Costs in excess of billings | | 250 | 408 | 658 | | 658 |
| Deferred income taxes | 19,332 | 1,335 | 108 | 20,775 | | 20,775 |
| Assets of discontinued operations | | | | | 17,633 | 17,633 |
| Other current assets | 12,900 | 369 | | 13,269 | | 13,269 |
| Total current assets | 588,644 | (4,726) | (2,566) | 581,352 | 1,434 | 582,786 |
| Property, plant, and equipment, net | 365,788 | | | 365,788 | (53) | 365,735 |
| Marketable securities | | | | | | |
| Goodwill | 140,211 | | (5,260) | 134,951 | (1,381) | 133,570 |
| Other intangible assets, net | 58,251 | | | 58,251 | | 58,251 |
| Deferred income taxes | 29,239 | | | 29,239 | | 29,239 |
| Other noncurrent assets | 5,407 | 3,385 | | 8,792 | | 8,792 |
| Total assets | \$ 1,187,540 | \$ (1,341) | \$ (7,826) | \$ 1,178,373 | \$ | \$ 1,178,373 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 64,278 | \$ | \$ | \$ 64,278 | \$ (3,194) | \$ 61,084 |
| Accrued wages and other employee costs | 25,135 | | | 25,135 | (264) | 24,871 |
| Unearned revenues | 42,056 | (2,302) | (2,910) | 36,844 | | 36,844 |
| Liabilities of discontinued operations | | | | | 3,494 | 3,494 |
| Other accrued liabilities | 21,716 | | | 21,716 | (36) | 21,680 |
| Total current liabilities | 153,185 | (2,302) | (2,910) | 147,973 | | 147,973 |
| Long-term debt | 193,727 | | | 193,727 | | 193,727 |
| Liability for post-retirement benefits | 42,000 | | | 42,000 | | 42,000 |
| Liability for pension benefits | 13,402 | | | 13,402 | | 13,402 |
| Deferred income taxes | 38,817 | | (5,068) | 33,749 | | 33,749 |
| Unearned revenues | | 3,385 | | 3,385 | | 3,385 |
| Other noncurrent liabilities | 8,969 | | | 8,969 | | 8,969 |

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| | | | | | |
|---|--------------|------------|------------|--------------|--------------|
| Total liabilities | 450,100 | 1,083 | (7,978) | 443,205 | 443,205 |
| Commitments and Contingencies | | | | | |
| Shareholders' equity: | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,097,449 shares issued; 30,314,874 shares outstanding | | | | | |
| | 311 | | | 311 | 311 |
| Additional paid-in capital | 481,855 | | | 481,855 | 481,855 |
| Treasury stock, at cost; 782,575 shares | (18,399) | | | (18,399) | (18,399) |
| Accumulated other comprehensive loss | (37,181) | | | (37,181) | (37,181) |
| Retained earnings | 310,854 | (2,424) | 152 | 308,582 | 308,582 |
| Total shareholders' equity | 737,440 | (2,424) | 152 | 735,168 | 735,168 |
| Total liabilities and shareholders' equity | \$ 1,187,540 | \$ (1,341) | \$ (7,826) | \$ 1,178,373 | \$ 1,178,373 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Condensed Consolidated Balance Sheet****(Unaudited)****(In thousands, except share and per share amounts)**

| | September 30, 2012 | | | | | |
|--|---------------------|------------------------------------|-------------------------------------|---------------------|----------------------------|-----------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 73,389 | \$ | \$ | \$ 73,389 | \$ | \$ 73,389 |
| Short-term investments | 3,998 | | | 3,998 | | 3,998 |
| Receivables, less allowance for doubtful accounts of \$909 | 117,455 | | | 117,455 | (3,207) | 114,248 |
| Inventories, net | 378,218 | (9,279) | (3,949) | 364,990 | (12,161) | 352,829 |
| Costs in excess of billings | | 750 | 1,401 | 2,151 | | 2,151 |
| Deferred income taxes | 19,644 | 2,383 | 32 | 22,059 | | 22,059 |
| Assets of discontinued operations | | | | | 16,799 | 16,799 |
| Other current assets | 10,725 | 435 | | 11,160 | | 11,160 |
| Total current assets | 603,429 | (5,711) | (2,516) | 595,202 | 1,431 | 596,633 |
| Property, plant, and equipment, net | 367,818 | | | 367,818 | (50) | 367,768 |
| Goodwill | 138,247 | | (5,260) | 132,987 | (1,381) | 131,606 |
| Other intangible assets, net | 57,664 | | | 57,664 | | 57,664 |
| Deferred income taxes | 32,197 | | | 32,197 | | 32,197 |
| Other noncurrent assets | 5,113 | 3,240 | | 8,353 | | 8,353 |
| Total assets | \$ 1,204,468 | \$ (2,471) | \$ (7,776) | \$ 1,194,221 | \$ | \$ 1,194,221 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 70,079 | \$ | \$ | \$ 70,079 | \$ (2,913) | \$ 67,166 |
| Accrued wages and other employee costs | 29,730 | | | 29,730 | (285) | 29,445 |
| Unearned revenues | 38,633 | (1,086) | (3,024) | 34,523 | | 34,523 |
| Liabilities of discontinued operations | | | | | 3,198 | 3,198 |
| Other accrued liabilities | 27,458 | | | 27,458 | | 27,458 |
| Total current liabilities | 165,900 | (1,086) | (3,024) | 161,790 | | 161,790 |
| Long-term debt | 196,079 | | | 196,079 | | 196,079 |
| Liability for post-retirement benefits | 42,220 | | | 42,220 | | 42,220 |
| Liability for pension benefits | 2,555 | | | 2,555 | | 2,555 |
| Deferred income taxes | 38,731 | | (5,068) | 33,663 | | 33,663 |
| Unearned revenues | | 3,240 | | 3,240 | | 3,240 |
| Other noncurrent liabilities | 8,908 | | | 8,908 | | 8,908 |
| Total liabilities | 454,393 | 2,154 | (8,092) | 448,455 | | 448,455 |
| Commitments and Contingencies | | | | | | |

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| Shareholders' equity: | | | | | | |
|---|---------------------|-------------------|-------------------|---------------------|-----------|---------------------|
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 31,106,934 shares issued; 30,324,359 shares outstanding | 311 | | | 311 | | 311 |
| Additional paid-in capital | 483,156 | | | 483,156 | | 483,156 |
| Treasury stock, at cost; 782,575 and 749,429 shares | (18,399) | | | (18,399) | | (18,399) |
| Accumulated other comprehensive loss | (31,472) | | | (31,472) | | (31,472) |
| Retained earnings | 316,479 | (4,625) | 316 | 312,170 | | 312,170 |
| Total shareholders' equity | 750,075 | (4,625) | 316 | 745,766 | | 745,766 |
| Total liabilities and shareholders' equity | \$ 1,204,468 | \$ (2,471) | \$ (7,776) | \$ 1,194,221 | \$ | \$ 1,194,221 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

| | March 31, 2011 | | | | |
|--|------------------------|------------------------------------|---------------------|----------------------------|-----------------------|
| | Previously Reported | First Restatement Adjustment | As Corrected | Discontinued Operations | Currently Reported |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 276,154 | \$ | \$ 276,154 | \$ | \$ 276,154 |
| Short-term investments | 38,892 | | 38,892 | | 38,892 |
| Receivables, less allowance for doubtful accounts of \$461 | 76,499 | | 76,499 | (3,748) | 72,751 |
| Inventories, net | 269,402 | 161 | 269,563 | (8,511) | 261,052 |
| Costs in excess of billings | | 112 | 112 | | 112 |
| Deferred income taxes | 22,928 | 736 | 23,664 | | 23,664 |
| Assets of discontinued operations | | | | 13,724 | 13,724 |
| Other current assets | 13,933 | 239 | 14,172 | (16) | 14,156 |
| Total current assets | 697,808 | 1,248 | 699,056 | 1,449 | 700,505 |
| Property, plant, and equipment, net | 261,331 | | 261,331 | (68) | 261,263 |
| Marketable securities | 48,779 | | 48,779 | | 48,779 |
| Goodwill | 42,205 | | 42,205 | (1,381) | 40,824 |
| Other intangible assets, net | 14,219 | | 14,219 | | 14,219 |
| Deferred income taxes | 23,537 | | 23,537 | | 23,537 |
| Other noncurrent assets | 5,977 | 3,820 | 9,797 | | 9,797 |
| Total assets | \$ 1,093,856 | \$ 5,068 | \$ 1,098,924 | \$ | \$ 1,098,924 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 36,105 | \$ | \$ 36,105 | \$ (4,173) | \$ 31,932 |
| Accrued wages and other employee costs | 15,230 | | 15,230 | (244) | 14,986 |
| Unearned revenues | 26,020 | 1,810 | 27,830 | | 27,830 |
| Liabilities of discontinued operations | | | | 4,551 | 4,551 |
| Other accrued liabilities | 29,290 | | 29,290 | (134) | 29,156 |
| Total current liabilities | 106,645 | 1,810 | 108,455 | | 108,455 |
| Long-term debt | 180,269 | | 180,269 | | 180,269 |
| Liability for post-retirement benefits | 40,277 | | 40,277 | | 40,277 |
| Liability for pension benefits | 28,504 | | 28,504 | | 28,504 |
| Deferred income taxes | 3,102 | | 3,102 | | 3,102 |
| Unearned revenues | | 3,820 | 3,820 | | 3,820 |

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| | | | | | |
|---|---------------------|-----------------|---------------------|-----------|---------------------|
| Other noncurrent liabilities | 8,569 | | 8,569 | | 8,569 |
| Total liabilities | 367,366 | 5,630 | 372,996 | | 372,996 |
| Commitments and Contingencies | | | | | |
| Shareholders' equity: | | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 30,917,846 shares issued; 30,172,675 shares outstanding | | | | | |
| | 309 | | 309 | | 309 |
| Additional paid-in capital | 475,779 | | 475,779 | | 475,779 |
| Treasury stock, at cost; 745,171 shares | (17,646) | | (17,646) | | (17,646) |
| Accumulated other comprehensive loss | (27,808) | | (27,808) | | (27,808) |
| Retained earnings | 295,856 | (562) | 295,294 | | 295,294 |
| Total shareholders' equity | 726,490 | (562) | 725,928 | | 725,928 |
| Total liabilities and shareholders' equity | \$ 1,093,856 | \$ 5,068 | \$ 1,098,924 | \$ | \$ 1,098,924 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

| | Previously Reported | Revision Adjustment | June 30, 2011 As Revised | Discontinued Operations | Currently Reported |
|--|------------------------|------------------------|-----------------------------|----------------------------|-----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 228,313 | \$ | \$ 228,313 | \$ | \$ 228,313 |
| Short-term investments | 63,590 | | 63,590 | | 63,590 |
| Receivables, less allowance for doubtful accounts of \$447 | 66,211 | | 66,211 | (3,803) | 62,408 |
| Inventories, net | 259,241 | (1,168) | 258,073 | (7,805) | 250,268 |
| Deferred income taxes | 22,950 | (20) | 22,930 | | 22,930 |
| Assets of discontinued operations | | | | 13,062 | 13,062 |
| Other current assets | 11,952 | 265 | 12,217 | (8) | 12,209 |
| Total current assets | 652,257 | (923) | 651,334 | 1,446 | 652,780 |
| Property, plant, and equipment, net | 266,144 | | 266,144 | (65) | 266,079 |
| Marketable securities | 92,440 | | 92,440 | | 92,440 |
| Goodwill | 42,215 | | 42,215 | (1,381) | 40,834 |
| Other intangible assets, net | 13,965 | | 13,965 | | 13,965 |
| Deferred income taxes | 24,909 | | 24,909 | | 24,909 |
| Other noncurrent assets | 5,600 | 3,754 | 9,354 | | 9,354 |
| Total assets | \$ 1,097,530 | \$ 2,831 | \$ 1,100,361 | \$ | \$ 1,100,361 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 34,036 | \$ | \$ 34,036 | \$ (2,944) | \$ 31,092 |
| Accrued wages and other employee costs | 18,799 | | 18,799 | (266) | 18,533 |
| Unearned revenues | 22,889 | (968) | 21,921 | | 21,921 |
| Liabilities of discontinued operations | | | | 3,467 | 3,467 |
| Other accrued liabilities | 28,479 | | 28,479 | (257) | 28,222 |
| Total current liabilities | 104,203 | (968) | 103,235 | | 103,235 |
| Long-term debt | 182,462 | | 182,462 | | 182,462 |
| Liability for post-retirement benefits | 40,859 | | 40,859 | | 40,859 |
| Liability for pension benefits | 27,604 | | 27,604 | | 27,604 |
| Deferred income taxes | 3,169 | | 3,169 | | 3,169 |
| Unearned revenues | | 3,754 | 3,754 | | 3,754 |
| Other noncurrent liabilities | 8,527 | | 8,527 | | 8,527 |
| Total liabilities | 366,824 | 2,786 | 369,610 | | 369,610 |
| Commitments and Contingencies | | | | | |
| Shareholders' equity: | | | | | |

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| | | | | | |
|---|--------------|----------|--------------|----|--------------|
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 30,933,721 shares issued; 30,188,550 shares outstanding | 309 | | 309 | | 309 |
| Additional paid-in capital | 476,948 | | 476,948 | | 476,948 |
| Treasury stock, at cost; 745,171 shares | (17,646) | | (17,646) | | (17,646) |
| Accumulated other comprehensive loss | (26,889) | | (26,889) | | (26,889) |
| Retained earnings | 297,984 | 45 | 298,029 | | 298,029 |
| Total shareholders equity | 730,706 | 45 | 730,751 | | 730,751 |
| Total liabilities and shareholders equity | \$ 1,097,530 | \$ 2,831 | \$ 1,100,361 | \$ | \$ 1,100,361 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

| | Previously Reported | Revision Adjustment | September 30, 2011 As Revised | Discontinued Operations | Currently Reported |
|--|------------------------|------------------------|----------------------------------|----------------------------|-----------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 189,741 | \$ | \$ 189,741 | \$ | \$ 189,741 |
| Short-term investments | 76,587 | | 76,587 | | 76,587 |
| Receivables, less allowance for doubtful accounts of \$760 | 87,883 | | 87,883 | (3,355) | 84,528 |
| Inventories, net | 257,049 | (2,634) | 254,415 | (10,147) | 244,268 |
| Deferred income taxes | 19,974 | 187 | 20,161 | | 20,161 |
| Assets of discontinued operations | | | | 14,945 | 14,945 |
| Other current assets | 14,663 | 271 | 14,934 | | 14,934 |
| Total current assets | 645,897 | (2,176) | 643,721 | 1,443 | 645,164 |
| Property, plant, and equipment, net | 268,056 | | 268,056 | (62) | 267,994 |
| Marketable securities | 89,479 | | 89,479 | | 89,479 |
| Goodwill | 41,305 | | 41,305 | (1,381) | 39,924 |
| Other intangible assets, net | 12,829 | | 12,829 | | 12,829 |
| Deferred income taxes | 23,611 | | 23,611 | | 23,611 |
| Other noncurrent assets | 5,228 | 3,675 | 8,903 | | 8,903 |
| Total assets | \$ 1,086,405 | \$ 1,499 | \$ 1,087,904 | \$ | \$ 1,087,904 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 53,960 | \$ | \$ 53,960 | \$ (4,742) | \$ 49,218 |
| Accrued wages and other employee costs | 20,978 | | 20,978 | (293) | 20,685 |
| Unearned revenues | 18,234 | (1,814) | 16,420 | | 16,420 |
| Liabilities of discontinued operations | | | | 5,069 | 5,069 |
| Other accrued liabilities | 19,831 | | 19,831 | (34) | 19,797 |
| Total current liabilities | 113,003 | (1,814) | 111,189 | | 111,189 |
| Long-term debt | 184,695 | | 184,695 | | 184,695 |
| Liability for post-retirement benefits | 41,128 | | 41,128 | | 41,128 |
| Liability for pension benefits | 7,153 | | 7,153 | | 7,153 |
| Deferred income taxes | 5,441 | | 5,441 | | 5,441 |
| Unearned revenues | | 3,675 | 3,675 | | 3,675 |
| Other noncurrent liabilities | 8,538 | | 8,538 | | 8,538 |

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| | | | | |
|---|--------------|----------|--------------|--------------|
| Total liabilities | 359,958 | 1,861 | 361,819 | 361,819 |
| Commitments and Contingencies | | | | |
| Shareholders' equity: | | | | |
| Common stock, \$0.01 par value; 50,000,000 shares authorized; 30,935,132 shares issued; 30,187,961 shares outstanding | | | | |
| | 309 | | 309 | 309 |
| Additional paid-in capital | 478,025 | | 478,025 | 478,025 |
| Treasury stock, at cost; 747,171 shares | (17,646) | | (17,646) | (17,646) |
| Accumulated other comprehensive loss | (34,292) | | (34,292) | (34,292) |
| Retained earnings | 300,051 | (362) | 299,689 | 299,689 |
| Total shareholders' equity | 726,447 | (362) | 726,085 | 726,085 |
| Total liabilities and shareholders' equity | \$ 1,086,405 | \$ 1,499 | \$ 1,087,904 | \$ 1,087,904 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Three Months Ended March 31, 2012 | | | |
|--|--|---|--|-------------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected |
| Net income | \$ 5,625 | \$ (1,121) | \$ 125 | \$ 4,629 |
| Adjustment for non-cash items included in net income: | | | | |
| Depreciation and amortization | 8,734 | | | 8,734 |
| Deferred income taxes | (1,915) | (586) | 65 | (2,436) |
| Stock-based compensation | 1,378 | | | 1,378 |
| Excess tax benefits from stock-based compensation activity | (61) | | | (61) |
| Amortization of discount on long-term debt | 2,352 | | | 2,352 |
| Other | (68) | | | (68) |
| Changes in assets and liabilities: | | | | |
| Receivables | 4,750 | | | 4,750 |
| Inventories | (31,130) | 1,578 | 2,097 | (27,455) |
| Accounts payable | 5,504 | | | 5,504 |
| Income taxes payable | 1,659 | | | 1,659 |
| Unearned revenue | 8,230 | (320) | (2,286) | 5,624 |
| Cost in excess of billings | | 396 | (1) | 395 |
| Other current assets and liabilities | (14,430) | (26) | (192) | (14,648) |
| Other assets and liabilities | (3,587) | 79 | 192 | (3,316) |
| Cash used in operating activities | (12,959) | | | (12,959) |
| INVESTING ACTIVITIES: | | | | |
| Acquisitions, net of cash required | (185,633) | | | (185,633) |
| Maturity/sale of investments | 176,809 | | | 176,809 |
| Capital expenditures | (17,128) | | | (17,128) |
| Purchase of investments | (38) | | | (38) |
| Cash used in investing activities | (25,990) | | | (25,990) |
| FINANCING ACTIVITIES: | | | | |
| Proceeds from exercise of employee stock options | 120 | | | 120 |
| Excess tax benefits from stock-based compensation activity | 61 | | | 61 |
| Purchase of common stock held in treasury | (742) | | | (742) |
| Borrowings on long-term debt | (97) | | | (97) |
| Cash used in financing activities | (658) | | | (658) |

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| | | | | |
|--|------------|----|----|------------|
| Effect of exchange rate changes on cash and cash equivalents | 637 | | | 637 |
| Decrease in cash and cash equivalents | (38,970) | | | (38,970) |
| Cash and cash equivalents at beginning of period | 156,842 | | | 156,842 |
| Cash and cash equivalents at end of period | \$ 117,872 | \$ | \$ | \$ 117,872 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

| | As Reported | Six Months Ended June 30, 2012 First Restatement Adjustment | Second Restatement Adjustment | As Corrected |
|--|-------------|--|-------------------------------------|-----------------|
| Net income | \$ 10,788 | \$ (1,765) | \$ 152 | \$ 9,175 |
| Adjustment for non-cash items included in net income: | | | | |
| Depreciation and amortization | 18,957 | | | 18,957 |
| Deferred income taxes | (2,025) | (968) | 84 | (2,909) |
| Stock-based compensation | 2,518 | | | 2,518 |
| Excess tax benefits from stock-based compensation activity | (66) | | | (66) |
| (Gain) loss on sale of property, plant and equipment | (74) | | | (74) |
| Amortization of discount on long-term debt | 4,738 | | | 4,738 |
| Other | 758 | | | 758 |
| Changes in assets and liabilities: | | | | |
| Receivables | 2,904 | | | 2,904 |
| Inventories | (54,089) | 3,185 | 3,082 | (47,822) |
| Accounts payable | 4,172 | | | 4,172 |
| Income taxes payable | 5,117 | | | 5,117 |
| Unearned revenue | 9,526 | (721) | (2,910) | 5,895 |
| Cost in excess of billings | | 150 | (408) | (258) |
| Other current assets and liabilities | (13,154) | (79) | (192) | (13,425) |
| Other assets and liabilities | (4,279) | 198 | 192 | (3,889) |
| Cash used in operating activities | (14,209) | | | (14,209) |
| INVESTING ACTIVITIES: | | | | |
| Acquisitions, net of cash required | (185,633) | | | (185,633) |
| Maturity/sale of investments | 176,809 | | | 176,809 |
| Capital expenditures | (34,901) | | | (34,901) |
| Purchase of investments | (38) | | | (38) |
| Cash used in investing activities | (43,763) | | | (43,763) |
| FINANCING ACTIVITIES: | | | | |
| Proceeds from exercise of employee stock options | 211 | | | 211 |
| Excess tax benefits from stock-based compensation activity | 66 | | | 66 |
| Purchase of common stock held in treasury | (742) | | | (742) |
| Repayments on long-term debt | (298) | | | (298) |
| Cash used in financing activities | (763) | | | (763) |

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| | | | | |
|--|-----------|----|----|-----------|
| Effect of exchange rate changes on cash and cash equivalents | 1,418 | | | 1,418 |
| Decrease in cash and cash equivalents | (57,317) | | | (57,317) |
| Cash and cash equivalents at beginning of period | 156,842 | | | 156,842 |
| Cash and cash equivalents at end of period | \$ 99,525 | \$ | \$ | \$ 99,525 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Nine Months Ended September 30, 2012 | | | |
|--|---|---|--|-------------------------|
| | As Reported | First Restatement Adjustment | Second Restatement Adjustment | As Corrected |
| Net income | \$ 16,413 | \$ (3,966) | \$ 316 | \$ 12,763 |
| Adjustment for non-cash items included in net income: | | | | |
| Depreciation and amortization | 29,405 | | | 29,405 |
| Asset and asset-related charges (income) | 1,617 | | | 1,617 |
| Deferred income taxes | (2,860) | (2,017) | 160 | (4,717) |
| Stock-based compensation | 3,658 | | | 3,658 |
| Excess tax benefits from stock-based compensation activity | (100) | | | (100) |
| Amortization of discount on long-term debt | 7,192 | | | 7,192 |
| Other | 675 | | 823 | 1,498 |
| Changes in assets and liabilities: | | | | |
| Receivables | (11,799) | | | (11,799) |
| Inventories | (81,086) | 5,785 | 3,949 | (71,352) |
| Accounts payable | 10,424 | | | 10,424 |
| Income taxes payable | 8,893 | | | 8,893 |
| Unearned revenue | 11,581 | 350 | (3,024) | 8,907 |
| Cost in excess of billings | | (350) | (1,401) | (1,751) |
| Other current assets and liabilities | (6,844) | (145) | (192) | (7,181) |
| Other assets and liabilities | (13,442) | 343 | 192 | (12,907) |
| Cash used in operating activities | (26,273) | | 823 | (25,450) |
| INVESTING ACTIVITIES: | | | | |
| Acquisitions, net of cash required | (182,811) | | | (182,811) |
| Maturity/sale of investments | 176,809 | | | 176,809 |
| Capital expenditures | (47,879) | | | (47,879) |
| Purchase of investments | (4,037) | | | (4,037) |
| Cash used in investing activities | (57,918) | | | (57,918) |
| FINANCING ACTIVITIES: | | | | |
| Proceeds from exercise of employee stock options | 335 | | | 335 |
| Excess tax benefits from stock-based compensation activity | 100 | | | 100 |
| Deferred financing costs | | | (823) | (823) |
| Purchase of common stock held in treasury | (742) | | | (742) |
| Repayments on long-term debt | (543) | | | (543) |

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| | | | | |
|--|-----------|----|-------|-----------|
| Cash used in financing activities | (850) | | (823) | (1,673) |
| Effect of exchange rate changes on cash and cash equivalents | 1,588 | | | 1,588 |
| Decrease in cash and cash equivalents | (83,453) | | | (83,453) |
| Cash and cash equivalents at beginning of period | 156,842 | | | 156,842 |
| Cash and cash equivalents at end of period | \$ 73,389 | \$ | \$ | \$ 73,389 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

| | Three Months Ended March 31, 2011 | | |
|--|-----------------------------------|------------------------------------|-----------------------|
| | Previously Reported | First Restatement Adjustment | Currently Reported |
| OPERATING ACTIVITIES: | | | |
| Net income | \$ 2,342 | \$ (423) | \$ 1,919 |
| Adjustment for non-cash items included in net income: | | | |
| Depreciation and amortization | 5,582 | | 5,582 |
| Asset and asset-related charges (income) | (597) | | (597) |
| Deferred income taxes | (1,233) | (658) | (1,891) |
| Stock-based compensation | 1,402 | | 1,402 |
| Excess tax benefits from stock-based compensation activity | (102) | | (102) |
| (Gain) loss on sale of property, plant and equipment | 47 | | 47 |
| Amortization of discount on long-term debt | 2,166 | | 2,166 |
| Other | 116 | | 116 |
| Changes in assets and liabilities: | | | |
| Receivables | (19,479) | | (19,479) |
| Inventories | 1,522 | (6) | 1,516 |
| Accounts payable | (6,640) | | (6,640) |
| Income taxes payable | (87) | | (87) |
| Unearned revenue | (3,445) | 1,040 | (2,405) |
| Cost in excess of billings | | (12) | (12) |
| Other current assets and liabilities | (2,395) | 6 | (2,389) |
| Other noncurrent assets and liabilities | (2,974) | 53 | (2,921) |
| Cash used in operating activities | (23,775) | | (23,775) |
| INVESTING ACTIVITIES: | | | |
| Maturity/sale of investments | 5,000 | | 5,000 |
| Capital expenditures | (10,137) | | (10,137) |
| Purchase of investments | (72,612) | | (72,612) |
| Cash used in investing activities | (77,749) | | (77,749) |
| FINANCING ACTIVITIES: | | | |
| Proceeds from exercise of employee stock options | 154 | | 154 |
| Excess tax benefits from stock-based compensation activity | 102 | | 102 |
| Purchase of common stock held in treasury | (283) | | (283) |
| Repayments on long-term debt | (3) | | (3) |

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| | | | |
|--|------------|----|------------|
| Cash used in financing activities | (30) | | (30) |
| Effect of exchange rate changes on cash and cash equivalents | 757 | | 757 |
| Decrease in cash and cash equivalents | (100,797) | | (100,797) |
| Cash and cash equivalents at beginning of period | 376,951 | | 376,951 |
| Cash and cash equivalents at end of period | \$ 276,154 | \$ | \$ 276,154 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Six Months Ended June 30, 2011 | | |
|--|---------------------------------------|--------------------------------|-------------------------------|
| | Previously Reported | Revision Adjustment | Currently Reported |
| <u>OPERATING ACTIVITIES:</u> | | | |
| Net income | \$ 4,470 | \$ 184 | \$ 4,654 |
| Adjustment for non-cash items included in net income: | | | |
| Depreciation and amortization | 11,279 | | 11,279 |
| Asset and asset-related charges (income) | (597) | | (597) |
| Deferred income taxes | (2,547) | 99 | (2,448) |
| Stock-based compensation | 2,502 | | 2,502 |
| Excess tax benefits from stock-based compensation activity | (263) | | (263) |
| (Gain) loss on sale of property, plant and equipment | 39 | | 39 |
| Amortization of discount on long-term debt | 4,361 | | 4,361 |
| Other | (122) | | (122) |
| Changes in assets and liabilities: | | | |
| Receivables | (9,069) | | (9,069) |
| Inventories | 12,501 | 1,323 | 13,824 |
| Accounts payable | (10,345) | | (10,345) |
| Income taxes payable | (81) | | (81) |
| Unearned revenue | (6,779) | (1,805) | (8,584) |
| Cost in excess of billings | | 100 | 100 |
| Other current assets and liabilities | 2,040 | (20) | 2,020 |
| Other noncurrent assets and liabilities | (2,169) | 119 | (2,050) |
| Cash provided by operating activities | 5,220 | | 5,220 |
| <u>INVESTING ACTIVITIES:</u> | | | |
| Maturity/sale of investments | 19,079 | | 19,079 |
| Capital expenditures | (18,646) | | (18,646) |
| Purchase of investments | (154,772) | | (154,772) |
| Cash used in investing activities | (154,339) | | (154,339) |
| <u>FINANCING ACTIVITIES:</u> | | | |
| Proceeds from exercise of employee stock options | 201 | | 201 |
| Excess tax benefits from stock-based compensation activity | 263 | | 263 |
| Purchase of common stock held in treasury | (283) | | (283) |
| Repayments on long-term debt | (5) | | (5) |
| Cash provided by financing activities | 176 | | 176 |

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| | | | |
|--|------------|----|------------|
| Effect of exchange rate changes on cash and cash equivalents | 305 | | 305 |
| Decrease in cash and cash equivalents | (148,638) | | (148,638) |
| Cash and cash equivalents at beginning of period | 376,951 | | 376,951 |
| Cash and cash equivalents at end of period | \$ 228,313 | \$ | \$ 228,313 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Condensed Consolidated Statement of Cash Flows****(Unaudited)****(In thousands)**

| | Nine Months Ended September 30, 2011 | | |
|--|---|--------------------------------|-------------------------------|
| | Previously Reported | Revision Adjustment | Currently Reported |
| <u>OPERATING ACTIVITIES:</u> | | | |
| Net income | \$ 6,537 | \$ (223) | \$ 6,314 |
| Adjustment for non-cash items included in net income: | | | |
| Depreciation and amortization | 16,697 | | 16,697 |
| Asset and asset-related charges (income) | (597) | | (597) |
| Deferred income taxes | 2,268 | (109) | 2,159 |
| Stock-based compensation | 3,528 | | 3,528 |
| Excess tax benefits from stock-based compensation activity | (263) | | (263) |
| (Gain) loss on sale of property, plant and equipment | 65 | | 65 |
| Amortization of discount on long-term debt | 6,613 | | 6,613 |
| Deferred financing cost writedown | | | |
| Amortization of premiums paid for short-term investments | 1,595 | | 1,595 |
| Other | (197) | | (197) |
| Changes in assets and liabilities: | | | |
| Receivables | (32,428) | | (32,428) |
| Inventories | 12,415 | 2,789 | 15,204 |
| Accounts payable | 9,241 | | 9,241 |
| Income taxes payable | (18) | | (18) |
| Unearned revenue | (10,919) | (2,729) | (13,648) |
| Cost in excess of billings | | 100 | 100 |
| Other current assets and liabilities | (6,862) | (26) | (6,888) |
| Other noncurrent assets and liabilities | (21,182) | 198 | (20,984) |
| Cash used in operating activities | (13,507) | | (13,507) |
| <u>INVESTING ACTIVITIES:</u> | | | |
| Maturity/sale of investments | 53,454 | | 53,454 |
| Capital expenditures | (25,954) | | (25,954) |
| Purchase of investments | (200,846) | | (200,846) |
| Proceeds from disposal of property, plant, and equipment | | | |
| Cash used in investing activities | (173,346) | | (173,346) |
| <u>FINANCING ACTIVITIES:</u> | | | |
| Proceeds from exercise of employee stock options | 252 | | 252 |
| Excess tax benefits from stock-based compensation activity | 263 | | 263 |
| Purchase of common stock held in treasury | (283) | | (283) |

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| | | | |
|--|------------|----|------------|
| Repayments on long-term debt | (25) | | (25) |
| Cash provided by financing activities | 207 | | 207 |
| Effect of exchange rate changes on cash and cash equivalents | (564) | | (564) |
| Decrease in cash and cash equivalents | (187,210) | | (187,210) |
| Cash and cash equivalents at beginning of period | 376,951 | | 376,951 |
| Cash and cash equivalents at end of period | \$ 189,741 | \$ | \$ 189,741 |

The information in the table above is unchanged from Amendment No. 1.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

The effects of the restatement or revision (as noted) and the effects of reporting RTI Pierce Spafford as a discontinued operation (as applicable) on the Condensed Consolidating Financial Statements of RTI International Metals, Inc., its subsidiaries that guarantee its obligations under the Notes and its non-guaranteeing subsidiaries for each of the interim periods in the years ended December 31, 2012 and 2011 are presented below:

Condensed Consolidating Statement of Operations and Comprehensive Income**Three Months Ended March 31, 2012****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|-----------------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| Net Sales | \$ | \$ | \$ 99,717 | \$ 116,796 | \$ 112,963 | \$ 95,385 | \$ (58,111) | \$ (58,111) | \$ 154,569 | \$ 154,070 |
| Cost of sales. | | | 81,749 | 96,311 | 96,907 | 83,363 | (58,111) | (58,111) | 120,545 | 121,563 |
| Selling, general, and administrative expenses | (102) | (102) | 6,689 | 9,013 | 14,246 | 11,922 | | | 20,833 | 20,833 |
| Research, technical, and product development expenses. | 95 | 95 | 816 | 930 | 154 | 40 | | | 1,065 | 1,065 |
| Operating income. | 7 | 7 | 10,463 | 10,542 | 1,656 | 60 | | | 12,126 | 10,609 |
| Other income (expense), net | (13) | (13) | 280 | 280 | (535) | (535) | | | (268) | (268) |
| Interest income (expense), net | (4,014) | (4,014) | 174 | 138 | (356) | (320) | | | (4,196) | (4,196) |
| Equity in earnings of subsidiaries | 8,018 | 7,022 | 1,444 | 1,444 | 1,203 | 1,203 | (10,665) | (9,669) | | |
| Income before taxes. | 3,998 | 3,002 | 12,361 | 12,404 | 1,968 | 408 | (10,665) | (9,669) | 7,662 | 6,145 |
| Provision for (benefit from) income taxes | (1,056) | (1,056) | 3,042 | 3,030 | 622 | 113 | | | 2,608 | 2,087 |
| Net income attributable to continuing operations. | 5,054 | 4,058 | 9,319 | 9,374 | 1,346 | 295 | (10,665) | (9,669) | 5,054 | 4,058 |
| Net income attributable to discontinued operations, net of tax. | 571 | 571 | | | 571 | 571 | (571) | (571) | 571 | 571 |
| Net income | \$ 5,625 | \$ 4,629 | \$ 9,319 | \$ 9,374 | \$ 1,917 | \$ 866 | \$ (11,236) | \$ (10,240) | \$ 5,625 | \$ 4,629 |
| Comprehensive income | \$ 9,028 | \$ 8,032 | \$ 10,378 | \$ 10,433 | \$ 4,109 | \$ 3,058 | \$ (14,487) | \$ (13,491) | \$ 9,028 | \$ 8,032 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Three Months Ended June 30, 2012****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|---|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| Net Sales | \$ | \$ | \$ 148,017 | \$ 148,017 | \$ 98,455 | \$ 92,640 | \$ (56,195) | \$ (56,195) | \$ 190,277 | \$ 184,462 |
| Cost of sales. | | | 127,484 | 127,484 | 82,492 | 79,154 | (56,195) | (56,195) | 153,781 | 150,443 |
| Selling, general, and administrative expenses | (933) | (933) | 14,635 | 14,635 | 9,756 | 8,976 | | | 23,458 | 22,678 |
| Research, technical, and product development expenses. | | | 1,208 | 1,208 | (104) | (104) | | | 1,104 | 1,104 |
| Operating income. | 933 | 933 | 4,690 | 4,690 | 6,311 | 4,614 | | | 11,934 | 10,237 |
| Other income (expense), net | (32) | (32) | 1 | | 601 | 602 | | | 570 | 570 |
| Interest income (expense), net | (3,903) | (3,903) | (15) | (15) | (258) | (258) | | | (4,176) | (4,176) |
| Equity in earnings of subsidiaries | 5,328 | 4,258 | | 2,512 | | 413 | (5,328) | (7,183) | | |
| Income before taxes. | 2,326 | 1,256 | 4,676 | 7,187 | 6,654 | 5,371 | (5,328) | (7,183) | 8,328 | 6,631 |
| Provision for (benefit from) income taxes | (2,837) | (2,837) | 2,926 | 2,926 | 3,076 | 2,449 | | | 3,165 | 2,538 |
| Net income attributable to continuing operations. | 5,163 | 4,093 | 1,750 | 4,261 | 3,578 | 2,922 | (5,328) | (7,183) | 5,163 | 4,093 |
| Net income attributable to discontinued operations, net of tax. | | 453 | | | | 453 | | (453) | | 453 |
| Net income | \$ 5,163 | \$ 4,546 | \$ 1,750 | \$ 4,261 | \$ 3,578 | \$ 3,375 | \$ (5,328) | \$ (7,636) | \$ 5,163 | \$ 4,546 |
| Comprehensive income | \$ 3,790 | \$ 3,173 | \$ 2,801 | \$ 5,312 | \$ 1,001 | \$ 798 | \$ (3,802) | \$ (6,110) | \$ 3,790 | \$ 3,173 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Six Months Ended June 30, 2012****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|---|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| Net Sales | \$ | \$ | \$ 247,734 | \$ 247,734 | \$ 219,699 | \$ 205,104 | \$ (114,306) | \$ (114,306) | \$ 353,127 | \$ 338,532 |
| Cost of sales. | | | 209,233 | 209,233 | 185,999 | 177,079 | (114,306) | (114,306) | 280,926 | 272,006 |
| Selling, general, and administrative expenses | (1,035) | (1,035) | 21,324 | 21,324 | 24,791 | 23,222 | | | 45,080 | 43,511 |
| Research, technical, and product development expenses. | 95 | 95 | 2,024 | 2,024 | 50 | 50 | | | 2,169 | 2,169 |
| Operating income. | 940 | 940 | 15,153 | 15,153 | 8,859 | 4,753 | | | 24,952 | 20,846 |
| Other income (expense), net | (45) | (45) | 281 | 281 | 66 | 66 | | | 302 | 302 |
| Interest income (expense), net | (7,917) | (7,917) | 159 | 159 | (614) | (614) | | | (8,372) | (8,372) |
| Equity in earnings of subsidiaries | 13,917 | 11,280 | | 3,956 | | 1,616 | (13,917) | (16,852) | | |
| Income before taxes. | 6,895 | 4,258 | 15,593 | 19,549 | 8,311 | 5,821 | (13,917) | (16,852) | 16,882 | 12,776 |
| Provision for (benefit from) income taxes | (3,893) | (3,893) | 5,968 | 5,968 | 4,019 | 2,550 | | | 6,094 | 4,625 |
| Net income attributable to continuing operations. | 10,788 | 8,151 | 9,625 | 13,581 | 4,292 | 3,271 | (13,917) | (16,852) | 10,788 | 8,151 |
| Net income attributable to discontinued operations, net of tax. | | 1,024 | | | | 1,024 | | (1,024) | | 1,024 |
| Net income | \$ 10,788 | \$ 9,175 | \$ 9,625 | \$ 13,581 | \$ 4,292 | \$ 4,295 | \$ (13,917) | \$ (17,876) | \$ 10,788 | \$ 9,175 |
| Comprehensive income | \$ 12,818 | \$ 11,205 | \$ 11,735 | \$ 15,691 | \$ 3,907 | \$ 3,910 | \$ (15,642) | \$ (19,601) | \$ 12,818 | \$ 11,205 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Three Months Ended September 30, 2012****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|--|---|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| Net Sales | \$ | \$ | \$ 131,132 | \$ 131,132 | \$ 110,148 | \$ 103,618 | \$ (52,205) | \$ (52,205) | \$ 189,075 | \$ 182,545 |
| Cost and expenses: | | | | | | | | | | |
| Cost of sales | | | 114,706 | 114,706 | 88,627 | 86,394 | (52,205) | (52,205) | 151,128 | 148,895 |
| Selling, general, and administrative expenses | (1,442) | \$ (1,442) | 12,048 | 12,048 | 11,828 | 11,119 | | | 22,434 | 21,725 |
| Research, technical, and product development expenses | | | 1,000 | 1,000 | 12 | 12 | | | 1,012 | 1,012 |
| Asset and asset-related charges (income) | | | 1,617 | 1,617 | | | | | 1,617 | 1,617 |
| Operating income | 1,442 | 1,442 | 1,761 | 1,761 | 9,681 | 6,093 | | | 12,884 | 9,296 |
| Other income (expense), net | (3) | (3) | 20 | 20 | 15 | (1) | | | 32 | 16 |
| Interest income (expense), net | (4,358) | (4,358) | 36 | 36 | (368) | (368) | | | (4,690) | (4,690) |
| Equity in earnings of subsidiaries | 7,460 | 5,034 | | 1,231 | | 374 | (7,460) | (6,639) | | |
| Income before taxes | 4,541 | 2,115 | 1,817 | 3,048 | 9,328 | 6,098 | (7,460) | (6,639) | 8,226 | 4,622 |
| Provision for (benefit from) income taxes | (1,084) | (1,084) | 705 | 705 | 2,980 | 1,802 | | | 2,601 | 1,423 |
| Net income attributable to continuing operations | 5,625 | 3,199 | 1,112 | 2,343 | 6,348 | 4,296 | (7,460) | (6,639) | 5,625 | 3,199 |
| Net income attributable to discontinued operations, net of tax | | 389 | | | | 389 | | (389) | | 389 |
| Net income | \$ 5,625 | \$ 3,588 | \$ 1,112 | \$ 2,343 | \$ 6,348 | \$ 4,685 | \$ (7,460) | \$ (7,028) | \$ 5,625 | \$ 3,588 |
| Comprehensive income | \$ 11,334 | \$ 9,297 | \$ 2,163 | \$ 3,394 | \$ 10,856 | \$ 9,193 | \$ (13,019) | \$ (12,587) | \$ 11,334 | \$ 9,297 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Nine Months Ended September 30, 2012****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|--|-----------------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Restated | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| Net Sales | \$ | \$ | \$ 378,866 | \$ 378,866 | \$ 329,847 | \$ 308,722 | \$ (166,511) | \$ (166,511) | \$ 542,202 | \$ 521,077 |
| Cost and expenses: | | | | | | | | | | |
| Cost of sales | | | 323,939 | 323,939 | 274,626 | 263,473 | (166,511) | (166,511) | 432,054 | 420,901 |
| Selling, general, and administrative expenses | (2,477) | (2,477) | 33,372 | 33,372 | 36,619 | 34,341 | | | 67,514 | 65,236 |
| Research, technical, and product development expenses | 95 | 95 | 3,024 | 3,024 | 62 | 62 | | | 3,181 | 3,181 |
| Asset and asset-related charges (income) | | | 1,617 | 1,617 | | | | | 1,617 | 1,617 |
| Operating income | 2,382 | 2,382 | 16,914 | 16,914 | 18,540 | 10,846 | | | 37,836 | 30,142 |
| Other income (expense), net | (48) | (48) | 301 | 301 | 81 | 65 | | | 334 | 318 |
| Interest income (expense), net | (12,275) | (12,275) | 195 | 195 | (982) | (982) | | | (13,062) | (13,062) |
| Equity in earnings of subsidiaries | 21,377 | 16,314 | | 5,185 | | 1,990 | (21,377) | (23,489) | | |
| Income before taxes | 11,436 | 6,373 | 17,410 | 22,595 | 17,639 | 11,919 | (21,377) | (23,489) | 25,108 | 17,398 |
| Provision for (benefit from) income taxes | (4,977) | (4,977) | 6,673 | 6,673 | 6,999 | 4,352 | | | 8,695 | 6,048 |
| Net income attributable to continuing operations | 16,413 | 11,350 | 10,737 | 15,922 | 10,640 | 7,567 | (21,377) | (23,489) | 16,413 | 11,350 |
| Net income attributable to discontinued operations, net of tax | | 1,413 | | | | 1,413 | | (1,413) | | 1,413 |
| Net income | \$ 16,413 | \$ 12,763 | \$ 10,737 | \$ 15,922 | \$ 10,640 | \$ 8,980 | \$ (21,377) | \$ (24,902) | \$ 16,413 | \$ 12,763 |
| Comprehensive income | \$ 24,152 | \$ 20,502 | \$ 13,898 | \$ 19,083 | \$ 14,763 | \$ 13,103 | \$ (28,661) | \$ (32,186) | \$ 24,152 | \$ 20,502 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Three Months Ended March 31, 2011****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|--|-----------------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| Net Sales | \$ | \$ | \$ 78,922 | \$ 78,922 | \$ 82,102 | \$ 73,052 | \$ (40,174) | \$ (40,174) | \$ 120,850 | \$ 111,800 |
| Cost and expenses: | | | | | | | | | | |
| Cost of sales | | | 64,652 | 64,652 | 70,367 | 64,010 | (40,174) | (40,174) | 94,845 | 88,488 |
| Selling, general, and administrative expenses | (415) | (415) | 5,800 | 5,800 | 12,073 | 11,166 | | | 17,458 | 16,551 |
| Research, technical, and product development expenses | | | 632 | 632 | | | | | 632 | 632 |
| Asset and asset-related charges (income) | | | | | (1,501) | (1,501) | | | (1,501) | (1,501) |
| Operating income | 415 | 415 | 7,838 | 7,838 | 1,163 | (623) | | | 9,416 | 7,630 |
| Other income (expense), net | (17) | (17) | (71) | (71) | (481) | (434) | | | (569) | (522) |
| Interest income (expense), net | (4,201) | (4,201) | 363 | 363 | (237) | (237) | | | (4,075) | (4,075) |
| Equity in earnings of subsidiaries | 5,599 | 4,754 | | 2,343 | | 155 | (5,599) | (7,252) | | |
| Income before taxes | 1,796 | 951 | 8,130 | 10,473 | 445 | (1,139) | (5,599) | (7,252) | 4,772 | 3,033 |
| Provision for (benefit from) income taxes | (546) | (546) | 2,854 | 2,854 | 122 | (772) | | | 2,430 | 1,536 |
| Net income attributable to continuing operations | 2,342 | 1,497 | 5,276 | 7,619 | 323 | (367) | (5,599) | (7,252) | 2,342 | 1,497 |
| Net income attributable to discontinued operations, net of tax | | 422 | | | | 422 | | (422) | | 422 |
| Net income | \$ 2,342 | \$ 1,919 | \$ 5,276 | \$ 7,619 | \$ 323 | \$ 55 | \$ (5,599) | \$ (7,674) | \$ 2,342 | \$ 1,919 |
| Comprehensive income | \$ 6,871 | \$ 6,448 | \$ 5,981 | \$ 8,324 | \$ 4,028 | \$ 3,760 | \$ (10,009) | \$ (12,084) | \$ 6,871 | \$ 6,448 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Three Months Ended June 30, 2011****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|--|-----------------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| Net Sales | \$ | \$ | \$ 82,096 | \$ 82,096 | \$ 84,802 | \$ 79,596 | \$ (43,685) | \$ (43,685) | \$ 123,213 | \$ 118,007 |
| Cost and expenses: | | | | | | | | | | |
| Cost of sales | | | 68,359 | 68,359 | 73,950 | 69,150 | (43,685) | (43,685) | 98,624 | 93,824 |
| Selling, general, and administrative expenses | (150) | (150) | 5,869 | 5,869 | 11,899 | 11,092 | | | 17,618 | 16,811 |
| Research, technical, and product development expenses | | | 798 | 798 | 92 | 92 | | | 890 | 890 |
| Operating income | 150 | 150 | 7,070 | 7,070 | (1,139) | (738) | | | 6,081 | 6,482 |
| Other income (expense), net | (16) | (16) | 37 | 37 | 112 | 112 | | | 133 | 133 |
| Interest income (expense), net | (4,138) | (4,138) | 504 | 504 | (261) | (261) | | | (3,895) | (3,895) |
| Equity in earnings of subsidiaries | 4,832 | 4,821 | | 2,526 | | (792) | (4,832) | (6,555) | | |
| Income before taxes | 828 | 817 | 7,611 | 10,137 | (1,288) | (1,679) | (4,832) | (6,555) | 2,319 | 2,720 |
| Provision for (benefit from) income taxes | (1,300) | (1,300) | 2,854 | 2,854 | (1,363) | (951) | | | 191 | 603 |
| Net income attributable to continuing operations | 2,128 | 2,117 | 4,757 | 7,283 | 75 | (728) | (4,832) | (6,555) | 2,128 | 2,117 |
| Net income attributable to discontinued operations, net of tax | | 618 | | | | 618 | | (618) | | 618 |
| Net income | \$ 2,128 | \$ 2,735 | \$ 4,757 | \$ 7,283 | \$ 75 | \$ (110) | \$ (4,832) | \$ (7,173) | \$ 2,128 | \$ 2,735 |
| Comprehensive income | \$ 3,047 | \$ 3,654 | \$ 5,638 | \$ 8,164 | \$ (40) | \$ (225) | \$ (5,598) | \$ (7,939) | \$ 3,047 | \$ 3,654 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Six Months Ended June 30, 2011****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|--|---|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
| | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised |
| Net Sales | \$ | \$ | \$ 161,018 | \$ 161,018 | \$ 166,904 | \$ 152,648 | \$ (83,859) | \$ (83,859) | \$ 244,063 | \$ 229,807 |
| Cost and expenses: | | | | | | | | | | |
| Cost of sales | | | 133,011 | 133,011 | 144,317 | 133,160 | (83,859) | (83,859) | 193,469 | 182,312 |
| Selling, general, and administrative expenses | (565) | (565) | 11,669 | 11,669 | 23,972 | 22,258 | | | 35,076 | 33,362 |
| Research, technical, and product development expenses | | | 1,430 | 1,430 | 92 | 92 | | | 1,522 | 1,522 |
| Asset and asset-related charges (income) | | | | | (1,501) | (1,501) | | | (1,501) | (1,501) |
| Operating income | 565 | 565 | 14,908 | 14,908 | 24 | (1,361) | | | 15,497 | 14,112 |
| Other income (expense), net | (33) | (33) | (34) | (34) | (369) | (322) | | | (436) | (389) |
| Interest income (expense), net | (8,339) | (8,339) | 867 | 867 | (498) | (498) | | | (7,970) | (7,970) |
| Equity in earnings of subsidiaries | 10,431 | 9,575 | | 4,869 | | (637) | (10,431) | (13,807) | | |
| Income before taxes | 2,624 | 1,768 | 15,741 | 20,610 | (843) | (2,818) | (10,431) | (13,807) | 7,091 | 5,753 |
| Provision for (benefit from) income taxes | (1,846) | (1,846) | 5,708 | 5,708 | (1,241) | (1,723) | | | 2,621 | 2,139 |
| Net income attributable to continuing operations | 4,470 | 3,614 | 10,033 | 14,902 | 398 | (1,095) | (10,431) | (13,807) | 4,470 | 3,614 |
| Net income attributable to discontinued operations, net of tax | | 1,040 | | | | 1,040 | | (1,040) | | 1,040 |
| Net income | \$ 4,470 | \$ 4,654 | \$ 10,033 | \$ 14,902 | \$ 398 | \$ (55) | \$ (10,431) | \$ (14,847) | \$ 4,470 | \$ 4,654 |
| Comprehensive income | \$ 9,918 | \$ 10,102 | \$ 11,619 | \$ 16,488 | \$ 3,988 | \$ 3,535 | \$ (15,607) | \$ (20,023) | \$ 9,918 | \$ 10,102 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Three Months Ended September 30, 2011****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|--|---|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
| | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised |
| Net Sales | \$ | \$ | \$ 97,118 | \$ 97,118 | \$ 95,330 | \$ 88,512 | \$ (48,777) | \$ (48,777) | \$ 143,671 | \$ 136,853 |
| Cost and expenses: | | | | | | | | | | |
| Cost of sales | | | 85,942 | 85,942 | 81,500 | 76,837 | (48,777) | (48,777) | 118,665 | 114,002 |
| Selling, general, and administrative expenses | (793) | (793) | 5,707 | 5,707 | 11,474 | 10,702 | | | 16,388 | 15,616 |
| Research, technical, and product development expenses | | | 874 | 874 | 51 | 51 | | | 925 | 925 |
| Operating income | 793 | 793 | 4,595 | 4,595 | 2,305 | 922 | | | 7,693 | 6,310 |
| Other income (expense), net | (39) | (39) | 34 | 34 | 203 | 203 | | | 198 | 198 |
| Interest income (expense), net | (4,074) | (4,074) | 479 | 479 | (247) | (247) | | | (3,842) | (3,842) |
| Equity in earnings of subsidiaries | 4,179 | 3,279 | | 9 | | (280) | (4,179) | (3,008) | | |
| Income before taxes | 859 | (41) | 5,108 | 5,117 | 2,261 | 598 | (4,179) | (3,008) | 4,049 | 2,666 |
| Provision for (benefit from) income taxes | (1,208) | (1,208) | 2,465 | 2,465 | 725 | 242 | | | 1,982 | 1,499 |
| Net income attributable to continuing operations | 2,067 | 1,167 | 2,643 | 2,652 | 1,536 | 356 | (4,179) | (3,008) | 2,067 | 1,167 |
| Net income attributable to discontinued operations, net of tax | | 493 | | | | 493 | | (493) | | 493 |
| Net income | \$ 2,067 | \$ 1,660 | \$ 2,643 | \$ 2,652 | \$ 1,536 | \$ 849 | \$ (4,179) | \$ (3,501) | \$ 2,067 | \$ 1,660 |
| Comprehensive income | \$ (5,336) | \$ (5,743) | \$ 3,436 | \$ 3,445 | \$ (6,676) | \$ (7,363) | \$ 3,240 | \$ 3,918 | \$ (5,336) | \$ (5,743) |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Nine Months Ended September 30, 2011****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|--|-----------------------------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|
| | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised |
| Net Sales | \$ | \$ | \$ 258,136 | \$ 258,136 | \$ 262,234 | \$ 241,160 | \$ (132,636) | \$ (132,636) | \$ 387,734 | \$ 366,660 |
| Cost and expenses: | | | | | | | | | | |
| Cost of sales | | | 218,953 | 218,953 | 225,817 | 209,997 | (132,636) | (132,636) | 312,134 | 296,314 |
| Selling, general, and administrative expenses | (1,358) | (1,358) | 17,376 | 17,376 | 35,446 | 32,960 | | | 51,464 | 48,978 |
| Research, technical, and product development expenses | | | 2,304 | 2,304 | 143 | 143 | | | 2,447 | 2,447 |
| Asset and asset-related charges (income) | | | | | (1,501) | (1,501) | | | (1,501) | (1,501) |
| Operating income | 1,358 | 1,358 | 19,503 | 19,503 | 2,329 | (439) | | | 23,190 | 20,422 |
| Other income (expense), net | (72) | (72) | | | (166) | (119) | | | (238) | (191) |
| Interest income (expense), net | (12,413) | (12,413) | 1,346 | 1,346 | (745) | (745) | | | (11,812) | (11,812) |
| Equity in earnings of subsidiaries | 14,610 | 12,854 | | 4,879 | | (917) | (14,610) | (16,816) | | |
| Income before taxes. | 3,483 | 1,727 | 20,849 | 25,728 | 1,418 | (2,220) | (14,610) | (16,816) | 11,140 | 8,419 |
| Provision for (benefit from) income taxes | (3,054) | (3,054) | 8,173 | 8,173 | (516) | (1,481) | | | 4,603 | 3,638 |
| Net income attributable to continuing operations | 6,537 | 4,781 | 12,676 | 17,555 | 1,934 | (739) | (14,610) | (16,816) | 6,537 | 4,781 |
| Net income attributable to discontinued operations, net of tax | | 1,533 | | | | 1,533 | | (1,533) | | 1,533 |
| Net income | \$ 6,537 | \$ 6,314 | \$ 12,676 | \$ 17,555 | \$ 1,934 | \$ 794 | \$ (14,610) | \$ (18,349) | \$ 6,537 | \$ 6,314 |
| Comprehensive income | \$ 4,582 | \$ 4,359 | \$ 15,055 | \$ 19,934 | \$ (2,688) | \$ (3,828) | \$ (12,367) | \$ (16,106) | \$ 4,582 | \$ 4,359 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet**March 31, 2012****(Unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|-----------------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | 98,277 | \$ 109,419 | \$ 19,595 | \$ 8,453 | \$ | \$ | \$ 117,872 | \$ 117,872 |
| Receivables, net | 209 | 209 | 62,508 | 77,874 | 83,678 | 64,298 | (39,218) | (39,218) | 107,177 | 103,163 |
| Inventories, net | | | 147,461 | 168,134 | 180,461 | 139,493 | | | 327,922 | 307,627 |
| Costs in excess of billings | | | | | | 5 | | | | 5 |
| Deferred income taxes | 17,177 | 17,177 | 1,400 | 2,290 | 818 | 1,008 | | | 19,395 | 20,475 |
| Assets of discontinued operations | | | | | | 18,598 | | | | 18,598 |
| Other current assets | 5,737 | 5,737 | 1,770 | 4,496 | 5,395 | 2,963 | (1,927) | (1,927) | 10,975 | 11,269 |
| Total current assets | 23,123 | 23,123 | 311,416 | 362,213 | 289,947 | 234,818 | (41,145) | (41,145) | 583,341 | 579,009 |
| Property, plant, and equipment, net | 634 | 634 | 232,227 | 296,407 | 128,659 | 64,423 | | | 361,520 | 361,464 |
| Marketable Securities | | | | | | | | | | |
| Goodwill | | | 18,097 | 96,942 | 122,139 | 36,653 | | | 140,236 | 133,595 |
| Other intangible assets, net | | | | 37,079 | 59,527 | 22,448 | | | 59,527 | 59,527 |
| Deferred income taxes | | | 25,995 | 25,995 | 29,897 | 29,897 | (26,781) | (26,781) | 29,111 | 29,111 |
| Other noncurrent assets | 4,329 | 4,329 | 36 | 201 | 607 | 3,946 | | | 4,972 | 8,476 |
| Intercompany investments | 952,885 | 951,230 | 71,231 | 22,840 | 180 | 2,621 | (1,024,296) | (976,691) | | |
| Total assets | \$ 980,971 | \$ 979,316 | \$ 659,002 | \$ 841,677 | \$ 630,956 | \$ 394,806 | \$ (1,092,222) | \$ (1,044,617) | \$ 1,178,707 | \$ 1,171,182 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ 1,111 | \$ 1,111 | \$ 41,118 | \$ 48,077 | \$ 65,447 | \$ 54,862 | \$ (39,213) | \$ (39,213) | \$ 68,463 | \$ 64,837 |
| Accrued wages and other employee costs | 3,160 | 3,160 | 6,738 | 11,248 | 9,980 | 5,282 | | | 19,878 | 19,690 |
| Unearned revenue | | | 15 | 798 | 40,874 | 35,785 | | | 40,889 | 36,583 |
| Liabilities of discontinued operations | | | | | | 3,879 | | | | 3,879 |
| Other accrued liabilities | 6,711 | 6,711 | 8,424 | 10,752 | 8,630 | 6,237 | (1,932) | (1,932) | 21,833 | 21,768 |
| Total current liabilities | 10,982 | 10,982 | 56,295 | 70,875 | 124,931 | 106,045 | (41,145) | (41,145) | 151,063 | 146,757 |

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| | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|----------------|----------------|--------------|--------------|
| Long-term debt | 189,313 | 189,313 | 20 | 1,876 | 1,856 | 0 | | | 191,189 | 191,189 |
| Intercompany debt | | | 104,286 | 113,669 | 107,440 | 98,057 | (211,726) | (211,726) | | |
| Liability for post-retirement benefits | | | 41,806 | 41,806 | | | | | 41,806 | 41,806 |
| Liability for pension benefits | 6,227 | 6,227 | 8,193 | 8,193 | 677 | 677 | | | 15,097 | 15,097 |
| Deferred income taxes | 36,748 | 36,748 | | 19,560 | 28,242 | 3,614 | (26,781) | (26,781) | 38,209 | 33,141 |
| Unearned revenue | | | | | | 3,504 | | | | 3,504 |
| Other noncurrent liabilities | 5,253 | 5,253 | 3,464 | 3,464 | 199 | 199 | (21) | (21) | 8,895 | 8,895 |
| Total liabilities | 248,523 | 248,523 | 214,064 | 259,443 | 263,345 | 212,096 | (279,673) | (279,673) | 446,259 | 440,389 |
| Shareholders equity | 732,448 | 730,793 | 444,938 | 582,234 | 367,611 | 182,710 | (812,549) | (764,944) | 732,448 | 730,793 |
| Total liabilities and shareholders equity | \$ 980,971 | \$ 979,316 | \$ 659,002 | \$ 841,677 | \$ 630,956 | \$ 394,806 | \$ (1,092,222) | \$ (1,044,617) | \$ 1,178,707 | \$ 1,171,182 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet**June 30, 2012****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|-----------------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|------------------------|----------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | 92,864 | \$ 92,864 | \$ 6,661 | \$ 6,661 | \$ | \$ | \$ 99,525 | \$ 99,525 |
| Receivables, net | 162 | 162 | 76,198 | 76,198 | 64,383 | 60,685 | (33,288) | (33,288) | 107,455 | 103,757 |
| Inventories, net | | | 178,140 | 178,140 | 171,292 | 149,029 | | | 349,432 | 327,169 |
| Costs in excess of billings | | | | | | 658 | | | | 658 |
| Deferred income taxes | 17,177 | 17,177 | 2,098 | 2,290 | 57 | 1,308 | | | 19,332 | 20,775 |
| Assets of discontinued operations | | | | | | 17,633 | | | | 17,633 |
| Other current assets | 4,271 | 4,271 | 4,565 | 4,565 | 4,064 | 4,433 | | | 12,900 | 13,269 |
| Total current assets | 21,610 | 21,610 | 353,865 | 354,057 | 246,457 | 240,407 | (33,288) | (33,288) | 588,644 | 582,786 |
| Property, plant, and equipment, net | 543 | 543 | 301,438 | 301,438 | 63,807 | 63,754 | | | 365,788 | 365,735 |
| Marketable Securities | | | | | | | | | | |
| Goodwill | | | 102,202 | 96,942 | 38,009 | 36,628 | | | 140,211 | 133,570 |
| Other intangible assets, net | | | 36,436 | 36,436 | 21,815 | 21,815 | | | 58,251 | 58,251 |
| Deferred income taxes | | | 25,314 | 25,314 | 30,750 | 30,750 | (26,825) | (26,825) | 29,239 | 29,239 |
| Other noncurrent assets | 4,768 | 4,768 | 201 | 201 | 438 | 3,823 | | | 5,407 | 8,792 |
| Intercompany investments | 962,343 | 960,071 | 71,231 | 25,350 | 180 | 3,034 | (1,033,754) | (988,455) | | |
| Total assets | \$ 989,264 | \$ 986,992 | \$ 890,687 | \$ 839,738 | \$ 401,456 | \$ 400,211 | \$ (1,093,867) | \$ (1,048,568) | \$ 1,187,540 | \$ 1,178,373 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ 1,021 | \$ 1,021 | \$ 43,562 | \$ 43,562 | 52,983 | \$ 49,789 | \$ (33,288) | \$ (33,288) | \$ 64,278 | \$ 61,084 |
| Accrued wages and other employee costs | 4,465 | 4,465 | 13,477 | 13,477 | 7,193 | 6,929 | | | 25,135 | 24,871 |
| Unearned revenue | | | 704 | 704 | 41,352 | 36,140 | | | 42,056 | 36,844 |
| Liabilities of discontinued operations | | | | | | 3,494 | | | | 3,494 |
| Other accrued liabilities | 6,388 | 6,388 | 7,823 | 7,823 | 7,505 | 7,469 | | | 21,716 | 21,680 |

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| | | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|----------------|----------------|--------------|--------------|
| Total current liabilities | 11,874 | 11,874 | 65,566 | 65,566 | 109,033 | 103,821 | (33,288) | (33,288) | 153,185 | 147,973 |
| Long-term debt | 191,699 | 191,699 | 2,028 | 2,028 | | | | | 193,727 | 193,727 |
| Intercompany debt | | | 111,916 | 111,916 | 100,929 | 100,929 | (212,845) | (212,845) | | |
| Liability for post-retirement benefits | | | 42,000 | 42,000 | | | | | 42,000 | 42,000 |
| Liability for pension benefits | 6,133 | 6,133 | 6,730 | 6,730 | 539 | 539 | | | 13,402 | 13,402 |
| Deferred income taxes | 36,857 | 36,857 | 25,172 | 20,104 | 3,613 | 3,613 | (26,825) | (26,825) | 38,817 | 33,749 |
| Unearned revenue | | | | | | 3,385 | | | | 3,385 |
| Other noncurrent liabilities | 5,261 | 5,261 | 3,491 | 3,491 | 217 | 217 | | | 8,969 | 8,969 |
| Total liabilities | 251,824 | 251,824 | 256,903 | 251,835 | 214,331 | 212,504 | (272,958) | (272,958) | 450,100 | 443,205 |
| Shareholders' equity | 737,440 | 735,168 | 633,784 | 587,903 | 187,125 | 187,707 | (820,909) | (775,610) | 737,440 | 735,168 |
| Total liabilities and shareholders' equity | \$ 989,264 | \$ 986,992 | \$ 890,687 | \$ 839,738 | \$ 401,456 | \$ 400,211 | \$ (1,093,867) | \$ (1,048,568) | \$ 1,187,540 | \$ 1,178,373 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet**September 30, 2012****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|-------------------------------------|---|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ 69,907 | \$ 69,907 | \$ 3,482 | \$ 3,482 | \$ | \$ | \$ 73,389 | \$ 73,389 |
| Short term investments | | | 3,998 | 3,998 | | | | | 3,998 | 3,998 |
| Receivables, net | 126 | 126 | 80,480 | 80,480 | 66,322 | 63,115 | (29,473) | (29,473) | 117,455 | 114,248 |
| Inventories, net | | | 189,837 | 189,837 | 188,381 | 162,992 | | | 378,218 | 352,829 |
| Costs in excess of billings | | | | | | 2,151 | | | | 2,151 |
| Deferred income taxes | 17,176 | 17,176 | 2,401 | 2,593 | 67 | 2,290 | | | 19,644 | 22,059 |
| Assets of discontinued operations | | | | | | 16,799 | | | | 16,799 |
| Other current assets | 4,021 | 4,021 | 4,070 | 4,070 | 4,014 | 4,449 | (1,380) | (1,380) | 10,725 | 11,160 |
| Total current assets | 21,323 | 21,323 | 350,693 | 350,885 | 262,266 | 255,278 | (30,853) | (30,853) | 603,429 | 596,633 |
| Property, plant, and equipment, net | 1,336 | 1,336 | 301,681 | 301,681 | 64,801 | 64,751 | | | 367,818 | 367,768 |
| Marketable Securities | | | | | | | | | | |
| Goodwill | | | 99,754 | 94,494 | 38,493 | 37,112 | | | 138,247 | 131,606 |
| Other intangible assets, net | | | 35,795 | 35,795 | 21,869 | 21,869 | | | 57,664 | 57,664 |
| Deferred income taxes | | | 26,313 | 26,313 | 32,818 | 32,818 | (26,934) | (26,934) | 32,197 | 32,197 |
| Other noncurrent assets | 4,442 | 4,442 | 2,781 | 2,781 | 470 | 3,710 | (2,580) | (2,580) | 5,113 | 8,353 |
| Intercompany investments | 981,646 | 977,337 | 71,231 | 26,492 | 180 | 3,408 | (1,053,057) | (1,007,237) | | |
| Total assets | \$ 1,008,747 | \$ 1,004,438 | \$ 888,248 | \$ 838,441 | \$ 420,897 | \$ 418,926 | \$ (1,113,424) | \$ (1,067,604) | \$ 1,204,468 | \$ 1,194,221 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | | | | | | |
|--|----------|----------|-----------|-----------|-----------|-----------|-------------|-------------|-----------|-----------|
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ 1,003 | \$ 1,003 | \$ 46,543 | \$ 46,543 | \$ 52,006 | \$ 49,093 | \$ (29,473) | \$ (29,473) | \$ 70,079 | \$ 67,166 |
| Accrued wages and other employee costs | 5,177 | 5,177 | 15,629 | 15,629 | 8,924 | 8,639 | | | 29,730 | 29,445 |

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| | | | | | | | | | | |
|---|--------------|--------------|------------|------------|------------|------------|----------------|----------------|--------------|--------------|
| Unearned revenue | | | 505 | 505 | 38,128 | 34,018 | | | 38,633 | 34,523 |
| Liabilities of discontinued operations | | | | | | 3,198 | | | | 3,198 |
| Other accrued liabilities | 11,128 | 11,128 | 9,192 | 9,192 | 8,518 | 8,518 | (1,380) | (1,380) | 27,458 | 27,458 |
| Total current liabilities | 17,308 | 17,308 | 71,869 | 71,869 | 107,576 | 103,466 | (30,853) | (30,853) | 165,900 | 161,790 |
| Long-term debt | 194,153 | 194,153 | 1,926 | 1,926 | | | | | 196,079 | 196,079 |
| Intercompany debt | | | 112,535 | 112,535 | 106,684 | 106,684 | (219,219) | (219,219) | | |
| Liability for post-retirement benefits | | | 42,220 | 42,220 | | | | | 42,220 | 42,220 |
| Liability for pension benefits | 4,976 | 4,976 | | | 159 | 159 | (2,580) | (2,580) | 2,555 | 2,555 |
| Deferred income taxes | 36,967 | 36,967 | 25,172 | 20,104 | 3,526 | 3,526 | (26,934) | (26,934) | 38,731 | 33,663 |
| Unearned revenue | | | | | | 3,240 | | | | 3,240 |
| Other noncurrent liabilities | 5,268 | 5,268 | 3,430 | 3,430 | 210 | 210 | | | 8,908 | 8,908 |
| Total liabilities | 258,672 | 258,672 | 257,152 | 252,084 | 218,155 | 217,285 | (279,586) | (279,586) | 454,393 | 448,455 |
| Shareholders equity | 750,075 | 745,766 | 631,096 | 586,357 | 202,742 | 201,661 | (833,838) | (788,018) | 750,075 | 745,766 |
| Total liabilities and shareholders equity | \$ 1,008,747 | \$ 1,004,438 | \$ 888,248 | \$ 838,441 | \$ 420,897 | \$ 418,946 | \$ (1,113,424) | \$ (1,067,604) | \$ 1,204,468 | \$ 1,194,221 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet**March 31, 2011****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|-----------------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|------------------------|---------------------|------------------------|---------------------|
| | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated | Previously Reported | As Restated |
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | \$ 264,293 | \$ 264,293 | \$ 11,861 | \$ 11,861 | \$ | \$ | \$ 276,154 | \$ 276,154 |
| Short term investments | | | 38,892 | 38,892 | | | | | 38,892 | 38,892 |
| Receivables, net | 438 | 438 | 44,898 | 44,898 | 51,076 | 47,328 | (19,913) | (19,913) | 76,499 | 72,751 |
| Inventories, net | | | 144,720 | 144,720 | 124,682 | 116,332 | | | 269,402 | 261,052 |
| Costs in excess of billings | | | | | | 112 | | | | 112 |
| Deferred income taxes | 21,430 | 21,430 | 1,418 | 1,418 | 80 | 816 | | | 22,928 | 23,664 |
| Assets of discontinued operations | | | | | | 13,724 | | | | 13,724 |
| Other current assets | 13,937 | 13,937 | 1,601 | 1,601 | 1,500 | 1,723 | (3,105) | (3,105) | 13,933 | 14,156 |
| Total current assets | 35,805 | 35,805 | 495,822 | 495,822 | 189,199 | 191,896 | (23,018) | (23,018) | 697,808 | 700,505 |
| Property, plant, and equipment, net | 955 | 955 | 198,546 | 198,546 | 61,830 | 61,762 | | | 261,331 | 261,263 |
| Marketable Securities | | | 48,779 | 48,779 | | | | | 48,779 | 48,779 |
| Goodwill | | | 18,098 | 18,098 | 24,107 | 22,726 | | | 42,205 | 40,824 |
| Other intangible assets, net | | | | | 14,219 | 14,219 | | | 14,219 | 14,219 |
| Deferred income taxes | | | 23,913 | 23,913 | 24,145 | 24,145 | (24,521) | (24,521) | 23,537 | 23,537 |
| Other noncurrent assets | 5,800 | 5,800 | 36 | 36 | 141 | 3,961 | | | 5,977 | 9,797 |
| Intercompany investments | 912,277 | 911,715 | 71,231 | 17,611 | 180 | 2,628 | (983,688) | (931,954) | | |
| Total assets | \$ 954,837 | \$ 954,275 | \$ 856,425 | \$ 802,805 | \$ 313,821 | \$ 321,337 | \$ (1,031,227) | \$ (979,493) | \$ 1,093,856 | \$ 1,098,924 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ 1,473 | \$ 1,473 | \$ 22,303 | \$ 22,303 | \$ 32,242 | \$ 28,069 | \$ (19,913) | \$ (19,913) | \$ 36,105 | \$ 31,932 |
| Accrued wages and other employee costs | 3,632 | 3,632 | 6,442 | 6,442 | 5,156 | 4,912 | | | 15,230 | 14,986 |
| Unearned revenue | | | | | 26,020 | 27,830 | | | 26,020 | 27,830 |
| Liabilities of discontinued operations | | | | | | 4,551 | | | | 4,551 |
| Other accrued liabilities | 3,792 | 3,792 | 11,907 | 11,907 | 16,696 | 16,562 | (3,105) | (3,105) | 29,290 | 29,156 |
| Total current liabilities | 8,897 | 8,897 | 40,652 | 40,652 | 80,114 | 81,924 | (23,018) | (23,018) | 106,645 | 108,455 |
| Long-term debt | 180,227 | 180,227 | 40 | 40 | 2 | 2 | | | 180,269 | 180,269 |

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| | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|---------------------|---------------------|---------------------|
| Intercompany debt | | | 92,826 | 92,826 | 89,533 | 89,533 | (182,359) | (182,359) | | |
| Liability for post-retirement benefits | | | 40,277 | 40,277 | | | | | 40,277 | 40,277 |
| Liability for pension benefits | 6,542 | 6,542 | 21,285 | 21,285 | 677 | 677 | | | 28,504 | 28,504 |
| Deferred income taxes | 27,608 | 27,608 | 15 | 15 | | | (24,521) | (24,521) | 3,102 | 3,102 |
| Unearned revenue | | | | | | | 3,820 | | | 3,820 |
| Other noncurrent liabilities | 5,073 | 5,073 | 3,496 | 3,496 | | | | | 8,569 | 8,569 |
| Total liabilities | 228,347 | 228,347 | 198,591 | 198,591 | 170,326 | 175,956 | (229,898) | (229,898) | 367,366 | 372,996 |
| Shareholders equity | 726,490 | 725,928 | 657,834 | 604,214 | 143,495 | 145,381 | (801,329) | (749,595) | 726,490 | 725,928 |
| Total liabilities and shareholders equity | \$ 954,837 | \$ 954,275 | \$ 856,425 | \$ 802,805 | \$ 313,821 | \$ 321,337 | \$ (1,031,227) | \$ (979,493) | \$ 1,093,856 | \$ 1,098,924 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet**June 30, 2011****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|-----------------------------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|
| | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised |
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | 215,043 | \$ 215,043 | \$ 13,270 | \$ 13,270 | \$ | \$ | \$ 228,313 | \$ 228,313 |
| Short term investments | | | 63,590 | 63,590 | | | | | 63,590 | 63,590 |
| Receivables, net | 454 | 454 | 43,580 | 43,580 | 42,241 | 38,438 | (20,064) | (20,064) | 66,211 | 62,408 |
| Inventories, net | | | 134,581 | 134,581 | 124,660 | 115,687 | | | 259,241 | 250,268 |
| Deferred income taxes | 21,430 | 21,430 | 1,418 | 1,418 | 102 | 82 | | | 22,950 | 22,930 |
| Assets of discontinued operations | | | | | | 13,062 | | | | 13,062 |
| Other current assets | 10,860 | 10,860 | 1,320 | 1,320 | 1,463 | 1,720 | (1,691) | (1,691) | 11,952 | 12,209 |
| Total current assets | 32,744 | 32,744 | 459,532 | 459,532 | 181,736 | 182,259 | (21,755) | (21,755) | 652,257 | 652,780 |
| Property, plant, and equipment, net | 861 | 861 | 203,767 | 203,767 | 61,516 | 61,451 | | | 266,144 | 266,079 |
| Marketable Securities | | | 92,440 | 92,440 | | | | | 92,440 | 92,440 |
| Goodwill | | | 18,097 | 18,097 | 24,118 | 22,737 | | | 42,215 | 40,834 |
| Other intangible assets, net | | | | | 13,965 | 13,965 | | | 13,965 | 13,965 |
| Deferred income taxes | | | 23,455 | 23,455 | 26,059 | 26,059 | (24,605) | (24,605) | 24,909 | 24,909 |
| Other noncurrent assets | 5,433 | 5,433 | 36 | 36 | 131 | 3,885 | | | 5,600 | 9,354 |
| Intercompany investments | 922,050 | 922,095 | 71,231 | 20,138 | 180 | 1,836 | (993,461) | (944,069) | | |
| Total assets | \$ 961,088 | \$ 961,133 | \$ 868,558 | \$ 817,465 | \$ 307,705 | \$ 312,192 | \$ (1,039,821) | \$ (990,429) | \$ 1,097,530 | \$ 1,100,361 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ 429 | \$ 429 | \$ 21,677 | \$ 21,677 | 31,994 | \$ 29,050 | \$ (20,064) | \$ (20,064) | \$ 34,036 | \$ 31,092 |
| Accrued wages and other employee costs | 4,105 | 4,105 | 8,283 | 8,283 | 6,411 | 6,145 | | | 18,799 | 18,533 |
| Unearned revenue | | | 169 | 169 | 22,720 | 21,752 | | | 22,889 | 21,921 |
| Liabilities of discontinued operations | | | | | | 3,467 | | | | 3,467 |
| Other accrued liabilities | 4,084 | 4,084 | 11,334 | 11,334 | 14,752 | 14,495 | (1,691) | (1,691) | 28,479 | 28,222 |
| Total current liabilities | 8,618 | 8,618 | 41,463 | 41,463 | 75,877 | 74,909 | (21,755) | (21,755) | 104,203 | 103,235 |
| Long-term debt | 182,422 | 182,422 | 40 | 40 | | | | | 182,462 | 182,462 |
| Intercompany debt | | | 98,116 | 98,116 | 86,960 | 86,960 | (185,076) | (185,076) | | |

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| | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|----------------|--------------|--------------|--------------|
| Liability for post-retirement benefits | | | 40,859 | 40,859 | | | | | 40,859 | 40,859 |
| Liability for pension benefits | 6,524 | 6,524 | 20,403 | 20,403 | 677 | 677 | | | 27,604 | 27,604 |
| Deferred income taxes | 27,737 | 27,737 | 36 | 36 | | | (24,604) | (24,604) | 3,169 | 3,169 |
| Unearned revenue | | | | | | 3,754 | | | | 3,754 |
| Other noncurrent liabilities | 5,081 | 5,081 | 3,446 | 3,446 | | | | | 8,527 | 8,527 |
| Total liabilities | 230,382 | 230,382 | 204,363 | 204,363 | 163,514 | 166,300 | (231,435) | (231,435) | 366,824 | 369,610 |
| Shareholders equity | 730,706 | 730,751 | 664,195 | 613,102 | 144,191 | 145,892 | (808,386) | (758,994) | 730,706 | 730,751 |
| Total liabilities and shareholders equity | \$ 961,088 | \$ 961,133 | \$ 868,558 | \$ 817,465 | \$ 307,705 | \$ 312,192 | \$ (1,039,821) | \$ (990,429) | \$ 1,097,530 | \$ 1,100,361 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet**September 30, 2011****(unaudited)**

| | RTI International Metals, Inc. | | Guarantors | | Non-Guarantors | | Eliminations | | Consolidated | |
|---|---|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|--------------------------------|-----------------------|
| | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised | Previously Reported | As Revised |
| ASSETS | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ | \$ | 177,711 | \$ 177,711 | \$ 12,030 | \$ 12,030 | \$ | \$ | \$ 189,741 | \$ 189,741 |
| Short term investments | | | 76,587 | 76,587 | | | | | 76,587 | 76,587 |
| Receivables, net | 417 | 417 | 62,273 | 62,273 | 53,109 | 49,754 | (27,916) | (27,916) | 87,883 | 84,528 |
| Inventories, net | | | 128,685 | 128,685 | 128,364 | 115,583 | | | 257,049 | 244,268 |
| Deferred income taxes | 18,493 | 18,493 | 1,418 | 1,418 | 63 | 250 | | | 19,974 | 20,161 |
| Assets of discontinued operations | | | | | | 14,945 | | | | 14,945 |
| Other current assets | 14,765 | 14,765 | 1,166 | 1,166 | 1,164 | 1,435 | (2,432) | (2,432) | 14,663 | 14,934 |
| Total current assets | 33,675 | 33,675 | 447,840 | 447,840 | 194,730 | 193,997 | (30,348) | (30,348) | 645,897 | 645,164 |
| Property, plant, and equipment, net | 772 | 772 | 209,540 | 209,540 | 57,744 | 57,682 | | | 268,056 | 267,994 |
| Marketable Securities | | | 89,479 | 89,479 | | | | | 89,479 | 89,479 |
| Goodwill | | | 18,097 | 18,097 | 23,208 | 21,827 | | | 41,305 | 39,924 |
| Other intangible assets, net | | | | | 12,829 | 12,829 | | | 12,829 | 12,829 |
| Deferred income taxes | | | 23,019 | 23,019 | 25,303 | 25,303 | (24,711) | (24,711) | 23,611 | 23,611 |
| Other noncurrent assets | 5,065 | 5,065 | 36 | 36 | 127 | 3,802 | | | 5,228 | 8,903 |
| Intercompany investments | 921,775 | 921,413 | 71,231 | 20,147 | 180 | 1,826 | (993,186) | (943,386) | | |
| Total assets | \$ 961,287 | \$ 960,925 | \$ 859,242 | \$ 808,158 | \$ 314,121 | \$ 317,266 | \$ (1,048,245) | \$ (998,445) | \$ 1,086,405 | \$ 1,087,904 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ 806 | \$ 806 | \$ 37,398 | \$ 37,398 | \$ 43,672 | \$ 38,930 | \$ (27,916) | \$ (27,916) | \$ 53,960 | \$ 49,218 |
| Accrued wages and other employee costs | 5,015 | 5,015 | 9,929 | 9,929 | 6,034 | 5,741 | | | 20,978 | 20,685 |
| Unearned revenue | | | 184 | 184 | 18,050 | 16,236 | | | 18,234 | 16,420 |
| Liabilities of discontinued operations | | | | | | 5,069 | | | | 5,069 |
| Other accrued liabilities | 4,727 | 4,727 | 11,573 | 11,573 | 5,963 | 5,929 | (2,432) | (2,432) | 19,831 | 19,797 |
| Total current liabilities | 10,548 | 10,548 | 59,084 | 59,084 | 73,719 | 71,905 | (30,348) | (30,348) | 113,003 | 111,189 |
| Long-term debt | 184,675 | 184,675 | 20 | 20 | | | | | 184,695 | 184,695 |
| Intercompany debt | | | 83,997 | 83,997 | 101,499 | 101,499 | (185,496) | (185,496) | | |
| | | | 41,128 | 41,128 | | | | | 41,128 | 41,128 |

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| | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|----------------|--------------|--------------|--------------|
| Liability for post-retirement benefits | | | | | | | | | | |
| Liability for pension benefits | 4,380 | 4,380 | 2,097 | 2,097 | 676 | 676 | | | 7,153 | 7,153 |
| Deferred income taxes | 30,148 | 30,148 | | | | | (24,707) | (24,707) | 5,441 | 5,441 |
| Unearned revenue | | | | | | 3,675 | | | | 3,675 |
| Other noncurrent liabilities | 5,089 | 5,089 | 3,449 | 3,449 | | | | | 8,538 | 8,538 |
| Total liabilities | 234,840 | 234,840 | 189,775 | 189,775 | 175,894 | 177,755 | (240,551) | (240,551) | 359,958 | 361,819 |
| Shareholders equity | 726,447 | 726,085 | 669,467 | 618,383 | 138,227 | 139,511 | (807,694) | (757,894) | 726,447 | 726,085 |
| Total liabilities and shareholders equity | \$ 961,287 | \$ 960,925 | \$ 859,242 | \$ 808,158 | \$ 314,121 | \$ 317,266 | \$ (1,048,245) | \$ (998,445) | \$ 1,086,405 | \$ 1,087,904 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

The following Condensed Consolidating Statements of Cash Flows accompany the above Condensed Consolidating Statements of Operations and Comprehensive Income and Condensed Consolidating Balance Sheets. However, the restatements or revisions had no impact on the previously reported amounts in the Condensed Consolidating Statements of Cash Flows.

Condensed Consolidating Statement of Cash Flows**Three Months Ended March 31, 2012****(Unaudited)**

| | RTI International Metals, Inc. (As Restated) | Guarantor Subsidiaries (As Restated) | Non-Guarantor Subsidiaries (As Restated) | Eliminations (As Restated) | Consolidated (As Restated) |
|--|---|---|---|---|---|
| Cash provided by (used in) operating activities | \$ 3,207 | \$ (9,606) | \$ (6,560) | \$ | \$ (12,959) |
| Investing activities: | | | | | |
| Acquisitions, net of cash acquired | (185,633) | | | | (185,633) |
| Investments in subsidiaries, net | 188,845 | | | (188,845) | |
| Capital expenditures | | (15,928) | (1,200) | | (17,128) |
| Investments, net | | 176,771 | | | 176,771 |
| Cash provided by (used in) investing activities | 3,212 | 160,843 | (1,200) | (188,845) | (25,990) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 120 | | | | 120 |
| Excess tax benefits from stock-based compensation activity | 61 | | | | 61 |
| Parent company investments/dividends, net | | (194,545) | 5,700 | 188,845 | |
| Repayments on long-term debt | | (97) | | | (97) |
| Intercompany debt, net | (5,858) | 8,553 | (2,695) | | |
| Purchase of common stock held in treasury | (742) | | | | (742) |
| Cash provided by (used in) financing activities | (6,419) | (186,089) | 3,005 | 188,845 | (658) |
| Effect of exchange rate changes on cash and cash equivalents | | | 637 | | 637 |
| Increase (decrease) in cash and cash equivalents | | (34,852) | (4,118) | | (38,970) |

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| | | | | |
|--|----|------------|----------|------------|
| Cash and cash equivalents at beginning of period | | 144,271 | 12,571 | 156,842 |
| Cash and cash equivalents at end of period | \$ | \$ 109,419 | \$ 8,453 | \$ 117,872 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Six Months Ended June 30, 2012****(Unaudited)**

| | RTI International Metals, Inc. (As Restated) | Guarantor Subsidiaries (As Restated) | Non-Guarantor Subsidiaries (As Restated) | Eliminations (As Restated) | Consolidated (As Restated) |
|--|---|---|---|---|---|
| Cash provided by (used in) operating activities | \$ 8,555 | \$ (8,194) | \$ (14,570) | \$ | \$ (14,209) |
| Investing activities: | | | | | |
| Investments in subsidiaries, net | 184,545 | | | (184,545) | |
| Acquisitions, net of cash acquired | (185,633) | | | | (185,633) |
| Capital expenditures | | (32,370) | (2,531) | | (34,901) |
| Investments, net | | 176,771 | | | 176,771 |
| Cash provided by (used in) investing activities | (1,088) | 144,401 | (2,531) | (184,545) | (43,763) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 211 | | | | 211 |
| Excess tax benefits from stock-based compensation activity | 66 | | | | 66 |
| Parent company investments/dividends, net | | (194,545) | 10,000 | 184,545 | |
| Repayments on long-term debt | | (298) | | | (298) |
| Intercompany debt, net | (7,002) | 7,229 | (227) | | (742) |
| Purchase of common stock held in treasury | (742) | | | | (742) |
| Cash provided by (used in) financing activities | (7,467) | (187,614) | 9,773 | 184,545 | (763) |
| Effect of exchange rate changes on cash and cash equivalents | | | 1,418 | | 1,418 |
| Increase (decrease) in cash and cash equivalents | | (51,407) | (5,910) | | (57,317) |
| Cash and cash equivalents at beginning of period | | 144,271 | 12,571 | | 156,842 |
| Cash and cash equivalents at end of period | \$ | \$ 92,864 | \$ 6,661 | \$ | \$ 99,525 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Nine Months Ended September 30, 2012****(Unaudited)**

| | RTI International Metals, Inc. (Restated) | Guarantor Subsidiaries (Restated) | Non-Guarantor Subsidiaries (Restated) | Eliminations (Restated) | Consolidated (Restated) |
|--|--|--|--|------------------------------------|------------------------------------|
| Cash provided by (used in) operating activities | \$ 16,383 | \$ (15,922) | \$ (25,911) | \$ | \$ (25,450) |
| Investing activities: | | | | | |
| Investments, net | | 172,772 | | | 172,772 |
| Capital expenditures | (897) | (43,736) | (3,246) | | (47,879) |
| Investments in subsidiaries, net | 181,533 | | | (181,533) | |
| Acquisitions, net of cash acquired | (182,811) | | | | (182,811) |
| Cash provided by (used in) investing activities | (2,175) | 129,036 | (3,246) | (181,533) | (57,918) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 335 | | | | 335 |
| Excess tax benefits from stock-based compensation activity | 100 | | | | 100 |
| Deferred financing costs | (823) | | | | (823) |
| Parent company investments, net of distributions | | (194,783) | 13,250 | 181,533 | |
| Repayments on long-term debt | | (543) | | | (543) |
| Intercompany debt, net | (13,078) | 7,848 | 5,230 | | |
| Purchase of common stock held in treasury | (742) | | | | (742) |
| Cash provided by (used in) financing activities | (14,208) | (187,478) | 18,480 | 181,533 | (1,673) |
| Effect of exchange rate changes on cash and cash equivalents | | | 1,588 | | 1,588 |
| Decrease in cash and cash equivalents | | (74,364) | (9,089) | | (83,453) |
| Cash and cash equivalents at beginning of period | | 144,271 | 12,571 | | 156,842 |
| Cash and cash equivalents at end of period | \$ | \$ 69,907 | \$ 3,482 | \$ | \$ 73,389 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Three Months Ended March 31, 2011****(Unaudited)**

| | RTI International Metals, Inc. (Restated) | Guarantor Subsidiaries (Restated) | Non-Guarantor Subsidiaries (Restated) | Eliminations (Restated) | Consolidated (Restated) |
|--|--|--|--|------------------------------------|------------------------------------|
| Cash provided by (used in) operating activities | \$ 3,391 | \$ (2,162) | \$ (25,004) | \$ | \$ (23,775) |
| Investing activities: | | | | | |
| Capital expenditures | | (9,437) | (700) | | (10,137) |
| Investments in subsidiaries, net | | (67,612) | | | (67,612) |
| Cash provided by (used in) investing activities | | (77,049) | (700) | | (77,749) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 154 | | | | 154 |
| Excess tax benefits from stock-based compensation activity | 102 | | | | 102 |
| Repayments on long-term debt | | | (3) | | (3) |
| Intercompany debt, net | (3,364) | (7,125) | 10,489 | | |
| Purchase of common stock held in treasury | (283) | | | | (283) |
| Cash provided by (used in) financing activities | (3,391) | (7,125) | 10,486 | | (30) |
| Effect of exchange rate changes on cash and cash equivalents | | | 757 | | 757 |
| Decrease in cash and cash equivalents | | (86,336) | (14,461) | | (100,797) |
| Cash and cash equivalents at beginning of period | | 350,629 | 26,322 | | 376,951 |
| Cash and cash equivalents at end of period | \$ | \$ 264,293 | \$ 11,861 | \$ | \$ 276,154 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Six Months Ended June 30, 2011****(Unaudited)**

| | RTI International Metals, Inc. (As Revised) | Guarantor Subsidiaries (As Revised) | Non-Guarantor Subsidiaries (As Revised) | Eliminations (As Revised) | Consolidated (As Revised) |
|--|--|--|--|--|--------------------------------------|
| Cash provided by (used in) operating activities | \$ 7,276 | \$ 19,421 | \$ (21,477) | \$ | \$ 5,220 |
| Investing activities: | | | | | |
| Investments, net | | (135,693) | | | (135,693) |
| Capital expenditures | | (17,480) | (1,166) | | (18,646) |
| Investments in subsidiaries, net | (1,375) | | | 1,375 | |
| Cash provided by (used in) investing activities | (1,375) | (153,173) | (1,166) | 1,375 | (154,339) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 201 | | | | 201 |
| Excess tax benefits from stock-based compensation activity | 263 | | | | 263 |
| Parent company investments, net of distributions | | | 1,375 | (1,375) | |
| Repayments on long-term debt | | | (5) | | (5) |
| Intercompany debt, net | (6,082) | (1,834) | 7,916 | | |
| Purchase of common stock held in treasury | (283) | | | | (283) |
| Cash provided by (used in) financing activities | (5,901) | (1,834) | 9,286 | (1,375) | 176 |
| Effect of exchange rate changes on cash and cash equivalents | | | 305 | | 305 |
| Decrease in cash and cash equivalents | | (135,586) | (13,052) | | (148,638) |
| Cash and cash equivalents at beginning of period | | 350,629 | 26,322 | | 376,951 |
| Cash and cash equivalents at end of period | \$ | \$ 215,043 | \$ 13,270 | \$ | \$ 228,313 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Nine Months Ended September 30, 2011****(Unaudited)**

| | RTI International Metals, Inc. (Revised) | Guarantor Subsidiaries (Revised) | Non-Guarantor Subsidiaries (Revised) | Eliminations (Revised) | Consolidated (Revised) |
|--|---|---|---|-----------------------------------|-----------------------------------|
| Cash provided by (used in) operating activities | \$ 10,334 | \$ 13,778 | \$ (37,619) | \$ | \$ (13,507) |
| Investing activities: | | | | | |
| Investments, net | | (147,392) | | | (147,392) |
| Capital expenditures | | (23,326) | (2,628) | | (25,954) |
| Investments in subsidiaries, net | (4,025) | | | 4,025 | |
| Cash provided by (used in) investing activities | (4,025) | (170,718) | (2,628) | 4,025 | (173,346) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 252 | | | | 252 |
| Excess tax benefits from stock-based compensation activity | 263 | | | | 263 |
| Parent company investments, net of distributions | | | 4,025 | (4,025) | |
| Repayments on long-term debt | | (20) | (5) | | (25) |
| Intercompany debt, net | (6,541) | (15,958) | 22,499 | | |
| Purchase of common stock held in treasury | (283) | | | | (283) |
| Cash provided by (used in) financing activities | (6,309) | (15,978) | 26,519 | (4,025) | 207 |
| Effect of exchange rate changes on cash and cash equivalents | | | (564) | | (564) |
| Decrease in cash and cash equivalents | | (172,918) | (14,292) | | (187,210) |
| Cash and cash equivalents at beginning of period | | 350,629 | 26,322 | | 376,951 |
| Cash and cash equivalents at end of period | \$ | \$ 177,711 | \$ 12,030 | \$ | \$ 189,741 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Note 3 DISCONTINUED OPERATIONS:

In April 2013, the Company completed the sale of its RTI Pierce Spafford subsidiary for approximately \$10.5 million of cash and a receivable from escrow of approximately \$1.9 million. The escrow funds will be released in October 2014 assuming no claims from the purchaser. The results of RTI Pierce Spafford have been presented as results from discontinued operations on the Company's Consolidated Statements of Operations and the related assets and liabilities have been presented separately on the Company's Consolidated Balance Sheets as assets and liabilities of discontinued operations.

The Company's results from discontinued operations are summarized below:

| | Year Ended December 31, | | |
|---|-------------------------|-----------|-----------|
| | 2012 | 2011 | 2010 |
| Net sales | \$ 29,621 | \$ 30,141 | \$ 21,731 |
| Income before income taxes | \$ 2,639 | \$ 2,863 | \$ 487 |
| Provision for income taxes | \$ 939 | \$ 1,025 | \$ 177 |
| Net income from discontinued operations | \$ 1,700 | \$ 1,838 | \$ 310 |

Assets and Liabilities of discontinued operations were comprised of the following at December 31, 2012 and 2011:

| | Year Ended December 31, | |
|--|-------------------------|-----------|
| | 2012 | 2011 |
| ASSETS | | |
| Accounts receivable, net | \$ 2,189 | \$ 2,931 |
| Inventories, net | 11,124 | 11,712 |
| Property, plant and equipment, net | 47 | 59 |
| Goodwill | 1,381 | 1,381 |
| Total assets of discontinued operations | \$ 14,741 | \$ 16,083 |
| LIABILITIES | | |
| Accounts payable | \$ 1,995 | \$ 3,771 |
| Accrued wages | 337 | 473 |
| Total liabilities of discontinued operations | \$ 2,332 | \$ 4,244 |

Note 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**Principles of consolidation:**

The Consolidated Financial Statements include the accounts of RTI International Metals, Inc. and its wholly-owned subsidiaries. All significant intercompany accounts and transactions are eliminated. Certain prior year amounts have been reclassified to conform to current year presentation.

Use of estimates:

Generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at year-end and the reported amounts of revenues and expenses during the year. Actual results could differ from these

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

estimates. Significant items subject to such estimates and assumptions include the carrying values of accounts receivable, inventories, property, plant, and equipment, intangible assets, goodwill, pensions, post-retirement benefits, worker's compensation, environmental liabilities, and income taxes.

Fair value:

For certain of the Company's financial instruments and account groupings, including cash, short-term investments, accounts receivable, marketable securities, accounts payable, accrued wages and other employee costs, unearned revenue, and other accrued liabilities, the carrying value approximates the fair value of these instruments and groupings.

The Financial Accounting Standards Board (the FASB) defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy prioritizes the inputs utilized in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs other than the quoted prices in active markets that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data and which requires the Company to develop its own assumptions. The hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. On a recurring basis, the Company measures certain financial assets and liabilities at fair value, including its short-term investments and marketable securities.

The Company held no assets or liabilities measured at fair value on a recurring basis as of December 31, 2012. Listed below are the Company's assets and liabilities, and their respective fair values, which were measured at fair value on a recurring basis as of December 31, 2011. For the Company's short-term investments and marketable securities, fair value was determined based on the closing price reported on the active market on which the individual securities are traded. There were no transfers between levels during the year ended December 31, 2012.

| | Quoted Market Prices (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|--------------------------------|--------------------------------------|--|--|-------------------|
| As of December 31, 2011: | | | | |
| Short-term investments: | | | | |
| Short-term municipal bond fund | \$ | \$ 20,542 | \$ | \$ 20,542 |
| Commercial paper | 112,893 | | | 112,893 |
| Corporate notes and bonds | 30,820 | | | 30,820 |
| Total short-term investments | 143,713 | 20,542 | | 164,255 |
| Marketable securities: | | | | |
| Corporate notes and bonds | 4,181 | | | 4,181 |
| U.S. government agencies | 8,502 | | | 8,502 |
| Total marketable securities | 12,683 | | | 12,683 |
| Total | \$ 156,396 | \$ 20,542 | \$ | \$ 176,938 |

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As of both December 31, 2012 and 2011, the Company did not have any financial assets or liabilities that were measured at fair value on a non-recurring basis.

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The carrying amounts and fair values of financial instruments for which the fair value option was not elected were as follows:

| | December 31, 2012 | | December 31, 2011 | |
|-----------------------------------|-------------------|------------|-------------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and cash equivalents | \$ 97,190 | \$ 97,190 | \$ 156,842 | \$ 156,842 |
| Long-term debt | \$ 198,337 | \$ 249,113 | \$ 186,981 | \$ 229,540 |
| Current portion of long-term debt | \$ 957 | \$ 957 | \$ | \$ |

The fair value of long-term debt was estimated based on the quoted market price for the debt (Level 2).

Cash, cash equivalent, short-term investments, and marketable securities:**Cash and cash equivalents**

The Company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents principally consist of investments in short-term money market funds and corporate commercial paper.

Available-for-sale securities

Investments in marketable securities that were held for an indefinite period were classified as available-for-sale and were recorded at fair value based on market quotes using the specific identification method, with unrealized gains and losses recorded as a component of accumulated other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities were determined on a specific identification basis. The Company considered these investments to be available-for-sale as they could be sold to fund other investment opportunities as they arise.

The major categories of the Company's cash equivalents and marketable securities are as follows:

Money market mutual funds

The Company invests in money market mutual funds that seek to maintain a stable net asset value of \$1.00, while limiting overall exposure to credit, market, and liquidity risks.

Commercial paper

The Company invests in high-quality commercial paper issued by highly-rated corporations. By definition, the stated maturity on commercial paper obligations cannot exceed 270 days.

Short-term municipal bond fund

The dividends received by the Company are not taxable for U.S. Federal income tax purposes. The fund invests in municipal bonds that are near their maturity.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Corporate notes and bonds

The Company evaluates its corporate debt securities based upon a variety of factors including, but not limited to, the credit rating of the issuer. All of the Company's corporate debt securities are rated as investment grade by the major rating agencies.

U.S. government agencies

These U.S. government guaranteed debt securities are rated as investment grade by the major rating agencies and are publicly traded and valued.

Cash, cash equivalents, short-term investments, and marketable securities consisted of the following:

| | December 31, 2012 | December 31, 2011 |
|---|----------------------|----------------------|
| Cash and cash equivalents: | | |
| Cash | \$ 37,473 | \$ 18,015 |
| Cash equivalents: | | |
| Commercial paper | 32,642 | 6,998 |
| Money market mutual funds | 27,075 | 131,829 |
| Total cash and cash equivalents | 97,190 | 156,842 |
| Short-term investments and marketable securities: | | |
| Short-term municipal bond fund | | 20,542 |
| Commercial paper | | 112,893 |
| Corporate notes and bonds | | 35,001 |
| U.S. government agencies | | 8,502 |
| Total short-term investments and marketable securities | | 176,938 |
| Total cash, cash equivalents, short-term investments, and marketable securities | \$ 97,190 | \$ 333,780 |

The Company's short-term investments and marketable securities at December 31, 2011 are summarized in the table below. There were no investments or marketable securities owned by the Company as of December 31, 2012.

| | Amortized Cost | Gross Unrealized | | Fair Value |
|--------------------------------|-------------------|------------------|--------|---------------|
| | | Gains | Losses | |
| As of December 31, 2011: | | | | |
| Short-term municipal bond fund | \$ 20,501 | \$ 41 | \$ | \$ 20,542 |
| Commercial paper | 112,925 | 1 | 33 | 112,893 |
| Corporate notes and bonds | 35,060 | | 59 | 35,001 |
| U.S. government agencies | 8,502 | 1 | 1 | 8,502 |

| | | | | |
|-------|------------|-------|-------|------------|
| Total | \$ 176,988 | \$ 43 | \$ 93 | \$ 176,938 |
|-------|------------|-------|-------|------------|

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Receivables:**

Receivables are carried at net realizable value. Estimates are made as to the Company's ability to collect outstanding receivables, taking into consideration the amount, the customer's financial condition, and the age of the debt. The Company ascertains the net realizable value of amounts owed and provides an allowance when collection becomes doubtful. Receivables are expected to be collected in the normal course of business and consisted of the following:

| | December 31, | |
|---------------------------------------|----------------------|---------------------|
| | 2012 | 2011 |
| | (as restated) | (as revised) |
| Trade and commercial customers | \$ 106,039 | \$ 87,275 |
| Less: Allowance for doubtful accounts | (722) | (847) |
| Total receivables | \$ 105,317 | \$ 86,428 |

Inventories:

Inventories are valued at cost as determined by the last-in, first-out (LIFO) method for approximately 55% and 60% of the Company's inventories as of December 31, 2012 and 2011, respectively. The remaining inventories are valued at cost determined by a combination of the first-in, first-out (FIFO) and weighted-average cost methods. Inventory costs generally include materials, labor, and manufacturing overhead (including depreciation). When market conditions indicate an excess of carrying cost over market value, a lower-of-cost-or-market provision is recorded. The Company's FIFO inventory value approximates current costs. There were no LIFO decrements for the year ended December 31, 2012. LIFO decrements did not have a material impact on cost of sales for the year ended December 31, 2011.

Inventories consisted of the following:

| | December 31, | |
|------------------------------------|----------------------|---------------------|
| | 2012 | 2011 |
| | (as restated) | (as revised) |
| Raw materials and supplies | \$ 160,627 | \$ 83,778 |
| Work-in-process and finished goods | 283,087 | 239,900 |
| LIFO reserve | (58,598) | (63,826) |
| Total inventories | \$ 385,116 | \$ 259,852 |

Costs in Excess of Billings:

As of December 31, 2012 and 2011, the Company had costs in excess of billings of \$2,260 and \$400, respectively. All \$2,260 of costs in excess of billings are expected to be collected within the next 12 months. The Company had no claims included in inventory, progress payments netted against inventory, or billings in excess of cost at December 31, 2012 or 2011, respectively.

Property, plant, and equipment:

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The cost of property, plant, and equipment includes all direct costs of acquisition and capital improvements. Applicable amounts of interest on borrowings outstanding during the construction or acquisition period for major capital projects are capitalized. During the years ended December 31, 2012 and 2011, the Company capitalized \$821 and \$975, respectively, of interest expense related to its major capital expansion projects.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

Property, plant, and equipment is stated at cost and consisted of the following:

| | December 31, | |
|---|--------------|------------|
| | 2012 | 2011 |
| Land | \$ 17,965 | \$ 11,862 |
| Buildings and improvements | 121,016 | 99,384 |
| Machinery and equipment | 414,431 | 327,056 |
| Computer hardware and software, furniture and fixtures, and other | 64,280 | 60,530 |
| Construction-in-progress | 56,087 | 56,794 |
| | \$ 673,779 | \$ 555,626 |
| Less: Accumulated depreciation | (297,830) | (266,251) |
| Total property, plant, and equipment, net | \$ 375,949 | \$ 289,375 |

Depreciation is determined using the straight-line method over the estimated useful lives of the various classes of assets. Depreciation expense for the years ended December 31, 2012, 2011, and 2010 was \$37,398, \$21,384, and \$21,109, respectively. Depreciation is generally recorded over the following useful lives:

| | |
|--------------------------------|-------------|
| Buildings and improvements | 20-40 years |
| Machinery and equipment | 7-15 years |
| Furniture and fixtures | 5-10 years |
| Computer hardware and software | 3-10 years |

The cost of properties retired or otherwise disposed of, together with the accumulated depreciation provided thereon, is eliminated from the accounts. The net gain or loss is recognized in operating income.

Leased property and equipment under capital leases are amortized using the straight-line method over the term of the lease.

Routine maintenance, repairs, and replacements are charged to operations. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized.

The Company recorded an asset impairment of \$1,617 for the year ended December 31, 2012 as a result of the electrical transformer fire at the Titanium Segment's Canton, Ohio facility. This impairment charge was partially offset by \$1,250 for insurance proceeds. The net impairment charge is included in the Consolidated Statement of Operations as asset and asset related charges (income).

Goodwill and intangible assets:

In the case of goodwill and intangible assets, if future product demand or market conditions reduce management's expectation of future cash flows from these assets, a write-down of the carrying value or acceleration of the amortization period may be required. Intangible assets were originally valued at fair value at the date of acquisition with the assistance of outside experts.

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The Company performs its goodwill impairment testing at the reporting unit level. The Company has six reporting units, which are one level below its operating segments, where appropriate, are as follows: 1) the Titanium reporting unit; 2) the Fabrication reporting unit; 3) the Medical Device Fabrication reporting unit; 4) the U.S. Distribution reporting unit; 5) the Europe Distribution reporting unit; and 6) the Energy Fabrication reporting unit. As of December 31, 2012 and 2011, the Energy Fabrication reporting unit had no goodwill.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

The carrying value of goodwill at the Company's five reporting units as of the Company's October 1, 2012 annual impairment test was as follows:

| | Goodwill (as restated) |
|---|---------------------------------------|
| Titanium reporting unit | \$ 2,548 |
| Fabrication reporting unit | 61,858 |
| Medical Device Fabrication reporting unit | 58,898 |
| Titanium Service Center reporting unit | 7,472 |
| Energy Fabrication reporting unit | |
| Total Goodwill | \$ 130,776 |

Management evaluates the recoverability of goodwill by first determining, through a qualitative analysis, whether there have been any events or changes in circumstances that would indicate a potential impairment. If the qualitative analysis indicates that it is more-likely-than-not that an impairment has occurred, management compares the fair value of each reporting unit with its carrying value. The fair values of the reporting units are determined using either a discounted cash flow analysis based on historical and projected financial information, a market valuation approach, or a combination of these two approaches. A discounted cash flow analysis provides a fair value estimate based upon each reporting unit's long-term operating and cash flow performance. This approach also considers the impact of cyclical downturns that occur in the titanium and aerospace industries. The market valuation approach applies market multiples such as EBITDA and revenue multiples developed from a set of peer group companies to each reporting unit to determine its fair value.

During the Company's annual qualitative assessment, the following key factors were considered:

The Company has a strong backlog and relies heavily on long-term contracts and pricing which extends out over the next eight to ten years. The Company currently has long-term agreements in place with both Boeing and Airbus, both of whom currently have a production backlog of approximately seven years and are ramping up aircraft production to meet current demand.

For a significant portion of titanium sponge purchases, the Company's primary raw material for mill product which supports its long-term contracts, the Company has long-term supply agreements lasting through 2021 that significantly reduce price volatility.

The long-term outlook for titanium is strong. The Company anticipates that titanium will remain a key material used within the commercial aerospace and defense markets due to the continued increased use of titanium in airframes and in jet engines, as well as in artillery weapons systems and armored vehicles. Titanium use growing due to the metal's high strength, low weight, compatibility with composites, and noncorrosive qualities. As a result of the Company's current position as a supplier on the long-term agreements noted above, the Company anticipates that it will be in a position going forward to leverage these relationships as new opportunities arise related to titanium use within the commercial aerospace and defense markets.

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The Company has an integrated business model. As an integrated supplier, the Company maintains a breadth of capabilities that span the production cycle for highly-engineered titanium and specialty metal components. Unlike other suppliers of titanium and various specialty metals, the Company provides its customers with solutions spanning the value stream, from titanium mill products to major assembly design, kitting, and system integration. As a result of the Company's participation throughout the supply chain value stream, especially its unique fabrication capabilities, the Company believes that it offers significant structural advantages as aircraft production increases and continued design enhancements, as

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well as cost containment initiatives, drive demand for fabricated titanium parts. This demand and operating leverage should serve to drive the Company's revenue growth and profitability during the coming period of build-rate expansion. The Company is beginning to see this integrated strategy benefit not only the commercial aerospace and defense markets, but also the medical device and energy markets.

As of October 1, 2012, the date of the Company's annual goodwill impairment test, the Company's market capitalization was approximately 4% lower than net book value. At December 31, 2012, the Company's market capitalization exceeded its book value by 12%.

The Fabrication, U.S. Distribution, and European Distribution reporting units all exceeded prior year and forecasted results. The Titanium Segment's performance was slightly below prior year results and approximated forecasted results. The results still exceeded those used in previous 2-step impairment tests, and therefore the Company does not believe that this is an indication of impairment. Based on the above factors, it was determined that further testing of the recoverability of the Company's goodwill was not required at the Company's Titanium, Fabrication, U.S. Distribution, and European Distribution reporting units.

Concurrent with the acquisition of Remmele, the Medical Device Fabrication reporting unit was formed. Due to the lack of a historical goodwill passing margin, the Company elected to perform a two-step impairment test rather than a qualitative assessment of the recoverability of goodwill. The results of the two-step impairment test indicated the Medical Device Fabrication reporting unit's fair value exceeded its carrying value as of October 1, 2012. The fair value was determined using a discounted cash flow analysis using an assumed discount rate of 10%.

Excluding the Energy Fabrication reporting unit, which was fully impaired in 2009, there have been no impairments to date at the Company's reporting units. Uncertainties or other factors that could result in a potential impairment in future periods may include continued long-term production delays or a significant decrease in expected demand related to the Boeing 787 Dreamliner® program, as well as any cancellation of or material modification to one of the other major aerospace programs the Company currently supplies, including the JSF program or the Airbus family of aircraft, including the A380 and A350XWB programs. In addition, the Company's ability to ramp up its production of these programs in a cost efficient manner may also impact the results of a future impairment test.

The carrying amount of goodwill attributable to each segment at December 31, 2010, 2011, and 2012 was as follows:

| | Titanium Segment | Engineered Products and Services Segment | Total |
|----------------------------------|-----------------------------|---|--------------|
| December 31, 2010 | \$ 10,020 | \$ 30,394 | \$ 40,414 |
| Additions (Note 5) | | 14,303 | 14,303 |
| Translation adjustment | | (234) | (234) |
| December 31, 2011 | 10,020 | 44,463 | 54,483 |
| Additions (Note 5) (as restated) | | 75,824 | 75,824 |
| Translation adjustment | | 303 | 303 |
| December 31, 2012 (as restated) | \$ 10,020 | \$ 120,590 | \$ 130,610 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

At December 31, 2012 and 2011, the Engineered Products and Services Segment had accumulated goodwill impairment losses of \$8,899. The Titanium Segment had no accumulated impairment losses.

Intangible assets. Intangible assets consist primarily of customer relationships, trade names, and developed technology acquired through various business combinations. These intangible assets were valued at fair value at acquisition. In the event that long-term demand or market conditions change and the expected future cash flows associated with these assets is reduced, a write-down or acceleration of the amortization period may be required. The Company has one indefinite-lived intangible asset, the Remmele trade name, which it does not amortize. The Company intends to utilize the Remmele trade name indefinitely. Other intangible assets are being amortized over the following periods:

| | |
|------------------------|-------------|
| Customer Relationships | 15-20 years |
| Developed Technology | 12-20 years |
| Backlog | 2 years |

Amortization expense was \$3,760, \$1,091, and \$984 for the years ended December 31, 2012, 2011, and 2010, respectively. Estimated annual amortization expense expected in each of the next five successive years is as follows:

| | Amortization |
|------|---------------------|
| 2013 | \$ 4,308 |
| 2014 | 3,827 |
| 2015 | 3,758 |
| 2016 | 3,758 |
| 2017 | 3,758 |

There were no intangible assets attributable to the Titanium Segment at December 31, 2010, 2011, and 2012. The carrying amount of intangible assets attributable to the Engineered Products and Services Segment at December 31, 2010, 2011, and 2012, as well as a summary of intangible assets, by class, at December 31, 2012 and 2011, is presented below:

| | Intangible Assets |
|-------------------------------------|------------------------------|
| December 31, 2010 | \$ 14,066 |
| Intangible assets acquired (Note 5) | 9,803 |
| Amortization | (1,091) |
| Translation adjustment | (202) |
| December 31, 2011 | 22,576 |
| Intangible assets acquired (Note 5) | 37,400 |
| Amortization | (3,760) |
| Translation adjustment | 279 |
| December 31, 2012 | \$ 56,495 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

| | December 31, | |
|---------------------------------|--------------|-----------|
| | 2012 | 2011 |
| Backlog | \$ 1,100 | \$ |
| Accumulated amortization | (481) | |
| Backlog, net | 619 | |
| Customer relationships | 41,413 | 22,113 |
| Effects of currency translation | 3,183 | 2,761 |
| Accumulated amortization | (8,754) | (6,167) |
| Customer relationships, net | 35,842 | 18,707 |
| Developed technology | 13,290 | 3,890 |
| Accumulated amortization | (856) | (21) |
| Developed technology, net | 12,434 | 3,869 |
| Remmele trade name | 7,600 | |
| Total intangible assets, net | \$ 56,495 | \$ 22,576 |

Management evaluates the recovery of indefinite-lived intangible assets by first determining, through a qualitative analysis, whether there have been any events or changes in circumstances that would indicate a potential impairment. If the qualitative analysis indicates that it is more-likely-than-not that an impairment has incurred, management compares the fair value of the indefinite lived intangible asset to its carrying value and then measures the impairment, if any. As of October 1, 2012, the Company's only indefinite-lived intangible asset other than goodwill was the Remmele trade name. The qualitative analysis indicated further testing of the recoverability of the value of the trade name was not required. The analysis included examining Remmele's customer attrition rates and gross margins, as well as other factors to determine if there were any indicators that the value of the trade name was not recoverable.

Other long-lived assets:

The Company evaluates the potential impairment of other long-lived assets including property, plant, and equipment when events or circumstances indicate that a change in value may have occurred. If the carrying value of the assets exceeds the sum of the undiscounted expected future cash flows, the carrying value of the asset is written down to fair value.

Environmental:

The Company expenses environmental costs related to existing conditions from which no future benefit is determinable. Expenditures that enhance or extend the life of the asset are capitalized. The Company determines its liability for remediation on a site-by-site basis and records a liability when it is probable and can be reasonably estimated. The estimated liability of the Company is not discounted or reduced for possible recoveries from insurance carriers.

Treasury stock:

The Company accounts for treasury stock under the cost method and includes such shares as a reduction of total shareholders' equity.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts, unless otherwise indicated)

Revenue Recognition

Product and service revenues are recognized when persuasive evidence of an arrangement exists, product delivery has occurred or services have been rendered, pricing is fixed or determinable, and collection is reasonably assured. Service revenues are recognized as services are rendered. Revenue under long-term construction-type contracts are recorded on a percentage-of-completion method measured on the cost-to-cost basis and the units-of-delivery basis for long-term production-type contracts.

Since the Company had not been historically recording revenue and expenses in accordance with ASC 605-35, such estimates are not available for historical periods and it is not practical to create such estimates. As a result, revenues and costs under these contracts have been recorded in equal amounts using the zero profit method under ASC 605-35 until the period when the Company believes it would have been able to estimate the remaining revenues and costs, at which point the cumulative contract gross profit earned to date was recorded. This generally occurred when the primary deliverable under the contract was delivered. The Company will continue to use this methodology until such time as a reliable formal process for estimating total contract revenues and costs is implemented, at which time the Company will recognize contract revenues in proportion to costs for its ongoing contracts.

Provisions for anticipated losses on long-term contracts are recorded in full when such losses become evident. No such losses have been recorded at December 31, 2012, 2011, or 2010.

Revenues from contracts with multiple element arrangements are recognized as each element is earned based on the relative fair value of each element provided the delivered elements have value to customers on a standalone basis. Amounts allocated to each element are based on its objectively determined fair value, such as the sales price for the product or service when it is sold separately.

Shipping and handling fees and costs:

All amounts billed to a customer in a sales transaction related to shipping and handling represent revenues earned and are reported as revenue. Costs incurred by the Company for shipping and handling, including transportation costs paid to third-party shippers, are reported as a component of cost of sales. Shipping and handling expenses were immaterial for the years ended December 31, 2012, 2011, and 2010, respectively.

Research and development:

Research and development costs are expensed as incurred. These costs totaled \$4,164, \$3,392, and \$3,256 for the years ended December 31, 2012, 2011, and 2010, respectively.

Pensions:

The Company has a number of pension plans which cover substantially all employees. Most employees in the Titanium Segment are covered by defined benefit plans in which benefits are based on years of service and annual compensation. Contributions to the defined benefit plans, as determined by an independent actuary in accordance with applicable regulations, provide not only for benefits attributed to date, but also for those expected to be earned in the future. The Company's policy is to fund pension costs at amounts equal to the minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, for U.S. plans plus additional amounts as may be approved from time to time.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts, unless otherwise indicated)

The Company accounts for its defined benefit pension plans in accordance with the FASB's authoritative guidance, which requires amounts recognized in the financial statements to be determined on an actuarial basis, rather than as contributions are made to the plans, and requires recognition of the funded status of the Company's plans in its Consolidated Balance Sheet. In addition, it also requires actuarial gains and losses, prior service costs and credits, and transition obligations that have not yet been recognized to be recorded as a component of accumulated other comprehensive loss.

Other post-retirement benefits:

The Company provides health care benefits and life insurance coverage for certain of its employees and their dependents. Under the Company's current plans, certain of the Company's employees will become eligible for those benefits if they reach retirement age while working with the Company. In general, employees of the Titanium Segment are covered by post-retirement health care and life insurance benefits.

The Company also sponsors another post-retirement plan covering certain employees. This plan provides health care benefits for eligible employees. These benefits are accounted for on an actuarial basis, rather than as benefits are paid. The Company does not pre-fund post-retirement benefit costs, but rather pays claims as billed.

Income taxes:

Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities multiplied by the enacted tax rates which will be in effect when these differences are expected to reverse. In addition, deferred tax assets may arise from net operating losses (NOLs) and tax credits which may be carried back to obtain refunds or carried forward to offset future cash tax liabilities.

On a quarterly basis, the Company evaluates the available evidence supporting the realization of deferred tax assets and makes adjustments for a valuation allowance, as necessary.

Tax benefits related to uncertain tax provisions taken or expected to be taken on a tax return are recorded when such benefits meet a more-likely-than-not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that either the appropriate taxing authority has completed their examination even though the statute of limitations remains open, or the statute of limitation has expired. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Foreign currencies:

For the Company's foreign subsidiaries in the United Kingdom and France, whose functional currency is the U.S. Dollar, monetary assets and liabilities are remeasured at current rates, non-monetary assets and liabilities are remeasured at historical rates, and revenues and expenses are translated at average rates on a monthly basis throughout the year. Resulting differences from the remeasurement process are recognized in income and reported as other income (expense).

The functional currency of the Company's Canadian subsidiary is the Canadian Dollar. Assets and liabilities are translated at year-end exchange rates. Income statement accounts are translated at the average rates of exchange prevailing during the year. Translation adjustments are reported as a component of accumulated other comprehensive loss in shareholders' equity and are included in comprehensive income (loss).

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

Transactions and balances denominated in currencies other than the functional currency of the transacting entity are remeasured at current rates when the transaction occurs and at each balance sheet date. Transaction gains and losses are included in net income for the period.

Accumulated other comprehensive income (loss):

The components of accumulated other comprehensive loss, net of tax, on the Company's balance sheet at December 31, 2012 and 2011 were as follows:

| | December 31, | |
|--|--------------|-------------|
| | 2012 | 2011 |
| Unrealized gain (loss) on available for sale investments | \$ | \$ (8) |
| Foreign currency translation | 12,990 | 10,432 |
| Actuarial losses on benefit plans | (57,712) | (49,635) |
| Total accumulated other comprehensive loss | \$ (44,722) | \$ (39,211) |

Stock-based compensation:

Stock-based compensation is accounted for as required by the FASB's authoritative guidance. The Company has applied the modified-prospective-transition method. The Company utilizes a graded vesting approach to recognize compensation expense over the vesting period of stock awards. For employees who have reached retirement age, the Company recognizes compensation expense at the date of grant. For employees approaching retirement eligibility, the Company amortizes compensation expense over the period from the grant date through the retirement eligibility date.

Cash flows resulting from the windfall tax benefits from tax deductions in excess of the compensation cost recognized (excess tax benefits) are classified as financing cash inflows. For the years ended December 31, 2012, 2011, and 2010, operating cash flows were decreased and financing cash flows were increased by \$196, \$302, and \$380, respectively.

Total compensation expense recognized in the Consolidated Statements of Operations for stock-based compensation arrangements was \$4,797, \$4,599, and \$3,847 for the years ended December 31, 2012, 2011, and 2010, respectively. The total income tax benefit recognized in the Consolidated Statements of Operations for stock-based compensation arrangements was \$1,727, \$2,060, and \$2,735 for the years ended December 31, 2012, 2011, and 2010, respectively. There was no stock-based compensation cost capitalized in inventory or fixed assets for the years ended December 31, 2012, 2011, and 2010.

New Accounting Standards:

In July 2012, the FASB issued ASU No. 2012-02, Intangibles—Goodwill and Other—Testing Indefinite-Lived Intangible Assets for Impairment. This ASU added an optional qualitative analysis to the yearly testing for indefinite-lived intangible asset impairment. Depending on the outcome of this analysis, the quantitative process could be eliminated for the year the analysis is performed. The amendments in this ASU are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

In December 2011, the FASB issued ASU No. 2011-11 Balance Sheet Disclosures about Offsetting Assets and Liabilities. This new guidance requires the disclosure of both net and gross information in the notes for relevant assets and liabilities that are offset. This update is effective for annual reporting periods beginning on or after January 1, 2013. The Company does not expect the new guidance to have a material impact on its Consolidated Financial Statements.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS. The new guidance amends current fair value measurement and enhances disclosure requirements to include expansion of the information required for Level 3 measurements. The amendments in this ASU are effective for fiscal years and interim periods beginning after December 15, 2011 and are to be applied prospectively. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Note 5 ACQUISITIONS:

Remmele. On February 13, 2012, the Company purchased all of the outstanding common stock of Remmele for total consideration of approximately \$185.4 million, including approximately \$182.6 million in cash and the assumption of \$2.8 million of capitalized equipment leases. Remmele has four facilities in the Minneapolis, Minnesota area and engages in precision machining and manufacturing engineering services, as well as supply sourcing, assembly and integration, and other key services and technologies for the commercial aerospace, defense, and medical device sectors, and is included in the Engineered Products and Services Group.

The purchase price allocation, which has been finalized, is as follows (as restated):

| | |
|-------------------------------------|------------|
| Assets purchased: | |
| Current assets, excluding inventory | \$ 17,491 |
| Inventories | 21,264 |
| Plant and equipment | 68,772 |
| Other Assets | 1,972 |
| Intangible assets: | |
| Customer relationships | 19,300 |
| Developed technologies | 9,400 |
| Backlog | 1,100 |
| Trade Name | 7,600 |
| Goodwill | 75,568 |
| Liabilities assumed: | |
| Current liabilities | 15,489 |
| Deferred tax liabilities | 22,407 |
| Other liabilities | 2,016 |
| Net assets acquired | \$ 182,555 |

Goodwill is primarily attributable to Remmele's assembled workforce and exposure to new customers for the Company's products. It is not deductible for tax purposes. Customer relationships and developed technologies are being amortized over a period of 12 to 15 years and backlog over a period of two years. Trade names are not amortized as the Company believes that these assets have an indefinite life as the Company intends to continue use of the Remmele name indefinitely.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

The amount of Remmele's net sales and earnings included in the Company's Consolidated Statements of Operations for the year ended December 31, 2012, and the pro forma net sales and earnings of the combined entity had the acquisition date been January 1, 2011, are as follows:

| | Years Ended December 31, | |
|-------------------------------------|---------------------------------|---------------------|
| | 2012 | 2011 |
| | (as restated) | (as revised) |
| Net sales: | | |
| Actual Remmele | \$ 118,977 | \$ |
| Supplemental pro forma consolidated | \$ 720,753 | \$ 627,438 |
| Net income: | | |
| Actual Remmele | \$ 2,713 | \$ |
| Earnings per share (diluted) | \$ 0.09 | \$ |
| Supplemental pro forma consolidated | \$ 21,468 | \$ 4,863 |
| Earnings per share (diluted) | \$ 0.71 | \$ 0.16 |

RTI Advanced Forming. On November 23, 2011, the Company purchased all of the outstanding common stock of Aeromet Advanced Forming, Ltd. for cash consideration of \$36.1 million. Commensurate with the purchase, Aeromet Advanced Forming, Ltd. was renamed RTI Advanced Forming, Ltd. (Advanced Forming). Advanced Forming is located in Welwyn Garden City, Hertfordshire, England, and engages in hot forming, super plastic forming, diffusion bonding, and fabrication of titanium sheet and plate for the commercial aerospace and defense markets.

The purchase price allocation, which has been finalized, is as follows:

| | |
|-------------------------------------|------------------|
| Assets purchased: | |
| Current assets, excluding inventory | \$ 5,186 |
| Inventories | 6,671 |
| Plant and equipment | 6,262 |
| Intangible assets: | |
| Customer relationships | 5,913 |
| Developed technologies | 3,890 |
| Goodwill | 14,559 |
| Liabilities assumed: | |
| Current liabilities | 2,613 |
| Deferred tax liabilities | 3,614 |
| Other liabilities | 186 |
| Net assets acquired | \$ 36,068 |

Goodwill is primarily attributable to expected synergies from providing titanium mill products from the Titanium Segment and Advanced Forming's assembled workforce and is not deductible for tax purposes. Customer relationships and developed technologies are being amortized over a period of 20 years.

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Pro forma financial information has not been prepared for the acquisition of Advanced Forming as the acquisition was not material to the Consolidated Financial Statements.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts, unless otherwise indicated)

Note 6 EARNINGS PER SHARE:

Earnings per share (EPS) amounts for each period are presented in accordance with the FASB's authoritative guidance which requires the presentation of basic and diluted earnings per share. Basic earnings per share was computed by dividing net income (loss) by the weighted-average number of shares of Common Stock outstanding for each respective period. Diluted earnings per share was calculated by dividing net income (loss) by the weighted-average of all potentially dilutive shares of Common Stock that were outstanding during the periods presented.

The Company has outstanding \$230 million in senior convertible notes (the Notes). The Notes can be settled in cash, stock, or any combination of cash and stock, at the discretion of the Company (i.e., a convertible note with an optional net-share settlement provision). Under the FASB's authoritative guidance, EPS for convertible notes with an optional net-share settlement provision is calculated under the If Converted method. Under the If Converted method, EPS is calculated as the more dilutive of EPS including all interest (both cash interest and non-cash discount amortization) and excluding the 6.4 million shares underlying the Notes or excluding all interest (both cash interest and non-cash discount amortization) and including all shares underlying the Notes. For the years ended December 31, 2012, 2011, and 2010, diluted EPS was calculated by including interest expense related to the Notes and excluding the shares underlying the Notes.

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Actual weighted-average shares of Common Stock outstanding used in the calculation of basic and diluted earnings per share for the years ended December 31, 2012, 2011, and 2010, were as follows:

| | Years Ended December 31, | | |
|--|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| Numerator: | | | |
| Net income attributable to continuing operations before allocation of earnings to participating securities | \$ 18,440 | \$ 4,194 | \$ 3,260 |
| Less: Earnings allocated to participating securities | (109) | (23) | (18) |
| Net income attributable to continuing operations available to common shareholders | \$ 18,331 | \$ 4,171 | \$ 3,242 |
| Net income attributable to discontinued operations before allocation of earnings to participating securities | \$ 1,700 | \$ 1,838 | \$ 310 |
| Less: Earnings allocated to participating securities | (10) | (10) | (2) |
| Net income attributable to discontinued operations available to common shareholders | \$ 1,690 | \$ 1,828 | \$ 308 |
| Denominator: | | | |
| Basic weighted-average shares outstanding | 30,127,275 | 30,017,677 | 29,916,465 |
| Effect of dilutive shares | 130,413 | 239,508 | 228,634 |
| Diluted weighted-average shares outstanding | 30,257,688 | 30,257,185 | 30,145,099 |
| Earnings per share attributable to continuing operations: | | | |
| Basic | \$ 0.61 | \$ 0.14 | \$ 0.11 |
| Diluted | \$ 0.61 | \$ 0.14 | \$ 0.11 |
| Earnings per share attributable to discontinued operations: | | | |
| Basic | \$ 0.06 | \$ 0.06 | \$ 0.01 |
| Diluted | \$ 0.06 | \$ 0.06 | \$ 0.01 |

For the years ended December 31, 2012, 2011, and 2010, options to purchase 421,700, 251,404, and 270,124 shares of Common Stock, at an average price of \$38.43, \$47.95, and \$46.64, respectively, have been excluded from the calculation of diluted earnings per share because their effects were antidilutive.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Note 7 INCOME TAXES:

The Provision for income taxes caption in the Consolidated Statements of Operations includes the following income tax expense (benefit):

| | December 31, 2012 (as restated) | | | December 31, 2011 (as revised) | | | December 31, 2010 (as revised) | | |
|---------|------------------------------------|----------|-----------|-----------------------------------|-----------|----------|-----------------------------------|-----------|-----------|
| | Current | Deferred | Total | Current | Deferred | Total | Current | Deferred | Total |
| Federal | \$ 2,667 | \$ 9,353 | \$ 12,020 | \$ (5,442) | \$ 14,253 | \$ 8,811 | \$ (10,731) | \$ 21,587 | \$ 10,856 |
| State | 2,376 | (2,209) | 167 | 537 | (1,091) | (554) | 1,089 | 1,693 | 2,782 |
| Foreign | 3,916 | (5,711) | (1,795) | 1,077 | (5,065) | (3,988) | 1,829 | (7,156) | (5,327) |
| Total | \$ 8,959 | \$ 1,433 | \$ 10,392 | \$ (3,828) | \$ 8,097 | \$ 4,269 | \$ (7,813) | \$ 16,124 | \$ 8,311 |

The following table sets forth the components of income (loss) before income taxes by jurisdiction:

| | Years Ended December 31, | | |
|----------------------------|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| United States | \$ 34,277 | \$ 20,107 | \$ 34,374 |
| Foreign | (5,445) | (11,644) | (22,803) |
| Income before income taxes | \$ 28,832 | \$ 8,463 | \$ 11,571 |

A reconciliation of the expected tax at the federal statutory tax rate to the actual provision follows:

| | Years Ended December 31, | | |
|--|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| Statutory rate of 35% applied to income (loss) before income taxes | \$ 10,091 | \$ 2,962 | \$ 4,050 |
| Adjustments of tax reserves and prior years income taxes | 1,322 | 1,643 | (1,083) |
| Acquisition costs | 63 | 649 | |
| Officers compensation | 350 | 226 | 191 |
| Effects of foreign operations | (1,363) | (1,115) | 1,771 |
| State income taxes, net of federal tax effects | 126 | (290) | 1,722 |
| Repeal of Medicare Part D subsidy | | | 1,592 |
| Other | (197) | 194 | 68 |
| Total provision | \$ 10,392 | \$ 4,269 | \$ 8,311 |
| Effective tax rate | 36.0% | 50.4% | 71.8% |

The effective tax rates in each year vary from the U.S. federal statutory rate of 35% principally due to the effects of foreign operations, adjustments to unrecognized tax benefits, state taxes and, in 2011, certain nondeductible business costs. The 2010 rate was influenced by the settlement of an income tax examination and repeal of the Medicare Part D subsidy that was previously exempt from tax. The effects of foreign operations include the impact of lower foreign statutory tax rates, certain statutory allowances, foreign exchange rate movements, and modest amounts of US foreign tax credits. These factors and the mix of domestic and foreign income or loss as well as the level of income significantly influence each year's overall effective tax rate.

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Deferred tax assets and liabilities resulted from the following:

| | December 31, | |
|--|-----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) |
| Deferred tax assets: | | |
| Canadian tax loss carryforwards (expiring 2014 through 2032) | \$ 41,389 | \$ 34,409 |
| Postretirement benefit costs | 18,066 | 16,398 |
| U.S. Federal tax loss carryforwards | | 10,066 |
| Employment costs | 11,814 | 10,005 |
| State tax loss carryforwards (expiring 2023 through 2032) | 7,133 | 7,166 |
| Inventories | 12,022 | 5,753 |
| Start-up costs | 4,650 | 5,527 |
| Pension costs | 3,835 | 2,260 |
| Duty drawback claims | 1,786 | 1,622 |
| Foreign tax credit carryforwards | | 1,012 |
| Other | 8,380 | 4,439 |
| Total deferred tax assets | 109,075 | 98,657 |
| Valuation allowance | (4,439) | (4,313) |
| Deferred tax assets, net of valuation allowance | 104,636 | 94,344 |
| Deferred tax liabilities: | | |
| Property, plant and equipment | (58,141) | (37,394) |
| Convertible debt | (13,504) | (17,973) |
| Intangible assets | (14,473) | (5,482) |
| Other | (918) | (1,415) |
| Total deferred tax liabilities | (87,036) | (62,264) |
| Net deferred tax assets | \$ 17,600 | \$ 32,080 |

The valuation allowances at December 31, 2012 and 2011 are entirely attributable to the state deferred tax assets pertaining to the related state tax loss carryforwards that are not anticipated to generate a tax benefit.

The Company's Canadian subsidiary has generated taxable losses totaling \$159.0 million. The above losses were the result of the underutilization of its facility, which was acquired and expanded primarily for production under a long-term supply agreement. They were not the result of an unfavorable contract or unprofitable per unit production. In 2007, the Company entered into a long-term agreement with an aircraft manufacturer to be the sole supplier, through the Company's Canadian subsidiary, of critical parts for installation on its signature aircraft through 2021. This signature aircraft has suffered a series of well-publicized delays relating to the manufacturer's production of the aircraft. The Canadian subsidiary's facility was built for full-rate production of ten ship sets (one ship set represents all the parts for one plane) per month; however, to date it has not produced at a rate exceeding four ship sets per month. The aircraft manufacturer's current production schedule indicates the facility will achieve full-rate production of ten ship sets per month in the fourth quarter of 2013.

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The signature aircraft remains a strong platform for future growth. At December 31, 2012, the aircraft manufacturer had an order backlog in excess of 800 aircraft, representing over seven years of full-rate production. Successful aircraft, as the signature aircraft is proving itself to be, can generally be expected to be in production for several decades. The Company's Canadian subsidiary is the single source supplier for these critical parts.

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Furthermore, the long-term supply agreement provides us with several means of reducing raw material pricing risk. First, the contract provides the Company access to purchase raw material from the aircraft manufacturer's enabled suppliers at prices typically favorable to market terms. Second, the Company may have the ability to pass on pricing fluctuations to the aircraft manufacturer. Third, the Company has the ability to substitute its own material for that of the enabled supplier. In combination, these provisions provide the Company the necessary flexibility to mitigate the risk of raw material price fluctuations throughout the life of the contract.

The FASB's authoritative guidance requires the Company to balance the negative evidence of recent losses against the positive evidence supporting the net operating loss carry-forwards. The FASB's authoritative guidance further indicates that cumulative losses are an indicator that is difficult to overcome that tax loss carry-forwards should be impaired. In the Company's judgment, for the reasons identified above, the positive evidence of its firm contract, the backlog of orders for the signature aircraft, and the ongoing ramp-up to full-rate production, significantly mitigates the effect of the cumulative losses and which, on an aggregate basis as of December 31, 2012, is more likely than not sufficient to support the realization of the Canadian subsidiary's net deferred tax asset of \$33.3 million. The Company will continue to regularly review the assumptions underlying this assessment and, to the extent necessary, make adjustments in future periods.

A reconciliation of the total amounts of unrecognized tax benefits for the years ended December 31 is as follows:

| | Unrecognized Tax Benefits | | |
|---|----------------------------------|-------------|-------------|
| | 2012 | 2011 | 2010 |
| Gross balance at January 1 | \$ 6,157 | \$ 4,817 | \$5,577 |
| Prior period tax positions | | | |
| Increases | 1,556 | | 1,292 |
| Decreases | (30) | (14) | (2,546) |
| Current period tax positions | 1,478 | 1,376 | 949 |
| Lapse of Statute | | (22) | |
| Settlements with tax authorities | | | (455) |
| Gross balance at December 31 | \$ 9,161 | \$ 6,157 | \$4,817 |
| Amount that would affect the effective tax rate if recognized | \$ 7,451 | \$ 5,835 | \$4,575 |

The Company's unrecognized tax benefits principally relate to the sale of products and provision of services by the U.S. companies to their foreign affiliates. The current year increase in prior period positions reflected above primarily relates to certain proposed adjustments by the Internal Revenue Service (IRS) in their examination of the Company's 2009 tax return which affect the time period in which such amounts should be reflected in its tax returns.

The Company classifies interest and penalties as an element of tax expense. The amount of tax-related interest and penalties recognized in the Consolidated Statement of Operations for fiscal years 2012, 2011, and 2010, and the total of such amounts accrued in the Consolidated Balance Sheets at December 31, 2012 and 2011 were not material.

The Company's U.S. Federal income tax returns for tax years 2006, 2008, 2010 and 2011 remain open to examination, though any examination of 2006 and 2008 is limited to the extent that net operating losses have

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts, unless otherwise indicated)

been carried back to those years. The examination of 2009 is expected to be concluded in 2013. The examination of the Company's Canadian tax returns for the period 2006 through 2008 by the Canadian tax authority is continuing. It is reasonably possible that the total amount of unrecognized tax benefits could be decreased within the next twelve months by approximately \$3 million.

Note 8 OTHER INCOME (EXPENSE), NET:

Other income (expense), net, for the years ended December 31, 2012, 2011, and 2010 was \$(501), \$56, and \$(622), respectively. Other income (expense), net, consists primarily of foreign exchange gains and losses from the Company's international operations.

Note 9 EMPLOYEE BENEFIT PLANS:

The Company provides defined benefit pension plans for certain of its salaried and represented workforce. Benefits for its salaried participants are generally based on participants' years of service and compensation. Benefits for represented pension participants are generally determined based on an amount for years of service. Other employees participate in 401(k) plans whereby the Company may provide a match of employee contributions. The policy of the Company with respect to its defined benefit plans is to contribute at least the minimum amounts required by applicable laws and regulations. For the years ended December 31, 2012, 2011, and 2010, expenses related to 401(k) plans were approximately \$3,390, \$1,519, and \$1,284, respectively.

As of the signing of the Labor Agreement with USW at the Niles, Ohio plant on December 1, 2004, all new hourly, clerical and technical employees covered by the Labor Agreement are covered by a defined contribution pension plan rather than a defined benefit plan. Effective January 1, 2006, all new salaried nonrepresented employees in the Titanium Segment are covered by a defined contribution pension plan rather than a defined benefit plan. As a result of these changes, no future hires will be covered by defined benefit pension plans. The signing of the new labor agreement on March 8, 2012 resulted in benefit enhancements which resulted in a \$6,748 increase in the Company's projected benefit obligation.

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The Company uses a December 31 measurement date for all benefit plans. The following table, which includes the Company's four qualified pension plans and two non-qualified pension plans, provides reconciliations of the changes in the Company's pension and other post-employment benefit plan obligations, the values of plan assets, amounts recognized in Company's financial statements, and principal weighted-average assumptions used:

| | Pension Benefit Plans | | Post-Retirement Benefit Plan | |
|---|-----------------------|-------------|------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Change in projected benefit obligation: | | | | |
| Projected benefit obligation at beginning of year | \$ 143,687 | \$ 130,275 | \$ 44,391 | \$ 42,955 |
| Service cost | 2,450 | 2,047 | 671 | 746 |
| Interest cost | 7,093 | 7,177 | 2,102 | 2,361 |
| Actuarial loss | 16,750 | 12,982 | 2,558 | 141 |
| Amendment | 6,748 | | | |
| Settlements | (695) | | | |
| Benefits paid | (8,551) | (8,794) | (2,837) | (2,833) |
| Plan participants' contributions | | | 928 | 825 |
| Medicare retiree drug subsidy received | | | 121 | 196 |
| Projected benefit obligation at end of year | \$ 167,482 | \$ 143,687 | \$ 47,934 | \$ 44,391 |
| Change in plan assets: | | | | |
| Fair value of plan assets at beginning of year | \$ 122,444 | \$ 96,197 | \$ | \$ |
| Actual return on plan assets | 14,678 | 7,289 | | |
| Employer contributions | 18,846 | 27,752 | 1,788 | 1,812 |
| Medicare retiree drug subsidy received | | | 121 | 196 |
| Settlements | (695) | | | |
| Plan participants' contributions | | | 928 | 825 |
| Benefits paid | (8,551) | (8,794) | (2,837) | (2,833) |
| Fair value of plan assets at end of year | \$ 146,722 | \$ 122,444 | \$ | \$ |
| Funded status | \$ (20,760) | \$ (21,243) | \$ (47,934) | \$ (44,391) |
| Amounts recognized in the Consolidated Balance Sheets consisted of: | | | | |
| Noncurrent assets | \$ 691 | \$ | \$ | \$ |
| Current liabilities | (740) | (413) | (2,868) | (3,003) |
| Noncurrent liabilities | (20,711) | (20,830) | (45,066) | (41,388) |
| Net amount recognized | \$ (20,760) | \$ (21,243) | \$ (47,934) | \$ (44,391) |
| Accumulated benefit obligation | \$ 161,482 | \$ 138,223 | N/A | N/A |

Amounts recognized in accumulated other comprehensive loss consisted of:

| | December 31, | | December 31, | |
|--------------------------|--------------|-----------|--------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| Net actuarial loss | \$ 77,032 | \$ 70,987 | \$ 8,486 | \$ 6,086 |
| Prior service cost | 7,227 | 1,460 | 1,904 | 3,118 |
| Total, before tax effect | \$ 84,259 | \$ 72,447 | \$ 10,390 | \$ 9,204 |

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(In thousands, except share and per share amounts, unless otherwise indicated)

Activity related to amounts recognized in accumulated other comprehensive loss is as follows:

| | 12/31/2011 | 2012 Amortization | Activity | 12/31/2012 |
|-------------------------------------|------------|----------------------|----------|------------|
| Pension Benefit Plans: | | | | |
| Actuarial losses | \$ 70,987 | (5,734) | 11,779 | \$ 77,032 |
| Prior service cost | 1,460 | (980) | 6,747 | 7,227 |
| Postretirement Medical Plan: | | | | |
| Actuarial losses | 6,086 | (157) | 2,557 | 8,486 |
| Prior service cost | 3,118 | (1,214) | | 1,904 |

| | Pension Benefit Plans | | Post-Retirement Benefit Plan | |
|---|------------------------------|-------|---|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Weighted-average assumptions used to determine benefit obligation at December 31: | | | | |
| Discount rate | 4.10% | 4.90% | 4.10% | 4.90% |
| Rate of increase to compensation levels | 3.80% | 3.80% | N/A | N/A |
| Measurement date | 12/31 | 12/31 | 12/31 | 12/31 |
| Health cost trend rate assumed for next year | N/A | N/A | 6.78% | 7.17% |
| Ultimate trend rate | N/A | N/A | 4.50% | 4.50% |
| Year that rate reaches ultimate trend rate | N/A | N/A | 2026 | 2026 |

Weighted-average assumptions used to determine net periodic benefit obligation cost for the years ended December 31:

| | | | | |
|--|-------|-------|-------|-------|
| Discount rate | 4.90% | 5.70% | 4.90% | 5.70% |
| Expected long-term return on plan assets | 7.50% | 7.50% | N/A | N/A |
| Rate of increase to compensation levels | 3.80% | 3.80% | N/A | N/A |

The Company's expected long-term return on plan assets assumption is based on a periodic review and modeling of each plan's asset allocation and liability structure over a long-term horizon. Expectations of returns for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on assets was selected from within the reasonable range of rates determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

A change of one quarter of a percentage point in the expected rate of return on plan assets would have the following effect on the defined benefit plan:

| | | |
|---|---------|--------|
| | .25% | +.25% |
| Effect on subsequent years periodic pension expense (in millions) | +\$ 0.3 | \$ 0.3 |

The discount rate is used to determine the present value of future payments. In general, the Company's liability increases as the discount rate decreases and decreases as the discount rate increases. The discount rate was determined by taking into consideration a dedicated bond portfolio model in order to select a discount rate that best matches the expected payment streams of the future payments. Under this model, a hypothetical

bond

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portfolio is constructed with cash flows that are expected to settle the benefit payment stream from the plans. The portfolio is developed using bonds with a Moody's or Standard & Poor's rating of Aa or better based on those bonds available as of the measurement date. The appropriate discount rate is then selected based on the resulting yield from this portfolio.

A change of one quarter of a percentage point in the discount rate of 4.10% used at December 31, 2012 would have the following effect on the defined benefit plans:

| | | |
|---|-------------|--------------|
| | .25% | +.25% |
| Effect on total projected benefit obligation (PBO) (in millions) | +\$ 4.3 | \$ 4.3 |
| Effect on subsequent years periodic pension expense (in millions) | +\$ 0.3 | \$ 0.3 |

A change of one quarter of a percentage point in the discount rate of 4.10% used at December 31, 2012 would have the following effect on the postretirement medical plan:

| | | |
|---|-------------|--------------|
| | .25% | +.25% |
| Effect on total net periodic benefit cost (in millions) | +\$ 0.1 | \$ 0.1 |
| Effect on accumulated postretirement benefit obligation (in millions) | +\$ 1.3 | \$ 1.3 |

A change of one percentage point in the trend rate of 6.78% used at December 31, 2012 would have the following effect on the postretirement medical plan:

| | | |
|---|--------------|---------------|
| | 1.00% | +1.00% |
| Effect on total service cost and interest cost components (in millions) | \$ 0.2 | +\$ 0.2 |
| Effect on accumulated postretirement benefit obligation (in millions) | \$ 1.6 | +\$ 1.6 |

The components of net periodic pension and post-retirement benefit cost were as follows:

| | Pension Benefit Plans | | | Post-Retirement Benefit Plan | | |
|---------------------------------|-----------------------|----------|----------|------------------------------|----------|----------|
| | 2012 | 2011 | 2010 | 2012 | 2011 | 2010 |
| Service cost | \$ 2,450 | \$ 2,047 | \$ 1,806 | \$ 671 | \$ 746 | \$ 711 |
| Interest cost | 7,093 | 7,177 | 7,078 | 2,102 | 2,361 | 2,200 |
| Expected return on plan assets | (9,707) | (7,791) | (7,478) | | | |
| Prior service cost amortization | 980 | 401 | 523 | 1,214 | 1,214 | 1,214 |
| Amortization of actuarial loss | 5,361 | 4,017 | 2,809 | 157 | 171 | |
| Settlement charges | 373 | | | | | |
| Net periodic benefit cost | \$ 6,550 | \$ 5,851 | \$ 4,738 | \$ 4,144 | \$ 4,492 | \$ 4,125 |

The amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2013 are as follows:

| | Pension Benefit Plans 2013 | Post-Retirement Benefit Plan 2013 |
|---|---------------------------------------|--|
| Amortization of actuarial loss | \$ 7,160 | \$ 352 |
| Amortization of prior service cost | 990 | 1,214 |
| Total recognized from accumulated other comprehensive loss | \$ 8,150 | \$ 1,566 |

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The fair value of the Company's defined benefit pension plans' assets as of December 31, 2012 and 2011 were as follows:

| Investment category: | 2012 | 2011 |
|---------------------------------|-------------------|-------------------|
| U.S. government securities | \$ 22,034 | \$ 14,852 |
| Corporate bonds | 37,487 | 34,130 |
| Equities | 81,445 | 68,419 |
| Short-term investment funds | 597 | 807 |
| Real estate funds | 3,468 | 2,584 |
| Other investments - Timberlands | 1,691 | 1,652 |
| Total | \$ 146,722 | \$ 122,444 |

The Company's target asset allocation as of December 31, 2012 by asset category is as follows:

| Investment category: | 2012 |
|---------------------------------------|-------------|
| Equity securities | 55% |
| Debt and other short-term investments | 43% |
| Cash | 2% |
| Total | 100% |

The Company's investment policy for the defined benefit pension plans includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation ranges, shown above, by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plans' actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies. Within these broad investment categories, the Company's investment policy places certain restrictions on the types and amounts of plan investments. For example, no individual stock may account for more than 5% of total equities, no single corporate bond issuer rated below AA may equal more than 10% of the total bond portfolio, non-investment grade bonds may not exceed 10% of the total bond portfolio, and private equity and real estate investments may not exceed 8% of total plan assets.

The Company and a designated third-party fiduciary periodically review the investment policy. The policy is established and administered in a manner so as to comply at all times with applicable government regulations.

The Company uses appropriate valuation techniques based on the available inputs to measure the fair value of plan investments. When available, the Company measures the fair value using Level 1 inputs as they generally provide the most reliable evidence of fair value. When Level 1 and Level 2 inputs are not available, the Company uses Level 3 inputs to fair value its plan assets. A summary of the plan investments, their fair value and their level within the fair value hierarchy is presented below.

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(In thousands, except share and per share amounts, unless otherwise indicated)

As of December 31, 2012:

| | Quoted Market Prices (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|-------------------------------|--------------------------------------|--|--|------------|
| Investment category: | | | | |
| U.S. government securities | \$ | \$ 22,034 | \$ | \$ 22,034 |
| Corporate bonds | | 37,487 | | 37,487 |
| Equities | 3,613 | 73,794 | 4,038 | 81,445 |
| Short-term investment funds | 597 | | | 597 |
| Real estate funds | | | 3,468 | 3,468 |
| Other investments Timberlands | | | 1,691 | 1,691 |
| Total assets | \$ 4,210 | \$ 133,315 | \$ 9,197 | \$ 146,722 |

As of December 31, 2011:

| | Quoted Market Prices (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|-------------------------------|--------------------------------------|--|--|------------|
| Investment category: | | | | |
| U.S. government securities | \$ | \$ 14,852 | \$ | \$ 14,852 |
| Corporate bonds | | 34,130 | | 34,130 |
| Equities | | 64,985 | 3,434 | 68,419 |
| Short-term investment funds | 807 | | | 807 |
| Real estate funds | | | 2,584 | 2,584 |
| Other investments Timberlands | | | 1,652 | 1,652 |
| Total assets | \$ 807 | \$ 113,967 | \$ 7,670 | \$ 122,444 |

Level 1 Fair Value Measurements:

Short-term Investment Funds Short-term Investment Funds are carried at the reported net asset values.

Equities The fair value of equities are based upon quoted market prices.

Level 2 Fair Value Measurements:

Corporate Bonds and U.S. Government Securities The plans hold certain U.S. government securities and corporate bonds in a limited partnership with the assets of other plan sponsors. The fair values of these securities held in the partnership are based upon quoted market prices.

Equities The plans hold common stock in a limited partnership with the assets of other plan sponsors. The fair values of these securities held in the partnerships are based upon quoted market prices.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**Level 3 Fair Value Measurements:

Equities (Private Equity Funds) and Real Estate Funds The fair value of private equity funds and real estate funds are determined by the fair value of the underlying investments in the funds plus working capital adjusted for liabilities, currency translation and estimated performance incentives. Various methods of determining the fair value of the underlying assets in each fund are used which may include, but are not limited to, expected cash flows, multiples of earnings, discounted cash flow models, direct capitalization analyses, third-party appraisals and other market-based information. Valuations are reviewed utilizing available market data to determine whether or not any fair value adjustments are necessary.

Timberlands The value of the Timberlands investment is based upon the appraised value of the Timberlands plus net working capital. It is based upon inventory obtained pursuant to a review of this inventory at the time of acquisition, updated periodically based upon a cash projection model for a 50-year period using real prices and a real discount rate based upon current market activity. Valuations are reviewed utilizing industry information to determine whether or not any fair value adjustments are necessary.

The following table provides further details of the Level 3 fair value measurements using significant unobservable input:

| | Private Equity Funds | Real Estate Funds | Timberlands | Total |
|--|-------------------------|----------------------|-------------|---------|
| December 31, 2010 | \$ 2,898 | \$ 1,888 | \$ 1,600 | \$6,386 |
| Realized gains/losses | 83 | 144 | | 227 |
| Unrealized gain/losses relating to investments still held at December 31, 2011 | 338 | 54 | 52 | 444 |
| Purchases | 679 | 911 | | 1,590 |
| Sales | (564) | (413) | | (977) |
| December 31, 2011 | 3,434 | 2,584 | 1,652 | 7,670 |
| Realized gains/losses | 301 | 109 | | 410 |
| Unrealized gain/losses relating to investments still held at December 31, 2012 | 267 | 279 | 39 | 585 |
| Purchases | 861 | 925 | | 1,786 |
| Sales | (825) | (429) | | (1,254) |
| December 31, 2012 | \$ 4,038 | \$ 3,468 | \$ 1,691 | \$9,197 |

Other post-retirement benefit plans. The ultimate costs of certain of the Company's retiree health care plans are capped at predetermined out-of-pocket spending limits. The annual rate of increase in the per capita costs for these plans is limited to the predetermined spending cap.

All of the benefit payments are expected to be paid from Company assets. These estimates are based on current benefit plan coverages and, in accordance with the Company's rights under the plan, these coverages may be modified, reduced, or terminated in the future.

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(In thousands, except share and per share amounts, unless otherwise indicated)

The following pension and post-retirement benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

| | Pension Benefit Plans | Post-Retirement Benefit Plan (including Plan D subsidy) | Post-Retirement Benefit Plan (not including Plan D subsidy) |
|--------------|--------------------------------------|--|--|
| 2013 | \$ 9,933 | \$ 2,868 | \$ 3,031 |
| 2014 | 9,577 | 2,969 | 3,150 |
| 2015 | 9,798 | 2,769 | 2,965 |
| 2016 | 10,106 | 2,850 | 3,064 |
| 2017 | 10,397 | 3,008 | 3,241 |
| 2018 to 2022 | 57,366 | 17,899 | 19,356 |

The Company contributed \$18.2 million and \$27.8 million to its qualified defined benefit pension plans in 2012 and 2011, respectively. In light of the current market conditions, the Company is currently assessing its future funding requirements. The Company expects to make cash contributions of approximately \$5.1 million during 2013 to maintain its desired funding status.

Supplemental pension plan. Company officers who participate in the incentive compensation plan are eligible for the Company's supplemental pension plan which entitles participants to receive additional pension benefits based upon their annual bonuses paid under the incentive compensation plan. Participation in this plan is subject to approval by the Company's Board of Directors.

Excess pension plan. The Company sponsors an excess pension plan for designated individuals whose salary amounts exceed IRS limits allowed in the Company's qualified pension plans. Participation in this plan is subject to approval by the Company's Board of Directors.

The supplemental and excess pension plans are included and disclosed within the pension benefit plan information within this Note.

Employee Stock Purchase Plan. At the Company's 2009 Annual Meeting of Shareholders, its shareholders approved the Employee Stock Purchase Plan (the ESPP), which authorized the issuance of 2.0 million shares of the Company's Common Stock for purchase by eligible employee participants through payroll deductions. Employees purchase shares in each quarterly purchase period at a 5% discount to the fair market value of the Company's Common Stock on the valuation date. Under current accounting guidance, the ESPP qualifies as a non-compensatory plan.

Approximately 23,000 shares have been purchased under the ESPP since its inception. As of December 31, 2012, more than 1.9 million shares of the Company's Common Stock remained available for future purchase under the ESPP.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Note 10 LEASES:**

The Company and its subsidiaries have entered into various operating and capital leases for the use of certain equipment, principally office and manufacturing facilities, office equipment, and vehicles. The operating leases generally contain renewal options and provide that the lessee pay insurance and maintenance costs. The total rental expense under operating leases amounted to \$5,587, \$4,561, and \$5,297 in the years ended December 31, 2012, 2011, and 2010, respectively. Capital lease obligations totaled \$2,650 at December 31, 2012. Of this amount, \$957 was recorded as a component of other current liabilities and \$1,693 was recorded as a component of long term debt on the Company's Consolidated Balance Sheet.

The Company's future minimum commitments under operating and capital leases for years after 2012 are as follows:

| | Operating Leases | Capital Leases |
|-----------------------------|---------------------|-------------------|
| 2013 | \$ 5,310 | \$ 1,093 |
| 2014 | 4,917 | 1,064 |
| 2015 | 4,330 | 632 |
| 2016 | 3,970 | 226 |
| 2017 | 3,554 | 37 |
| Thereafter | 4,019 | |
| Total lease payments | \$ 26,100 | \$ 3,052 |

Note 11 UNEARNED REVENUE:

The Company reported liabilities of \$38,011 and \$27,831 for unearned revenue balances as of December 31, 2012 and 2011, respectively. These balances represented payments received in advance, primarily from energy market customers on long-term orders to fund working capital requirements. Amounts expected to be realized within one year, which represent the majority of the balance, are recorded as current liabilities. The remaining amount is recorded as a non-current liability. Unearned revenue balances are presented in the following table:

| | December 31, | |
|-------------------------------|-----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) |
| Current unearned revenue | \$ 24,998 | \$ 19,716 |
| Non-current unearned revenue | 13,013 | 8,115 |
| Total unearned revenue | \$ 38,011 | \$ 27,831 |

Note 12 TRANSACTIONS WITH RELATED PARTIES:

The Company did not enter into any significant related-party transactions during the years ended December 31, 2012, 2011, and 2010.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Note 13 SEGMENT REPORTING:**

The Company's chief operating decision maker is the Vice Chair, President, and Chief Executive Officer. As of January 1, 2013, the Company conducts its operations in two reportable segments: the Titanium Segment and the EP&S Segment. Historical results have been conformed to reflect the two-segment format. Refer to Note 1 for a description of each reportable segment.

The EP&S Segment utilizes the Titanium Segment as its primary source of titanium mill products. Intersegment sales are accounted for at prices that are generally established by reference to similar transactions with unaffiliated customers. Reportable segments are measured based on segment operating income after an allocation of certain corporate items such as general corporate overhead and expenses. Assets of general corporate activities include unallocated cash and deferred taxes. A summary of financial information by reportable segment is as follows:

| | Years Ended December 31, | | |
|--|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| Net sales: | | | |
| Titanium Segment | \$ 360,950 | \$ 337,844 | \$ 260,104 |
| Intersegment sales | 179,389 | 152,177 | 89,219 |
| Total Titanium Segment sales | 540,339 | 490,021 | 349,323 |
| Engineered Products and Services Segment | 347,140 | 163,444 | 146,387 |
| Intersegment sales | 83,155 | 62,603 | 54,775 |
| Total Engineered Products and Services Segment sales | 430,295 | 226,047 | 201,162 |
| Eliminations | (262,544) | (214,780) | (143,994) |
| Total consolidated net sales | \$ 708,090 | \$ 501,288 | \$ 406,491 |
| Operating income (loss): | | | |
| Titanium Segment before corporate allocations | \$ 58,236 | \$ 52,518 | \$ 35,921 |
| Corporate allocations | (19,477) | (15,784) | (14,681) |
| Total Titanium Segment operating income | 38,759 | 36,734 | 21,240 |
| Engineered Products and Services Segment before corporate allocations | 23,437 | 5,518 | 5,539 |
| Corporate allocations | (15,085) | (18,200) | (12,967) |
| Total Engineered Products and Services Segment operating income (loss) | 8,352 | (12,682) | (7,428) |
| Total consolidated operating income | 47,111 | 24,052 | 13,812 |
| Other income (expense), net | (501) | 56 | (622) |
| Interest expense, net | (17,778) | (15,645) | (1,619) |
| Total consolidated income before income taxes | \$ 28,832 | \$ 8,463 | \$ 11,571 |

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| | Years Ended December 31, | | |
|---|--------------------------|----------------------|----------------------|
| | 2012 (as restated) | 2011 (as revised) | 2010 (as revised) |
| Revenue by market information: | | | |
| Titanium Segment | | | |
| Commercial aerospace | \$ 219,945 | \$ 191,470 | \$ 142,270 |
| Defense | 108,948 | 106,101 | 82,410 |
| Energy, medical, and other | 32,057 | 40,273 | 35,424 |
| Total Titanium Segment net sales | 360,950 | 337,844 | 260,104 |
| Engineered Products and Services Segment | | | |
| Commercial aerospace | \$ 168,760 | \$ 100,779 | \$ 70,732 |
| Defense | 53,435 | 35,426 | 38,784 |
| Energy, medical, and other | 124,945 | 27,239 | 36,871 |
| Total Engineered Products and Services Segment net sales | 347,140 | 163,444 | 146,387 |
| Total consolidated net sales | \$ 708,090 | \$ 501,288 | \$ 406,491 |
| Geographic location of trade sales: | | | |
| United States | \$ 458,351 | \$ 322,445 | \$ 259,658 |
| France | 72,810 | 51,951 | 39,936 |
| England | 52,934 | 41,963 | 44,037 |
| Germany | 40,011 | 38,976 | 24,516 |
| Spain | 16,285 | 7,702 | 5,236 |
| Canada | 12,723 | 10,063 | 9,176 |
| Italy | 11,575 | 3,660 | 5,828 |
| Malaysia | 10,624 | 1,962 | 3,667 |
| Japan | 9,389 | 4,580 | 7,820 |
| Austria | 7,162 | 7,993 | 2,518 |
| Other countries | 16,226 | 9,993 | 4,099 |
| Total trade sales | \$ 708,090 | \$ 501,288 | \$ 406,491 |
| Capital expenditures: | | | |
| Titanium Segment | | | |
| Titanium Segment | \$ 44,741 | \$ 36,008 | \$ 24,399 |
| Engineered Products and Services Segment | | | |
| Engineered Products and Services Segment | 16,797 | 2,837 | 4,233 |
| Total capital expenditures | \$ 61,538 | \$ 38,845 | \$ 28,632 |
| Depreciation and amortization: | | | |
| Titanium Segment | | | |
| Titanium Segment | \$ 18,455 | \$ 14,290 | \$ 13,733 |
| Engineered Products and Services Segment | | | |
| Engineered Products and Services Segment | 22,703 | 8,185 | 8,360 |
| Total depreciation and amortization | \$ 41,158 | \$ 22,475 | \$ 22,093 |

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The following geographic area information includes property, plant, and equipment based on physical location.

| | December 31, | | |
|--|----------------------|---------------------|---------------------|
| | 2012 | 2011 | 2010 |
| | (as restated) | (as revised) | (as revised) |
| Property, plant, and equipment: | | | |
| United States | \$ 591,526 | \$ 475,999 | \$ 434,665 |
| England | 16,017 | 14,473 | 5,302 |
| France | 1,312 | 1,022 | 832 |
| Canada | 64,924 | 64,132 | 65,938 |
| Less: Accumulated depreciation | (297,830) | (266,251) | (246,280) |
| Property, plant, and equipment, net | \$ 375,949 | \$ 289,375 | \$ 260,457 |
| Total assets: | | | |
| Titanium Segment | \$ 576,786 | \$ 502,671 | \$ 477,811 |
| Engineered Products and Services Segment | 577,317 | 300,301 | 250,683 |
| Assets of discontinued operations | 14,741 | 16,083 | 11,313 |
| General corporate assets | 83,637 | 309,365 | 371,498 |
| Total consolidated assets | \$ 1,252,481 | \$ 1,128,420 | \$ 1,111,305 |

In the years ended December 31, 2012, 2011, and 2010, export sales were \$249,739, \$178,843, and \$146,833, respectively, principally to customers in Western Europe.

Substantially all of the Company's sales and operating revenues are generated from its North American and European operations. A significant portion of the Company's sales are made to customers in the aerospace industry. The concentration of aerospace customers may expose the Company to cyclical and other risks generally associated with the aerospace industry. For the years ended December 31, 2012, 2011, and 2010, Boeing, through multiple contracts with various Company subsidiaries covering varying periods, accounted for approximately 12.0%, 10.6%, and 10.8%, respectively, of the Company's consolidated sales. For each of the years presented, Boeing, Airbus and their subcontractors together aggregate to amounts in excess of 10% of the Company's consolidated net sales and are the ultimate consumers of a significant portion of the Company's commercial aerospace products.

Note 14 COMMITMENTS AND CONTINGENCIES:

From time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. In the Company's opinion, the ultimate liability, if any, resulting from these matters will have no significant effect on its Consolidated Financial Statements. Given the critical nature of many of the aerospace end uses for the Company's products, including specifically their use in critical rotating parts of gas turbine engines, the Company maintains aircraft products liability insurance of \$500 million, which includes grounding liability.

Environmental Matters

The Company is subject to environmental laws and regulations as well as various health and safety laws and regulations that are subject to frequent modifications and revisions. During the years ended 2012, 2011, and 2010 the Company paid approximately \$72, \$60, and \$145,

respectively, for environmental remediation, compliance,

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and related services. While the costs of compliance for these matters have not had a material adverse impact on the Company in the past, it is impossible to accurately predict the ultimate effect these changing laws and regulations may have on the Company in the future. The Company continues to evaluate its obligation for environmental-related costs on a quarterly basis and make adjustments as necessary.

Given the status of the proceedings at certain of the Company's sites and the evolving nature of environmental laws, regulations, and remediation techniques, the Company's ultimate obligation for investigative and remediation costs cannot be predicted. It is the Company's policy to recognize environmental costs in the financial statements when an obligation becomes probable and a reasonable estimate of exposure can be determined. When a single estimate cannot be reasonably made, but a range can be reasonably estimated, the Company accrues the amount it determines to be the most likely amount within that range.

Based on available information, the Company believes that its share of possible environmental-related costs is in a range from \$662 to \$2,134 in the aggregate. At December 31, 2012 and 2011, the amounts accrued for future environmental-related costs were \$1,277 and \$1,349, respectively. Of the total amount accrued at December 31, 2012, \$85 is expected to be paid out within one year and is included as a component of other accrued liabilities on the Company's Consolidated Balance Sheet. The remaining \$1,192 is recorded as a component of other noncurrent liabilities in the Company's Consolidated Balance Sheet.

The following table summarizes the changes in the Company's environmental liabilities for the year ended December 31, 2012:

| | Environmental Liabilities |
|-------------------------------|--------------------------------------|
| Balance at December 31, 2011 | \$ 1,349 |
| Environmental-related expense | |
| Cash paid | (72) |
| Balance at December 31, 2012 | \$ 1,277 |

As these proceedings continue toward final resolution, amounts in excess of those already provided may be necessary to discharge the Company from its obligations for these sites.

Other Matters

The Company is also the subject of, or a party to, a number of other pending or threatened legal actions involving a variety of matters incidental to its business. The Company is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the results of the operations, cash flows or the financial position of the Company.

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Long-term debt consisted of:

| | December 31, | |
|---|--------------|------------|
| | 2012 | 2011 |
| Notes | \$ 196,644 | \$ 186,961 |
| Capital leases | 2,650 | |
| Other | | 20 |
| | | |
| Total debt | \$ 199,294 | \$ 186,981 |
| Less: Current portion of capital leases | (957) | |
| | | |
| Total long-term debt | \$ 198,337 | \$ 186,981 |

Interest on the Notes is payable semiannually in arrears on June 1 and December 1 of each year, at a rate of 3.000% per year. The Notes are general unsecured obligations of the Company. The Notes are guaranteed by six of the Company's subsidiaries (the "Subsidiary Guarantors"), which are the same subsidiaries that guarantee the Company's obligations under its existing credit facility. Each subsidiary guarantee is a joint and several, fully unconditional guarantee of the Company's obligations under the indenture and the Notes. Refer to Note 17 for additional information about the Subsidiary Guarantors.

The Notes will be convertible at the applicable conversion rate at any time on or after June 1, 2015, until the close of business on the second scheduled trading day immediately preceding the maturity date. The current conversion rate for the Notes equals 27.8474 shares of common stock per \$1,000 principal amount of Notes (equivalent to a conversion price of \$35.91 per share of Common Stock). Upon conversion, holders will receive, at the Company's election, cash, shares of the Company's Common Stock, or a combination of both.

The FASB's authoritative guidance requires convertible notes that may be settled in cash to be separated into a liability component and an equity component. The fair value of the liability component is determined by calculating the present value of the cash flows of the convertible note using the interest rate of a bond of similar size and rating without a conversion feature (i.e., straight-debt rate). The fair value of the equity component is the difference between the proceeds from the issuance and the fair value of the liability.

The Company determined similar straight-debt rates were 8.675% at the time the Notes were issued. As a result, the fair value of the liability component of the Notes was calculated to be \$177.7 million and was recorded as long-term debt. The conversion component of the Notes had a fair value of \$52.3 million and was recorded, net of deferred taxes, as additional paid-in capital. The debt component of the Notes will accrete to the Notes' par value of \$230.0 million over the Notes' five-year term. Debt accretion is recorded in the Company's Consolidated Statement of Operations as a component of interest expense. The Company is accreting the long-term debt balance to par value using the interest method.

In conjunction with the issuance of the Notes, the Company incurred debt issuance costs totaling \$7.2 million. Under the FASB's authoritative guidance, debt issuance costs for the Notes should be allocated to the liability and equity pieces in proportion to the fair value. As such, \$1.6 million of these costs was attributed to the conversion feature of the Notes and was recorded, net of deferred taxes, as additional paid-in capital. The remaining \$5.6 million of debt issuance costs were attributed to the liability component of the Notes and were capitalized in the Company's Consolidated Balance Sheet as a component of other noncurrent assets. The portion

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(In thousands, except share and per share amounts, unless otherwise indicated)

of the costs attributed to the debt component of the Notes is being amortized over the term of the Notes using the interest method. Amortization of these costs is included as a component of interest expense in the Company's consolidated statement of operations.

During the years ended December 31, 2012 and 2011, the Company recorded long-term debt discount amortization of \$9,683 and \$8,900, as a component of interest expense. Interest expense from the amortization of debt issuance costs associated with the Notes was \$1,120, \$1,120 and \$47 for the years ended December 31, 2012, 2011, and 2010, respectively.

On May 23, 2012, the Company entered into the Second Amended and Restated Credit Agreement (the "Credit Agreement"), which replaced its First Amended and Restated Credit Agreement, as amended. The Credit Agreement provides for a revolving credit facility of \$150 million and matures on May 23, 2017. Borrowings under the Credit Agreement bear interest, at the Company's option, at a rate equal to LIBOR plus an applicable margin or the base rate plus an applicable margin. Both the applicable margin and the facility fee vary based upon the Company's consolidated net debt to consolidated EBITDA ratio, as defined in the Credit Agreement.

The Company's leverage ratio (the ratio of Net Debt to Consolidated EBITDA, as defined in the Credit Agreement) was 1.63 at December 31, 2012. If this ratio were to exceed 3.50 to 1, the Company would be in default under the Credit Agreement.

The Company's coverage ratio (the ratio of Consolidated EBITDA to Net Interest, as defined in the Credit Agreement) was 13.95 at December 31, 2012. If this ratio were to fall below 2.0 to 1, the Company would be in default under the Credit Agreement.

Consolidated EBITDA, as defined in the Credit Agreement, allows for adjustments related to unusual gains and losses, certain noncash items, and certain non-recurring charges. As of December 31, 2012, the Company was in compliance with all financial covenants under the Credit Agreement.

The Company had no borrowings outstanding under the Credit Agreement at December 31, 2012 or under the First Amended and Restated Credit Agreement at December 31, 2011.

Note 16 STOCK-BASED COMPENSATION:

The 2004 Stock Plan ("2004 Plan"), which was approved by a vote of the Company's shareholders at the 2004 Annual Meeting of Shareholders, replaced two predecessor plans, the 1995 Stock Plan ("1995 Plan") and the 2002 Non-Employee Director Stock Option Plan ("2002 Plan").

The 2004 Plan limits the number of shares available for issuance to 2,500,000 (plus any shares covered by stock options already outstanding under the 1995 Plan and 2002 Plan that expire or are terminated without being exercised and any shares delivered in connection with the exercise of any outstanding awards under the 1995 Plan and 2002 Plan) during its ten-year term, and limits the number of shares available for grants of restricted stock to 1,250,000. While the 2004 Plan allows for the issuance of shares from treasury, the Company currently issues authorized, unissued shares for awards under the 2004 Plan. The 2004 Plan expires after ten years and requires that the exercise price of stock options, stock appreciation rights, and other similar instruments awarded under the 2004 Plan be not less than the fair market value of the Company's stock on the date of the grant award.

The restricted stock awards vest with graded vesting over a period of one to five years. Restricted stock awarded under the 2004 Plan and the predecessor plans entitle the holder to all the rights of Common Stock.

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ownership except that the shares may not be sold, transferred, pledged, exchanged, or otherwise disposed of during the forfeiture period. The stock option awards vest with graded vesting over a period of one to three years. Certain stock option and restricted stock awards provide for accelerated vesting if there is a change in control.

Stock Options

The fair value of stock options granted over the past three years was estimated at the date of grant using the Black-Scholes option-pricing model based upon the following assumptions:

| | 2012 | 2011 | 2010 |
|---------------------------|--------|--------|--------|
| Risk-free interest rate | 0.75% | 1.92% | 2.26% |
| Expected dividend yield | 0.00% | 0.00% | 0.00% |
| Expected lives (in years) | 5.0 | 4.0 | 4.0 |
| Expected volatility | 66.00% | 67.00% | 66.00% |

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The risk-free rate for periods over the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore an expected dividend yield of zero is used. The expected life of options granted represents the period of time that options granted are expected to be outstanding. Expected volatilities are based on historical volatility of the Company's Common Stock. Forfeiture estimates are based upon historical forfeiture rates.

A summary of the status of the Company's stock options as of December 31, 2012 and the activity during the year then ended is presented below:

| Stock Options | Shares | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Contractual Term (Years) | Aggregate Intrinsic Value |
|----------------------------------|----------|---|---|---------------------------|
| Outstanding at December 31, 2011 | 558,597 | \$ 31.66 | | |
| Granted | 83,706 | 24.62 | | |
| Forfeited | (4,447) | 25.41 | | |
| Expired | (5,584) | 35.88 | | |
| Exercised | (41,422) | 11.97 | | |
| Outstanding at December 31, 2012 | 590,850 | \$ 31.86 | 5.89 | 2,500 |
| Exercisable at December 31, 2012 | 420,649 | \$ 34.25 | 4.88 | 2,176 |

The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2012, 2011, and 2010 was \$13.49, \$14.70, and \$12.88 per share, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2012, 2011, and 2010 was \$525, \$172, and \$867, respectively. As of December 31, 2012, total unrecognized compensation cost related to nonvested stock option awards granted was \$610. That cost is expected to be recognized over a weighted-average period of approximately nine months.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)*****Restricted Stock***

The fair value of the nonvested restricted stock awards was calculated using the market value of Common Stock on the date of issuance. The weighted-average grant-date fair value of restricted stock awards granted during the years ended December 31, 2012, 2011, and 2010 was \$24.63, \$28.79, and \$25.73 per share, respectively.

A summary of the status of the Company's nonvested restricted stock as of December 31, 2012, and the activity during the year then ended, is presented below:

| | Shares | Weighted-Average Grant-Date Fair Value Per Share |
|--|----------|--|
| Nonvested Restricted Stock Awards | | |
| Nonvested at December 31, 2011 | 163,070 | \$ 27.31 |
| Granted | 82,326 | 24.63 |
| Vested | (60,017) | 31.48 |
| Forfeited | (3,200) | 25.33 |
| Nonvested at December 31, 2012 | 182,179 | \$ 24.76 |

As of December 31, 2012, total unrecognized compensation cost related to nonvested restricted stock awards granted was \$1,507. That cost is expected to be recognized over a weighted-average period of 13 months. The total fair value of restricted stock awards vested during the years ended December 31, 2012, 2011, and 2010 was \$1,507, \$1,637, and \$1,911, respectively.

Cash received from stock option exercises under all share-based payment arrangements for the years ended December 31, 2012, 2011, and 2010 was \$494, \$178, and \$1,096, respectively. Cash used to settle equity instruments granted under all share-based arrangements for the years ended December 31, 2012, 2011, and 2010 was \$742, \$294, and \$367, respectively. The actual tax benefit realized for the tax deductions resulting from stock option exercises and vesting of restricted stock awards for share-based payment arrangements totaled \$27, \$2, and \$54 for the years ended December 31, 2012, 2011, and 2010, respectively. The Company has elected to adopt the short-cut transition method for determining the windfall tax benefits related to share-based payment awards.

Performance Share Awards

The Company also maintains performance share awards for executive officers and certain key managers. The purpose of the performance share awards is to more closely align the compensation of the Company's executives and key managers with the interests of the Company's shareholders. These performance share awards will earn shares of the Company's Common Stock in amounts ranging from 0% to 200% of the target number of shares based upon the total shareholder return of the Company compared to the total shareholder return of a designated peer group over a pre-determined performance period.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**

A summary of the Company's performance share activity during the year ended December 31, 2012 is presented below:

| Performance Share Awards | Awards Activity | Maximum Shares Eligible to Receive |
|----------------------------------|------------------------|---|
| Outstanding at December 31, 2011 | 160,771 | 321,542 |
| Granted | 61,230 | 122,460 |
| Vested | (66,047) | (132,094) |
| Expired | (41,700) | (83,400) |
| Forfeited | (7,197) | (14,394) |
| Outstanding at December 31, 2012 | 107,057 | 214,114 |

The fair value of the performance share awards granted was estimated by the Company at the grant date using a Monte Carlo model. A Monte Carlo model uses stock price volatility and other variables to estimate the probability of satisfying market conditions and the resulting fair value of the award. The four primary inputs for the Monte Carlo model are the risk-free rate, expected dividend yield, volatility of returns, and correlation of returns within the designated peer group. The risk-free rate for periods over the expected term of the award is based on the U.S. Treasury yield curve in effect at the time of grant. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore an expected dividend yield of zero is used. Expected volatility and correlation of returns are based on historical performance of the Company's stock. The weighted-average grant-date fair value of performance shares awarded during the years ended December 31, 2012, 2011, and 2010 was \$35.59, \$43.68, and \$38.79.

Note 17 GUARANTOR SUBSIDIARIES:

The Notes are jointly and severally, fully and unconditionally (subject to the customary exceptions discussed below) guaranteed by several of RTI International Metals, Inc.'s (the "Parent's") 100% owned subsidiaries. Each Guarantor Subsidiary would be automatically released from its guarantee of the Notes if either (i) it ceases to be a guarantor of the Parent's Credit Agreement or (ii) it ceases to be a subsidiary of the Parent. Separate financial statements of the Parent and each of the Guarantor Subsidiaries are not presented because the guarantees are full and unconditional (subject to the aforementioned customary exceptions) and the Guarantor Subsidiaries are jointly and severally liable. The Company believes separate financial statements and other disclosures concerning the Guarantor Subsidiaries would not be material to investors in the Notes.

There are no current restrictions on the ability of the Guarantor Subsidiaries to make payments under the guarantees referred to above, except, however, the obligations of each Guarantor Subsidiary under its guarantee will be limited to the maximum amount as will result in obligations of such Guarantor Subsidiary under its guarantee not constituting a fraudulent conveyance or fraudulent transfer for purposes of bankruptcy law, the Uniform Conveyance Act, the Uniform Fraudulent Transfer Act, or any similar Federal or state law.

The condensed financial statements have been restated to reflect the correction of an error in the Company's revenue recognition policy for certain long-term contracts mainly related to energy-market projects. Refer to Note 2 for further details on the restatement. The following summary tables present the effect of restatement or revision, as indicated, and the effects of reporting RTI Pierce Spafford as a discontinued operation, as applicable, on the Condensed Consolidating Financial Statements. The Condensed Consolidating Financial Statements which follow the summary tables present the statements as restated or revised as indicated, and recast. There was no impact on previously reported amounts in the Condensed Consolidating Statements of Cash Flows.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statements of Operations Restatement Adjustments:

| | Year Ended December 31, 2012 | | | | | | | | | |
|---|--------------------------------|-------------|------------------------|-------------|----------------------------|-------------|--------------|--------------|--------------|-------------|
| | RTI International Metals, Inc. | | Guarantor Subsidiaries | | Non-Guarantor Subsidiaries | | Eliminations | | Consolidated | |
| | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated |
| Net sales | \$ | \$ | \$ 503,018 | \$ 503,018 | \$ 448,091 | \$ 417,573 | \$ (212,501) | \$ (212,501) | \$ 738,608 | \$ 708,090 |
| Cost and expenses: | | | | | | | | | | |
| Cost of Sales | | | 426,083 | 426,268 | 374,495 | 354,695 | (212,501) | (212,501) | 588,077 | 568,462 |
| Operating income (loss) | 3,006 | 3,006 | 27,245 | 27,060 | 24,779 | 17,045 | | | 55,030 | 47,111 |
| Equity in earnings of subsidiaries | 30,907 | 25,832 | 5,419 | 5,419 | 2,138 | 2,138 | (38,464) | (33,389) | | |
| Income before income taxes | 17,211 | 12,136 | 32,907 | 32,722 | 25,114 | 17,363 | (38,464) | (33,389) | 36,768 | 28,832 |
| Provision for (benefit from) income taxes | (6,304) | (6,304) | 10,726 | 10,726 | 8,831 | 5,970 | | | 13,253 | 10,392 |
| Net income | \$ 23,515 | \$ 20,140 | \$ 22,181 | \$ 21,996 | \$ 16,283 | \$ 13,093 | \$ (38,464) | \$ (35,089) | \$ 23,515 | \$ 20,140 |
| Comprehensive income | \$ 18,004 | \$ 14,629 | \$ 14,650 | \$ 14,465 | \$ 18,841 | \$ 15,651 | \$ (33,491) | \$ (30,116) | \$ 18,004 | \$ 14,629 |

| | Year Ended December 31, 2011 | | | | | | | | | |
|---|--------------------------------|------------|------------------------|------------|----------------------------|------------|--------------|--------------|--------------|------------|
| | RTI International Metals, Inc. | | Guarantor Subsidiaries | | Non-Guarantor Subsidiaries | | Eliminations | | Consolidated | |
| | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised |
| Net sales | \$ | \$ | \$ 347,963 | \$ 347,963 | \$ 357,546 | \$ 329,155 | \$ (175,830) | \$ (175,830) | \$ 529,679 | \$ 501,288 |
| Cost and expenses: | | | | | | | | | | |
| Cost of Sales | | | 296,066 | 296,066 | 308,771 | 287,424 | (175,830) | (175,830) | 429,007 | 407,660 |
| Operating income (loss) | (981) | (981) | 26,079 | 26,079 | 2,663 | (1,046) | | | 27,761 | 24,052 |
| Equity in earnings of subsidiaries | 18,926 | 16,568 | 6,128 | 6,128 | (1,055) | (1,055) | (23,999) | (21,641) | | |
| Income before income taxes | 1,554 | (804) | 33,966 | 33,966 | 614 | (3,058) | (23,999) | (21,641) | 12,135 | 8,463 |
| Provision for (benefit from) income taxes | (4,998) | (4,998) | 10,257 | 10,257 | 324 | (990) | | | 5,583 | 4,269 |
| Net income | \$ 6,552 | \$ 6,032 | \$ 23,709 | \$ 23,709 | \$ 290 | \$ (230) | \$ (23,999) | \$ (23,479) | \$ 6,552 | \$ 6,032 |
| Comprehensive income | \$ (322) | \$ (842) | \$ 19,646 | \$ 19,646 | \$ (1,586) | \$ (2,106) | \$ (18,060) | \$ (17,540) | \$ (322) | \$ (842) |

| | Year Ended December 31, 2010 | | | | | | | | | |
|---|--------------------------------|------------|------------------------|------------|----------------------------|------------|--------------|--------------|--------------|------------|
| | RTI International Metals, Inc. | | Guarantor Subsidiaries | | Non-Guarantor Subsidiaries | | Eliminations | | Consolidated | |
| | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised |
| Net sales | \$ 12,372 | \$ 12,372 | \$ 253,754 | \$ 253,754 | \$ 279,730 | \$ 254,428 | \$ (114,063) | \$ (114,063) | \$ 431,793 | \$ 406,491 |
| Cost and expenses: | | | | | | | | | | |
| Cost of Sales | | | 221,351 | 221,351 | 248,620 | 226,838 | (114,063) | (114,063) | 355,908 | 334,126 |
| Operating income (loss) | 3,072 | 3,072 | 19,181 | 19,181 | (8,192) | (8,441) | | | 14,061 | 13,812 |
| Equity in earnings of subsidiaries | 5,701 | 5,544 | 2,617 | 2,617 | (2,282) | (2,282) | (6,036) | (5,879) | | |
| Income before income taxes | 6,071 | 5,914 | 26,322 | 26,322 | (14,537) | (14,786) | (6,036) | (5,879) | 11,820 | 11,571 |
| Provision for (benefit from) income taxes | 2,654 | 2,654 | 7,444 | 7,444 | (1,695) | (1,787) | | | 8,403 | 8,311 |

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| | | | | | | | | | | |
|----------------------|----------|----------|-----------|-----------|-------------|-------------|------------|------------|----------|----------|
| Net income | \$ 3,417 | \$ 3,570 | \$ 18,878 | \$ 18,878 | \$ (12,842) | \$ (12,689) | \$ (6,036) | \$ (6,189) | \$ 3,417 | \$ 3,570 |
| Comprehensive income | \$ 4,643 | \$ 4,796 | \$ 16,038 | \$ 16,038 | \$ (6,861) | \$ (6,708) | \$ (9,177) | \$ (9,330) | \$ 4,643 | \$ 4,796 |

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(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheets Restatement Adjustments:

| | December 31, 2012 | | | | | | | | | |
|----------------------------|-----------------------------------|----------------|---------------------------|----------------|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| | RTI International Metals, Inc. | | Guarantor Subsidiaries | | Non-Guarantor Subsidiaries | | Eliminations | | Consolidated | |
| | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated | As Reported | As Restated |
| ASSETS | | | | | | | | | | |
| Receivables, net | \$ 126 | \$ 126 | \$ 72,773 | \$ 72,773 | \$ 63,089 | \$ 59,639 | \$ (27,221) | \$ (27,221) | \$ 108,767 | \$ 105,317 |
| Inventories, net | | | 221,174 | 220,989 | 184,115 | 164,127 | | | 405,289 | 385,116 |
| Cost in excess of billings | | | | | | 2,260 | | | | 2,260 |
| Deferred income taxes | 26,478 | 26,478 | 2,351 | 2,543 | 70 | 2,359 | | | 28,899 | 31,380 |
| Other current assets | 5,410 | 5,410 | 2,072 | 2,072 | 3,227 | 3,788 | | | 10,709 | 11,270 |
| Current assets | 32,014 | 32,014 | 385,653 | 385,660 | 260,408 | 256,821 | (27,221) | (27,221) | 650,854 | 647,274 |
| Goodwill | | | 98,925 | 93,665 | 38,326 | 36,945 | | | 137,251 | 130,610 |
| Other noncurrent assets | 4,117 | 4,117 | 892 | 892 | 835 | 3,857 | | | 5,844 | 8,866 |
| Intercompany investments | 984,901 | 980,867 | 26,814 | 26,814 | 3,736 | 3,736 | (1,015,451) | (1,011,417) | | |
| Total assets | \$ 1,022,359 | \$ 1,018,325 | \$ 888,660 | \$ 883,407 | \$ 424,283 | \$ 422,290 | \$ (1,075,575) | \$ (1,071,541) | \$ 1,259,727 | \$ 1,252,481 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | | | | | | | | |
|--|--------------|--------------|------------|------------|------------|------------|----------------|----------------|--------------|--------------|
| Unearned revenue-current | | | | | | | | | | |
| Total current liabilities | 11,365 | 11,365 | 96,340 | 96,340 | 96,319 | 95,153 | (27,221) | (27,221) | 176,803 | 175,637 |
| Unearned revenue-noncurrent | | | | | | | | | | |
| Total liabilities | 276,790 | 276,790 | 305,553 | 300,485 | 214,252 | 216,108 | (282,437) | (282,437) | 514,158 | 510,946 |
| Shareholders' equity | 745,569 | 741,535 | 583,107 | 582,922 | 210,031 | 206,182 | (793,138) | (789,104) | 745,569 | 741,535 |
| Total liabilities and shareholders' equity | \$ 1,022,359 | \$ 1,018,325 | \$ 888,660 | \$ 883,407 | \$ 424,283 | \$ 422,290 | \$ (1,075,575) | \$ (1,071,541) | \$ 1,259,727 | \$ 1,252,481 |

| | December 31, 2011 | | | | | | | | | |
|----------------------------|-----------------------------------|---------------|---------------------------|---------------|-------------------------------|---------------|----------------|----------------|----------------|---------------|
| | RTI International Metals, Inc. | | Guarantor Subsidiaries | | Non-Guarantor Subsidiaries | | Eliminations | | Consolidated | |
| | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised | As Reported | As Revised |
| ASSETS | | | | | | | | | | |
| Inventories, net | \$ | \$ | \$ 136,695 | \$ 136,695 | \$ 138,364 | \$ 123,157 | \$ | \$ | \$ 275,059 | \$ 259,852 |
| Cost in excess of billings | | | | | | 400 | | | | 400 |
| Deferred income taxes | 17,177 | 17,177 | 1,399 | 1,399 | 98 | 465 | | | 18,674 | 19,041 |
| Other current assets | 9,351 | 9,351 | 883 | 883 | 2,034 | 2,324 | (2,336) | (2,336) | 9,932 | 10,222 |
| Current assets | 26,879 | 26,879 | 503,002 | 503,002 | 207,111 | 206,113 | (22,871) | (22,871) | 714,121 | 713,123 |
| Other noncurrent assets | 4,697 | 4,697 | 36 | 36 | 440 | 4,023 | | | 5,173 | 8,756 |
| Intercompany investments | 938,825 | 938,166 | 21,400 | 21,400 | 1,598 | 1,598 | (961,823) | (961,164) | | |
| Total assets | \$ 971,110 | \$ 970,451 | \$ 805,914 | \$ 805,914 | \$ 361,573 | \$ 362,718 | \$ (1,011,322) | \$ (1,010,663) | \$ 1,127,275 | \$ 1,128,420 |

LIABILITIES AND SHAREHOLDERS' EQUITY

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| | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|----------------|----------------|--------------|--------------|
| Unearned revenue-current | | | | | 21,495 | 19,716 | | | 21,495 | 19,716 |
| Total current liabilities | 12,729 | 12,729 | 62,535 | 62,535 | 76,038 | 74,259 | (22,871) | (22,871) | 128,431 | 126,652 |
| Unearned revenue-noncurrent | | | | | 4,532 | 8,115 | | | 4,532 | 8,115 |
| Total liabilities | 248,358 | 248,358 | 225,711 | 225,711 | 185,787 | 187,591 | (255,333) | (255,333) | 404,523 | 406,327 |
| Shareholders equity | 722,752 | 722,093 | 580,203 | 580,203 | 175,786 | 175,127 | (755,989) | (755,330) | 722,752 | 722,093 |
| Total liabilities and shareholders equity | \$ 971,110 | \$ 970,451 | \$ 805,914 | \$ 805,914 | \$ 361,573 | \$ 362,718 | \$ (1,011,322) | \$ (1,010,663) | \$ 1,127,275 | \$ 1,128,420 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

The following tables present Condensed Consolidating Financial Statements as of December 31, 2012 and 2011 and for the three years ended December 31, 2012:

Condensed Consolidating Statement of Operations and Comprehensive Income**Year Ended December 31, 2012**

| | RTI International Metals, Inc. (As Restated) | Guarantor Subsidiaries (As Restated) | Non-Guarantor Subsidiaries (As Restated) | Eliminations (As Restated) | Consolidated (As Restated) |
|--|---|---|---|---|---|
| Net sales | \$ | \$ 503,018 | \$ 417,573 | \$ (212,501) | \$ 708,090 |
| Costs and expenses: | | | | | |
| Cost of sales | | 426,268 | 354,695 | (212,501) | 568,462 |
| Selling, general, and administrative expenses(1) | (3,101) | 45,316 | 45,771 | | 87,986 |
| Research, technical, and product development expenses | 95 | 4,007 | 62 | | 4,164 |
| Asset and asset-related charges (income) | | 367 | | | 367 |
| Operating income (loss) | 3,006 | 27,060 | 17,045 | | 47,111 |
| Other income (expense), net | (63) | 38 | (476) | | (501) |
| Interest income (expense), net | (16,639) | 205 | (1,344) | | (17,778) |
| Equity in earnings of subsidiaries | 25,832 | 5,419 | 2,138 | (33,389) | |
| Income before income taxes | 12,136 | 32,722 | 17,363 | (33,389) | 28,832 |
| Provision for (benefit from) income taxes | (6,304) | 10,726 | 5,970 | | 10,392 |
| Net income attributable to continuing operations | \$ 18,440 | \$ 21,996 | \$ 11,393 | \$ (33,389) | \$ 18,440 |
| Net income attributable to discontinued operations, net of tax | 1,700 | | 1,700 | (1,700) | 1,700 |
| Net income | 20,140 | 21,996 | 13,093 | (35,089) | 20,140 |
| Comprehensive income | \$ 14,629 | \$ 14,465 | \$ 15,651 | \$ (30,116) | \$ 14,629 |

(1) The Parent allocates selling, general, and administrative expenses (SG&A) to the subsidiaries based upon its budgeted annual expenses. A credit in the Parent's SG&A is offset by an equal debit amount in the subsidiaries' SG&A.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Year Ended December 31, 2011**

| | RTI International Metals, Inc. (As Revised) | Guarantor Subsidiaries (As Revised) | Non-Guarantor Subsidiaries (As Revised) | Eliminations (As Revised) | Consolidated (As Revised) |
|---|--|--|--|--|--|
| Net sales | \$ | \$ 347,963 | \$ 329,155 | \$ (175,830) | \$ 501,288 |
| Costs and expenses: | | | | | |
| Cost of sales | | 296,066 | 287,424 | (175,830) | 407,660 |
| Selling, general, and administrative expenses(1) | 981 | 22,586 | 44,118 | | 67,685 |
| Research, technical, and product development expenses | | 3,232 | 160 | | 3,392 |
| Asset and asset-related charges (income) | | | (1,501) | | (1,501) |
| Operating income (loss) | (981) | 26,079 | (1,046) | | 24,052 |
| Other income (expense), net | (92) | (38) | 186 | | 56 |
| Interest income (expense), net | (16,299) | 1,797 | (1,143) | | (15,645) |
| Equity in earnings (loss) of subsidiaries | 16,568 | 6,128 | (1,055) | (21,641) | |
| Income before income taxes | (804) | 33,966 | (3,058) | (21,641) | 8,463 |
| Provision for (benefit from) income taxes | (4,998) | 10,257 | (990) | | 4,269 |
| Net income from continuing operations | \$ 4,194 | \$ 23,709 | \$ (2,068) | \$ (21,641) | \$ 4,194 |
| Net income from discontinued operations, net of tax | 1,838 | | 1,838 | (1,838) | 1,838 |
| Net income (loss) | \$ 6,032 | \$ 23,709 | \$ (230) | \$ (23,479) | \$ 6,032 |
| Comprehensive income (loss) | \$ (842) | \$ 19,646 | \$ (2,106) | \$ (17,540) | \$ (842) |

(1) The Parent allocates SG&A to the subsidiaries based upon its budgeted annual expenses.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Operations and Comprehensive Income**Year Ended December 31, 2010**

| | RTI International Metals, Inc. (As Revised) | Guarantor Subsidiaries (As Revised) | Non-Guarantor Subsidiaries (As Revised) | Eliminations (As Revised) | Consolidated (As Revised) |
|--|--|--|--|--|--|
| Net sales(1) | \$ 12,372 | \$ 253,754 | \$ 254,428 | \$ (114,063) | \$ 406,491 |
| Costs and expenses: | | | | | |
| Cost of sales | | 221,351 | 226,838 | (114,063) | 334,126 |
| Selling, general, and administrative expenses(2) | 9,300 | 9,966 | 41,043 | | 60,309 |
| Research, technical, and product development expenses | | 3,256 | | | 3,256 |
| Asset and asset-related charges (income) | | | (5,012) | | (5,012) |
| Operating income (loss) | 3,072 | 19,181 | (8,441) | | 13,812 |
| Other expense, net | (52) | (91) | (479) | | (622) |
| Interest income (expense), net | (2,650) | 4,615 | (3,584) | | (1,619) |
| Equity in earnings (loss) of subsidiaries | 5,544 | 2,617 | (2,282) | (5,879) | |
| Income (loss) before income taxes | 5,914 | 26,322 | (14,786) | (5,879) | 11,571 |
| Provision for (benefit from) income taxes | 2,654 | 7,444 | (1,787) | | 8,311 |
| Net income attributable to continuing operations | \$ 3,260 | \$ 18,878 | \$ (12,999) | \$ (5,879) | \$ 3,260 |
| Net income attributable to discontinued operations, net of tax | 310 | | 310 | (310) | 310 |
| Net income (loss) | \$ 3,570 | \$ 18,878 | \$ (12,689) | \$ (6,189) | \$ 3,570 |
| Comprehensive income (loss) | \$ 4,796 | \$ 16,038 | \$ (6,708) | \$ (9,330) | \$ 4,796 |

(1) During the year ended December 31, 2010, the Parent recorded net sales related to the March 2010 settlement of certain Airbus 2009 contractual obligations.

(2) The Parent allocates SG&A to the subsidiaries based upon its budgeted annual expenses.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet

As of December 31, 2012

| | RTI International Metals, Inc. (As Restated) | Guarantor Subsidiaries (As Restated) | Non-Guarantor Subsidiaries (As Restated) | Eliminations (As Restated) | Consolidated (As Restated) |
|--|---|---|---|---|---|
| <u>ASSETS</u> | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ | \$ 87,283 | \$ 9,907 | \$ | \$ 97,190 |
| Receivables, net | 126 | 72,773 | 59,639 | (27,221) | 105,317 |
| Inventories, net | | 220,989 | 164,127 | | 385,116 |
| Costs in excess of billings | | | 2,260 | | 2,260 |
| Deferred income taxes | 26,478 | 2,543 | 2,359 | | 31,380 |
| Assets of discontinued operations | | | 14,741 | | 14,741 |
| Other current assets | 5,410 | 2,072 | 3,788 | | 11,270 |
| Total current assets | 32,014 | 385,660 | 256,821 | (27,221) | 647,274 |
| Property, plant, and equipment, net | 1,327 | 308,467 | 66,155 | | 375,949 |
| Goodwill | | 93,665 | 36,945 | | 130,610 |
| Other intangible assets, net | | 35,152 | 21,343 | | 56,495 |
| Deferred income taxes | | 32,757 | 33,433 | (32,903) | 33,287 |
| Other noncurrent assets | 4,117 | 892 | 3,857 | | 8,866 |
| Intercompany investments | 980,867 | 26,814 | 3,736 | (1,011,417) | |
| Total assets | \$ 1,018,325 | \$ 883,407 | \$ 422,290 | \$ (1,071,541) | \$ 1,252,481 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 1,177 | \$ 70,086 | \$ 47,619 | \$ (27,221) | \$ 91,661 |
| Accrued wages and other employee costs | 6,519 | 16,368 | 11,209 | | 34,096 |
| Unearned revenue | | 689 | 24,309 | | 24,998 |
| Liabilities of discontinued operations | | | 2,332 | | 2,332 |
| Other accrued liabilities | 3,669 | 9,197 | 9,684 | | 22,550 |
| Total current liabilities | 11,365 | 96,340 | 95,153 | (27,221) | 175,637 |
| Long-term debt | 196,644 | 1,693 | | | 198,337 |
| Intercompany debt | | 118,229 | 104,084 | (222,313) | |
| Liability for post-retirement benefits | | 45,066 | | | 45,066 |
| Liability for pension benefits | 6,419 | 14,133 | 159 | | 20,711 |
| Deferred income taxes | 54,222 | 21,590 | 3,475 | (32,903) | 46,384 |
| Unearned revenue | | | 13,013 | | 13,013 |
| Other noncurrent liabilities | 8,140 | 3,434 | 224 | | 11,798 |

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| | | | | | |
|--|--------------|------------|------------|----------------|--------------|
| Total liabilities | 276,790 | 300,485 | 216,108 | (282,437) | 510,946 |
| Shareholders' equity | 741,535 | 582,922 | 206,182 | (789,104) | 741,535 |
| Total liabilities and shareholders' equity | \$ 1,018,325 | \$ 883,407 | \$ 422,290 | \$ (1,071,541) | \$ 1,252,481 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Balance Sheet

As of December 31, 2011

| | RTI International Metals, Inc. (As Revised) | Guarantor Subsidiaries (As Revised) | Non-Guarantor Subsidiaries (As Revised) | Eliminations (As Revised) | Consolidated (As Revised) |
|--|--|--|---|------------------------------|------------------------------|
| <u>ASSETS</u> | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ | \$ 144,271 | \$ 12,571 | \$ | \$ 156,842 |
| Short-term investments | | 164,255 | | | 164,255 |
| Receivables, net | 351 | 55,499 | 51,113 | (20,535) | 86,428 |
| Inventories, net | | 136,695 | 123,157 | | 259,852 |
| Costs in excess of billings | | | 400 | | 400 |
| Deferred income taxes | 17,177 | 1,399 | 465 | | 19,041 |
| Assets of discontinued operations | | | 16,083 | | 16,083 |
| Other current assets | 9,351 | 883 | 2,324 | (2,336) | 10,222 |
| Total current assets | 26,879 | 503,002 | 206,113 | (22,871) | 713,123 |
| Property, plant, and equipment, net | 709 | 224,129 | 64,537 | | 289,375 |
| Investments | | 12,683 | | | 12,683 |
| Goodwill | | 18,097 | 36,386 | | 54,483 |
| Other intangible assets, net | | | 22,576 | | 22,576 |
| Deferred income taxes | | 26,567 | 27,485 | (26,628) | 27,424 |
| Other noncurrent assets | 4,697 | 36 | 4,023 | | 8,756 |
| Intercompany investments | 938,166 | 21,400 | 1,598 | (961,164) | |
| Total assets | \$ 970,451 | \$ 805,914 | \$ 362,718 | \$ (1,010,663) | \$ 1,128,420 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 950 | \$ 38,456 | \$ 36,949 | \$ (20,535) | \$ 55,820 |
| Accrued wages and other employee costs | 7,485 | 11,978 | 7,324 | | 26,787 |
| Unearned revenue | | | 19,716 | | 19,716 |
| Liabilities of discontinued operations | | | 4,244 | | 4,244 |
| Other accrued liabilities | 4,294 | 12,101 | 6,026 | (2,336) | 20,085 |
| Total current liabilities | 12,729 | 62,535 | 74,259 | (22,871) | 126,652 |
| Long-term debt | 186,961 | 20 | | | 186,981 |
| Intercompany debt | | 105,116 | 100,740 | (205,856) | |
| Liability for post-retirement benefits | | 41,388 | | | 41,388 |
| Liability for pension benefits | 6,777 | 13,376 | 677 | | 20,830 |
| Deferred income taxes | 36,638 | (40) | 3,614 | (26,606) | 13,606 |

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| | | | | | |
|---|-------------------|-------------------|-------------------|-----------------------|---------------------|
| Unearned revenue | | | 8,115 | | 8,115 |
| Other noncurrent liabilities | 5,253 | 3,316 | 186 | | 8,755 |
| Total liabilities | 248,358 | 225,711 | 187,591 | (255,333) | 406,327 |
| Shareholders' equity | 722,093 | 580,203 | 175,127 | (755,330) | 722,093 |
| Total liabilities and shareholders' equity | \$ 970,451 | \$ 805,914 | \$ 362,718 | \$ (1,010,663) | \$ 1,128,420 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Year Ended December 31, 2012**

| | RTI International Metals, Inc. (As Restated) | Guarantor Subsidiaries (As Restated) | Non-Guarantor Subsidiaries (As Restated) | Eliminations (As Restated) | Consolidated (As Restated) |
|--|---|---|---|---|---|
| Cash provided by (used in) operating activities | \$ 21,972 | \$ 2,957 | \$ (16,863) | \$ | \$ 8,066 |
| Investing activities: | | | | | |
| Capital expenditures | (970) | (54,715) | (5,853) | | (61,538) |
| Investments in subsidiaries, net | 178,633 | | | (178,633) | (182,811) |
| Acquisitions, net of cash acquired | (182,811) | | | | (182,811) |
| Proceeds from disposal of property, plant, and equipment | | | 10 | | 10 |
| Short-term investments and marketable securities, net | | 176,771 | | | 176,771 |
| Cash provided by (used in) investing activities | (5,148) | 122,056 | (5,843) | (178,633) | (67,568) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 729 | | | | 729 |
| Excess tax benefits from stock-based compensation activity | 196 | | | | 196 |
| Parent company investments, net of distributions | | (194,783) | 16,150 | 178,633 | |
| Repayments on long-term debt | | (758) | | | (758) |
| Intercompany debt, net | (16,184) | 13,540 | 2,644 | | |
| Purchase of common stock held in treasury | (742) | | | | (742) |
| Financing fees | (823) | | | | (823) |
| Cash provided by (used in) financing activities | (16,824) | (182,001) | 18,794 | 178,633 | (1,398) |
| Effect of exchange rate changes on cash and cash equivalents | | | 1,248 | | 1,248 |
| Decrease in cash and cash equivalents | | (56,988) | (2,664) | | (59,652) |
| Cash and cash equivalents at beginning of period | | 144,271 | 12,571 | | 156,842 |
| | \$ | \$ 87,283 | \$ 9,907 | \$ | \$ 97,190 |

Cash and cash equivalents at end of
period

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Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Year Ended December 31, 2011**

| | RTI International Metals, Inc. (As Revised) | Guarantor Subsidiaries (As Revised) | Non-Guarantor Subsidiaries (As Revised) | Eliminations (As Revised) | Consolidated (As Revised) |
|--|--|--|--|--|--|
| Cash provided by (used in) operating activities | \$ 28,498 | \$ 21,099 | \$ (34,762) | \$ | \$ 14,835 |
| Investing activities: | | | | | |
| Capital expenditures | | (35,793) | (3,052) | | (38,845) |
| Investments in subsidiaries, net | (35,812) | | | | (35,812) |
| Acquisitions, net of cash acquired | 33,831 | 1,735 | (36,248) | 682 | |
| Proceeds from disposal of property, plant, and equipment | | | 20 | | 20 |
| Short-term investments and marketable securities, net | | (160,409) | | | (160,409) |
| Cash used in investing activities | (1,981) | (194,467) | (39,280) | 682 | (235,046) |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 367 | | | | 367 |
| Excess tax benefits from stock-based compensation activity | 302 | | | | 302 |
| Parent company investments, net of distributions | | (38,200) | 38,882 | (682) | |
| Repayments on long-term debt | | (20) | (5) | | (25) |
| Intercompany debt, net | (26,892) | 5,230 | 21,662 | | |
| Purchase of common stock held in treasury | (294) | | | | (294) |
| Cash provided by (used in) financing activities | (26,517) | (32,990) | 60,539 | (682) | 350 |
| Effect of exchange rate changes on cash and cash equivalents | | | (248) | | (248) |
| Decrease in cash and cash equivalents | | (206,358) | (13,751) | | (220,109) |
| Cash and cash equivalents at beginning of period | | 350,629 | 26,322 | | 376,951 |
| Cash and cash equivalents at end of period | \$ | \$ 144,271 | \$ 12,571 | \$ | \$ 156,842 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

(In thousands, except share and per share amounts, unless otherwise indicated)

Condensed Consolidating Statement of Cash Flows**Year Ended December 31, 2010**

| | RTI International Metals, Inc. (As Revised) | Guarantor Subsidiaries (As Revised) | Non-Guarantor Subsidiaries (As Revised) | Eliminations (As Revised) | Consolidated (As Revised) |
|--|--|--|--|--|--|
| Cash provided by operating activities | \$ 26,707 | \$ 28,776 | \$ 19,725 | \$ | \$ 75,208 |
| Investing activities: | | | | | |
| Capital expenditures | | (24,365) | (4,267) | | (28,632) |
| Investments in subsidiaries, net | (205,830) | (2,900) | | 208,730 | |
| Proceeds from disposal of property, plant, and equipment | | | 4,011 | | 4,011 |
| Short-term investments, net | | 44,766 | | | 44,766 |
| Cash provided by (used in) investing activities | (205,830) | 17,501 | (256) | 208,730 | 20,145 |
| Financing activities: | | | | | |
| Proceeds from exercise of employee stock options | 1,096 | | | | 1,096 |
| Excess tax benefits from stock-based compensation activity | 380 | | | | 380 |
| Parent company investments, net of distributions | | 75,375 | 133,355 | (208,730) | |
| Borrowings on long-term debt | 230,000 | | | | 230,000 |
| Repayments on long-term debt | | (20) | (17) | | (37) |
| Intercompany debt, net | (44,737) | 183,472 | (138,735) | | |
| Purchase of common stock held in treasury | (367) | | | | (367) |
| Financing fees | (7,249) | | | | (7,249) |
| Cash provided by (used in) financing activities | 179,123 | 258,827 | (5,397) | (208,730) | 223,823 |
| Effect of exchange rate changes on cash and cash equivalents | | | 1,559 | | 1,559 |
| Increase in cash and cash equivalents | | 305,104 | 15,631 | | 320,735 |
| Cash and cash equivalents at beginning of period | | 45,525 | 10,691 | | 56,216 |
| Cash and cash equivalents at end of period | \$ | \$ 350,629 | \$ 26,322 | \$ | \$ 376,951 |

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Note 18 SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED):**

The following table sets forth selected quarterly financial data for 2012 and 2011. It has been derived from the Company's unaudited Consolidated Financial Statements which have been restated or revised, as indicated, for each of the quarterly periods to reflect the adjustments that are more fully described in Note 2 to the Consolidated Financial Statements.

| | 1st Quarter (As Restated) | 2nd Quarter (As Restated) | 3rd Quarter (As Restated) | 4th Quarter (As Restated) |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| 2012 | | | | |
| Net Sales | \$ 154,070 | \$ 184,462 | \$ 182,545 | \$ 187,013 |
| Gross profit | 32,507 | 34,019 | 33,650 | 39,452 |
| Operating income | 10,609 | 10,237 | 9,296 | 16,969 |
| Net income from continuing operations | 4,058 | 4,093 | 3,199 | 7,090 |
| Earnings per share attributable to continuing operations: | | | | |
| Basic | \$ 0.13 | \$ 0.14 | \$ 0.11 | \$ 0.23 |
| Diluted | \$ 0.13 | \$ 0.13 | \$ 0.11 | \$ 0.23 |
| Earnings per share attributable to discontinued operations: | | | | |
| Basic | \$ 0.02 | \$ 0.01 | \$ 0.01 | \$ 0.01 |
| Diluted | \$ 0.02 | \$ 0.01 | \$ 0.01 | \$ 0.01 |

| | 1st Quarter (As Restated) | 2nd Quarter (As Restated) | 3rd Quarter (As Revised) | 4th Quarter (As Revised) |
|---|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|
| 2011 | | | | |
| Net Sales | \$ 111,800 | \$ 118,007 | \$ 136,853 | \$ 134,628 |
| Gross profit | 23,312 | 24,183 | 22,851 | 23,282 |
| Operating income | 7,630 | 6,482 | 6,310 | 3,630 |
| Net income from continuing operations | 1,497 | 2,117 | 1,167 | (587) |
| Earnings per share attributable to continuing operations: | | | | |
| Basic | \$ 0.05 | \$ 0.07 | \$ 0.04 | \$ (0.02) |
| Diluted | \$ 0.05 | \$ 0.07 | \$ 0.04 | \$ (0.02) |
| Earnings per share attributable to discontinued operations: | | | | |
| Basic | \$ 0.01 | \$ 0.02 | \$ 0.02 | \$ 0.01 |
| Diluted | \$ 0.01 | \$ 0.02 | \$ 0.02 | \$ 0.01 |

Note 19 SUBSEQUENT EVENT:

On February 6, 2013, the Company announced a restructuring of its management organization, including the structure of its reportable segments. The new structure combines the global operations of the Company into two business segments: the Titanium Segment and the Engineered Products and Services Segment. The Titanium Segment combines the Company's former Titanium and Distribution Groups. The Engineered Products and Services Segment is the Company's former Fabrication Group, including the aerospace and defense, medical device, and energy operations of the two most recent acquisitions, Remmele and Advanced Forming.

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Item 9A. Controls and Procedures.

Disclosure controls and procedures

The Company's management, under the supervision of and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2012. Based on that original evaluation, the CEO and CFO originally concluded that the Company's disclosure controls were effective as of December 31, 2012.

In connection with the restatements of our Consolidated Financial Statements for the year ended December 31, 2012 as discussed in Note 2, as reported on Amendment No. 1 and the other material weaknesses identified in connection with Amendment No. 1, management, under the supervision of and with the participation of the CEO and CFO, reevaluated the effectiveness of the Company's disclosure controls and procedures and concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2012. Notwithstanding the existence of the material weaknesses described below, based upon the work performed during the restatement process, the Company's management concluded that the Consolidated Financial Statements included in this Annual Report on Form 10-K/A fairly present, in all material respects, our financial position, results of operations, and cash flows for the interim and annual periods presented herein.

Management's report on internal control over financial reporting (Restated)

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012 based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, in Management's report on internal control over financial reporting included in our original Annual Report on Form 10-K for the year ended December 31, 2012, management had concluded that the Company's internal control over financial reporting was effective as of December 31, 2012. In connection with the first restatement of the financial statements included in Amendment No. 1, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, reevaluated the effectiveness of its internal control over financial reporting and concluded that, because material weaknesses, as discussed below, existed as of December 31, 2012, the Company's internal control over financial reporting was not effective as of December 31, 2012. Management has determined that the second restatement described in Note 2 to the consolidated financial statements was an additional result of the material weakness in revenue recognition described below. Accordingly, the second restatement did not affect Management's conclusion on internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The identified material weaknesses in internal control over financial reporting discovered in connection with the first restatement of the financial statements included in Amendment No. 1, are as follows:

The Company did not design effective controls over the completeness, accuracy and timing of revenue recognition and related costs at certain businesses within its EP&S segment. Specifically, the Company did not design controls to assess whether certain customer contracts should be accounted for using a percentage of completion model and did not design controls to apply percentage of completion accounting which impacted the revenue, cost of goods sold, inventory and costs in excess of billings accounts and the related disclosures. This material weakness resulted in the first and second restatements of the Company's Consolidated Financial

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Statements for the year ended December 31, 2012 and the Condensed Consolidated Financial Statements for the interim periods in 2012, and with respect to the first restatement, to each of the three months ended March 31, 2011 and June 30, 2011, as well as revisions to the December 31, 2011 and 2010 Consolidated Financial Statements, the Condensed Consolidated Financial Statements for the six months ended June 30, 2011 and for the three and nine months ended September 30, 2011. In addition, this material weakness could result in a further misstatement to the aforementioned accounts and disclosures that would result in a material misstatement to annual or interim consolidated financial statements that would not be prevented or detected.

The Company did not maintain effective risk assessment controls to evaluate the financial reporting impacts that recent acquisitions and other related changes to the business could have on certain other internal control processes. This material weakness contributed to material weaknesses related to the accounting for business combinations, implementation of controls in certain newly acquired entities and the annual impairment assessment of goodwill as described in further detail below:

- (1) The Company did not design effective controls over the accuracy of the fair value of assets acquired and liabilities assumed in a business combination, including the valuation of acquired intangible assets.

- (2) The Company did not design and maintain certain controls at its recently acquired Advanced Forming division. Specifically, controls over journal entries were not effectively designed to provide reasonable assurance that journal entries were appropriately recorded or that they were properly reviewed for validity, accuracy, and completeness for substantially all of the accounts. In addition, the Company did not design and maintain controls to ensure the accuracy and existence of revenue and accounts receivables, the valuation of inventory and the accuracy of cost of goods sold at this division.

- (3) The Company did not design effective controls over the annual goodwill impairment analysis, including controls over the accuracy of inputs to the reporting unit enterprise valuation and the accuracy and completeness of qualitative impairment consideration.

The material weaknesses related to risk assessment, acquisition purchase accounting, Advanced Forming and goodwill impairment analysis did not result in any material misstatements to the financial statements. However, these material weaknesses could result in misstatements of the aforementioned account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2012 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in internal control over financial reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2012 that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Management's remediation initiatives

The Company has started the evaluation process associated with remediation of the material weaknesses that have been described above. The Company will continue to take measures, including engaging service providers, that may be necessary and advisable so as to institute measures to address these material weaknesses.

Table of Contents**PART IV****Item 15. Exhibits, Financial Statement Schedules.**

The following documents are filed as a part of this report:

1. The financial statements contained in Item 8 hereof;
2. The financial statement schedule following the signatures hereto; and
3. The following Exhibits:

Exhibits

The exhibits listed on the Index to Exhibits are filed herewith or are incorporated by reference.

Exhibit

| No. | Description |
|-----|--|
| 2.1 | Amended and Restated Reorganization Agreement, incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-1 No. 33-30667 Amendment No. 1. |
| 2.2 | Stock Purchase Agreement by and among Aeromet International PLC, Aeromet Advanced Forming Limited and RTI Europe Limited, dated as of October 17, 2011, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K for the event dated October 17, 2011. |
| 2.3 | Stock Purchase Agreement by and among RTI International Metals, Inc., REI Delaware Holding, Inc., and REI Delaware Holding, LLC, dated as of January 9, 2012, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K for the event dated January 9, 2012. |
| 2.4 | Amendment No. 1 to Stock Purchase Agreement, dated February 13, 2012, by and among RTI International Metals, Inc., REI Delaware Holding, LLC, and REI Delaware Holding, Inc., incorporated by reference to Exhibit 2.4 to the Company's Annual Report on form 10-K for the year ended December 31, 2011. |
| 3.1 | Amended and Restated Articles of Incorporation of the Company, effective April 29, 1999, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999. |
| 3.2 | Amended Code of Regulations of the Company, incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-4 No. 333-61935. |
| 4.1 | Form of Senior Debt Indenture by and among RTI International Metals, Inc. and The Bank of New York Mellon Trust Company, N.A., Trustee, incorporated by reference to Exhibit 4.8 to the Company's Form S-3ASR No. 333-171034, filed December 8, 2010. |
| 4.2 | Form of Subordinated Indenture by and among RTI International Metals, Inc. and The Bank of New York Mellon Trust Company, N.A., Trustee, incorporated by reference to Exhibit 4.9 to the Company's Form S-3ASR No. 333-171034, filed December 8, 2010. |
| 4.3 | Indenture, dated December 14, 2010 by and between RTI International Metals, Inc. and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K for the event dated December 14, 2010. |
| 4.4 | First Supplemental Indenture, dated December 14, 2010 by and between RTI International Metals, Inc., the Subsidiary Guarantors party thereto and the Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.2 to |

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the Company's Current Report on Form 8-K for the event dated December 14, 2010.

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| No. | Description |
|--------|---|
| 4.5 | Form of 3.000% Convertible Senior Notes due 2015, incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K for the event dated December 14, 2010. |
| 4.6 | Second Amended and Restated Credit Agreement dated May 23, 2012, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated May 23, 2012. |
| 4.7 | Second Supplemental Indenture, dated May 30, 2012 by and between RTI International Metals, Inc., REI Medical, Inc., Remmele Engineering, Inc. and the Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on form 10-Q for the quarter ended June 30, 2012. |
| 10.1* | RTI International Metals, Inc. Supplemental Pension Program effective August 1, 1987, as amended and restated October 26, 2007, incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007. |
| 10.2* | RTI International Metals, Inc. Excess Benefits Plan effective July 18, 1991, and restated October 26, 2007, incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007. |
| 10.3* | RTI International Metals, Inc., 1995 Stock Plan incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995. |
| 10.4* | RTI International Metals, Inc. 2004 Stock Plan effective January 28, 2005, as amended January 26, 2007, incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006. |
| 10.5* | Form of Non-Qualified Stock Option Grant under the RTI International Metals, Inc. 2004 Stock Plan, incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K filed on April 14, 2005. |
| 10.6* | Form of Restricted Stock Grant under the RTI International Metals, Inc. 2004 Stock Plan, incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004. |
| 10.7* | Form of Performance Share Award (2011 grants and prior) under the RTI International Metals, Inc. 2004 Stock Plan, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated January 25, 2008. |
| 10.8* | Form of Performance Share Award under the RTI International Metals, Inc. 2004 Stock Plan, as amended on January 26, 2012, incorporated by reference to Exhibit 10.9 to the Company's annual report on Form 10-K for the year ended December 31, 2011. |
| 10.9* | RTI International Metals, Inc., Employee Stock Purchase Plan, incorporated by reference to Annex A to the Company's Notice of Annual Meeting of Shareholders and Proxy Statement on Form DEF14A, dated February 23, 2009. |
| 10.10* | RTI International Metals, Inc. Board of Directors Compensation Program, as amended April 26, 2012, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012. |
| 10.11* | Pay philosophy and guiding principles covering executive compensation, incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011. |
| 10.12* | Form of indemnification agreement, incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012. |

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Exhibit

| No. | Description |
|------------|---|
| 10.13* | Amended and Restated Executive Non-Change in Control Severance Policy, as amended December 31, 2008, incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K for the event dated December 31, 2008. |
| 10.14* | Amended and Restated Executive Change in Control Severance Policy, as amended December 31, 2008, incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K for the event dated December 31, 2008. |
| 10.15* | Amended and restated employment agreement, dated December 31, 2008, between the Company and Dawne S. Hickton, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated December 31, 2008. |
| 10.16* | Employment Agreement, dated May 17, 2010, between the Company and James L. McCarley, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated May 20, 2010. |
| 10.17* | Amended and restated employment agreement, dated December 31, 2008, between the Company and Stephen R. Giangiordano, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K for the event dated December 31, 2008. |
| 10.18* | Amended and restated employment agreement, dated December 31, 2008, between the Company and William T. Hull, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K for the event dated December 31, 2008. |
| 10.19* | Amended and restated employment agreement, dated December 31, 2008, between the Company and William F. Strome, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K for the event dated December 31, 2008. |
| 10.20* | Amended and restated employment agreement, dated December 31, 2008, between the Company and Chad Whalen, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K for the event dated December 31, 2008. |
| 10.21* | Employment Agreement, dated February 21, 2013, between the Company and Patricia A. O'Connell, incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012. |
| 10.22 | Titanium Sponge Supply Agreement, dated January 1, 2007, between the Company and Sumitomo Titanium Corporation and its affiliates, incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007. |
| 10.23 | Amendment to Long-Term Supply Agreement, dated May 30, 2007, between the Company and Lockheed Martin Corporation and its affiliates, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007. |
| 10.24 | Amended and Restated Procurement Frame Contract between EADS Deutschland GmbH and the Company dated July 20, 2010 incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated July 22, 2010. |
| 21.1 | Subsidiaries of the Company, filed herewith. |
| 23.1 | Consent of independent registered public accounting firm, filed herewith. |
| 24.1 | Powers of Attorney incorporated by reference to Exhibit 24.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012. |
| 31.1 | Certification of Chief Executive Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of Sarbanes-Oxley Act of 2002, filed herewith. |

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| Exhibit | |
|----------------|--|
| No. | Description |
| 31.2 | Certification of Principal Financial Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of Sarbanes-Oxley Act of 2002, filed herewith. |
| 32.1 | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 32.2 | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith. |
| 101** | The following financial statements from The Company's Annual Report on Form 10-K for the year ended December 31, 2012, formatted in Extensible Business Reporting Language (XBRL); (i) consolidated balance sheets, (ii) consolidated statements of operations, (iii) consolidated statements of cash flows, (iv) consolidated statements of stockholders' equity, and (v) the notes to the consolidated financial statements, tagged as blocks of text. |
| 101.INS** | XBRL Instance Document |
| 101.SCH** | XBRL Taxonomy Extension Schema Document |
| 101.CAL** | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB** | XBRL Taxonomy Extension Labels Linkbase Document |
| 101.PRE** | XBRL Taxonomy Extension Presentation Linkbase Document |

* Denotes management contract or compensatory plan, contract, or arrangement

** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Schedule II Valuation and Qualifying Accounts**

(In thousands)

| Description | Balance at beginning of year | (Charged) credited to costs and expenses | (Charged) credited to other accounts | Balance at end of year |
|---|---|---|---|---------------------------------------|
| Year ended December 31, 2012: | | | | |
| Allowance for doubtful accounts | \$ (872) | \$ 110 | \$ | \$ (762) |
| Valuation allowance for deferred income taxes | (4,313) | (126) | | (4,439) |
| Year ended December 31, 2011: | | | | |
| Allowance for doubtful accounts | \$ (478) | \$ (394) | \$ | \$ (872) |
| Valuation allowance for deferred income taxes | (4,332) | 19 | | (4,313) |
| Year ended December 31, 2010: | | | | |
| Allowance for doubtful accounts | \$ (646) | \$ 168 | \$ | \$ (478) |
| Valuation allowance for deferred income taxes | (4,066) | (266) | | (4,332) |

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