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)

þ 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	**52-2115953**
(State of Incorporation)	(I.R.S. Employer Identification No.)
Westpointe Corporate Center One, 5th Floor	**15108-2973**
1550 Coraopolis Heights Road	(Zip code)
Pittsburgh, Pennsylvania	
(Address of principal executive offices)	

Registrant s telephone number, including area code:

(412) 893-0026

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

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 þ **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** þ

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

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

Yes ¨ **No** þ

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.

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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

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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

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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

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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

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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

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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.

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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.

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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.

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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.

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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.

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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

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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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

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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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

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

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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
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.

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Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

	June 30, 2011				
	Previously Reported	Revision Adjustment	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)

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.

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Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

	September 30, 2011				
	Previously Reported	Revision Adjustment	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

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.

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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

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Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

	Six Months Ended June 30, 2012			
	As Reported	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)
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

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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

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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)
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.

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Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

	Six Months Ended June 30, 2011		
	Previously Reported	**Revision Adjustment**	**Currently Reported**
OPERATING ACTIVITIES:			
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
INVESTING ACTIVITIES:			
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)
FINANCING ACTIVITIES:			
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.

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Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

	Nine Months Ended September 30, 2011		
	Previously Reported	Revision Adjustment	Currently Reported
OPERATING ACTIVITIES:			
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)
INVESTING ACTIVITIES:			
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)
FINANCING ACTIVITIES:			
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

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 1950 s 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 (As Restated)		**2011 (As Revised)**		**2010 (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:

(dollars in millions)	**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:

(dollars in millions)	**2012 (as restated)**	**2011 (as revised)**	**2010 (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:

(dollars in millions)	**2012 (as restated)**	**2011 (as revised)**	**2010 (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 Verkhnaya 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:

(dollars in millions)	**2012**	**2011**	**2010**
Research, technical and product development expenses	$ 4.2	$ 3.4	$ 3.3

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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. Giangiordano	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 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 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 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 breeches, 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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PART II

Item 6. Selected Financial Data.

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 cyclicality 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 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:

(Dollars in millions)	Years Ended December 31, 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)			
(Dollars in millions)	**$**	***% of Sales***	**$**	***% of Sales***	**$ Increase/ (Decrease)**	**% Increase/ (Decrease)**
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			
(Dollars in millions)	**$**	***% of Sales***	**$**	***% of Sales***	**$ Increase/ (Decrease)**	**% Increase/ (Decrease)**
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 (as restated)		2011 (as revised)			
(Dollars in millions)	**$**	***% of Sales***	**$**	***% of Sales***	**$ Increase/ (Decrease)**	**% Increase/ (Decrease)**
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,		$	%
(Dollars in millions)	**2011 (as revised)**	**2010 (as revised)**	**Increase/ (Decrease)**	**Increase/ (Decrease)**
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 (as revised)		2010 (as revised)			
(Dollars in millions)	$	*% of Sales*	$	*% of Sales*	$ Increase/ (Decrease)	% Increase/ (Decrease)
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			
(Dollars in millions)	$	*% of Sales*	$	*% of Sales*	$ Increase/ (Decrease)	% Increase/ (Decrease)
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,					
	2011 (as revised)		2010 (as revised)			
(Dollars in millions)	$	*% of Sales*	$	*% of Sales*	$ Increase/ (Decrease)	% Increase/ (Decrease)
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 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.

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.

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 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 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:

	2012
Investment Category	
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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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

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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.

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

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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.

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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.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	December 31, 2012 (as restated)	December 31, 2011 (as revised)
ASSETS		
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
LIABILITIES AND SHAREHOLDERS EQUITY		
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

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.

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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)
OPERATING ACTIVITIES:			
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
INVESTING ACTIVITIES:			
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
FINANCING ACTIVITIES:			
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

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.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Consolidated Statement of Shareholders Equity

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

	Common Stock						
	Shares Outstanding	Amount	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
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

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.

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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 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.

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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)

	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

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					
Consolidated Balance Sheets	Previously Reported	First Restatement Adjustment	Second Restatement Adjustment	As Corrected	Discontinued Operations	Currently Reported
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

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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)

	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*.

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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)

	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*.

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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 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

Earnings per share attributable to discontinued operations:												
Basic	$		$		$		$		$	0.02	$	0.02
Diluted	$		$		$		$		$	0.02	$	0.02

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

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(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

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

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(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

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

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(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

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

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(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

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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)

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.

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.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

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(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.

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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)

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.

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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)

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.

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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)

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

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

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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)

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
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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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						

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

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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)

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

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.

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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)

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

	June 30, 2011				
	Previously Reported	Revision Adjustment	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)
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.

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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)

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

	September 30, 2011				
	Previously Reported	Revision Adjustment	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
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.

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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)

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

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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)

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

	Six Months Ended June 30, 2012			
	As Reported	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)

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

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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)

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

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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)

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	