

RTI INTERNATIONAL METALS INC

Form 10-K/A

November 12, 2013

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

FORM 10-K/A

Amendment No. 2

(Mark One)

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

or

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

Commission file number **001-14437**

RTI INTERNATIONAL METALS, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State of Incorporation)

Westpointe Corporate Center One, 5th Floor

1550 Coraopolis Heights Road

Pittsburgh, Pennsylvania
(Address of principal executive offices)

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

15108-2973

(Zip code)

Registrant's telephone number, including area code:

(412) 893-0026

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

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

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

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

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

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

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

Yes No

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

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

Documents Incorporated by Reference:

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

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EXPLANATORY NOTE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Table of Contents**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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Cash and cash equivalents at end of period	\$ 189,741	\$	\$ 189,741
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The information in the table above is unchanged from Amendment No. 1.

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

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

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

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

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RTI INTERNATIONAL METALS, INC. AND CONSOLIDATED SUBSIDIARIES

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

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PART I

Item 1. Business

The Company

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

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

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

Industry Overview

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

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

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

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

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

Commercial Aerospace

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

	2012	2011	2010
Deliveries	1,189	1,011	972

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

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

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

Defense

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

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

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

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

Energy, Medical, & Other

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

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

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

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

Products and Segments

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

Titanium Segment

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

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

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

Engineered Products and Services Segment

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

Integrated Strategy

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

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

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

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

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

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

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

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

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

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

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

Exports

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

	2012	2011	2010
Export sales	35%	36%	36%

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

Backlog

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

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

Raw Materials

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

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

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

Competition and Other Market Factors

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

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

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

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

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

Trade and Legislative Factors

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

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

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

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

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

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

Environmental Liabilities

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

Marketing and Distribution

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

Research, Technical, and Product Development

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

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

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

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

Employees

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

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

Executive Officers of the Registrant

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

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

Biographies

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

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

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

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

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

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

Available Information

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

Item 1A. Risk Factors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our business is substantially derived from titanium mill products and fabricated metal parts, which are primarily used by our customers as components in the manufacture of their products. The ability or inability to meet our financial expectations could be directly impacted by our customers' abilities or inability 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.

Table of Contents**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 cyclical nature of the titanium and commercial aerospace industries,

energy shortages or cost increases,

labor matters,

risks related to international operations,

our ability to attract and retain key personnel,

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

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

Because such forward-looking statements involve risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These and other risk factors are set forth in this filing, as well as in other filings filed with or

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

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

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

Overview

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

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

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

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

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

Trends and Uncertainties

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

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

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

Executive Summary

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

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

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

Results of Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Duty Drawback Investigation

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

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

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

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contractual Obligations, Commitments and Other Post-Retirement Benefits

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

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

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

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

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

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

Off-Balance Sheet Arrangements

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

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Credit Agreements

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

New Accounting Standards

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

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

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

Critical Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Item 8. Financial Statements and Supplementary Data.

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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.

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

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

Pittsburgh, Pennsylvania

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Balance at December 31, 2012 (as restated)	30,354,324	\$ 311	\$ 484,798	\$ (18,399)	\$ 319,547	\$ (44,722)	\$ 741,535
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The accompanying notes are an integral part of these Consolidated Financial Statements.

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

Note 1 ORGANIZATION AND OPERATIONS:

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

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

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

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

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

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

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

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

Note 2 RESTATEMENTS AND REVISIONS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

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

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Earnings per share attributable to
discontinued operations:

Basic	\$	\$	\$	\$	\$	0.02	\$	0.02
Diluted	\$	\$	\$	\$	\$	0.02	\$	0.02

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

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

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

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

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

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

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

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

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

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

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

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

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

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

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

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

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

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

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

Condensed Consolidated Statement of Operations

(Unaudited)

(In thousands, except per share amounts)

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

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

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

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

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except per share amounts)

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

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

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

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

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

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

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

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

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

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

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

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

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

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

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

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

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

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

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

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

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

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

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

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

Condensed Consolidated Balance Sheet

(Unaudited)

(In thousands, except share and per share amounts)

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

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

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

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

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

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

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

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

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

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

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

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

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

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

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

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

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

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

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(In thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Condensed Consolidating Statement of Operations and Comprehensive Income****Six Months Ended June 30, 2011****(Unaudited)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	RTI International Metals, Inc.		Guarantors		Non-Guarantors		Eliminations		Consolidated	
	Previously Reported	As Restated	Previously Reported	As Restated	Previously Reported	As Restated	Previously Reported	As Restated	Previously Reported	As Restated
ASSETS										
Current assets:										
Cash and cash equivalents	\$	\$	\$ 69,907	\$ 69,907	\$ 3,482	\$ 3,482	\$	\$	\$ 73,389	\$ 73,389
Short term investments			3,998	3,998					3,998	3,998
Receivables, net	126	126	80,480	80,480	66,322	63,115	(29,473)	(29,473)	117,455	114,248
Inventories, net			189,837	189,837	188,381	162,992			378,218	352,829
Costs in excess of billings						2,151				2,151
Deferred income taxes	17,176	17,176	2,401	2,593	67	2,290			19,644	22,059
Assets of discontinued operations						16,799				16,799
Other current assets	4,021	4,021	4,070	4,070	4,014	4,449	(1,380)	(1,380)	10,725	11,160
Total current assets	21,323	21,323	350,693	350,885	262,266	255,278	(30,853)	(30,853)	603,429	596,633
Property, plant, and equipment, net	1,336	1,336	301,681	301,681	64,801	64,751			367,818	367,768
Marketable Securities										
Goodwill			99,754	94,494	38,493	37,112			138,247	131,606
Other intangible assets, net			35,795	35,795	21,869	21,869			57,664	57,664
Deferred income taxes			26,313	26,313	32,818	32,818	(26,934)	(26,934)	32,197	32,197
Other noncurrent assets	4,442	4,442	2,781	2,781	470	3,710	(2,580)	(2,580)	5,113	8,353
Intercompany investments	981,646	977,337	71,231	26,492	180	3,408	(1,053,057)	(1,007,237)		
Total assets	\$ 1,008,747	\$ 1,004,438	\$ 888,248	\$ 838,441	\$ 420,897	\$ 418,926	\$ (1,113,424)	\$ (1,067,604)	\$ 1,204,468	\$ 1,194,221
LIABILITIES AND SHAREHOLDERS' EQUITY										
Current liabilities:										
Accounts payable	\$ 1,003	\$ 1,003	\$ 46,543	\$ 46,543	\$ 52,006	\$ 49,093	\$ (29,473)	\$ (29,473)	\$ 70,079	\$ 67,166
Accrued wages and other employee costs	5,177	5,177	15,629	15,629	8,924	8,639			29,730	29,445

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

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

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

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

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

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

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

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

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

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

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

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

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

Condensed Consolidating Balance Sheet**September 30, 2011**

(unaudited)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Note 3 DISCONTINUED OPERATIONS:**

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

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

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

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

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

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

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

Use of estimates:

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

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

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

Fair value:

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

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

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

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

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

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

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

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

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

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

Available-for-sale securities

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

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

Money market mutual funds

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

Commercial paper

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

Short-term municipal bond fund

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

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

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

U.S. government agencies

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

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

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

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

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

Total	\$ 176,988	\$ 43	\$ 93	\$ 176,938
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Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)****Receivables:**

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

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

Inventories:

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

Inventories consisted of the following:

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

Costs in Excess of Billings:

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

Property, plant, and equipment:

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

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

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

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

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

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

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

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

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

Goodwill and intangible assets:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other long-lived assets:

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

Environmental:

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

Treasury stock:

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

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

Revenue Recognition

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

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

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

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

Shipping and handling fees and costs:

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

Research and development:

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

Pensions:

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

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

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

Other post-retirement benefits:

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

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

Income taxes:

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

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

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

Foreign currencies:

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

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

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

Accumulated other comprehensive income (loss):

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

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

Stock-based compensation:

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

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

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

New Accounting Standards:

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

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

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

Note 5 ACQUISITIONS:

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

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

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

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

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

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

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

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

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

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

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

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

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

Note 6 EARNINGS PER SHARE:

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

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

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

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

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

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

Note 7 INCOME TAXES:

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

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

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

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

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

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

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

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Deferred tax assets and liabilities resulted from the following:

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

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

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

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

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

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

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

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

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

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

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

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

Note 8 OTHER INCOME (EXPENSE), NET:

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

Note 9 EMPLOYEE BENEFIT PLANS:

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

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

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

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

Amounts recognized in accumulated other comprehensive loss consisted of:

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

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

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

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

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

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

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

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

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

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

The discount rate is used to determine the present value of future payments. In general, the Company's liability increases as the discount rate decreases and decreases as the discount rate increases. The discount rate was determined by taking into consideration a dedicated bond portfolio model in order to select a discount rate that best matches the expected payment streams of the future payments. Under this model, a hypothetical

bond

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portfolio is constructed with cash flows that are expected to settle the benefit payment stream from the plans. The portfolio is developed using bonds with a Moody's or Standard & Poor's rating of Aa or better based on those bonds available as of the measurement date. The appropriate discount rate is then selected based on the resulting yield from this portfolio.

A change of one quarter of a percentage point in the discount rate of 4.10% used at December 31, 2012 would have the following effect on the defined benefit plans:

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

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

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

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

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

The components of net periodic pension and post-retirement benefit cost were as follows:

	Pension Benefit Plans			Post-Retirement Benefit Plan		
	2012	2011	2010	2012	2011	2010
Service cost	\$ 2,450	\$ 2,047	\$ 1,806	\$ 671	\$ 746	\$ 711
Interest cost	7,093	7,177	7,078	2,102	2,361	2,200
Expected return on plan assets	(9,707)	(7,791)	(7,478)			
Prior service cost amortization	980	401	523	1,214	1,214	1,214
Amortization of actuarial loss	5,361	4,017	2,809	157	171	
Settlement charges	373					
Net periodic benefit cost	\$ 6,550	\$ 5,851	\$ 4,738	\$ 4,144	\$ 4,492	\$ 4,125

The amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2013 are as follows:

	Pension Benefit Plans 2013	Post-Retirement Benefit Plan 2013
Amortization of actuarial loss	\$ 7,160	\$ 352
Amortization of prior service cost	990	1,214
Total recognized from accumulated other comprehensive loss	\$ 8,150	\$ 1,566

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

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

Investment category:	2012	2011
U.S. government securities	\$ 22,034	\$ 14,852
Corporate bonds	37,487	34,130
Equities	81,445	68,419
Short-term investment funds	597	807
Real estate funds	3,468	2,584
Other investments - Timberlands	1,691	1,652
Total	\$ 146,722	\$ 122,444

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

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

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

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

The Company uses appropriate valuation techniques based on the available inputs to measure the fair value of plan investments. When available, the Company measures the fair value using Level 1 inputs as they generally provide the most reliable evidence of fair value. When Level 1 and Level 2 inputs are not available, the Company uses Level 3 inputs to fair value its plan assets. A summary of the plan investments, their fair value and their level within the fair value hierarchy is presented below.

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

As of December 31, 2012:

	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment category:				
U.S. government securities	\$	\$ 22,034	\$	\$ 22,034
Corporate bonds		37,487		37,487
Equities	3,613	73,794	4,038	81,445
Short-term investment funds	597			597
Real estate funds			3,468	3,468
Other investments Timberlands			1,691	1,691
Total assets	\$ 4,210	\$ 133,315	\$ 9,197	\$ 146,722

As of December 31, 2011:

	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investment category:				
U.S. government securities	\$	\$ 14,852	\$	\$ 14,852
Corporate bonds		34,130		34,130
Equities		64,985	3,434	68,419
Short-term investment funds	807			807
Real estate funds			2,584	2,584
Other investments Timberlands			1,652	1,652
Total assets	\$ 807	\$ 113,967	\$ 7,670	\$ 122,444

Level 1 Fair Value Measurements:

Short-term Investment Funds Short-term Investment Funds are carried at the reported net asset values.

Equities The fair value of equities are based upon quoted market prices.

Level 2 Fair Value Measurements:

Corporate Bonds and U.S. Government Securities The plans hold certain U.S. government securities and corporate bonds in a limited partnership with the assets of other plan sponsors. The fair values of these securities held in the partnership are based upon quoted market prices.

Equities The plans hold common stock in a limited partnership with the assets of other plan sponsors. The fair values of these securities held in the partnerships are based upon quoted market prices.

Table of Contents**RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements****(In thousands, except share and per share amounts, unless otherwise indicated)**Level 3 Fair Value Measurements:

Equities (Private Equity Funds) and Real Estate Funds The fair value of private equity funds and real estate funds are determined by the fair value of the underlying investments in the funds plus working capital adjusted for liabilities, currency translation and estimated performance incentives. Various methods of determining the fair value of the underlying assets in each fund are used which may include, but are not limited to, expected cash flows, multiples of earnings, discounted cash flow models, direct capitalization analyses, third-party appraisals and other market-based information. Valuations are reviewed utilizing available market data to determine whether or not any fair value adjustments are necessary.

Timberlands The value of the Timberlands investment is based upon the appraised value of the Timberlands plus net working capital. It is based upon inventory obtained pursuant to a review of this inventory at the time of acquisition, updated periodically based upon a cash projection model for a 50-year period using real prices and a real discount rate based upon current market activity. Valuations are reviewed utilizing industry information to determine whether or not any fair value adjustments are necessary.

The following table provides further details of the Level 3 fair value measurements using significant unobservable input:

	Private Equity Funds	Real Estate Funds	Timberlands	Total
December 31, 2010	\$ 2,898	\$ 1,888	\$ 1,600	\$6,386
Realized gains/losses	83	144		227
Unrealized gain/losses relating to investments still held at December 31, 2011	338	54	52	444
Purchases	679	911		1,590
Sales	(564)	(413)		(977)
December 31, 2011	3,434	2,584	1,652	7,670
Realized gains/losses	301	109		410
Unrealized gain/losses relating to investments still held at December 31, 2012	267	279	39	585
Purchases	861	925		1,786
Sales	(825)	(429)		(1,254)
December 31, 2012	\$ 4,038	\$ 3,468	\$ 1,691	\$9,197

Other post-retirement benefit plans. The ultimate costs of certain of the Company's retiree health care plans are capped at predetermined out-of-pocket spending limits. The annual rate of increase in the per capita costs for these plans is limited to the predetermined spending cap.

All of the benefit payments are expected to be paid from Company assets. These estimates are based on current benefit plan coverages and, in accordance with the Company's rights under the plan, these coverages may be modified, reduced, or terminated in the future.

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

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

	Pension Benefit Plans	Post-Retirement Benefit Plan (including Plan D subsidy)	Post-Retirement Benefit Plan (not including Plan D subsidy)
2013	\$ 9,933	\$ 2,868	\$ 3,031
2014	9,577	2,969	3,150
2015	9,798	2,769	2,965
2016	10,106	2,850	3,064
2017	10,397	3,008	3,241
2018 to 2022	57,366	17,899	19,356

The Company contributed \$18.2 million and \$27.8 million to its qualified defined benefit pension plans in 2012 and 2011, respectively. In light of the current market conditions, the Company is currently assessing its future funding requirements. The Company expects to make cash contributions of approximately \$5.1 million during 2013 to maintain its desired funding status.

Supplemental pension plan. Company officers who participate in the incentive compensation plan are eligible for the Company's supplemental pension plan which entitles participants to receive additional pension benefits based upon their annual bonuses paid under the incentive compensation plan. Participation in this plan is subject to approval by the Company's Board of Directors.

Excess pension plan. The Company sponsors an excess pension plan for designated individuals whose salary amounts exceed IRS limits allowed in the Company's qualified pension plans. Participation in this plan is subject to approval by the Company's Board of Directors.

The supplemental and excess pension plans are included and disclosed within the pension benefit plan information within this Note.

Employee Stock Purchase Plan. At the Company's 2009 Annual Meeting of Shareholders, its shareholders approved the Employee Stock Purchase Plan (the ESPP), which authorized the issuance of 2.0 million shares of the Company's Common Stock for purchase by eligible employee participants through payroll deductions. Employees purchase shares in each quarterly purchase period at a 5% discount to the fair market value of the Company's Common Stock on the valuation date. Under current accounting guidance, the ESPP qualifies as a non-compensatory plan.

Approximately 23,000 shares have been purchased under the ESPP since its inception. As of December 31, 2012, more than 1.9 million shares of the Company's Common Stock remained available for future purchase under the ESPP.

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The Company and its subsidiaries have entered into various operating and capital leases for the use of certain equipment, principally office and manufacturing facilities, office equipment, and vehicles. The operating leases generally contain renewal options and provide that the lessee pay insurance and maintenance costs. The total rental expense under operating leases amounted to \$5,587, \$4,561, and \$5,297 in the years ended December 31, 2012, 2011, and 2010, respectively. Capital lease obligations totaled \$2,650 at December 31, 2012. Of this amount, \$957 was recorded as a component of other current liabilities and \$1,693 was recorded as a component of long term debt on the Company's Consolidated Balance Sheet.

The Company's future minimum commitments under operating and capital leases for years after 2012 are as follows:

	Operating Leases	Capital Leases
2013	\$ 5,310	\$ 1,093
2014	4,917	1,064
2015	4,330	632
2016	3,970	226
2017	3,554	37
Thereafter	4,019	
Total lease payments	\$ 26,100	\$ 3,052

Note 11 UNEARNED REVENUE:

The Company reported liabilities of \$38,011 and \$27,831 for unearned revenue balances as of December 31, 2012 and 2011, respectively. These balances represented payments received in advance, primarily from energy market customers on long-term orders to fund working capital requirements. Amounts expected to be realized within one year, which represent the majority of the balance, are recorded as current liabilities. The remaining amount is recorded as a non-current liability. Unearned revenue balances are presented in the following table:

	December 31,	
	2012 (as restated)	2011 (as revised)
Current unearned revenue	\$ 24,998	\$ 19,716
Non-current unearned revenue	13,013	8,115
Total unearned revenue	\$ 38,011	\$ 27,831

Note 12 TRANSACTIONS WITH RELATED PARTIES:

The Company did not enter into any significant related-party transactions during the years ended December 31, 2012, 2011, and 2010.

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The Company's chief operating decision maker is the Vice Chair, President, and Chief Executive Officer. As of January 1, 2013, the Company conducts its operations in two reportable segments: the Titanium Segment and the EP&S Segment. Historical results have been conformed to reflect the two-segment format. Refer to Note 1 for a description of each reportable segment.

The EP&S Segment utilizes the Titanium Segment as its primary source of titanium mill products. Intersegment sales are accounted for at prices that are generally established by reference to similar transactions with unaffiliated customers. Reportable segments are measured based on segment operating income after an allocation of certain corporate items such as general corporate overhead and expenses. Assets of general corporate activities include unallocated cash and deferred taxes. A summary of financial information by reportable segment is as follows:

	Years Ended December 31,		
	2012 (as restated)	2011 (as revised)	2010 (as revised)
Net sales:			
Titanium Segment	\$ 360,950	\$ 337,844	\$ 260,104
Intersegment sales	179,389	152,177	89,219
Total Titanium Segment sales	540,339	490,021	349,323
Engineered Products and Services Segment	347,140	163,444	146,387
Intersegment sales	83,155	62,603	54,775
Total Engineered Products and Services Segment sales	430,295	226,047	201,162
Eliminations	(262,544)	(214,780)	(143,994)
Total consolidated net sales	\$ 708,090	\$ 501,288	\$ 406,491
Operating income (loss):			
Titanium Segment before corporate allocations	\$ 58,236	\$ 52,518	\$ 35,921
Corporate allocations	(19,477)	(15,784)	(14,681)
Total Titanium Segment operating income	38,759	36,734	21,240
Engineered Products and Services Segment before corporate allocations	23,437	5,518	5,539
Corporate allocations	(15,085)	(18,200)	(12,967)
Total Engineered Products and Services Segment operating income (loss)	8,352	(12,682)	(7,428)
Total consolidated operating income	47,111	24,052	13,812
Other income (expense), net	(501)	56	(622)
Interest expense, net	(17,778)	(15,645)	(1,619)
Total consolidated income before income taxes	\$ 28,832	\$ 8,463	\$ 11,571

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	Years Ended December 31,		
	2012 (as restated)	2011 (as revised)	2010 (as revised)
Revenue by market information:			
Titanium Segment			
Commercial aerospace	\$ 219,945	\$ 191,470	\$ 142,270
Defense	108,948	106,101	82,410
Energy, medical, and other	32,057	40,273	35,424
Total Titanium Segment net sales	360,950	337,844	260,104
Engineered Products and Services Segment			
Commercial aerospace	\$ 168,760	\$ 100,779	\$ 70,732
Defense	53,435	35,426	38,784
Energy, medical, and other	124,945	27,239	36,871
Total Engineered Products and Services Segment net sales	347,140	163,444	146,387
Total consolidated net sales	\$ 708,090	\$ 501,288	\$ 406,491
Geographic location of trade sales:			
United States	\$ 458,351	\$ 322,445	\$ 259,658
France	72,810	51,951	39,936
England	52,934	41,963	44,037
Germany	40,011	38,976	24,516
Spain	16,285	7,702	5,236
Canada	12,723	10,063	9,176
Italy	11,575	3,660	5,828
Malaysia	10,624	1,962	3,667
Japan	9,389	4,580	7,820
Austria	7,162	7,993	2,518
Other countries	16,226	9,993	4,099
Total trade sales	\$ 708,090	\$ 501,288	\$ 406,491
Capital expenditures:			
Titanium Segment			
Titanium Segment	\$ 44,741	\$ 36,008	\$ 24,399
Engineered Products and Services Segment			
Engineered Products and Services Segment	16,797	2,837	4,233
Total capital expenditures	\$ 61,538	\$ 38,845	\$ 28,632
Depreciation and amortization:			
Titanium Segment			
Titanium Segment	\$ 18,455	\$ 14,290	\$ 13,733
Engineered Products and Services Segment			
Engineered Products and Services Segment	22,703	8,185	8,360
Total depreciation and amortization	\$ 41,158	\$ 22,475	\$ 22,093

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The following geographic area information includes property, plant, and equipment based on physical location.

	December 31,		
	2012	2011	2010
	(as restated)	(as revised)	(as revised)
Property, plant, and equipment:			
United States	\$ 591,526	\$ 475,999	\$ 434,665
England	16,017	14,473	5,302
France	1,312	1,022	832
Canada	64,924	64,132	65,938
Less: Accumulated depreciation	(297,830)	(266,251)	(246,280)
Property, plant, and equipment, net	\$ 375,949	\$ 289,375	\$ 260,457
Total assets:			
Titanium Segment	\$ 576,786	\$ 502,671	\$ 477,811
Engineered Products and Services Segment	577,317	300,301	250,683
Assets of discontinued operations	14,741	16,083	11,313
General corporate assets	83,637	309,365	371,498
Total consolidated assets	\$ 1,252,481	\$ 1,128,420	\$ 1,111,305

In the years ended December 31, 2012, 2011, and 2010, export sales were \$249,739, \$178,843, and \$146,833, respectively, principally to customers in Western Europe.

Substantially all of the Company's sales and operating revenues are generated from its North American and European operations. A significant portion of the Company's sales are made to customers in the aerospace industry. The concentration of aerospace customers may expose the Company to cyclical and other risks generally associated with the aerospace industry. For the years ended December 31, 2012, 2011, and 2010, Boeing, through multiple contracts with various Company subsidiaries covering varying periods, accounted for approximately 12.0%, 10.6%, and 10.8%, respectively, of the Company's consolidated sales. For each of the years presented, Boeing, Airbus and their subcontractors together aggregate to amounts in excess of 10% of the Company's consolidated net sales and are the ultimate consumers of a significant portion of the Company's commercial aerospace products.

Note 14 COMMITMENTS AND CONTINGENCIES:

From time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. In the Company's opinion, the ultimate liability, if any, resulting from these matters will have no significant effect on its Consolidated Financial Statements. Given the critical nature of many of the aerospace end uses for the Company's products, including specifically their use in critical rotating parts of gas turbine engines, the Company maintains aircraft products liability insurance of \$500 million, which includes grounding liability.

Environmental Matters

The Company is subject to environmental laws and regulations as well as various health and safety laws and regulations that are subject to frequent modifications and revisions. During the years ended 2012, 2011, and 2010 the Company paid approximately \$72, \$60, and \$145,

respectively, for environmental remediation, compliance,

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and related services. While the costs of compliance for these matters have not had a material adverse impact on the Company in the past, it is impossible to accurately predict the ultimate effect these changing laws and regulations may have on the Company in the future. The Company continues to evaluate its obligation for environmental-related costs on a quarterly basis and make adjustments as necessary.

Given the status of the proceedings at certain of the Company's sites and the evolving nature of environmental laws, regulations, and remediation techniques, the Company's ultimate obligation for investigative and remediation costs cannot be predicted. It is the Company's policy to recognize environmental costs in the financial statements when an obligation becomes probable and a reasonable estimate of exposure can be determined. When a single estimate cannot be reasonably made, but a range can be reasonably estimated, the Company accrues the amount it determines to be the most likely amount within that range.

Based on available information, the Company believes that its share of possible environmental-related costs is in a range from \$662 to \$2,134 in the aggregate. At December 31, 2012 and 2011, the amounts accrued for future environmental-related costs were \$1,277 and \$1,349, respectively. Of the total amount accrued at December 31, 2012, \$85 is expected to be paid out within one year and is included as a component of other accrued liabilities on the Company's Consolidated Balance Sheet. The remaining \$1,192 is recorded as a component of other noncurrent liabilities in the Company's Consolidated Balance Sheet.

The following table summarizes the changes in the Company's environmental liabilities for the year ended December 31, 2012:

	Environmental Liabilities
Balance at December 31, 2011	\$ 1,349
Environmental-related expense	
Cash paid	(72)
Balance at December 31, 2012	\$ 1,277

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

Other Matters

The Company is also the subject of, or a party to, a number of other pending or threatened legal actions involving a variety of matters incidental to its business. The Company is of the opinion that the ultimate resolution of these matters will not have a material adverse effect on the results of the operations, cash flows or the financial position of the Company.

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Long-term debt consisted of:

	December 31,	
	2012	2011
Notes	\$ 196,644	\$ 186,961
Capital leases	2,650	
Other		20
Total debt	\$ 199,294	\$ 186,981
Less: Current portion of capital leases	(957)	
Total long-term debt	\$ 198,337	\$ 186,981

Interest on the Notes is payable semiannually in arrears on June 1 and December 1 of each year, at a rate of 3.000% per year. The Notes are general unsecured obligations of the Company. The Notes are guaranteed by six of the Company's subsidiaries (the "Subsidiary Guarantors"), which are the same subsidiaries that guarantee the Company's obligations under its existing credit facility. Each subsidiary guarantee is a joint and several, fully unconditional guarantee of the Company's obligations under the indenture and the Notes. Refer to Note 17 for additional information about the Subsidiary Guarantors.

The Notes will be convertible at the applicable conversion rate at any time on or after June 1, 2015, until the close of business on the second scheduled trading day immediately preceding the maturity date. The current conversion rate for the Notes equals 27.8474 shares of common stock per \$1,000 principal amount of Notes (equivalent to a conversion price of \$35.91 per share of Common Stock). Upon conversion, holders will receive, at the Company's election, cash, shares of the Company's Common Stock, or a combination of both.

The FASB's authoritative guidance requires convertible notes that may be settled in cash to be separated into a liability component and an equity component. The fair value of the liability component is determined by calculating the present value of the cash flows of the convertible note using the interest rate of a bond of similar size and rating without a conversion feature (i.e., straight-debt rate). The fair value of the equity component is the difference between the proceeds from the issuance and the fair value of the liability.

The Company determined similar straight-debt rates were 8.675% at the time the Notes were issued. As a result, the fair value of the liability component of the Notes was calculated to be \$177.7 million and was recorded as long-term debt. The conversion component of the Notes had a fair value of \$52.3 million and was recorded, net of deferred taxes, as additional paid-in capital. The debt component of the Notes will accrete to the Notes' par value of \$230.0 million over the Notes' five-year term. Debt accretion is recorded in the Company's Consolidated Statement of Operations as a component of interest expense. The Company is accreting the long-term debt balance to par value using the interest method.

In conjunction with the issuance of the Notes, the Company incurred debt issuance costs totaling \$7.2 million. Under the FASB's authoritative guidance, debt issuance costs for the Notes should be allocated to the liability and equity pieces in proportion to the fair value. As such, \$1.6 million of these costs was attributed to the conversion feature of the Notes and was recorded, net of deferred taxes, as additional paid-in capital. The remaining \$5.6 million of debt issuance costs were attributed to the liability component of the Notes and were capitalized in the Company's Consolidated Balance Sheet as a component of other noncurrent assets. The portion

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RTI INTERNATIONAL METALS, INC. AND SUBSIDIARIES

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of the costs attributed to the debt component of the Notes is being amortized over the term of the Notes using the interest method. Amortization of these costs is included as a component of interest expense in the Company's consolidated statement of operations.

During the years ended December 31, 2012 and 2011, the Company recorded long-term debt discount amortization of \$9,683 and \$8,900, as a component of interest expense. Interest expense from the amortization of debt issuance costs associated with the Notes was \$1,120, \$1,120 and \$47 for the years ended December 31, 2012, 2011, and 2010, respectively.

On May 23, 2012, the Company entered into the Second Amended and Restated Credit Agreement (the "Credit Agreement"), which replaced its First Amended and Restated Credit Agreement, as amended. The Credit Agreement provides for a revolving credit facility of \$150 million and matures on May 23, 2017. Borrowings under the Credit Agreement bear interest, at the Company's option, at a rate equal to LIBOR plus an applicable margin or the base rate plus an applicable margin. Both the applicable margin and the facility fee vary based upon the Company's consolidated net debt to consolidated EBITDA ratio, as defined in the Credit Agreement.

The Company's leverage ratio (the ratio of Net Debt to Consolidated EBITDA, as defined in the Credit Agreement) was 1.63 at December 31, 2012. If this ratio were to exceed 3.50 to 1, the Company would be in default under the Credit Agreement.

The Company's coverage ratio (the ratio of Consolidated EBITDA to Net Interest, as defined in the Credit Agreement) was 13.95 at December 31, 2012. If this ratio were to fall below 2.0 to 1, the Company would be in default under the Credit Agreement.

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

The Company had no borrowings outstanding under the Credit Agreement at December 31, 2012 or under the First Amended and Restated Credit Agreement at December 31, 2011.

Note 16 STOCK-BASED COMPENSATION:

The 2004 Stock Plan ("2004 Plan"), which was approved by a vote of the Company's shareholders at the 2004 Annual Meeting of Shareholders, replaced two predecessor plans, the 1995 Stock Plan ("1995 Plan") and the 2002 Non-Employee Director Stock Option Plan ("2002 Plan").

The 2004 Plan limits the number of shares available for issuance to 2,500,000 (plus any shares covered by stock options already outstanding under the 1995 Plan and 2002 Plan that expire or are terminated without being exercised and any shares delivered in connection with the exercise of any outstanding awards under the 1995 Plan and 2002 Plan) during its ten-year term, and limits the number of shares available for grants of restricted stock to 1,250,000. While the 2004 Plan allows for the issuance of shares from treasury, the Company currently issues authorized, unissued shares for awards under the 2004 Plan. The 2004 Plan expires after ten years and requires that the exercise price of stock options, stock appreciation rights, and other similar instruments awarded under the 2004 Plan be not less than the fair market value of the Company's stock on the date of the grant award.

The restricted stock awards vest with graded vesting over a period of one to five years. Restricted stock awarded under the 2004 Plan and the predecessor plans entitle the holder to all the rights of Common Stock.

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ownership except that the shares may not be sold, transferred, pledged, exchanged, or otherwise disposed of during the forfeiture period. The stock option awards vest with graded vesting over a period of one to three years. Certain stock option and restricted stock awards provide for accelerated vesting if there is a change in control.

Stock Options

The fair value of stock options granted over the past three years was estimated at the date of grant using the Black-Scholes option-pricing model based upon the following assumptions:

	2012	2011	2010
Risk-free interest rate	0.75%	1.92%	2.26%
Expected dividend yield	0.00%	0.00%	0.00%
Expected lives (in years)	5.0	4.0	4.0
Expected volatility	66.00%	67.00%	66.00%

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The risk-free rate for periods over the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore an expected dividend yield of zero is used. The expected life of options granted represents the period of time that options granted are expected to be outstanding. Expected volatilities are based on historical volatility of the Company's Common Stock. Forfeiture estimates are based upon historical forfeiture rates.

A summary of the status of the Company's stock options as of December 31, 2012 and the activity during the year then ended is presented below:

Stock Options	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2011	558,597	\$ 31.66		
Granted	83,706	24.62		
Forfeited	(4,447)	25.41		
Expired	(5,584)	35.88		
Exercised	(41,422)	11.97		
Outstanding at December 31, 2012	590,850	\$ 31.86	5.89	2,500
Exercisable at December 31, 2012	420,649	\$ 34.25	4.88	2,176

The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2012, 2011, and 2010 was \$13.49, \$14.70, and \$12.88 per share, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2012, 2011, and 2010 was \$525, \$172, and \$867, respectively. As of December 31, 2012, total unrecognized compensation cost related to nonvested stock option awards granted was \$610. That cost is expected to be recognized over a weighted-average period of approximately nine months.

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

The fair value of the nonvested restricted stock awards was calculated using the market value of Common Stock on the date of issuance. The weighted-average grant-date fair value of restricted stock awards granted during the years ended December 31, 2012, 2011, and 2010 was \$24.63, \$28.79, and \$25.73 per share, respectively.

A summary of the status of the Company's nonvested restricted stock as of December 31, 2012, and the activity during the year then ended, is presented below:

	Shares	Weighted-Average Grant-Date Fair Value Per Share
Nonvested Restricted Stock Awards		
Nonvested at December 31, 2011	163,070	\$ 27.31
Granted	82,326	24.63
Vested	(60,017)	31.48
Forfeited	(3,200)	25.33
Nonvested at December 31, 2012	182,179	\$ 24.76

As of December 31, 2012, total unrecognized compensation cost related to nonvested restricted stock awards granted was \$1,507. That cost is expected to be recognized over a weighted-average period of 13 months. The total fair value of restricted stock awards vested during the years ended December 31, 2012, 2011, and 2010 was \$1,507, \$1,637, and \$1,911, respectively.

Cash received from stock option exercises under all share-based payment arrangements for the years ended December 31, 2012, 2011, and 2010 was \$494, \$178, and \$1,096, respectively. Cash used to settle equity instruments granted under all share-based arrangements for the years ended December 31, 2012, 2011, and 2010 was \$742, \$294, and \$367, respectively. The actual tax benefit realized for the tax deductions resulting from stock option exercises and vesting of restricted stock awards for share-based payment arrangements totaled \$27, \$2, and \$54 for the years ended December 31, 2012, 2011, and 2010, respectively. The Company has elected to adopt the short-cut transition method for determining the windfall tax benefits related to share-based payment awards.

Performance Share Awards

The Company also maintains performance share awards for executive officers and certain key managers. The purpose of the performance share awards is to more closely align the compensation of the Company's executives and key managers with the interests of the Company's shareholders. These performance share awards will earn shares of the Company's Common Stock in amounts ranging from 0% to 200% of the target number of shares based upon the total shareholder return of the Company compared to the total shareholder return of a designated peer group over a pre-determined performance period.

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

A summary of the Company's performance share activity during the year ended December 31, 2012 is presented below:

Performance Share Awards	Awards Activity	Maximum Shares Eligible to Receive
Outstanding at December 31, 2011	160,771	321,542
Granted	61,230	122,460
Vested	(66,047)	(132,094)
Expired	(41,700)	(83,400)
Forfeited	(7,197)	(14,394)
Outstanding at December 31, 2012	107,057	214,114

The fair value of the performance share awards granted was estimated by the Company at the grant date using a Monte Carlo model. A Monte Carlo model uses stock price volatility and other variables to estimate the probability of satisfying market conditions and the resulting fair value of the award. The four primary inputs for the Monte Carlo model are the risk-free rate, expected dividend yield, volatility of returns, and correlation of returns within the designated peer group. The risk-free rate for periods over the expected term of the award is based on the U.S. Treasury yield curve in effect at the time of grant. The Company does not anticipate paying any cash dividends in the foreseeable future and therefore an expected dividend yield of zero is used. Expected volatility and correlation of returns are based on historical performance of the Company's stock. The weighted-average grant-date fair value of performance shares awarded during the years ended December 31, 2012, 2011, and 2010 was \$35.59, \$43.68, and \$38.79.

Note 17 GUARANTOR SUBSIDIARIES:

The Notes are jointly and severally, fully and unconditionally (subject to the customary exceptions discussed below) guaranteed by several of RTI International Metals, Inc.'s (the "Parent's") 100% owned subsidiaries. Each Guarantor Subsidiary would be automatically released from its guarantee of the Notes if either (i) it ceases to be a guarantor of the Parent's Credit Agreement or (ii) it ceases to be a subsidiary of the Parent. Separate financial statements of the Parent and each of the Guarantor Subsidiaries are not presented because the guarantees are full and unconditional (subject to the aforementioned customary exceptions) and the Guarantor Subsidiaries are jointly and severally liable. The Company believes separate financial statements and other disclosures concerning the Guarantor Subsidiaries would not be material to investors in the Notes.

There are no current restrictions on the ability of the Guarantor Subsidiaries to make payments under the guarantees referred to above, except, however, the obligations of each Guarantor Subsidiary under its guarantee will be limited to the maximum amount as will result in obligations of such Guarantor Subsidiary under its guarantee not constituting a fraudulent conveyance or fraudulent transfer for purposes of bankruptcy law, the Uniform Conveyance Act, the Uniform Fraudulent Transfer Act, or any similar Federal or state law.

The condensed financial statements have been restated to reflect the correction of an error in the Company's revenue recognition policy for certain long-term contracts mainly related to energy-market projects. Refer to Note 2 for further details on the restatement. The following summary tables present the effect of restatement or revision, as indicated, and the effects of reporting RTI Pierce Spafford as a discontinued operation, as applicable, on the Condensed Consolidating Financial Statements. The Condensed Consolidating Financial Statements which follow the summary tables present the statements as restated or revised as indicated, and recast. There was no impact on previously reported amounts in the Condensed Consolidating Statements of Cash Flows.

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

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

Condensed Consolidating Statements of Operations Restatement Adjustments:

	Year Ended December 31, 2012									
	RTI International Metals, Inc.		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Eliminations		Consolidated	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
Net sales	\$	\$	\$ 503,018	\$ 503,018	\$ 448,091	\$ 417,573	\$ (212,501)	\$ (212,501)	\$ 738,608	\$ 708,090
Cost and expenses:										
Cost of Sales			426,083	426,268	374,495	354,695	(212,501)	(212,501)	588,077	568,462
Operating income (loss)	3,006	3,006	27,245	27,060	24,779	17,045			55,030	47,111
Equity in earnings of subsidiaries	30,907	25,832	5,419	5,419	2,138	2,138	(38,464)	(33,389)		
Income before income taxes	17,211	12,136	32,907	32,722	25,114	17,363	(38,464)	(33,389)	36,768	28,832
Provision for (benefit from) income taxes	(6,304)	(6,304)	10,726	10,726	8,831	5,970			13,253	10,392
Net income	\$ 23,515	\$ 20,140	\$ 22,181	\$ 21,996	\$ 16,283	\$ 13,093	\$ (38,464)	\$ (35,089)	\$ 23,515	\$ 20,140
Comprehensive income	\$ 18,004	\$ 14,629	\$ 14,650	\$ 14,465	\$ 18,841	\$ 15,651	\$ (33,491)	\$ (30,116)	\$ 18,004	\$ 14,629

	Year Ended December 31, 2011									
	RTI International Metals, Inc.		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Eliminations		Consolidated	
	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised
Net sales	\$	\$	\$ 347,963	\$ 347,963	\$ 357,546	\$ 329,155	\$ (175,830)	\$ (175,830)	\$ 529,679	\$ 501,288
Cost and expenses:										
Cost of Sales			296,066	296,066	308,771	287,424	(175,830)	(175,830)	429,007	407,660
Operating income (loss)	(981)	(981)	26,079	26,079	2,663	(1,046)			27,761	24,052
Equity in earnings of subsidiaries	18,926	16,568	6,128	6,128	(1,055)	(1,055)	(23,999)	(21,641)		
Income before income taxes	1,554	(804)	33,966	33,966	614	(3,058)	(23,999)	(21,641)	12,135	8,463
Provision for (benefit from) income taxes	(4,998)	(4,998)	10,257	10,257	324	(990)			5,583	4,269
Net income	\$ 6,552	\$ 6,032	\$ 23,709	\$ 23,709	\$ 290	\$ (230)	\$ (23,999)	\$ (23,479)	\$ 6,552	\$ 6,032
Comprehensive income	\$ (322)	\$ (842)	\$ 19,646	\$ 19,646	\$ (1,586)	\$ (2,106)	\$ (18,060)	\$ (17,540)	\$ (322)	\$ (842)

	Year Ended December 31, 2010									
	RTI International Metals, Inc.		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Eliminations		Consolidated	
	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised
Net sales	\$ 12,372	\$ 12,372	\$ 253,754	\$ 253,754	\$ 279,730	\$ 254,428	\$ (114,063)	\$ (114,063)	\$ 431,793	\$ 406,491
Cost and expenses:										
Cost of Sales			221,351	221,351	248,620	226,838	(114,063)	(114,063)	355,908	334,126
Operating income (loss)	3,072	3,072	19,181	19,181	(8,192)	(8,441)			14,061	13,812
Equity in earnings of subsidiaries	5,701	5,544	2,617	2,617	(2,282)	(2,282)	(6,036)	(5,879)		
Income before income taxes	6,071	5,914	26,322	26,322	(14,537)	(14,786)	(6,036)	(5,879)	11,820	11,571
Provision for (benefit from) income taxes	2,654	2,654	7,444	7,444	(1,695)	(1,787)			8,403	8,311

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Net income	\$ 3,417	\$ 3,570	\$ 18,878	\$ 18,878	\$ (12,842)	\$ (12,689)	\$ (6,036)	\$ (6,189)	\$ 3,417	\$ 3,570
Comprehensive income	\$ 4,643	\$ 4,796	\$ 16,038	\$ 16,038	\$ (6,861)	\$ (6,708)	\$ (9,177)	\$ (9,330)	\$ 4,643	\$ 4,796

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

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

Condensed Consolidating Balance Sheets Restatement Adjustments:

	December 31, 2012									
	RTI International Metals, Inc.		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Eliminations		Consolidated	
	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated	As Reported	As Restated
ASSETS										
Receivables, net	\$ 126	\$ 126	\$ 72,773	\$ 72,773	\$ 63,089	\$ 59,639	\$ (27,221)	\$ (27,221)	\$ 108,767	\$ 105,317
Inventories, net			221,174	220,989	184,115	164,127			405,289	385,116
Cost in excess of billings						2,260				2,260
Deferred income taxes	26,478	26,478	2,351	2,543	70	2,359			28,899	31,380
Other current assets	5,410	5,410	2,072	2,072	3,227	3,788			10,709	11,270
Current assets	32,014	32,014	385,653	385,660	260,408	256,821	(27,221)	(27,221)	650,854	647,274
Goodwill			98,925	93,665	38,326	36,945			137,251	130,610
Other noncurrent assets	4,117	4,117	892	892	835	3,857			5,844	8,866
Intercompany investments	984,901	980,867	26,814	26,814	3,736	3,736	(1,015,451)	(1,011,417)		
Total assets	\$ 1,022,359	\$ 1,018,325	\$ 888,660	\$ 883,407	\$ 424,283	\$ 422,290	\$ (1,075,575)	\$ (1,071,541)	\$ 1,259,727	\$ 1,252,481

LIABILITIES AND SHAREHOLDERS' EQUITY

Unearned revenue-current										
Total current liabilities	11,365	11,365	96,340	96,340	96,319	95,153	(27,221)	(27,221)	176,803	175,637
Unearned revenue-noncurrent										
Total liabilities	276,790	276,790	305,553	300,485	214,252	216,108	(282,437)	(282,437)	514,158	510,946
Shareholders' equity	745,569	741,535	583,107	582,922	210,031	206,182	(793,138)	(789,104)	745,569	741,535
Total liabilities and shareholders' equity	\$ 1,022,359	\$ 1,018,325	\$ 888,660	\$ 883,407	\$ 424,283	\$ 422,290	\$ (1,075,575)	\$ (1,071,541)	\$ 1,259,727	\$ 1,252,481

	December 31, 2011									
	RTI International Metals, Inc.		Guarantor Subsidiaries		Non-Guarantor Subsidiaries		Eliminations		Consolidated	
	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised
ASSETS										
Inventories, net	\$	\$	\$ 136,695	\$ 136,695	\$ 138,364	\$ 123,157	\$	\$	\$ 275,059	\$ 259,852
Cost in excess of billings						400				400
Deferred income taxes	17,177	17,177	1,399	1,399	98	465			18,674	19,041
Other current assets	9,351	9,351	883	883	2,034	2,324	(2,336)	(2,336)	9,932	10,222
Current assets	26,879	26,879	503,002	503,002	207,111	206,113	(22,871)	(22,871)	714,121	713,123
Other noncurrent assets	4,697	4,697	36	36	440	4,023			5,173	8,756
Intercompany investments	938,825	938,166	21,400	21,400	1,598	1,598	(961,823)	(961,164)		
Total assets	\$ 971,110	\$ 970,451	\$ 805,914	\$ 805,914	\$ 361,573	\$ 362,718	\$ (1,011,322)	\$ (1,010,663)	\$ 1,127,275	\$ 1,128,420

LIABILITIES AND SHAREHOLDERS' EQUITY

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Unearned revenue-current					21,495	19,716			21,495	19,716
Total current liabilities	12,729	12,729	62,535	62,535	76,038	74,259	(22,871)	(22,871)	128,431	126,652
Unearned revenue-noncurrent					4,532	8,115			4,532	8,115
Total liabilities	248,358	248,358	225,711	225,711	185,787	187,591	(255,333)	(255,333)	404,523	406,327
Shareholders equity	722,752	722,093	580,203	580,203	175,786	175,127	(755,989)	(755,330)	722,752	722,093
Total liabilities and shareholders equity	\$ 971,110	\$ 970,451	\$ 805,914	\$ 805,914	\$ 361,573	\$ 362,718	\$ (1,011,322)	\$ (1,010,663)	\$ 1,127,275	\$ 1,128,420

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

The following tables present Condensed Consolidating Financial Statements as of December 31, 2012 and 2011 and for the three years ended December 31, 2012:

Condensed Consolidating Statement of Operations and Comprehensive Income**Year Ended December 31, 2012**

	RTI International Metals, Inc. (As Restated)	Guarantor Subsidiaries (As Restated)	Non-Guarantor Subsidiaries (As Restated)	Eliminations (As Restated)	Consolidated (As Restated)
Net sales	\$	\$ 503,018	\$ 417,573	\$ (212,501)	\$ 708,090
Costs and expenses:					
Cost of sales		426,268	354,695	(212,501)	568,462
Selling, general, and administrative expenses(1)	(3,101)	45,316	45,771		87,986
Research, technical, and product development expenses	95	4,007	62		4,164
Asset and asset-related charges (income)		367			367
Operating income (loss)	3,006	27,060	17,045		47,111
Other income (expense), net	(63)	38	(476)		(501)
Interest income (expense), net	(16,639)	205	(1,344)		(17,778)
Equity in earnings of subsidiaries	25,832	5,419	2,138	(33,389)	
Income before income taxes	12,136	32,722	17,363	(33,389)	28,832
Provision for (benefit from) income taxes	(6,304)	10,726	5,970		10,392
Net income attributable to continuing operations	\$ 18,440	\$ 21,996	\$ 11,393	\$ (33,389)	\$ 18,440
Net income attributable to discontinued operations, net of tax	1,700		1,700	(1,700)	1,700
Net income	20,140	21,996	13,093	(35,089)	20,140
Comprehensive income	\$ 14,629	\$ 14,465	\$ 15,651	\$ (30,116)	\$ 14,629

(1) The Parent allocates selling, general, and administrative expenses (SG&A) to the subsidiaries based upon its budgeted annual expenses. A credit in the Parent s SG&A is offset by an equal debit amount in the subsidiaries SG&A.

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

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

Condensed Consolidating Statement of Operations and Comprehensive Income**Year Ended December 31, 2011**

	RTI International Metals, Inc. (As Revised)	Guarantor Subsidiaries (As Revised)	Non-Guarantor Subsidiaries (As Revised)	Eliminations (As Revised)	Consolidated (As Revised)
Net sales	\$	\$ 347,963	\$ 329,155	\$ (175,830)	\$ 501,288
Costs and expenses:					
Cost of sales		296,066	287,424	(175,830)	407,660
Selling, general, and administrative expenses(1)	981	22,586	44,118		67,685
Research, technical, and product development expenses		3,232	160		3,392
Asset and asset-related charges (income)			(1,501)		(1,501)
Operating income (loss)	(981)	26,079	(1,046)		24,052
Other income (expense), net	(92)	(38)	186		56
Interest income (expense), net	(16,299)	1,797	(1,143)		(15,645)
Equity in earnings (loss) of subsidiaries	16,568	6,128	(1,055)	(21,641)	
Income before income taxes	(804)	33,966	(3,058)	(21,641)	8,463
Provision for (benefit from) income taxes	(4,998)	10,257	(990)		4,269
Net income from continuing operations	\$ 4,194	\$ 23,709	\$ (2,068)	\$ (21,641)	\$ 4,194
Net income from discontinued operations, net of tax	1,838		1,838	(1,838)	1,838
Net income (loss)	\$ 6,032	\$ 23,709	\$ (230)	\$ (23,479)	\$ 6,032
Comprehensive income (loss)	\$ (842)	\$ 19,646	\$ (2,106)	\$ (17,540)	\$ (842)

(1) The Parent allocates SG&A to the subsidiaries based upon its budgeted annual expenses.

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

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

Condensed Consolidating Statement of Operations and Comprehensive Income**Year Ended December 31, 2010**

	RTI International Metals, Inc. (As Revised)	Guarantor Subsidiaries (As Revised)	Non-Guarantor Subsidiaries (As Revised)	Eliminations (As Revised)	Consolidated (As Revised)
Net sales(1)	\$ 12,372	\$ 253,754	\$ 254,428	\$ (114,063)	\$ 406,491
Costs and expenses:					
Cost of sales		221,351	226,838	(114,063)	334,126
Selling, general, and administrative expenses(2)	9,300	9,966	41,043		60,309
Research, technical, and product development expenses		3,256			3,256
Asset and asset-related charges (income)			(5,012)		(5,012)
Operating income (loss)	3,072	19,181	(8,441)		13,812
Other expense, net	(52)	(91)	(479)		(622)
Interest income (expense), net	(2,650)	4,615	(3,584)		(1,619)
Equity in earnings (loss) of subsidiaries	5,544	2,617	(2,282)	(5,879)	
Income (loss) before income taxes	5,914	26,322	(14,786)	(5,879)	11,571
Provision for (benefit from) income taxes	2,654	7,444	(1,787)		8,311
Net income attributable to continuing operations	\$ 3,260	\$ 18,878	\$ (12,999)	\$ (5,879)	\$ 3,260
Net income attributable to discontinued operations, net of tax	310		310	(310)	310
Net income (loss)	\$ 3,570	\$ 18,878	\$ (12,689)	\$ (6,189)	\$ 3,570
Comprehensive income (loss)	\$ 4,796	\$ 16,038	\$ (6,708)	\$ (9,330)	\$ 4,796

(1) During the year ended December 31, 2010, the Parent recorded net sales related to the March 2010 settlement of certain Airbus 2009 contractual obligations.

(2) The Parent allocates SG&A to the subsidiaries based upon its budgeted annual expenses.

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

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

Condensed Consolidating Balance Sheet

As of December 31, 2012

	RTI International Metals, Inc. (As Restated)	Guarantor Subsidiaries (As Restated)	Non-Guarantor Subsidiaries (As Restated)	Eliminations (As Restated)	Consolidated (As Restated)
ASSETS					
Current assets:					
Cash and cash equivalents	\$	\$ 87,283	\$ 9,907	\$	\$ 97,190
Receivables, net	126	72,773	59,639	(27,221)	105,317
Inventories, net		220,989	164,127		385,116
Costs in excess of billings			2,260		2,260
Deferred income taxes	26,478	2,543	2,359		31,380
Assets of discontinued operations			14,741		14,741
Other current assets	5,410	2,072	3,788		11,270
Total current assets	32,014	385,660	256,821	(27,221)	647,274
Property, plant, and equipment, net	1,327	308,467	66,155		375,949
Goodwill		93,665	36,945		130,610
Other intangible assets, net		35,152	21,343		56,495
Deferred income taxes		32,757	33,433	(32,903)	33,287
Other noncurrent assets	4,117	892	3,857		8,866
Intercompany investments	980,867	26,814	3,736	(1,011,417)	
Total assets	\$ 1,018,325	\$ 883,407	\$ 422,290	\$ (1,071,541)	\$ 1,252,481
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$ 1,177	\$ 70,086	\$ 47,619	\$ (27,221)	\$ 91,661
Accrued wages and other employee costs	6,519	16,368	11,209		34,096
Unearned revenue		689	24,309		24,998
Liabilities of discontinued operations			2,332		2,332
Other accrued liabilities	3,669	9,197	9,684		22,550
Total current liabilities	11,365	96,340	95,153	(27,221)	175,637
Long-term debt	196,644	1,693			198,337
Intercompany debt		118,229	104,084	(222,313)	
Liability for post-retirement benefits		45,066			45,066
Liability for pension benefits	6,419	14,133	159		20,711
Deferred income taxes	54,222	21,590	3,475	(32,903)	46,384
Unearned revenue			13,013		13,013
Other noncurrent liabilities	8,140	3,434	224		11,798

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Total liabilities	276,790	300,485	216,108	(282,437)	510,946
Shareholders' equity	741,535	582,922	206,182	(789,104)	741,535
Total liabilities and shareholders' equity	\$ 1,018,325	\$ 883,407	\$ 422,290	\$ (1,071,541)	\$ 1,252,481

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

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

Condensed Consolidating Balance Sheet

As of December 31, 2011

	RTI International Metals, Inc. (As Revised)	Guarantor Subsidiaries (As Revised)	Non-Guarantor Subsidiaries (As Revised)	Eliminations (As Revised)	Consolidated (As Revised)
ASSETS					
Current assets:					
Cash and cash equivalents	\$	\$ 144,271	\$ 12,571	\$	\$ 156,842
Short-term investments		164,255			164,255
Receivables, net	351	55,499	51,113	(20,535)	86,428
Inventories, net		136,695	123,157		259,852
Costs in excess of billings			400		400
Deferred income taxes	17,177	1,399	465		19,041
Assets of discontinued operations			16,083		16,083
Other current assets	9,351	883	2,324	(2,336)	10,222
Total current assets	26,879	503,002	206,113	(22,871)	713,123
Property, plant, and equipment, net	709	224,129	64,537		289,375
Investments		12,683			12,683
Goodwill		18,097	36,386		54,483
Other intangible assets, net			22,576		22,576
Deferred income taxes		26,567	27,485	(26,628)	27,424
Other noncurrent assets	4,697	36	4,023		8,756
Intercompany investments	938,166	21,400	1,598	(961,164)	
Total assets	\$ 970,451	\$ 805,914	\$ 362,718	\$ (1,010,663)	\$ 1,128,420

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:					
Accounts payable	\$ 950	\$ 38,456	\$ 36,949	\$ (20,535)	\$ 55,820
Accrued wages and other employee costs	7,485	11,978	7,324		26,787
Unearned revenue			19,716		19,716
Liabilities of discontinued operations			4,244		4,244
Other accrued liabilities	4,294	12,101	6,026	(2,336)	20,085
Total current liabilities	12,729	62,535	74,259	(22,871)	126,652
Long-term debt	186,961	20			186,981
Intercompany debt		105,116	100,740	(205,856)	
Liability for post-retirement benefits		41,388			41,388
Liability for pension benefits	6,777	13,376	677		20,830
Deferred income taxes	36,638	(40)	3,614	(26,606)	13,606

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Unearned revenue			8,115		8,115
Other noncurrent liabilities	5,253	3,316	186		8,755
Total liabilities	248,358	225,711	187,591	(255,333)	406,327
Shareholders' equity	722,093	580,203	175,127	(755,330)	722,093
Total liabilities and shareholders' equity	\$ 970,451	\$ 805,914	\$ 362,718	\$ (1,010,663)	\$ 1,128,420

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

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

Condensed Consolidating Statement of Cash Flows**Year Ended December 31, 2012**

	RTI International Metals, Inc. (As Restated)	Guarantor Subsidiaries (As Restated)	Non-Guarantor Subsidiaries (As Restated)	Eliminations (As Restated)	Consolidated (As Restated)
Cash provided by (used in) operating activities	\$ 21,972	\$ 2,957	\$ (16,863)	\$	\$ 8,066
Investing activities:					
Capital expenditures	(970)	(54,715)	(5,853)		(61,538)
Investments in subsidiaries, net	178,633			(178,633)	(182,811)
Acquisitions, net of cash acquired	(182,811)				(182,811)
Proceeds from disposal of property, plant, and equipment			10		10
Short-term investments and marketable securities, net		176,771			176,771
Cash provided by (used in) investing activities	(5,148)	122,056	(5,843)	(178,633)	(67,568)
Financing activities:					
Proceeds from exercise of employee stock options	729				729
Excess tax benefits from stock-based compensation activity	196				196
Parent company investments, net of distributions		(194,783)	16,150	178,633	
Repayments on long-term debt		(758)			(758)
Intercompany debt, net	(16,184)	13,540	2,644		
Purchase of common stock held in treasury	(742)				(742)
Financing fees	(823)				(823)
Cash provided by (used in) financing activities	(16,824)	(182,001)	18,794	178,633	(1,398)
Effect of exchange rate changes on cash and cash equivalents			1,248		1,248
Decrease in cash and cash equivalents		(56,988)	(2,664)		(59,652)
Cash and cash equivalents at beginning of period		144,271	12,571		156,842
	\$	\$ 87,283	\$ 9,907	\$	\$ 97,190

Cash and cash equivalents at end of
period

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

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

Condensed Consolidating Statement of Cash Flows**Year Ended December 31, 2011**

	RTI International Metals, Inc. (As Revised)	Guarantor Subsidiaries (As Revised)	Non-Guarantor Subsidiaries (As Revised)	Eliminations (As Revised)	Consolidated (As Revised)
Cash provided by (used in) operating activities	\$ 28,498	\$ 21,099	\$ (34,762)	\$	\$ 14,835
Investing activities:					
Capital expenditures		(35,793)	(3,052)		(38,845)
Investments in subsidiaries, net	(35,812)				(35,812)
Acquisitions, net of cash acquired	33,831	1,735	(36,248)	682	
Proceeds from disposal of property, plant, and equipment			20		20
Short-term investments and marketable securities, net		(160,409)			(160,409)
Cash used in investing activities	(1,981)	(194,467)	(39,280)	682	(235,046)
Financing activities:					
Proceeds from exercise of employee stock options	367				367
Excess tax benefits from stock-based compensation activity	302				302
Parent company investments, net of distributions		(38,200)	38,882	(682)	
Repayments on long-term debt		(20)	(5)		(25)
Intercompany debt, net	(26,892)	5,230	21,662		
Purchase of common stock held in treasury	(294)				(294)
Cash provided by (used in) financing activities	(26,517)	(32,990)	60,539	(682)	350
Effect of exchange rate changes on cash and cash equivalents			(248)		(248)
Decrease in cash and cash equivalents		(206,358)	(13,751)		(220,109)
Cash and cash equivalents at beginning of period		350,629	26,322		376,951
Cash and cash equivalents at end of period	\$	\$ 144,271	\$ 12,571	\$	\$ 156,842

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

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

Condensed Consolidating Statement of Cash Flows**Year Ended December 31, 2010**

	RTI International Metals, Inc. (As Revised)	Guarantor Subsidiaries (As Revised)	Non-Guarantor Subsidiaries (As Revised)	Eliminations (As Revised)	Consolidated (As Revised)
Cash provided by operating activities	\$ 26,707	\$ 28,776	\$ 19,725	\$	\$ 75,208
Investing activities:					
Capital expenditures		(24,365)	(4,267)		(28,632)
Investments in subsidiaries, net	(205,830)	(2,900)		208,730	
Proceeds from disposal of property, plant, and equipment			4,011		4,011
Short-term investments, net		44,766			44,766
Cash provided by (used in) investing activities	(205,830)	17,501	(256)	208,730	20,145
Financing activities:					
Proceeds from exercise of employee stock options	1,096				1,096
Excess tax benefits from stock-based compensation activity	380				380
Parent company investments, net of distributions		75,375	133,355	(208,730)	
Borrowings on long-term debt	230,000				230,000
Repayments on long-term debt		(20)	(17)		(37)
Intercompany debt, net	(44,737)	183,472	(138,735)		
Purchase of common stock held in treasury	(367)				(367)
Financing fees	(7,249)				(7,249)
Cash provided by (used in) financing activities	179,123	258,827	(5,397)	(208,730)	223,823
Effect of exchange rate changes on cash and cash equivalents			1,559		1,559
Increase in cash and cash equivalents		305,104	15,631		320,735
Cash and cash equivalents at beginning of period		45,525	10,691		56,216
Cash and cash equivalents at end of period	\$	\$ 350,629	\$ 26,322	\$	\$ 376,951

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

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

Note 18 SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

The following table sets forth selected quarterly financial data for 2012 and 2011. It has been derived from the Company's unaudited Consolidated Financial Statements which have been restated or revised, as indicated, for each of the quarterly periods to reflect the adjustments that are more fully described in Note 2 to the Consolidated Financial Statements.

	1st Quarter (As Restated)	2nd Quarter (As Restated)	3rd Quarter (As Restated)	4th Quarter (As Restated)
2012				
Net Sales	\$ 154,070	\$ 184,462	\$ 182,545	\$ 187,013
Gross profit	32,507	34,019	33,650	39,452
Operating income	10,609	10,237	9,296	16,969
Net income from continuing operations	4,058	4,093	3,199	7,090
Earnings per share attributable to continuing operations:				
Basic	\$ 0.13	\$ 0.14	\$ 0.11	\$ 0.23
Diluted	\$ 0.13	\$ 0.13	\$ 0.11	\$ 0.23
Earnings per share attributable to discontinued operations:				
Basic	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.01
Diluted	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.01
	1st Quarter (As Restated)	2nd Quarter (As Restated)	3rd Quarter (As Revised)	4th Quarter (As Revised)
2011				
Net Sales	\$ 111,800	\$ 118,007	\$ 136,853	\$ 134,628
Gross profit	23,312	24,183	22,851	23,282
Operating income	7,630	6,482	6,310	3,630
Net income from continuing operations	1,497	2,117	1,167	(587)
Earnings per share attributable to continuing operations:				
Basic	\$ 0.05	\$ 0.07	\$ 0.04	\$ (0.02)
Diluted	\$ 0.05	\$ 0.07	\$ 0.04	\$ (0.02)
Earnings per share attributable to discontinued operations:				
Basic	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.01
Diluted	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.01

Note 19 SUBSEQUENT EVENT:

On February 6, 2013, the Company announced a restructuring of its management organization, including the structure of its reportable segments. The new structure combines the global operations of the Company into two business segments: the Titanium Segment and the Engineered Products and Services Segment. The Titanium Segment combines the Company's former Titanium and Distribution Groups. The Engineered Products and Services Segment is the Company's former Fabrication Group, including the aerospace and defense, medical device, and energy operations of the two most recent acquisitions, Remmele and Advanced Forming.

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Item 9A. Controls and Procedures.

Disclosure controls and procedures

The Company's management, under the supervision of and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2012. Based on that original evaluation, the CEO and CFO originally concluded that the Company's disclosure controls were effective as of December 31, 2012.

In connection with the restatements of our Consolidated Financial Statements for the year ended December 31, 2012 as discussed in Note 2, as reported on Amendment No. 1 and the other material weaknesses identified in connection with Amendment No. 1, management, under the supervision of and with the participation of the CEO and CFO, reevaluated the effectiveness of the Company's disclosure controls and procedures and concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2012. Notwithstanding the existence of the material weaknesses described below, based upon the work performed during the restatement process, the Company's management concluded that the Consolidated Financial Statements included in this Annual Report on Form 10-K/A fairly present, in all material respects, our financial position, results of operations, and cash flows for the interim and annual periods presented herein.

Management's report on internal control over financial reporting (Restated)

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2012 based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, in Management's report on internal control over financial reporting included in our original Annual Report on Form 10-K for the year ended December 31, 2012, management had concluded that the Company's internal control over financial reporting was effective as of December 31, 2012. In connection with the first restatement of the financial statements included in Amendment No. 1, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, reevaluated the effectiveness of its internal control over financial reporting and concluded that, because material weaknesses, as discussed below, existed as of December 31, 2012, the Company's internal control over financial reporting was not effective as of December 31, 2012. Management has determined that the second restatement described in Note 2 to the consolidated financial statements was an additional result of the material weakness in revenue recognition described below. Accordingly, the second restatement did not affect Management's conclusion on internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The identified material weaknesses in internal control over financial reporting discovered in connection with the first restatement of the financial statements included in Amendment No. 1, are as follows:

The Company did not design effective controls over the completeness, accuracy and timing of revenue recognition and related costs at certain businesses within its EP&S segment. Specifically, the Company did not design controls to assess whether certain customer contracts should be accounted for using a percentage of completion model and did not design controls to apply percentage of completion accounting which impacted the revenue, cost of goods sold, inventory and costs in excess of billings accounts and the related disclosures. This material weakness resulted in the first and second restatements of the Company's Consolidated Financial

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Statements for the year ended December 31, 2012 and the Condensed Consolidated Financial Statements for the interim periods in 2012, and with respect to the first restatement, to each of the three months ended March 31, 2011 and June 30, 2011, as well as revisions to the December 31, 2011 and 2010 Consolidated Financial Statements, the Condensed Consolidated Financial Statements for the six months ended June 30, 2011 and for the three and nine months ended September 30, 2011. In addition, this material weakness could result in a further misstatement to the aforementioned accounts and disclosures that would result in a material misstatement to annual or interim consolidated financial statements that would not be prevented or detected.

The Company did not maintain effective risk assessment controls to evaluate the financial reporting impacts that recent acquisitions and other related changes to the business could have on certain other internal control processes. This material weakness contributed to material weaknesses related to the accounting for business combinations, implementation of controls in certain newly acquired entities and the annual impairment assessment of goodwill as described in further detail below:

- (1) The Company did not design effective controls over the accuracy of the fair value of assets acquired and liabilities assumed in a business combination, including the valuation of acquired intangible assets.

- (2) The Company did not design and maintain certain controls at its recently acquired Advanced Forming division. Specifically, controls over journal entries were not effectively designed to provide reasonable assurance that journal entries were appropriately recorded or that they were properly reviewed for validity, accuracy, and completeness for substantially all of the accounts. In addition, the Company did not design and maintain controls to ensure the accuracy and existence of revenue and accounts receivables, the valuation of inventory and the accuracy of cost of goods sold at this division.

- (3) The Company did not design effective controls over the annual goodwill impairment analysis, including controls over the accuracy of inputs to the reporting unit enterprise valuation and the accuracy and completeness of qualitative impairment consideration.

The material weaknesses related to risk assessment, acquisition purchase accounting, Advanced Forming and goodwill impairment analysis did not result in any material misstatements to the financial statements. However, these material weaknesses could result in misstatements of the aforementioned account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2012 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in internal control over financial reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2012 that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Management's remediation initiatives

The Company has started the evaluation process associated with remediation of the material weaknesses that have been described above. The Company will continue to take measures, including engaging service providers, that may be necessary and advisable so as to institute measures to address these material weaknesses.

Table of Contents**PART IV****Item 15. Exhibits, Financial Statement Schedules.**

The following documents are filed as a part of this report:

1. The financial statements contained in Item 8 hereof;
2. The financial statement schedule following the signatures hereto; and
3. The following Exhibits:

Exhibits

The exhibits listed on the Index to Exhibits are filed herewith or are incorporated by reference.

Exhibit

No.	Description
2.1	Amended and Restated Reorganization Agreement, incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-1 No. 33-30667 Amendment No. 1.
2.2	Stock Purchase Agreement by and among Aeromet International PLC, Aeromet Advanced Forming Limited and RTI Europe Limited, dated as of October 17, 2011, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K for the event dated October 17, 2011.
2.3	Stock Purchase Agreement by and among RTI International Metals, Inc., REI Delaware Holding, Inc., and REI Delaware Holding, LLC, dated as of January 9, 2012, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K for the event dated January 9, 2012.
2.4	Amendment No. 1 to Stock Purchase Agreement, dated February 13, 2012, by and among RTI International Metals, Inc., REI Delaware Holding, LLC, and REI Delaware Holding, Inc., incorporated by reference to Exhibit 2.4 to the Company's Annual Report on form 10-K for the year ended December 31, 2011.
3.1	Amended and Restated Articles of Incorporation of the Company, effective April 29, 1999, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999.
3.2	Amended Code of Regulations of the Company, incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-4 No. 333-61935.
4.1	Form of Senior Debt Indenture by and among RTI International Metals, Inc. and The Bank of New York Mellon Trust Company, N.A., Trustee, incorporated by reference to Exhibit 4.8 to the Company's Form S-3ASR No. 333-171034, filed December 8, 2010.
4.2	Form of Subordinated Indenture by and among RTI International Metals, Inc. and The Bank of New York Mellon Trust Company, N.A., Trustee, incorporated by reference to Exhibit 4.9 to the Company's Form S-3ASR No. 333-171034, filed December 8, 2010.
4.3	Indenture, dated December 14, 2010 by and between RTI International Metals, Inc. and The Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K for the event dated December 14, 2010.
4.4	First Supplemental Indenture, dated December 14, 2010 by and between RTI International Metals, Inc., the Subsidiary Guarantors party thereto and the Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.2 to

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the Company's Current Report on Form 8-K for the event dated December 14, 2010.

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No.	Description
4.5	Form of 3.000% Convertible Senior Notes due 2015, incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K for the event dated December 14, 2010.
4.6	Second Amended and Restated Credit Agreement dated May 23, 2012, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated May 23, 2012.
4.7	Second Supplemental Indenture, dated May 30, 2012 by and between RTI International Metals, Inc., REI Medical, Inc., Remmele Engineering, Inc. and the Bank of New York Mellon Trust Company, N.A., incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on form 10-Q for the quarter ended June 30, 2012.
10.1*	RTI International Metals, Inc. Supplemental Pension Program effective August 1, 1987, as amended and restated October 26, 2007, incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.
10.2*	RTI International Metals, Inc. Excess Benefits Plan effective July 18, 1991, and restated October 26, 2007, incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007.
10.3*	RTI International Metals, Inc., 1995 Stock Plan incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
10.4*	RTI International Metals, Inc. 2004 Stock Plan effective January 28, 2005, as amended January 26, 2007, incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006.
10.5*	Form of Non-Qualified Stock Option Grant under the RTI International Metals, Inc. 2004 Stock Plan, incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K filed on April 14, 2005.
10.6*	Form of Restricted Stock Grant under the RTI International Metals, Inc. 2004 Stock Plan, incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2004.
10.7*	Form of Performance Share Award (2011 grants and prior) under the RTI International Metals, Inc. 2004 Stock Plan, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated January 25, 2008.
10.8*	Form of Performance Share Award under the RTI International Metals, Inc. 2004 Stock Plan, as amended on January 26, 2012, incorporated by reference to Exhibit 10.9 to the Company's annual report on Form 10-K for the year ended December 31, 2011.
10.9*	RTI International Metals, Inc., Employee Stock Purchase Plan, incorporated by reference to Annex A to the Company's Notice of Annual Meeting of Shareholders and Proxy Statement on Form DEF14A, dated February 23, 2009.
10.10*	RTI International Metals, Inc. Board of Directors Compensation Program, as amended April 26, 2012, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.
10.11*	Pay philosophy and guiding principles covering executive compensation, incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.
10.12*	Form of indemnification agreement, incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

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No.	Description
10.13*	Amended and Restated Executive Non-Change in Control Severance Policy, as amended December 31, 2008, incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K for the event dated December 31, 2008.
10.14*	Amended and Restated Executive Change in Control Severance Policy, as amended December 31, 2008, incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K for the event dated December 31, 2008.
10.15*	Amended and restated employment agreement, dated December 31, 2008, between the Company and Dawne S. Hickton, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated December 31, 2008.
10.16*	Employment Agreement, dated May 17, 2010, between the Company and James L. McCarley, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated May 20, 2010.
10.17*	Amended and restated employment agreement, dated December 31, 2008, between the Company and Stephen R. Giangiordano, incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K for the event dated December 31, 2008.
10.18*	Amended and restated employment agreement, dated December 31, 2008, between the Company and William T. Hull, incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K for the event dated December 31, 2008.
10.19*	Amended and restated employment agreement, dated December 31, 2008, between the Company and William F. Strome, incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K for the event dated December 31, 2008.
10.20*	Amended and restated employment agreement, dated December 31, 2008, between the Company and Chad Whalen, incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K for the event dated December 31, 2008.
10.21*	Employment Agreement, dated February 21, 2013, between the Company and Patricia A. O'Connell, incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.
10.22	Titanium Sponge Supply Agreement, dated January 1, 2007, between the Company and Sumitomo Titanium Corporation and its affiliates, incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007.
10.23	Amendment to Long-Term Supply Agreement, dated May 30, 2007, between the Company and Lockheed Martin Corporation and its affiliates, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007.
10.24	Amended and Restated Procurement Frame Contract between EADS Deutschland GmbH and the Company dated July 20, 2010 incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K for the event dated July 22, 2010.
21.1	Subsidiaries of the Company, filed herewith.
23.1	Consent of independent registered public accounting firm, filed herewith.
24.1	Powers of Attorney incorporated by reference to Exhibit 24.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012.
31.1	Certification of Chief Executive Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of Sarbanes-Oxley Act of 2002, filed herewith.

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Exhibit	
No.	Description
31.2	Certification of Principal Financial Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of Sarbanes-Oxley Act of 2002, filed herewith.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
101**	The following financial statements from The Company's Annual Report on Form 10-K for the year ended December 31, 2012, formatted in Extensible Business Reporting Language (XBRL); (i) consolidated balance sheets, (ii) consolidated statements of operations, (iii) consolidated statements of cash flows, (iv) consolidated statements of stockholders' equity, and (v) the notes to the consolidated financial statements, tagged as blocks of text.
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Denotes management contract or compensatory plan, contract, or arrangement

** XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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Description	Balance at beginning of year	(Charged) credited to costs and expenses	(Charged) credited to other accounts	Balance at end of year
Year ended December 31, 2012:				
Allowance for doubtful accounts	\$ (872)	\$ 110	\$	\$ (762)
Valuation allowance for deferred income taxes	(4,313)	(126)		(4,439)
Year ended December 31, 2011:				
Allowance for doubtful accounts	\$ (478)	\$ (394)	\$	\$ (872)
Valuation allowance for deferred income taxes	(4,332)	19		(4,313)
Year ended December 31, 2010:				
Allowance for doubtful accounts	\$ (646)	\$ 168	\$	\$ (478)
Valuation allowance for deferred income taxes	(4,066)	(266)		(4,332)

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