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DELTA REPORT

10-Q

ATI - ATI INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1050
CHANGES	308
DELETIONS	399
ADDITIONS	343

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2023 March 31, 2024
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 1-12001

ATI Inc.
(Exact name of registrant as specified in its charter)

Delaware	**25-1792394**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2021 McKinney Avenue Dallas, Texas	**75201**
(Address of Principal Executive Offices)	**(Zip Code)**

(800) 289-7454
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $0.10	ATI	New York Stock Exchange

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 submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 13, 2023 April 12, 2024, the registrant had outstanding 127,577,212 124,441,401 shares of its Common Stock.

ATI INC.
SEC FORM 10-Q
Quarter Ended September 30, 2023 March 31, 2024

INDEX

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

ATI Inc. and Subsidiaries
Consolidated Balance Sheets

(In millions, except share and per share amounts)
(Current period unaudited)

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
ASSETS	**ASSETS**				
Current Assets:	**Current Assets:**				
Current Assets:					
Current Assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	$ 432.9	$ 584.0		
Accounts receivable, net	Accounts receivable, net	683.0	579.2		
Short-term contract assets	Short-term contract assets	56.6	64.1		
Inventories, net	Inventories, net	1,353.9	1,195.7		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	73.3	53.4		
Total Current Assets	**Total Current Assets**	**2,599.7**	**2,476.4**		
Property, plant and equipment, net	Property, plant and equipment, net	1,626.3	1,549.1		
Goodwill	Goodwill	227.2	227.2		
Other assets	Other assets	277.9	192.9		
Total Assets	**Total Assets**	**$4,731.1**	**$4,445.6**		
LIABILITIES AND EQUITY	**LIABILITIES AND EQUITY**				
Current Liabilities:	**Current Liabilities:**				
Current Liabilities:					
Current Liabilities:					
Accounts payable					
Accounts payable					
Accounts payable	Accounts payable	$ 435.0	$ 553.3		
Short-term contract liabilities	Short-term contract liabilities	110.2	149.1		
Short-term debt and current portion of long-term debt	Short-term debt and current portion of long-term debt	37.5	41.7		
Other current liabilities	Other current liabilities	246.6	219.8		
Total Current Liabilities	**Total Current Liabilities**	**829.3**	**963.9**		
Long-term debt	Long-term debt	2,147.7	1,706.3		
Accrued postretirement benefits	Accrued postretirement benefits	173.2	184.9		
Pension liabilities	Pension liabilities	39.7	225.6		
Other long-term liabilities	Other long-term liabilities	185.3	207.7		

Total Liabilities	**Total Liabilities**	**3,375.2**	**3,288.4**
Equity:	**Equity:**		
ATI Stockholders' Equity:	**ATI Stockholders' Equity:**		
ATI Stockholders' Equity:			
ATI Stockholders' Equity:			
Preferred stock, par value $0.10: authorized-50,000,000 shares; issued-none	Preferred stock, par value $0.10: authorized-50,000,000 shares; issued-none	—	—
Common stock, par value $0.10: authorized-500,000,000 shares; issued-132,292,666 shares at September 30, 2023 and 131,392,262 shares at December 31, 2022; outstanding-127,576,395 shares at September 30, 2023 and 128,273,042 shares at December 31, 2022		13.2	13.1
Preferred stock, par value $0.10: authorized-50,000,000 shares; issued-none			
Preferred stock, par value $0.10: authorized-50,000,000 shares; issued-none			
Common stock, par value $0.10: authorized-500,000,000 shares; issued-133,796,517 shares at March 31, 2024 and 132,300,971 shares at December 31, 2023; outstanding-124,441,401 shares at March 31, 2024 and 126,879,099 shares at December 31, 2023			
Additional paid-in capital	Additional paid-in capital	1,689.5	1,668.1
Retained earnings		398.7	176.9
Treasury stock: 4,716,271 shares at September 30, 2023 and 3,119,220 shares at December 31, 2022		(153.6)	(87.0)
Retained loss			

Treasury stock: 9,355,116 shares at March 31, 2024 and 5,421,872 shares at December 31, 2023			
Accumulated other comprehensive loss, net of tax	Accumulated other comprehensive loss, net of tax	(708.9)	(725.2)
Total ATI stockholders' equity	**Total ATI stockholders' equity**	**1,238.9**	**1,045.9**
Noncontrolling interests	**Noncontrolling interests**	117.0	111.3
Total Equity	**Total Equity**	**1,355.9**	**1,157.2**
Total Liabilities and Equity	**Total Liabilities and Equity**	**$4,731.1**	**$4,445.6**

The accompanying notes are an integral part of these statements.

ATI Inc. and Subsidiaries
Consolidated Statements of Operations
(In millions, except per share amounts)
(Unaudited)

		Three months ended September 30,		**Nine months ended September 30,**			
		2023	**2022**	**2023**	**2022**		
	Quarter ended						**Quarter ended**
	March 31, 2024					**March 31, 2024**	**April 2, 2023**
Sales	**Sales**	**$1,025.6**	**$1,032.0**	**$3,109.7**	**$2,825.6**		
Cost of sales	Cost of sales	831.0	848.2	2,512.8	2,297.1		
Cost of sales							
Cost of sales							
Gross profit	Gross profit	194.6	183.8	596.9	528.5		
Selling and administrative expenses	Selling and administrative expenses	69.8	73.2	235.8	220.7		
Restructuring charges (credits)		(0.5)	(2.6)	2.2	(5.0)		
Loss on asset sales and sales of businesses, net		0.1	—	0.8	134.2		
Restructuring charges							
Operating income	Operating income	125.2	113.2	358.1	178.6		

Nonoperating retirement benefit expense	Nonoperating retirement benefit expense	(16.9)	(6.5)	(50.6)	(18.9)
Interest expense, net	Interest expense, net	(23.8)	(20.8)	(65.0)	(67.8)
Other income (expense), net		—	(18.5)	1.3	(15.3)
Other income, net					
Income before income taxes	Income before income taxes	84.5	67.4	243.8	76.6
Income tax provision	Income tax provision	4.9	3.0	12.9	11.3
Net income	**Net income**	**79.6**	**64.4**	**230.9**	**65.3**
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	3.9	3.3	9.1	11.3
Net income attributable to ATI	**Net income attributable to ATI**	**$ 75.7**	**$ 61.1**	**$ 221.8**	**$ 54.0**
Basic net income attributable to ATI per common share	**Basic net income attributable to ATI per common share**	**$ 0.59**	**$ 0.47**	**$ 1.73**	**$ 0.43**
Basic net income attributable to ATI per common share					
Basic net income attributable to ATI per common share					
Diluted net income attributable to ATI per common share	**Diluted net income attributable to ATI per common share**	**$ 0.52**	**$ 0.42**	**$ 1.53**	**$ 0.42**
Diluted net income attributable to ATI per common share					
Diluted net income attributable to ATI per common share					

The accompanying notes are an integral part of these statements.

ATI Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In millions)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,		Quarter ended	
	2023	**2022**	**2023**	**2022**	**March 31, 2024**	**April 2, 2023**
Net income	**$79.6**	**$64.4**	**$230.9**	**$ 65.3**		
Currency translation adjustment						
Unrealized net change arising during the period	(9.2)	(30.0)	(14.0)	(59.2)		
Reclassification adjustment included in net income	—	—	—	20.0		
Total	(9.2)	(30.0)	(14.0)	(39.2)		
Unrealized net change arising during the period						
Unrealized net change arising during the period						
Derivatives						
Net derivatives gain (loss) on hedge transactions	(3.2)	7.7	(20.6)	48.4		
Net derivatives loss on hedge transactions						
Net derivatives loss on hedge transactions						
Net derivatives loss on hedge transactions						
Reclassification to net income of net realized loss (gain)	1.8	(7.1)	0.1	(32.5)		
Income taxes on derivative transactions	—	—	—	—		
Total	(1.4)	0.6	(20.5)	15.9		
Postretirement benefit plans						
Actuarial loss						
Actuarial loss						
Actuarial loss						
Amortization of net actuarial loss						
Amortization of net actuarial loss						
Amortization of net actuarial loss	16.0	19.1	47.8	57.6		

Prior service cost	Prior service cost				
Amortization to net income of net prior service credits	Amortization to net income of net prior service credits	(0.1)	(0.1)	(0.4)	(0.4)
Settlement loss included in net income		—	—	—	29.5
Amortization to net income of net prior service credits					
Amortization to net income of net prior service credits					
Income taxes on postretirement benefit plans	Income taxes on postretirement benefit plans	—	—	—	—
Total	Total	15.9	19.0	47.4	86.7
Other comprehensive income (loss), net of tax		5.3	(10.4)	12.9	63.4
Other comprehensive loss, net of tax					
Comprehensive income	**Comprehensive income**	**84.9**	**54.0**	**243.8**	**128.7**
Less: Comprehensive income (loss) attributable to noncontrolling interests		1.8	(6.1)	5.7	(7.1)
Less: Comprehensive income attributable to noncontrolling interests					
Comprehensive income attributable to ATI	**Comprehensive income attributable to ATI**	**$83.1**	**$60.1**	**$238.1**	**$135.8**

The accompanying notes are an integral part of these statements.

ATI Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

		Nine months ended September 30,			
	Quarter ended			**Quarter ended**	
		2023	**2022**	**March 31, 2024**	**April 2, 2023**
Operating Activities:	**Operating Activities:**				
Net income	Net income	**$230.9**	**$ 65.3**		
Net income					
Net income					

Adjustments to reconcile net income to net cash used in operating activities:	Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization	Depreciation and amortization	106.6	107.1
Share-based compensation	Share-based compensation	21.5	20.1
Deferred taxes	Deferred taxes	2.2	2.2
Net gains from disposal of property, plant and equipment	Net gains from disposal of property, plant and equipment	(0.1)	(1.0)
Loss on sales of businesses		0.6	141.0
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Inventories			
Inventories			
Inventories	Inventories	(158.2)	(212.0)
Accounts receivable	Accounts receivable	(104.0)	(224.4)
Accounts payable	Accounts payable	(108.2)	52.2
Pension plan contributions			
Retirement benefits	Retirement benefits	(241.0)	2.4
Accrued liabilities and other	Accrued liabilities and other	(81.6)	(52.3)
Cash used in operating activities	**Cash used in operating activities**	**(331.3)**	**(99.4)**
Investing Activities:	**Investing Activities:**		
Purchases of property, plant and equipment	Purchases of property, plant and equipment	(147.3)	(100.5)
Purchases of property, plant and equipment			
Purchases of property, plant and equipment			

Proceeds from disposal of property, plant and equipment	Proceeds from disposal of property, plant and equipment	3.3	1.5
Transaction costs from sales of businesses, net of proceeds		(0.3)	(2.8)
Other	Other	1.1	0.8
Cash used in investing activities	**Cash used in investing activities**	**(143.2)**	**(101.0)**
Financing Activities:	**Financing Activities:**		
Borrowings on long-term debt		425.0	—
Payments on long-term debt and finance leases			
Payments on long-term debt and finance leases			
Payments on long-term debt and finance leases	Payments on long-term debt and finance leases	(22.0)	(16.6)
Net payments under credit facilities	Net payments under credit facilities	(7.3)	(16.0)
Debt issuance costs		(6.1)	—
Purchase of treasury stock	Purchase of treasury stock	(55.1)	(104.9)
Sale of noncontrolling interests		—	0.9
Dividends paid to noncontrolling interests		—	(16.0)
Shares repurchased for income tax withholding on share-based compensation and other	Shares repurchased for income tax withholding on share-based compensation and other	(11.1)	(5.6)
Cash provided by (used in) financing activities		**323.4**	**(158.2)**
Cash used in financing activities			
Decrease in cash and cash equivalents	**Decrease in cash and cash equivalents**	**(151.1)**	**(358.6)**
Cash and cash equivalents at beginning of period	**Cash and cash equivalents at beginning of period**	**584.0**	**687.7**
Cash and cash equivalents at end of period	**Cash and cash equivalents at end of period**	**$432.9**	**$329.1**

The accompanying notes are an integral part of these statements.

ATI Inc. and Subsidiaries

Statements of Changes in Consolidated Equity

(In millions)

(Unaudited)

		ATI Stockholders						
		Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity
Balance, June 30, 2022		$ 13.1	$1,656.6	$ 38.9	$ (36.8)	$ (908.9)	$ 131.0	$ 893.9
Net income	**Net income**	**—**	**—**	**61.1**	**—**	**—**	**3.3**	**64.4**
Other comprehensive loss	Other comprehensive loss	—	—	—	—	(1.0)	(9.4)	(10.4)
Purchase of treasury stock	Purchase of treasury stock	**—**	—	**—**	(15.0)	**—**	**—**	(15.0)
Employee stock plans	Employee stock plans	—	5.6	—	(0.1)	—	—	5.5
Balance, September 30, 2022		**$ 13.1**	**$1,662.2**	**$100.0**	**$ (51.9)**	**$ (909.9)**	**$ 124.9**	**$ 938.4**
Balance, June 30, 2023		$ 13.2	$1,682.0	$323.0	$(107.9)	$ (716.3)	$ 115.2	$1,309.2
Net income		**—**	**—**	**75.7**	**—**	**—**	**3.9**	**79.6**
Other comprehensive income (loss)		—	—	—	—	7.4	(2.1)	5.3
Purchase of treasury stock		**—**	**—**	**—**	(45.4)	**—**	**—**	(45.4)
Employee stock plans		—	7.5	—	(0.3)	—	—	7.2
Balance, September 30, 2023		**$ 13.2**	**$1,689.5**	**$398.7**	**$(153.6)**	**$ (708.9)**	**$ 117.0**	**$1,355.9**

	ATI Stockholders						
	Common Stock						
	Common Stock						
	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity
Balance, January 1, 2023							
Net income							
Other comprehensive income (loss)							
Purchase of treasury stock							
Employee stock plans							
Balance, April 2, 2023							
Balance, December 31, 2023							

Balance, March 31, 2024

	ATI Stockholders													
		Common Stock		Additional Paid-In Capital		Retained Earnings		Treasury Stock		Accumulated Other Comprehensive Income (Loss)		Non-controlling Interests		Total Equity
Balance, December 31, 2021	$	12.7	$	1,596.7	$	72.7	$	(4.8)	$	(991.7)	$	147.1	$	832.7
Net income		**—**		**—**		**54.0**		**—**		**—**		**11.3**		**65.3**
Other comprehensive income (loss)		—				—		—		81.8		(18.4)		63.4
Purchase of treasury stock		—		—		—		(104.9)		—		—		(104.9)
Conversion of convertible notes		0.3		45.4		(26.7)		63.5		—		—		82.5
Dividends paid to noncontrolling interest		—		—		—		—		—		(16.0)		(16.0)
Sales of subsidiary shares to noncontrolling interest		—		—		—		—		—		0.9		0.9
Employee stock plans		0.1		20.1		—		(5.7)		—		—		14.5
Balance, September 30, 2022	**$**	**13.1**	**$**	**1,662.2**	**$**	**100.0**	**$**	**(51.9)**	**$**	**(909.9)**	**$**	**124.9**	**$**	**938.4**
Balance, December 31, 2022	$	13.1	$	1,668.1	$	176.9	$	(87.0)	$	(725.2)	$	111.3	$	1,157.2
Net income		**—**		**—**		**221.8**		**—**		**—**		**9.1**		**230.9**
Other comprehensive income (loss)		—		—		—		—		16.3		(3.4)		12.9
Purchase of treasury stock		—		—		—		(55.5)		—		—		(55.5)
Employee stock plans		0.1		21.4		—		(11.1)		—		—		10.4
Balance, September 30, 2023	**$**	**13.2**	**$**	**1,689.5**	**$**	**398.7**	**$**	**(153.6)**	**$**	**(708.9)**	**$**	**117.0**	**$**	**1,355.9**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

Note 1. Accounting Policies

The interim consolidated financial statements include the accounts of ATI Inc. and its subsidiaries. Unless the context requires otherwise, “ATI” and “the Company” refer to ATI Inc. and its subsidiaries.

The Company follows a 4-4-5 or 5-4-4 fiscal calendar, whereby each fiscal quarter consists of thirteen weeks grouped into two four-week months and one five-week month, and its fiscal year ends on the Sunday closest to December 31. Unless otherwise stated, references to years and quarters in this Quarterly Report on Form 10-Q relate to fiscal years and quarters, rather than calendar years and quarters.

These unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and note disclosures required by U.S. generally accepted accounting principles for complete financial statements. In management’s opinion, all adjustments (which include only normal recurring adjustments) considered necessary for a fair presentation have been included. Certain prior year amounts have been reclassified in order to conform with year 2024 presentation. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s 2022 2023 Annual Report on Form 10-K. The results of operations for these interim periods are not necessarily indicative of the operating results for any future period. The December 31, 2022 December 31, 2023 financial information has been derived from the Company’s audited consolidated financial statements.

New Accounting Pronouncements Adopted

In September 2022, the Financial Accounting Standards Board (FASB) issued new accounting guidance related to disclosures about supplier finance programs. Supplier finance programs allow a buyer to offer its suppliers the option for access to payment in advance of an invoice due date, which is paid by a third-party finance provider or intermediary on the basis of invoices that the buyer has confirmed as valid. This new guidance requires a buyer in a supplier finance program to disclose sufficient information about the program to allow a user of financial statements to understand the program’s nature, activity during the period, changes from period to period, and potential magnitude, using both qualitative and quantitative information about its supplier finance programs. This new guidance, with the exception of annual disclosures on rollforward information, is was effective for the Company in fiscal year 2023. The 2023, and the Company adopted this new accounting guidance effective January 1, 2023 January 2, 2023. The annual rollforward information disclosures are effective for the Company in fiscal year 2024, with early adoption permitted. The Company did not early adopt this guidance. The adoption of these changes did not have an impact on the Company's consolidated financial statements other than disclosure requirements, which are included in Note 6.

Pending Accounting Pronouncements

In November 2023, the FASB issued new accounting guidance related to segment reporting disclosures. This guidance requires additional disclosures on an annual and interim basis of segment information, including significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and the presentation and composition of other segment items, which is the difference between segment revenue less segment expenses and the measure of segment profit or loss. The guidance also requires that all current segment disclosures required on an annual basis be provided on an interim basis and requires disclosure of the title and position of the CODM and how the CODM uses the reported measure of segment profit or loss in assessing performance and allocating resources. This guidance does not change how an entity identifies its reportable segments. This new guidance includes annual disclosure requirements that will be effective for the Company for fiscal year 2024 and quarterly disclosure requirements that will be effective for fiscal year 2025. The guidance must be applied retrospectively and early adoption is permitted. The Company does not expect to early adopt this guidance and does not expect these changes to have an impact on the Company's consolidated financial statements other than disclosure requirements.

In December 2023, the FASB issued new accounting guidance related to income tax disclosures. This guidance requires entities to disclose specific categories in its annual rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. This guidance also requires additional annual disclosures for income taxes paid and requires disaggregation of income before tax, between domestic and foreign, and income tax expense, between federal, state and foreign. This guidance also eliminates several current disclosure requirements related to: (1) the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months, (2) making a statement that an estimate of the range cannot be made, and (3) disclosing the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures. This new guidance will be effective for the Company for fiscal year 2025 and must be applied on a prospective basis with retrospective application permitted. Early adoption of this guidance is also permitted. The Company does not expect to early adopt this guidance and does not expect these changes to have an impact on the Company's consolidated financial statements other than disclosure requirements.

Note 2. Revenue from Contracts with Customers

Disaggregation of Revenue

The Company operates in two business segments: High Performance Materials & Components (HPMC) and Advanced Alloys & Solutions (AA&S). Revenue is disaggregated within these two business segments by diversified global markets, primary geographical markets and diversified products. Comparative information regarding the Company's overall revenues (in millions) by global and geographical markets for the third quarters ended March 31, 2024 and nine months ended September 30, 2023 and 2022 April 2, 2023 is included in the following tables.

(in millions)	Third quarter ended					
	September 30, 2023			September 30, 2022		
	HPMC	AA&S	Total	HPMC	AA&S	Total
Diversified Global Markets:						
Aerospace & Defense:						
Jet Engines- Commercial	$ 312.5	$ 16.9	$ 329.4	$ 285.7	$ 26.9	$ 312.6
Airframes- Commercial	104.0	99.6	203.6	49.8	81.6	131.4
Defense	39.7	53.1	92.8	38.5	47.6	86.1
Total Aerospace & Defense	456.2	169.6	625.8	374.0	156.1	530.1
Energy:						
Oil & Gas	2.5	84.5	87.0	6.9	120.2	127.1
Specialty Energy	20.2	41.7	61.9	26.4	39.2	65.6
Total Energy	22.7	126.2	148.9	33.3	159.4	192.7
Automotive	7.2	40.9	48.1	3.5	66.1	69.6
Medical	28.9	18.6	47.5	22.3	25.1	47.4
Electronics	0.6	44.2	44.8	0.7	47.8	48.5
Construction/Mining	7.7	32.3	40.0	9.5	38.3	47.8
Food Equipment & Appliances	—	16.2	16.2	0.2	45.0	45.2

Other	16.2	38.1	54.3	14.1	36.6	50.7
Total	$ 539.5	$ 486.1	$ 1,025.6	$ 457.6	$ 574.4	$ 1,032.0

(in millions)	*(in millions)*	Nine months ended						*(in millions)*	Quarter ended					
		September 30, 2023			September 30, 2022									
		HPMC	AA&S	Total	HPMC	AA&S	Total							
		March 31, 2024								March 31, 2024			April 2, 2023	
		HPMC							HPMC	AA&S	Total	HPMC	AA&S	Total
Diversified Global Markets:	**Diversified Global Markets:**													
Aerospace & Defense:	Aerospace & Defense:													
Aerospace & Defense:														
Aerospace & Defense:														
Jet Engines- Commercial														
Jet Engines- Commercial														
Jet Engines- Commercial	Jet Engines- Commercial	$ 914.2	$ 67.0	$ 981.2	$ 696.1	$ 61.8	$ 757.9							
Airframes- Commercial	Airframes- Commercial	242.0	295.7	537.7	130.9	200.3	331.2							
Defense	Defense	131.6	157.8	289.4	120.6	123.6	244.2							
Total Aerospace & Defense	Total Aerospace & Defense	1,287.8	520.5	1,808.3	947.6	385.7	1,333.3							
Energy:	Energy:													
Oil & Gas	Oil & Gas	8.6	317.2	325.8	32.1	323.3	355.4							
Oil & Gas														
Oil & Gas														
Specialty Energy	Specialty Energy	75.0	137.8	212.8	88.0	109.3	197.3							
Total Energy	Total Energy	83.6	455.0	538.6	120.1	432.6	552.7							
Medical														
Automotive	Automotive	19.5	140.8	160.3	8.7	227.4	236.1							
Electronics														
Construction/Mining	Construction/Mining	26.9	101.9	128.8	25.8	113.9	139.7							
Medical		70.7	53.7	124.4	52.3	70.8	123.1							
Electronics		1.8	113.4	115.2	1.9	147.6	149.5							
Food Equipment & Appliances	Food Equipment & Appliances	—	58.6	58.6	0.2	141.7	141.9							
Other	Other	47.4	128.1	175.5	38.7	110.6	149.3							
Total	Total	$ 1,537.7	$1,572.0	$3,109.7	$1,195.3	$1,630.3	$2,825.6							

(in millions)	*(in millions)*	Third quarter ended						*(in millions)*	Quarter ended	
		September 30, 2023			September 30, 2022					
		HPMC	AA&S	Total	HPMC	AA&S	Total			
		March 31, 2024							March 31, 2024	April 2, 2023

HPMC	HPMC	AA&S	Total	HPMC	AA&S	Total

Primary Geographical Market:	**Primary Geographical Market:**						
United States							
United States							
United States	United States	$ 242.6	$314.2	$ 556.8	$221.6	$395.5	$ 617.1
Europe	Europe	217.7	49.7	267.4	147.0	53.2	200.2
Asia	Asia	37.8	103.4	141.2	60.7	108.9	169.6
Canada	Canada	13.1	10.4	23.5	10.0	9.5	19.5
South America, Middle East and other	South America, Middle East and other	28.3	8.4	36.7	18.3	7.3	25.6
Total	Total	**$ 539.5**	**$486.1**	**$1,025.6**	**$457.6**	**$574.4**	**$1,032.0**

(in millions)	Nine months ended					
	September 30, 2023			September 30, 2022		
	HPMC	AA&S	Total	HPMC	AA&S	Total
Primary Geographical Market:						
United States	$ 661.1	$ 1,052.3	$ 1,713.4	$ 557.8	$ 1,105.6	$ 1,663.4
Europe	619.7	137.7	757.4	403.3	140.6	543.9
Asia	132.8	316.4	449.2	155.4	328.4	483.8
Canada	41.7	34.9	76.6	33.0	29.9	62.9
South America, Middle East and other	82.4	30.7	113.1	45.8	25.8	71.6
Total	**$ 1,537.7**	**$ 1,572.0**	**$ 3,109.7**	**$ 1,195.3**	**$ 1,630.3**	**$ 2,825.6**

Comparative information regarding the Company's major products based on their percentages of sales is included in the following table. Hot-Rolling and Processing Facility (HRPF) conversion service sales in the AA&S segment are excluded from this presentation.

	Third quarter ended					
	September 30, 2023			September 30, 2022		
	HPMC	AA&S	Total	HPMC	AA&S	Total
Diversified Products and Services:						
Nickel-based alloys and specialty alloys	42 %	52 %	47 %	52 %	57 %	54 %
Titanium and titanium-based alloys	24 %	13 %	19 %	16 %	7 %	11 %
Precision forgings, castings and components	33 %	— %	18 %	32 %	— %	15 %
Precision rolled strip products	1 %	19 %	9 %	— %	22 %	12 %
Zirconium and related alloys	— %	16 %	7 %	— %	14 %	8 %
Total	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**

	Nine months ended					
	September 30, 2023			September 30, 2022		
	HPMC	AA&S	Total	HPMC	AA&S	Total

Quarter ended	Quarter ended

		March 31, 2024									March 31, 2024			April 2, 2023	
		HPMC							HPMC	AA&S	Total		HPMC	AA&S	Total
Diversified Products and Services:	**Diversified Products and Services:**														
Nickel-based alloys and specialty alloys															
Nickel-based alloys and specialty alloys															
Nickel-based alloys and specialty alloys	Nickel-based alloys and specialty alloys	45 %	56 %	50 %	50 %	55 %	52 %		39 %	51 %	45 %		45 %	60 %	53 %
Precision forgings, castings and components	Precision forgings, castings and components	33 %	— %	17 %	34 %	— %	15 %	Precision forgings, castings and components	36 %	— %	19 %		34 %	— %	16 %
Titanium and titanium-based alloys	Titanium and titanium-based alloys	21 %	11 %	16 %	16 %	6 %	11 %	Titanium and titanium-based alloys	24 %	12 %	18 %		20 %	8 %	14 %
Zirconium and related alloys								Zirconium and related alloys	— %	20 %	10 %		— %	13 %	7 %
Precision rolled strip products	Precision rolled strip products	1 %	18 %	9 %	— %	25 %	14 %	Precision rolled strip products	1 %	17 %	8 %		1 %	19 %	10 %
Zirconium and related alloys		— %	15 %	8 %	— %	14 %	8 %								
Total	Total	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**	Total	**100 %**	**100 %**	**100 %**		**100 %**	**100 %**	**100 %**

The Company maintained a backlog of confirmed orders totaling $3.6 billion $3.9 billion and $2.7 billion $3.3 billion at September 30, 2023 March 31, 2024 and 2022, April 2, 2023, respectively. Due to the structure of the Company's long-term agreements, approximately 70% of this backlog at September 30, 2023 March 31, 2024 represented booked orders with performance obligations that will be satisfied within the next 12 months. The backlog does not reflect any elements of variable consideration.

Contract balances

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, accounts receivable with from customers were $686.7 million $723.6 million and $586.9 million $628.2 million, respectively. The following represents the rollforward of accounts receivable - reserve for doubtful accounts and contract assets and liabilities for the nine months quarters ended September 30, 2023 March 31, 2024 and 2022: April 2, 2023:

(in millions) *(in millions)*

Accounts Receivable - Reserve for Doubtful Accounts	**Accounts Receivable - Reserve for Doubtful Accounts**	September 30, 2023	September 30, 2022
Balance as of beginning of fiscal year		$ 7.7	$ 3.8
Accounts Receivable - Reserve for Doubtful Accounts			
Accounts Receivable - Reserve for Doubtful Accounts		March 31, 2024	April 2, 2023
Balance as of beginning of year			
Expense to increase the reserve	Expense to increase the reserve	0.2	0.7
Write-off of uncollectible accounts	Write-off of uncollectible accounts	(4.2)	(0.6)
Balance as of period end	Balance as of period end	**$ 3.7**	**$ 3.9**

(in millions)	*(in millions)*		
Contract Assets	**Contract Assets**		
Contract Assets			
Contract Assets			
Short-term	**Short-term**	September 30, 2023	September 30, 2022
Balance as of beginning of fiscal year		$ 64.1	$ 53.9
Short-term			
Short-term		March 31, 2024	April 2, 2023
Balance as of beginning of year			
Recognized in current year	Recognized in current year	66.6	74.1
Reclassified to accounts receivable	Reclassified to accounts receivable	(74.1)	(57.9)

Reclassification to/from long-term and contract liability		—	0.1
Balance as of period end	Balance as of period end	**$ 56.6**	**$ 70.2**

(in millions) *(in millions)*

Contract Liabilities **Contract Liabilities**

Contract Liabilities

Contract Liabilities

		September 30, 2023	September 30, 2022
Short-term	**Short-term**		
Balance as of beginning of fiscal year		$ 149.1	$ 116.2

	March 31, 2024	April 2, 2023
Short-term		
Short-term		
Balance as of beginning of year		

Recognized in current year	Recognized in current year	61.4	105.3
Amounts in beginning balance reclassified to revenue	Amounts in beginning balance reclassified to revenue	(86.7)	(80.8)
Current year amounts reclassified to revenue	Current year amounts reclassified to revenue	(40.9)	(42.9)
Other		(0.1)	0.8
Reclassification to/from long-term and contract asset		27.4	22.1
Reclassification to/from long-term			
Balance as of period end	Balance as of period end	**$ 110.2**	**$ 120.7**

		September 30, 2023	September 30, 2022
Long-term (a)	**Long-term (a)**		
Balance as of beginning of fiscal year		$ 66.8	$ 84.4

	March 31, 2024	April 2, 2023
Long-term (a)		
Long-term (a)		

Balance as of beginning of year			
Recognized in current year	Recognized in current year	1.0	9.6
Reclassification to/from short-term	Reclassification to/from short-term	(27.4)	(22.0)
Balance as of period end	Balance as of period end	**$ 40.4**	**$ 72.0**

(a) Long-term contract liabilities are included in Other other long-term liabilities on the consolidated balance sheets.

Contract costs for obtaining and fulfilling a contract were $7.7 million $8.2 million and $7.3 million $8.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and are reported in other long-term assets on the consolidated balance sheet. Contract cost amortization expense for the three quarters ended March 31, 2024 and nine months ended September 30, 2023 April 2, 2023 was $0.2 million and $0.9 million, respectively. Contract cost amortization expense for the three and nine months ended September 30, 2022 was $0.2 million and $0.7 million, respectively. $0.3 million.

Note 3. Inventories

Inventories at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows (in millions):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Raw materials and supplies	Raw materials and supplies	$ 255.4	$ 213.6		
Work-in-process	Work-in-process	1,056.0	941.1		
Finished goods	Finished goods	127.6	111.9		
		1,439.0	1,266.6		
	1,354.0				
Inventory valuation reserves	Inventory valuation reserves	(85.1)	(70.9)		
Total inventories, net	Total inventories, net	$1,353.9	$1,195.7		

Inventories are stated at the lower of cost (first-in, first-out (FIFO) and average cost methods) or net realizable value.

Note 4. Property, Plant and Equipment

Property, plant and equipment at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was as follows (in millions):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Land	Land	$ 32.2	$ 31.5		

Buildings and leasehold improvements	Buildings and leasehold improvements	655.9	601.6
Equipment	Equipment	2,984.7	2,895.5
		3,672.8	3,528.6
	3,798.8		
Accumulated depreciation and amortization	Accumulated depreciation and amortization	(2,046.5)	(1,979.5)
Total property, plant and equipment, net	Total property, plant and equipment, net	$1,626.3	$1,549.1

The construction in progress portion of property, plant and equipment at September 30, 2023 March 31, 2024 was $267.1 million $343.3 million. Capital expenditures on the consolidated statement of cash flows for the nine months quarters ended September 30, 2023 March 31, 2024 and April 2, 2023 exclude $28.9 million $33.0 million and $11.6 million, respectively, of incurred but unpaid accrued capital expenditures that were included in property, plant and equipment at March 31, 2024 and accrued at September 30, 2023. April 2, 2023, respectively.

Note 5. Joint Ventures

The financial results of majority-owned joint ventures are consolidated into the Company's operating results and financial position, with the minority ownership interest recognized in the consolidated statements of operations as net income attributable to noncontrolling interests, and as equity attributable to the noncontrolling interests within total stockholders' equity. Investments in which the Company exercises significant influence, but which it does not control (generally a 20% to 50% ownership interest), are accounted for under the equity method of accounting.

Majority-Owned Joint Ventures

STAL:
The Company has a 60% interest in the Chinese joint venture known as STAL. The remaining 40% interest in STAL is owned by China Baowu Steel Group Corporation Limited, a state authorized investment company whose equity securities are publicly traded in the People's Republic of China. STAL is part of ATI's AA&S segment and manufactures Precision Rolled Strip (PRS) stainless products mainly for the electronics and automotive markets located in Asia. Cash and cash equivalents held by STAL as of September 30, 2023 March 31, 2024 were $85.0 million $73.7 million.

Next Gen Alloys LLC:
The Company has a 51% interest in Next Gen Alloys LLC, a joint venture with GE Aviation for the development of a new meltless titanium alloy powder manufacturing technology. technology; however, there is no active development at this time. Next Gen Alloys LLC funds its development activities through the sale of shares to the two joint venture partners, and in the first quarter of 2022 the Company received $0.9 million from sales of noncontrolling interests to its joint venture partner, which is reported as a financing activity on the consolidated statements of cash flows. partners. Cash and cash equivalents held by this joint venture as of September 30, 2023 March 31, 2024 were $1.0 million.

Equity Method Joint Ventures

A&T Stainless:
The Company has a 50% interest in A&T Stainless, a joint venture with an affiliate company of Tsingshan Group (Tsingshan) to produce 60-inch wide stainless sheet products for sale in North America. Tsingshan purchased its 50% joint venture interest in A&T Stainless in 2018 for $17.5 million, of which $12.0 million was received by ATI through December 31, 2021 and the remaining $5.5 million was received in the fourth quarter of 2022. . The A&T Stainless operations included the Company's previously-idled direct roll and pickle (DRAP) facility in Midland, PA. ATI provided hot-rolling conversion services to A&T Stainless using the AA&S segment's HRPF. The DRAP facility has been idled since the third quarter of 2020. ATI accounts for the A&T Stainless joint venture under the equity method of accounting.

In March 2018, ATI filed for an exclusion from the Section 232 tariffs on behalf of A&T Stainless, which imports semi-finished stainless slab products from Indonesia. In April 2019, the Company learned that this exclusion request was denied by the United States Department of Commerce. ATI filed new requests on behalf of A&T Stainless for exclusion from the Section 232 tariffs in October 2019. These requests were denied by the United States Department of Commerce in the second quarter of 2020, and the 25% tariff remained in place. Due to repeated tariff exclusion denials, the DRAP facility was idled in an orderly shut down process that was completed in the third quarter of 2020. ATI's share of A&T Stainless results were losses of $0.5 million $0.4 million and $1.3 million for the three and nine months ended September 30, 2023, respectively, and a loss of $0.5 million for the three months quarters ended September 30, 2022 March 31, 2024 and income of $8.7 million for the nine months ended September 30, 2022 April 2, 2023, respectively, which is included within other income/expense, net, on the consolidated statements of operations and in the AA&S segment's operating results. ATI's share of A&T Stainless results for the nine months ended September 30, 2022 included $9.9 million for ATI's share of the $19.7 million tariff refund and accrued interest recognized as income by the joint venture in the second quarter of 2022 resulting from a settlement agreement with the U.S. pursuant to which the U.S., without admitting liability, agreed to refund a substantial portion of the Section 232 tariffs previously paid by A&T Stainless.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, ATI had net receivables for working capital advances and administrative services from A&T Stainless of $1.9 million $1.0 million and $3.2 million $1.5 million, respectively. For the September 30, 2023 balance of net receivables, $0.5 million was reported in prepaid expenses and other current assets and $1.4 million in other long-term assets on the consolidated balance sheet, while for December 31, 2022, $0.4 million was reported in prepaid expenses and other current assets and $2.8 million in other long-term assets.

Uniti:
ATI has had a 50% interest in the industrial titanium joint venture known as Uniti, with the remaining 50% interest held by VSMPO, a Russian producer of titanium, aluminum, and specialty steel products. On March 9, 2022, the Company announced the termination of Uniti, is LLC. No impairments were recorded as a result of the decision to terminate the Uniti joint venture. Uniti was accounted for under the equity method of accounting. ATI's share of Uniti's results were losses was income of $0.2 million for the three months quarter ended September 30, 2023 and income of $0.3 million for the nine months ended September 30, 2023 April 2, 2023, and income of $1.3 million and $2.5 million for the three and nine months ended September 30, 2022, respectively, which is was included in the AA&S segment's operating results, and within other income/expense, net on the consolidated statements of operations.

On March 9, 2022, the The Company announced the termination of Uniti, LLC. The joint venture is expected to be dissolved received its final distribution in the fourth first quarter of 2023. No impairments were recorded 2024 as a result of the decision to terminate termination, with formal dissolution expected in the Uniti joint venture. second half of 2024.

Note 6. Supplemental Financial Statement Information

Other income (expense), net for the three quarters ended March 31, 2024 and nine months ended September 30, 2023 and 2022 April 2, 2023 was as follows:

(in millions)	(in millions)	Three months ended September 30,		Nine months ended September 30,		(in millions)	Quarter ended	
		2023	2022	2023	2022			
	March 31, 2024						March 31, 2024	April 2, 2023
Rent and royalty income	Rent and royalty income	$0.7	$ 0.5	$2.0	$ 1.7			
Gains from disposal of property, plant and equipment, net	Gains from disposal of property, plant and equipment, net	—	0.1	0.3	0.3			
Net equity income (loss) on joint ventures (See Note 5)		(0.7)	0.8	(1.0)	11.2			
Litigation reserve		—	(19.9)	—	(28.5)			
Total other income (expense), net		$ —	$(18.5)	$1.3	$(15.3)			
Net equity loss on joint ventures (See Note 5)								

Total other income, net

Restructuring

Restructuring charges for the third quarter ended September 30, 2023 March 31, 2024 were a credit of $0.5 million for a reduction in severance-related reserves related to approximately 10 employees based on changes in planned operating rates and revised workforce reduction estimates. Restructuring charges for the nine months ended September 30, 2023 were a charge of $2.2 million and represent severance $0.2 million, primarily for the involuntary reduction termination of approximately 40 several employees across in ATI's domestic operations in conjunction with the continued transformation, partially offset by the credit in the third quarter 2023 discussed above for a reduction in severance-related reserves. Restructuring charges for the third quarter and nine months ended September 30, 2022 were a net credit of $2.6 million and $5.0 million, respectively, for a reduction in severance-related reserves related to approximately 60 and 110 employees, respectively, based on changes in planned operating rates and revised workforce reduction estimates. operations. These amounts were presented as a restructuring credit charge in the consolidated statements of operations and are excluded from segment EBITDA.

Restructuring reserves for severance cost activity is as follows:

		Severance and Employee Benefit Costs
Balance at December 31, 2022 December 31, 2023	$	9.8 15.2
Additions, net		2.2 0.2
Payments		(1.1) (1.5)
Balance at September 30, 2023 March 31, 2024	$	10.9 13.9

The $10.9 million $13.9 million restructuring reserve balance at September 30, 2023 March 31, 2024 includes $6.7 million $9.7 million recorded in other current liabilities and $4.2 million recorded in other long-term liabilities on the consolidated balance sheet.

Supplier Financing

The Company participates in supplier financing programs with two financial institutions to offer its suppliers the option for access to payment in advance of an invoice due date. Under such programs, these financial institutions provide early payment to suppliers at their request for invoices that ATI has confirmed as valid at a pre-determined discount rate commensurate with the creditworthiness of ATI. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had $14.0 million $18.4 million and $23.7 million $15.6 million, respectively, reported in accounts payable on the consolidated balance sheets under such programs.

Note 7. Debt

Debt at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was as follows (in millions):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
ATI Inc. 7.25% Notes due 2030	ATI Inc. 7.25% Notes due 2030	$ 425.0	$ —		
ATI Inc. 5.875% Notes due 2027	ATI Inc. 5.875% Notes due 2027	350.0	350.0		
ATI Inc. 5.125% Notes due 2031	ATI Inc. 5.125% Notes due 2031	350.0	350.0		

ATI Inc. 4.875% Notes due 2029	ATI Inc. 4.875% Notes due 2029	325.0	325.0
ATI Inc. 3.5% Convertible Senior Notes due 2025	ATI Inc. 3.5% Convertible Senior Notes due 2025	291.4	291.4
Allegheny Ludlum 6.95% Debentures due 2025 (a)	Allegheny Ludlum 6.95% Debentures due 2025 (a)	150.0	150.0
ABL Term Loan	ABL Term Loan	200.0	200.0
U.S. revolving credit facility	U.S. revolving credit facility	—	—
Foreign credit facilities	Foreign credit facilities	11.2	19.4
Finance leases and other	Finance leases and other	103.3	79.4
Debt issuance costs	Debt issuance costs	(20.7)	(17.2)
Debt	Debt	2,185.2	1,748.0
Short-term debt and current portion of long-term debt	Short-term debt and current portion of long-term debt	37.5	41.7
Long-term debt	Long-term debt	$2,147.7	$1,706.3

(a) The payment obligations of these debentures issued by Allegheny Ludlum, LLC are fully and unconditionally guaranteed by ATI.

Revolving Credit Facility

The Company has an Asset Based Lending (ABL) Credit Facility, which is collateralized by the accounts receivable and inventory of the Company's operations. The ABL facility also provides the Company with the option of including certain machinery and equipment as additional collateral for purposes of determining availability under the facility. The ABL facility, which matures in September 2027, includes a $600 million revolving credit facility, a letter of credit sub-facility of up to $200 million, a $200 million term loan (Term Loan), and a swing loan facility of up to $60 million. The Term Loan has an interest rate of 2.0% above adjusted Secured Overnight Financing Rate (SOFR) and can be prepaid in increments of $25 million if certain minimum liquidity conditions are satisfied. In addition, the Company has the right to request an increase of up to $300 million in the maximum amount available under the revolving credit facility for the duration of the ABL. The Company has a $50 million floating-for-fixed interest rate swap which converts a portion of the Term Loan to a 4.21% fixed interest rate. The swap matures in June 2024.

The applicable interest rate for revolving credit borrowings under the ABL facility includes interest rate spreads based on available borrowing capacity that range between 1.25% and 1.75% for SOFR-based borrowings and between 0.25% and 0.75% for base rate borrowings. The ABL facility contains a financial covenant whereby the Company must maintain a fixed charge coverage ratio of not less than 1.00:1.00 after an event of default has occurred and is continuing or if the undrawn availability under the ABL revolving credit portion of the facility is less than the greater of (i) 10% of the then applicable maximum loan amount under the revolving credit portion of the ABL and the outstanding Term Loan balance, or (ii) $60.0 million. The Company was in compliance with the fixed charge coverage ratio as of September 30, 2023 March 31, 2024. Additionally, the Company must demonstrate minimum liquidity specified by the facility during the 90-day period immediately preceding the stated maturity date of its 3.5% Convertible Senior Notes due 2025 and the 6.95% Debentures due 2025 issued by the Company's wholly owned subsidiary, Allegheny Ludlum LLC. The ABL also contains customary affirmative and negative covenants for credit facilities of this type, including limitations on the Company's ability to incur additional indebtedness or liens or to enter into investments, mergers and acquisitions, dispositions of assets and transactions with affiliates, some of which are more restrictive, at any time during the term of the ABL when the Company's fixed charge coverage ratio is less than 1.00:1.00 and its undrawn availability under the revolving portion of the ABL is less than the greater of (a) $120 million or (b) 20% of the sum of the maximum loan amount under the revolving credit portion of the ABL and the outstanding Term Loan balance.

As of September 30, 2023 March 31, 2024, there were no outstanding borrowings under the revolving portion of the ABL facility, and $31.7 million was utilized to support the issuance of letters of credit. There were average revolving credit borrowings of $17 million bearing an average annual interest rate of 6.5% under the ABL facility for the first nine months of 2023. There were no revolving credit borrowings under the ABL facility during the first nine months quarter of 2022. 2024 or 2023. The Company also has foreign credit facilities, primarily in China, that total $57 million based on September 30, 2023 March 31, 2024 foreign exchange rates, under none of which $11.2 million and $19.4 million was drawn as of September 30, 2023 March 31, 2024 and December 31, 2022, respectively.

2030 Notes

In August 2023, ATI issued $425 million aggregate principal amount of 7.25% Senior Notes due 2030 (2030 Notes). Interest on the 2030 Notes is payable semi-annually in arrears at a rate of 7.25% per year. The 2030 Notes will mature on August 15, 2030. Net proceeds were $418.8 million from this issuance, $5.0 million of which $222 million was used to fund ATI's U.S. qualified defined benefit pension plan in order to facilitate a pension derisking strategy (see Note 16), and the remaining proceeds were used for liquidity and general corporate purposes. Underwriting fees and other third-party expenses for the issuance drawn as of the 2030 Notes were $6.2 million, and are being amortized to interest expense over the 7-year term of the 2030 Notes. The 2030 Notes are unsecured and unsubordinated obligations of the Company and equally ranked with all of its existing and future senior unsecured debt. The 2030 Notes restrict the Company's ability to create certain liens, to enter into sale leaseback transactions, guarantee indebtedness and to consolidate or merge all, or substantially all, of its assets. The Company has the option to redeem the 2030 Notes, as a whole or in part, at any time or from time to time, on at least 15 days, but not more than 60 days, prior notice to the holders of the Notes at redemption prices specified in the 2030 Notes. The 2030 Notes are subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the 2030 Notes) at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus any accrued and unpaid interest on the 2030 Notes repurchased. December 31, 2023.

2025 Convertible Notes

As of September 30, 2023 March 31, 2024, the Company had $291.4 million aggregate principal amount of 3.5% Convertible Notes due 2025 (2025 Convertible Notes) outstanding, which mature on June 15, 2025. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the fair value of the 2025 Convertible Notes was $786 million $967 million and $590 million $864 million, respectively, based on the quoted market price, which is classified in Level 1 of the fair value hierarchy. The 2025 Convertible Notes have a 3.5% cash coupon rate that is payable semi-annually in arrears on each June 15 and December 15. Including amortization of deferred issuance costs, the effective interest rate is 4.2% for the third quarters ended March 31, 2024 and nine months ended September 30, 2023 and 2022. April 2, 2023. Remaining deferred issuance costs were $3.4 million $2.4 million and $4.8 million $2.9 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Interest expense on the 2025 Convertible Notes was as follows:

		Three months ended September 30,		Nine months ended September 30,				
	Quarter ended							Quarter ended
(in millions)	*(in millions)*	2023	2022	2023	2022	*(in millions)*	March 31, 2024	April 2, 2023
Contractual coupon rate	Contractual coupon rate	$2.5	$2.5	$7.6	$7.6			
Amortization of debt issuance costs	Amortization of debt issuance costs	0.5	0.4	1.4	1.3			

Total interest expense	Total interest expense	$3.0	$2.9	$9.0	$8.9

Currently, and prior to the 41st scheduled trading day immediately preceding the maturity date, the Company may redeem all or any portion of the 2025 Convertible Notes, at its option, at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest, if the last reported sale price of ATI's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on the trading day immediately preceding the date on which ATI provides written notice of redemption.

The initial conversion rate for the 2025 Convertible Notes is 64.5745 shares of ATI common stock per $1,000 principal amount of the 2025 Convertible Notes, equivalent to an initial conversion price of approximately $15.49 per share (18.8 million shares). Prior to the close of business on the business day immediately preceding March 15, 2025, the 2025 Convertible Notes will be convertible at the option of the holders of 2025 Convertible Notes only upon the satisfaction of specified conditions and during certain periods. Thereafter, until the close of business on the second scheduled trading day immediately preceding the maturity date, the 2025 Convertible Notes will be convertible at the option of holders of 2025 Convertible Notes at any time regardless of these conditions. Conversions of the 2025 Convertible Notes may be settled in cash, shares of ATI's common stock or a combination thereof, at ATI's election.

ATI entered into privately negotiated capped call transactions with certain of the initial purchasers of the 2025 Convertible Notes or their respective affiliates (collectively, the Counterparties). The capped call transactions are expected generally to reduce potential dilution to ATI's common stock upon any conversion of the 2025 Convertible Notes and/or offset any cash payments ATI is required to make in excess of the principal amount of converted 2025 Convertible Notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. The cap price of the capped call transactions initially is approximately $19.76 per share, and is subject to adjustments under the terms of the capped call transactions.

Note 8. Derivative Financial Instruments and Hedging

As part of its risk management strategy, the Company, from time-to-time, utilizes derivative financial instruments to manage its exposure to changes in raw material prices, energy costs, foreign currencies, and interest rates. In accordance with applicable accounting standards, the Company accounts for most of these contracts as hedges.

The Company sometimes uses futures and swap contracts to manage exposure to changes in prices for forecasted purchases of raw materials, such as nickel, and natural gas. Under these contracts, which are generally accounted for as cash flow hedges, the price of the item being hedged is fixed at the time that the contract is entered into, and the Company is obligated to make or receive a payment equal to the net change between this fixed price and the market price at the date the contract matures.

The majority of ATI's products are sold utilizing raw material surcharges and index mechanisms. However, as of September 30, 2023 March 31, 2024, the Company had entered into financial hedging arrangements, primarily at the request of its customers related to firm orders, for an aggregate notional amount of approximately 6 million 2 million pounds of nickel with hedge dates through 2024. The aggregate notional amount hedged is approximately 9% less than 5% of a single year's estimated nickel raw material purchase requirements. These derivative instruments are used to hedge the variability of a selling price that is based on the London Metal Exchange (LME) index for nickel, as well as to hedge the variability of the purchase cost of nickel based on this LME index. Any gain or loss associated with these hedging arrangements is included in sales or cost of sales, depending on whether the underlying risk being hedged was the variable selling price or the variable raw material cost, respectively.

At September 30, 2023 March 31, 2024, the outstanding financial derivatives used to hedge the Company's exposure to energy cost volatility included natural gas cost hedges. At September 30, 2023 March 31, 2024, the Company hedged approximately 80% 70% of its forecasted domestic requirements for natural gas for the remainder of 2023, approximately 55% for 2024 and approximately 15% 35% for 2025.

While the majority of the Company's direct export sales are transacted in U.S. dollars, foreign currency exchange contracts are used, from time-to-time, to limit transactional exposure to changes in currency exchange rates for those transactions denominated in a non-U.S. currency. The Company sometimes purchases foreign currency forward contracts that permit it to sell specified amounts of foreign currencies expected to be received from its export sales for pre-established U.S. dollar amounts at specified dates. The forward contracts are denominated in the same foreign currencies in which export sales are denominated. These contracts are designated as hedges of the variability in cash flows of a portion of the forecasted future export sales transactions which otherwise would expose the Company to foreign currency risk, primarily euro. In addition, the Company may also hedge forecasted capital expenditures and designate cash balances held in foreign currencies as hedges of forecasted foreign currency transactions. At September 30, 2023 March 31, 2024, the Company had no significant material outstanding foreign currency forward contracts.

The Company may enter into derivative interest rate contracts to maintain a reasonable balance between fixed- and floating-rate debt. The Company has a $50 million floating-for-fixed interest rate swap which converts a portion of the ABL Term Loan to a 4.21% fixed rate. The swap matures in June 2024. The Company designated the interest rate swap as a cash flow hedge of the Company's exposure to the variability of the payment of interest on a portion of its Term Loan borrowings. The ineffectiveness at hedge inception, determined from the fair value of the swap immediately prior to its July 2019 amendment, was amortized to interest expense over the initial Term Loan swap maturity date of January 12, 2021.

There are no credit risk-related contingent features in the Company’s derivative contracts, and the contracts contain no provisions under which the Company has posted, or would be required to post, collateral. The counterparties to the Company’s derivative contracts are substantial and creditworthy commercial banks that are recognized market makers. The Company controls its credit exposure by diversifying across multiple counterparties and by monitoring credit ratings and credit default swap spreads of its counterparties. The Company also enters into master netting agreements with counterparties when possible.

The fair values of the Company’s derivative financial instruments are presented below, representing the gross amounts recognized which are not offset by counterparty or by type of item hedged. All fair values for these derivatives were measured using Level 2 information as defined by the accounting standard hierarchy, which includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs derived principally from or corroborated by observable market data.

(In millions) Asset derivatives	*(In millions)* Asset derivatives	Balance sheet location	September 30, 2023	December 31, 2022	*(In millions)* Asset derivatives	Balance sheet location	March 31, 2024	December 31, 2023
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:							
Interest rate swap	Interest rate swap	Prepaid expenses and other current assets	$ 1.2	$ 1.4				
Interest rate swap								
Interest rate swap								
Foreign exchange contracts	Foreign exchange contracts	Prepaid expenses and other current assets	0.2	—				
Nickel and other raw material contracts		Prepaid expenses and other current assets	2.5	12.5				
Natural gas contracts	Natural gas contracts	Prepaid expenses and other current assets	0.1	2.4				
Interest rate swap		Other assets	—	0.5				
Nickel and other raw material contracts		Other assets	—	0.5				
Natural gas contracts								
Natural gas contracts	Natural gas contracts	Other assets	0.2	0.7				
Total derivatives designated as hedging instruments	Total derivatives designated as hedging instruments		$ 4.2	$ 18.0				
Liability derivatives	Liability derivatives	Balance sheet location			Liability derivatives	Balance sheet location		
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:							
Natural gas contracts	Natural gas contracts	Other current liabilities	3.3	2.0				
Natural gas contracts								
Natural gas contracts								

Nickel and other raw material contracts	Nickel and other raw material contracts	Other current liabilities	5.0	2.1
Natural gas contracts	Natural gas contracts	Other long-term liabilities	0.5	0.5
Nickel and other raw material contracts		Other long-term liabilities	0.5	—
Total derivatives designated as hedging instruments	Total derivatives designated as hedging instruments		$ 9.3	$ 4.6

Total derivatives designated as hedging instruments

Total derivatives designated as hedging instruments

For derivative financial instruments that are designated as cash flow hedges, the gain or loss on the derivative is reported as a component of other comprehensive income (OCI) and reclassified into earnings in the same period or periods during which the hedged item affects earnings. For derivative financial instruments that are designated as fair value hedges, changes in the fair value of these derivatives are recognized in current period results and are reported as changes within accrued liabilities and other on the consolidated statements of cash flows. results. There were no outstanding fair value hedges as of September 30, 2023 March 31, 2024. The cash flow impact for all derivative financial instruments is reported in cash flows provided by operating activities on the consolidated statement of cash flows. The Company did not use net investment hedges for the periods presented. The effects of derivative instruments in the tables below are presented net of related income taxes, excluding any impacts of changes to income tax valuation allowances affecting results of operations or other comprehensive income, when applicable (see Note 14 for further explanation).

Assuming market prices remain constant with those at September 30, 2023 March 31, 2024, a pre-tax loss of $4.3 million $9.4 million is expected to be recognized over the next 12 months.

Activity with regard to derivatives designated as cash flow hedges for the three quarters ended March 31, 2024 and nine month periods ended September 30, 2023 and 2022 April 2, 2023 was as follows (in millions):

		Amount of Gain (Loss) Recognized in OCI on Derivatives		Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (a)	
		Three months ended September 30,		Three months ended September 30,	
Derivatives in Cash Flow Hedging Relationships	Derivatives in Cash Flow Hedging Relationships	2023	2022	2023	2022
Nickel and other raw material contracts	Nickel and other raw material contracts	$ (1.6)	$ (0.7)	$ (0.4)	$ 0.8
Natural gas contracts	Natural gas contracts	(1.0)	5.4	(1.4)	4.1

	Amount of Gain (Loss) Recognized in OCI on Derivatives		Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (a)	
	Quarter ended		Quarter ended	
Derivatives in Cash Flow Hedging Relationships	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023

Foreign exchange contracts	Foreign exchange contracts	0.1	0.5	0.1	0.5
Interest rate swap	Interest rate swap	0.1	0.6	0.3	—
Total	Total	$ (2.4)	$ 5.8	$ (1.4)	$ 5.4

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivatives		Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (a)	
	Nine months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Nickel and other raw material contracts	$ (8.5)	$ 16.6	$ 3.5	$ 15.3
Natural gas contracts	(7.8)	17.2	(4.6)	9.1
Foreign exchange contracts	0.3	0.9	0.2	0.6
Interest rate swap	0.3	2.1	0.8	(0.3)
Total	$ (15.7)	$ 36.8	$ (0.1)	$ 24.7

(a) The gains (losses) reclassified from accumulated OCI into income related to the derivatives, with the exception of the interest rate swap, are presented in sales and cost of sales in the same period or periods in which the hedged item affects earnings. The gains (losses) reclassified from accumulated OCI into income on the interest rate swap are presented in interest expense in the same period as the interest expense on the Term Loan is recognized in earnings.

The disclosures of gains or losses presented above for nickel and other raw material contracts and foreign currency contracts do not take into account the anticipated underlying transactions. Since these derivative contracts represent hedges, the net effect of any gain or loss on results of operations may be fully or partially offset.

Note 9. Fair Value of Financial Instruments

The estimated fair value of financial instruments at September 30, 2023 March 31, 2024 was as follows:

			Fair Value Measurements at Reporting Date Using					Fair Value Measurements at Reporting Date Using		
(In millions)	*(In millions)*	Total Carrying Amount	Total Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	*(In millions)*	Total Carrying Amount	Total Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)
Cash and cash equivalents	Cash and cash equivalents	$ 432.9	$ 432.9	$ 432.9	$ —					
Derivative financial instruments:	Derivative financial instruments:									
Assets	Assets	4.2	4.2	—	4.2					
Assets										
Assets										
Liabilities	Liabilities	9.3	9.3	—	9.3					
Debt (a)	Debt (a)	2,205.9	2,359.3	2,044.8	314.5					

The estimated fair value of financial instruments at December 31, 2022 December 31, 2023 was as follows:

	Fair Value Measurements at Reporting Date Using		Fair Value Measurements at Reporting Date Using

(In millions)	(In millions)	Total Carrying Amount	Total Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	(In millions)	Total Carrying Amount	Total Estimated Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)
Cash and cash equivalents	Cash and cash equivalents	$ 584.0	$ 584.0	$ 584.0	$ —					
Derivative financial instruments:	Derivative financial instruments:									
Assets	Assets	18.0	18.0	—	18.0					
Assets										
Assets										
Liabilities	Liabilities	4.6	4.6	—	4.6					
Debt (a)	Debt (a)	1,765.2	1,964.5	1,665.7	298.8					

(a) The total carrying amount for debt for both periods excludes debt issuance costs related to the recognized debt liability which is presented in the consolidated balance sheet as a direct reduction from the carrying amount of the debt liability.

In accordance with accounting standards, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards established three levels of a fair value hierarchy that prioritize the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and cash equivalents: Fair value was determined using Level 1 information.

Derivative financial instruments: Fair values for derivatives were measured using exchange-traded prices for the hedged items. The fair value was determined using Level 2 information, including consideration of counterparty risk and the Company's credit risk.

Short-term and long-term debt: The fair values of the Company's publicly traded debt were based on Level 1 information. The fair values of the other short-term and long-term debt were determined using Level 2 information.

Note 10. Business Segments

The Company operates in under two business segments: High Performance Materials & Components (HPMC) and Advanced Alloys & Solutions (AA&S). The measure of segment EBITDA categorically excludes income taxes, depreciation and amortization, corporate expenses, net interest expense, closed operations and other income (expense), expenses, charges for goodwill and asset impairments, restructuring and other credits/charges, strike related costs, pension remeasurement gains/losses, debt extinguishment charges and gains or losses on asset sales and sales of businesses. Management believes segment EBITDA, as defined, provides an appropriate measure of controllable operating results at the business segment level. Following is certain financial information with respect to the Company's business segments for the periods indicated (in millions):

	Three months ended September 30,		Nine months ended September 30,			
	Quarter ended					Quarter ended
	2023	2022	2023	2022	March 31, 2024	April 2, 2023

Total sales:	Total sales:				
High Performance Materials & Components	High Performance Materials & Components	$ 578.1	$ 505.0	$1,670.5	$1,325.6
High Performance Materials & Components					
High Performance Materials & Components					
Advanced Alloys & Solutions	Advanced Alloys & Solutions	551.8	646.8	1,791.0	1,805.5
		1,129.9	1,151.8	3,461.5	3,131.1
	1,132.6				
Intersegment sales:	Intersegment sales:				
High Performance Materials & Components	High Performance Materials & Components	38.6	47.4	132.8	130.3
High Performance Materials & Components					
High Performance Materials & Components					
Advanced Alloys & Solutions	Advanced Alloys & Solutions	65.7	72.4	219.0	175.2
		104.3	119.8	351.8	305.5
	89.7				
Sales to external customers:	Sales to external customers:				
High Performance Materials & Components	High Performance Materials & Components	539.5	457.6	1,537.7	1,195.3
High Performance Materials & Components					
High Performance Materials & Components					
Advanced Alloys & Solutions	Advanced Alloys & Solutions	486.1	574.4	1,572.0	1,630.3
		$1,025.6	$1,032.0	$3,109.7	$2,825.6
	$				

	Three months ended September 30,		Nine months ended September 30,			
Quarter ended						Quarter ended
	2023	2022	2023	2022	March 31, 2024	April 2, 2023

EBITDA:	EBITDA:				
High Performance Materials & Components					
High Performance Materials & Components					
High Performance Materials & Components	High Performance Materials & Components	$115.7	$85.8	$303.9	$214.2
Advanced Alloys & Solutions	Advanced Alloys & Solutions	50.4	75.8	186.3	255.7
Total segment EBITDA	Total segment EBITDA	166.1	161.6	490.2	469.9
Corporate expenses	Corporate expenses	(12.9)	(14.2)	(48.3)	(47.9)
Closed operations and other expense	Closed operations and other expense	(5.1)	(6.3)	(11.3)	(12.8)
Depreciation & amortization (a)	Depreciation & amortization (a)	(35.6)	(35.6)	(106.6)	(107.1)
Interest expense, net	Interest expense, net	(23.8)	(20.8)	(65.0)	(67.8)
Restructuring and other charges	Restructuring and other charges	(4.2)	(17.3)	(14.6)	(23.5)
Loss on asset sales and sales of businesses, net		—	—	(0.6)	(134.2)
Income before income taxes	Income before income taxes	$ 84.5	$67.4	$243.8	$ 76.6

a) The following is depreciation & amortization by each business segment:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
High Performance Materials & Components	$ 16.5	$ 16.7	$ 51.8	$ 51.5
Advanced Alloys & Solutions	17.3	17.1	49.6	50.0
Other	1.8	1.8	5.2	5.6
	$ 35.6	$ 35.6	$ 106.6	$ 107.1

Beginning in 2020, the U.S. government enacted various relief packages in response to the COVID-19 pandemic. Results for the nine months ended September 30, 2022 include $34.3 million related to this government sponsored COVID relief in segment EBITDA. HPMC segment nine month 2022 results include $27.5 million for the Aviation Manufacturing Jobs Protection Program and employee retention credits, and AA&S segment nine month 2022 results include $6.8 million in employee retention credits.

	Quarter ended	
	March 31, 2024	April 2, 2023

High Performance Materials & Components	$ 16.3	$ 17.4
Advanced Alloys & Solutions	18.0	16.1
Other	1.7	1.6
	$ 36.0	$ 35.1

Restructuring and other charges of $4.2 million $3.1 million for the third quarter ended September 30, 2023 March 31, 2024 include $2.8 million $2.9 million of start up costs, and $1.9 million of costs associated with an unplanned outage at our Lockport, NY facility, both of which are included within cost of sales on the consolidated statements of operations. These charges were partially offset by a $0.5 million pre-tax credit for operations, and $0.2 million of restructuring charges primarily related to lowered severance-related reserves based on changes in planned operating rates and revised workforce reduction estimates (see Note 6). Restructuring and other charges of $14.6 million for the nine months quarter ended September 30, 2023 April 2, 2023 include $2.2 million of severance-related restructuring charges (see Note 6) as well as $8.5 million $1.2 million of start up costs, $1.9 million of costs associated with an unplanned outage at our Lockport, NY facility, and $2.0 million primarily for asset write-offs for the closure of our Robinson, PA operations, all of which are included classified within cost of sales on the consolidated statements of operations. Restructuring and other charges for the third quarter and nine months ended September 30, 2022 include a $19.9 million and $28.5 million charge, respectively, for a litigation reserve, which is reported in other nonoperating income (expense) on the consolidated statement of operations, partially offset by $2.6 million and $5.0 million, respectively, of restructuring credits for a reduction in severance-related reserves (see Note 6).

Depreciation expense in the nine months ended September 30, 2023 includes $0.8 million of accelerated depreciation on fixed assets for the closure of our Robinson, PA operations.

Loss on asset sales and sales of businesses, net, for the nine months ended September 30, 2023 is related to a $0.6 million loss on the sale of the Company's Northbrook, IL operations, for which no proceeds were received but $0.3 million of transaction costs were paid and reported as an investing activity on the consolidated statement of cash flows. Loss on asset sales and sales of businesses, net, for the nine months ended September 30, 2022 relate to a $141.0 million loss on the sale of the Company's Sheffield, UK operations, partially offset by a $6.8 million gain from the sale of assets from the Pico Rivera, CA operations.

Note 11. Retirement Benefits

The Company has defined contribution retirement plans or defined benefit pension plans covering substantially all employees. Company contributions to defined contribution retirement plans are generally based on a percentage of eligible pay or based on hours worked. Benefits under the defined benefit pension plans are generally based on years of service and/or final average pay. The Company funds the U.S. pension plans in accordance with the Employee Retirement Income Security Act of 1974, as amended, and the Internal Revenue Code of 1986, as amended. The Company also sponsors several postretirement plans covering certain collectively-bargained salaried and hourly employees. The plans provide health care and life insurance benefits for eligible retirees. In most retiree health care plans, Company contributions towards premiums are capped based on the cost as of a certain date, thereby creating a defined contribution. All defined benefit pension and retiree health care plans are closed to new entrants.

For the three month periods quarters ended September 30, 2023 March 31, 2024 and 2022, April 2, 2023, the components of pension and other postretirement benefit expense for the Company's defined benefit plans included the following (in millions):

		Pension Benefits Three months ended September 30,		Other Postretirement Benefits Three months ended September 30,		Pension Benefits Quarter ended		Other Postretirement Benefits	
		2023	2022	2023	2022	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Service cost - benefits earned during the year	Service cost - benefits earned during the year	$ 1.5	$ 3.0	$0.2	$0.3				
Interest cost on benefits earned in prior years	Interest cost on benefits earned in prior years	24.0	17.2	2.7	1.9				

Expected return on plan assets	Expected return on plan assets	(25.7)	(31.6)	—	—
Amortization of prior service cost (credit)	Amortization of prior service cost (credit)	0.1	0.1	(0.2)	(0.2)
Amortization of net actuarial loss	Amortization of net actuarial loss	14.5	15.8	1.5	3.3
Total retirement benefit expense	Total retirement benefit expense	$14.4	$ 4.5	$4.2	$5.3

For the nine month periods ended September 30, 2023 and 2022, the components of pension and other postretirement benefit expense for the Company's defined benefit plans included the following (in millions):

	Pension Benefits Nine months ended September 30,		Other Postretirement Benefits Nine months ended September 30,	
	2023	2022	2023	2022
Service cost - benefits earned during the year	$ 4.7	$ 9.0	$ 0.5	$ 0.8
Interest cost on benefits earned in prior years	72.0	52.5	8.2	5.8
Expected return on plan assets	(77.0)	(96.6)	—	—
Amortization of prior service cost (credit)	0.3	0.3	(0.7)	(0.7)
Amortization of net actuarial loss	43.3	47.7	4.5	9.9
Settlement loss	—	29.5	—	—
Total retirement benefit expense	$ 43.3	$ 42.4	$ 12.5	$ 15.8

In May 2022, the Company completed the sale of its Sheffield, UK operations. As a result of this sale, ATI recognized a $29.5 million settlement loss in the second quarter of 2022, which is recorded in loss on asset sales and sales of businesses, net, on the consolidated statement of operations, related to the amount in accumulated other comprehensive loss for the UK defined benefit pension plan that transferred as part of the sale.

During the third quarter of 2023, ATI contributed $222 million to its U.S. qualified defined benefit pension plan in order to facilitate a pension derisking strategy (see Note 16), bringing contributions for the first nine months of 2023 to $272 million.

Note 12. Income Taxes

The Company's effective tax rate was 19.8%, resulting in an income tax provision for income taxes of $16.9 million for the third quarter and nine months ended September 30, 2023 March 31, 2024. The Company's effective tax rate was $4.9 million and $12.9 million 4.7%, respectively. The resulting in an income tax provision for income taxes of $4.3 million for the third quarter and nine months ended September 30, 2022 April 2, 2023. The effective tax rate for the quarter ended March 31, 2024 included discrete tax benefits, primarily $3.0 million for share-based compensation. The Company's effective tax rate for the quarter ended April 2, 2023 was $3.0 million impacted by the net valuation allowance position in the U.S. and $11.3 million, respectively. Tax expense in both periods is mainly attributable to the Company's foreign operations and was based on an estimated annual effective tax rate calculation which included foreign, non-valuation allowance operations combined with the U.S. jurisdiction. The 2022 calculation excluded the results related to the Company's Sheffield, UK operations, which was sold in the second quarter of 2022.

In the second quarter 2020, the Company entered into a three-year cumulative loss within the United States, limiting the Company's ability to utilize future projections when analyzing the need for a deferred tax asset valuation allowance, therefore limiting sources of income as part of the analysis. ATI continues to maintain valuation allowances on its U.S. federal and state deferred tax assets, as well as for certain foreign jurisdictions. earnings.

Note 13. Per Share Information

The following table sets forth the computation of basic and diluted income per common share:

(In millions, except per share amounts)	*(In millions, except per share amounts)*	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022	*(In millions, except per share amounts)*	Quarter ended March 31, 2024	Quarter ended April 2, 2023
Numerator:	Numerator:							
Numerator for basic income per common share –	Numerator for basic income per common share –							
Numerator for basic income per common share –								
Numerator for basic income per common share –								
Net income attributable to ATI								
Net income attributable to ATI								
Net income attributable to ATI	Net income attributable to ATI	$75.7	$61.1	$221.8	$54.0			
Effect of dilutive securities:	Effect of dilutive securities:							
3.5% Convertible Senior Notes due 2025	3.5% Convertible Senior Notes due 2025	2.7	2.8	7.9	—			
3.5% Convertible Senior Notes due 2025								
3.5% Convertible Senior Notes due 2025								
Numerator for diluted net income per common share –	Numerator for diluted net income per common share –							
Net income attributable to ATI after assumed conversions								
Net income attributable to ATI after assumed conversions								
Net income attributable to ATI after assumed conversions	Net income attributable to ATI after assumed conversions	$78.4	$63.9	$229.7	$54.0			
Denominator:	Denominator:							
Denominator for basic net income per common share – weighted average shares	Denominator for basic net income per common share – weighted average shares	128.1	129.8	128.4	126.9			
Denominator for basic net income per common share – weighted average shares								

Denominator for basic net income per common share – weighted average shares					
Effect of dilutive securities:	Effect of dilutive securities:				
Share-based compensation					
Share-based compensation					
Share-based compensation	Share-based compensation	3.3	2.2	2.9	2.0
3.5% Convertible Senior Notes due 2025	3.5% Convertible Senior Notes due 2025	18.8	18.8	18.8	—
Denominator for diluted net income per common share – adjusted weighted average shares and assumed conversions	Denominator for diluted net income per common share – adjusted weighted average shares and assumed conversions	150.2	150.8	150.1	128.9
Basic net income attributable to ATI per common share	Basic net income attributable to ATI per common share	$0.59	$0.47	$ 1.73	$0.43
Diluted net income attributable to ATI per common share	Diluted net income attributable to ATI per common share	$0.52	$0.42	$ 1.53	$0.42

Common stock that would be issuable upon the assumed conversion of the 2025 Convertible Notes and other option equivalents and contingently issuable shares are excluded from the computation of contingently issuable shares, and therefore, from the denominator for diluted earnings per share, if the effect of inclusion is anti-dilutive. There were no anti-dilutive shares for the three quarters ended March 31, 2024 and nine months ended September 30, 2023. There were no anti-dilutive shares for the three months ended September 30, 2022, and 22.5 million anti-dilutive shares for the nine months ended September 30, 2022 April 2, 2023.

In February 2022, Periodically, the Company's Board of Directors authorized authorizes the repurchase of up ATI common stock (the "Share Repurchase Program"), the most recent of which was $150 million in November 2023. Repurchases under these programs are made in the open market or in privately negotiated transactions, with the amount and timing of repurchases depending on market conditions and corporate needs.Open market repurchases are structured to $150 million occur within the pricing and volume requirements of ATI stock. In addition, in April 2023, the Company's Board of Directors authorized the repurchase of an additional $75 million of ATI stock. SEC Rule 10b-18. In the three months quarter ended September 30, 2023 March 31, 2024, ATI used $45.0 million $150.0 million to repurchase 1.0 3.4 million shares of its common stock under the $75 million program, and in Share Repurchase Program.In the nine months quarter ended September 30, 2023 April 2, 2023, ATI used $55.1 million $10.1 million to repurchase 1.2 0.2 million shares of its common stock under both programs. In the three and nine months ended September 30, 2022 Share Repurchase Program. At March 31, 2024, ATI used $15.0 million and $104.9 million, respectively, to repurchase 0.5 million and 4.0 million shares, respectively, of its common stock the Company has utilized the full amount currently authorized under the $150 million program. Effective January 1, 2023, the Share Repurchase Program.

The Company's share repurchases are subject to a 1% excise tax as a result of the Inflation Reduction Act of 2022. Excise taxes incurred in 2023 on share repurchases represent direct costs of the repurchase and are recorded as part of the cost basis of the shares within treasury stock. The cost of share repurchases for the nine months quarter ended September 30, 2023 March 31, 2024 of $55.5 million $151.2 million differs from the repurchases of common stock amounts in the consolidated statements of cash flows due to these excise taxes. Repurchases under these programs were or may be made in the open market or in privately negotiated transactions, with the amount and timing of repurchases depending on market conditions and corporate needs. Open market repurchases are structured to occur within the pricing and volume requirements of SEC Rule 10b-18. The Company's ongoing stock repurchase programs do not obligate the Company to repurchase any specific number of shares and may be modified, suspended, or terminated at any time by the Company's Board of Directors without prior notice.

Note 14. Accumulated Other Comprehensive Income (Loss)

The changes in AOCI by component, net of tax, for the three month period quarter ended September 30, 2023 March 31, 2024 were as follows (in millions):

	Post-retirement benefit plans	Currency translation adjustment	Derivatives	Deferred Tax Asset Valuation Allowance	Total
Post-retirement benefit plans	Post-retirement benefit plans	Currency translation adjustment	Derivatives	Deferred Tax Asset Valuation Allowance	Total
Attributable to ATI: Attributable to ATI:					
Balance, June 30, 2023	$ (712.0)	$ (73.6)	$ (1.1)	$ 70.4	$(716.3)
Balance, December 31, 2023					
Balance, December 31, 2023					
Balance, December 31, 2023					
OCI before reclassifications OCI before reclassifications	—	(7.1)	(2.4)	—	(9.5)
Amounts reclassified from AOCI Amounts reclassified from AOCI	(a) 12.1	(b) —	(c) 1.4	(d) 3.4	16.9
Net current-period OCI Net current-period OCI	12.1	(7.1)	(1.0)	3.4	7.4
Balance, September 30, 2023	$ (699.9)	$ (80.7)	$ (2.1)	$ 73.8	$(708.9)
Balance, March 31, 2024					
Attributable to noncontrolling interests: Attributable to noncontrolling interests:					
Balance, June 30, 2023	$ —	$ 6.4	$ —	$ —	$ 6.4
Balance, December 31, 2023					
Balance, December 31, 2023					
Balance, December 31, 2023					
OCI before reclassifications OCI before reclassifications	—	(2.1)	—	—	(2.1)
Amounts reclassified from AOCI Amounts reclassified from AOCI	—	(b) —	—	—	—
Net current-period OCI Net current-period OCI	—	(2.1)	—	—	(2.1)
Balance, September 30, 2023	$ —	$ 4.3	$ —	$ —	$ 4.3
Balance, March 31, 2024					

(a) Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see Note 11).

(b) No amounts were reclassified to earnings.

(c) Amounts related to derivatives are included in sales, cost of goods sold or interest expense in the period or periods the hedged item affects earnings (see Note 8).

(d) Represents the net change in deferred tax asset valuation allowances on changes in AOCI balances between the balance sheet dates.

The changes in AOCI by component, net of tax, for the nine month period quarter ended September 30, 2023 April 2, 2023 were as follows (in millions):

	Post-retirement benefit plans	Currency translation adjustment	Derivatives	Deferred Tax Asset Valuation Allowance	Total
Attributable to ATI:					
Balance, December 31, 2022	$ (736.1)	$ (70.1)	$ 13.5	$ 67.5	$(725.2)
Balance, January 1, 2023					
Balance, January 1, 2023					
Balance, January 1, 2023					
OCI before reclassifications	—	(10.6)	(15.7)	—	(26.3)
Amounts reclassified from AOCI	(a) 36.2	(b) —	(c) 0.1	(d) 6.3	42.6
Net current-period OCI	36.2	(10.6)	(15.6)	6.3	16.3
Balance, September 30, 2023	$ (699.9)	$ (80.7)	$ (2.1)	$ 73.8	$(708.9)
Balance, April 2, 2023					
Attributable to noncontrolling interests:					
Balance, December 31, 2022	$ —	$ 7.7	$ —	$ —	$ 7.7
Balance, January 1, 2023					
Balance, January 1, 2023					
Balance, January 1, 2023					
OCI before reclassifications	—	(3.4)	—	—	(3.4)
Amounts reclassified from AOCI	—	(b) —	—	—	—
Net current-period OCI	—	(3.4)	—	—	(3.4)
Balance, September 30, 2023	$ —	$ 4.3	$ —	$ —	$ 4.3
Balance, April 2, 2023					

(a) Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see Note 11).
(b) No amounts were reclassified to earnings.
(c) Amounts related to derivatives are included in sales, cost of goods sold or interest expense in the period or periods the hedged item affects earnings (see Note 8).
(d) Represents the net change in deferred tax asset valuation allowances on changes in AOCI balances between the balance sheet dates.

The changes in AOCI by component, net of tax, for the three month period ended September 30, 2022 were as follows (in millions):

	Post-retirement benefit plans		Currency translation adjustment		Derivatives		Deferred Tax Asset Valuation Allowance		Total
Attributable to ATI:									
Balance, June 30, 2022	$	(883.0)	$	(65.1)	$	16.8	$	22.4	$ (908.9)
OCI before reclassifications		—		(20.6)		5.8		—	(14.8)
Amounts reclassified from AOCI	(a)	14.5	(c)	—	(d)	(5.4)	(e)	4.7	13.8
Net current-period OCI		14.5		(20.6)		0.4		4.7	(1.0)
Balance, September 30, 2022	$	(868.5)	$	(85.7)	$	17.2	$	27.1	$ (909.9)
Attributable to noncontrolling interests:									
Balance, June 30, 2022	$	—	$	17.0	$	—	$	—	$ 17.0
OCI before reclassifications		—		(9.4)		—		—	(9.4)
Amounts reclassified from AOCI		—	(c)	—		—		—	—
Net current-period OCI		—		(9.4)		—		—	$ (9.4)
Balance, September 30, 2022	$	—	$	7.6	$	—	$	—	$ 7.6

The changes in AOCI by component, net of tax, for the nine month period ended September 30, 2022 were as follows (in millions):

	Post-retirement benefit plans		Currency translation adjustment		Derivatives		Deferred Tax Asset Valuation Allowance		Total
Attributable to ATI:									
Balance, December 31, 2021	$	(947.7)	$	(64.9)	$	5.1	$	15.8	$ (991.7)
OCI before reclassifications		—		(40.8)		36.8		—	(4.0)
Amounts reclassified from AOCI	(a)	79.2	(b)	20.0	(d)	(24.7)	(e)	11.3	85.8
Net current-period OCI		79.2		(20.8)		12.1		11.3	81.8
Balance, September 30, 2022	$	(868.5)	$	(85.7)	$	17.2	$	27.1	$ (909.9)
Attributable to noncontrolling interests:									
Balance, December 31, 2021	$	—	$	26.0	$	—	$	—	$ 26.0
OCI before reclassifications		—		(18.4)		—		—	(18.4)
Amounts reclassified from AOCI		—	(c)	—		—		—	—
Net current-period OCI		—		(18.4)		—		—	$ (18.4)
Balance, September 30, 2022	$	—	$	7.6	$	—	$	—	$ 7.6

(a) Amounts were included in net periodic benefit cost for pension and other postretirement benefit plans (see Note 11) and/or loss on asset sales and sales of businesses, net, as part of the loss on sale of the Sheffield, UK operations.

(b) Amounts were included in loss on asset sales and sales of businesses, net, as part of the loss on sale of the Sheffield, UK operations.

(c) No amounts were reclassified to earnings.

(d) Amounts related to derivatives are included in sales, cost of goods sold or interest expense in the period or periods the hedged item affects earnings (see Note 8).

(e) Represents the net change in deferred tax asset valuation allowances on changes in AOCI balances between the balance sheet dates.

Other comprehensive income (loss) amounts (OCI) reported above by category are net of applicable income tax expense (benefit) for each year presented. Income tax expense (benefit) on OCI items is recorded as a change in a deferred tax asset or liability. Amounts recognized in OCI include the impact of any deferred tax asset valuation allowances, when applicable. Foreign currency translation adjustments, including those pertaining to noncontrolling interests, are generally not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries.

Reclassifications out of AOCI for the three quarters ended March 31, 2024 and nine month periods ended September 30, 2023 and 2022 April 2, 2023 were as follows:

Details about AOCI Components *(In millions)*	Details about AOCI Components *(In millions)*	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022		Affected line item in the statements of operations
Details about AOCI Components *(In millions)*							
Details about AOCI Components *(In millions)*		Three months ended March 31, 2024	Three months ended April 2, 2023				Affected line item in the statements of operations
Postretirement benefit plans	Postretirement benefit plans						
Prior service credit	Prior service credit	$ 0.1	0.1	$ 0.4	$ 0.4	(a)	
Prior service credit							
Prior service credit							
Actuarial losses	Actuarial losses	(16.0)	(19.1)	(47.8)	(57.6)	(a)	
Settlement loss		—	—	—	(29.5)	(b)	
		(15.9)	(19.0)	(47.4)	(86.7)	(d)	Total before tax
		(3.8)	(4.5)	(11.2)	(7.5)		Tax expense (benefit) (e)
		$ (12.1)	$ (14.5)	$ (36.2)	$ (79.2)		Net of tax
Currency translation adjustment		$ —	$ —	$ —	$ (20.0)	(b,d)	
Actuarial losses							
Actuarial losses		(1.2)					
		(1.2)					
		(1.2)	(1.4)			(c)	Total before tax
	(0.3)	(0.3)	(0.3)				Tax benefit (d)
	$	$(0.9)	$(1.1)				Net of tax
Derivatives	Derivatives						
Derivatives							
Derivatives							
Nickel and other raw material contracts							
Nickel and other raw material contracts							
Nickel and other raw material contracts	Nickel and other raw material contracts	$ (0.5)	$ 1.0	$ 4.6	$ 20.1	(c)	

Natural gas contracts	Natural gas contracts	(1.8)	5.4	(6.0)	12.0	(c)					
Natural gas contracts											
Natural gas contracts											
Foreign exchange contracts											
Foreign exchange contracts											
Foreign exchange contracts	Foreign exchange contracts	0.2	0.7	0.3	0.8	(c)					
Interest rate swap	Interest rate swap	0.3	—	1.0	(0.4)	(c)					
Interest rate swap											
Interest rate swap											
		(1.7)									
		(1.7)									
		(1.7)							5.5	(c)	Total before tax
	(0.4)							(0.4)	1.3		Tax expense (benefit) (d)
	$							$(1.3)	$ 4.2		Net of tax
		(1.8)	7.1	(0.1)	32.5	(d)	Total before tax				
		(0.4)	1.7	—	7.8		Tax expense (benefit) (e)				
		$ (1.4)	$ 5.4	$ (0.1)	$ 24.7		Net of tax				

(a) Amounts are reported in nonoperating retirement benefit expense (see Note 11).

(b) Amounts in 2022 were included in loss on asset sales and sales of businesses, net, as part of the loss on sale of the Sheffield UK operations.

(c) Amounts related to derivatives, with the exception of the interest rate swap, are included in sales or cost of goods sold in the period or periods the hedged item affects earnings. Amounts related to the interest rate swap are included in interest expense in the same period as the interest expense on the Term Loan is recognized in earnings (see Note 8).

(d) (c) For pre-tax items, positive amounts are income and negative amounts are expense in terms of the impact to net income. Tax effects are presented in conformity with ATI's presentation in the consolidated statements of operations.

(e) (d) These amounts exclude the impact of any deferred tax asset valuation allowances, when applicable.

Note 15. Commitments and Contingencies

The Company is subject to various domestic and international environmental laws and regulations that govern the discharge of pollutants and disposal of wastes, and which may require that it investigate and remediate the effects of the release or disposal of materials at sites associated with past and present operations. The Company could incur substantial cleanup costs, fines, and civil or criminal sanctions, third party property damage or personal injury claims as a result of violations or liabilities under these laws or noncompliance with environmental permits required at its facilities. The Company is currently involved in the investigation and remediation of a number of its current and former sites, as well as third party sites.

Environmental liabilities are recorded when the Company's liability is probable and the costs are reasonably estimable. In many cases, however, the Company is not able to determine whether it is liable or, if liability is probable, to reasonably estimate the loss or range of loss. Estimates of the Company's liability remain subject to additional uncertainties, including the nature and extent of site contamination, available remediation alternatives, the extent of corrective actions that may be required, and the number, participation, and financial condition of other potentially responsible parties (PRPs). The Company adjusts its accruals to reflect new information as appropriate. Future adjustments could have a material adverse effect on the Company's consolidated results of operations in a given period, but the Company cannot reliably predict the amounts of such future adjustments.

At September 30, 2023 March 31, 2024, the Company's reserves for environmental remediation obligations totaled approximately $13 million $14 million, of which $6 million $7 million was included in other current liabilities. The reserve includes estimated probable future costs of $3 million for federal Superfund and comparable state-managed sites; $7 million for formerly owned or operated sites for which the Company has remediation or indemnification obligations; and $3 million for owned or controlled sites at which Company operations have been or plan to be discontinued. discontinued; and $1 million for sites utilized by the

Company in its ongoing operations. The timing of expenditures depends on a number of factors that vary by site. The Company expects that it will expend present accruals over many years and that remediation of all sites with which it has been identified will be completed within thirty years. The Company continues to evaluate whether it may be able to recover a portion of past and future costs for environmental liabilities from third parties and to pursue such recoveries where appropriate.

Based on currently available information, it is reasonably possible that costs for recorded matters may exceed the Company's recorded reserves by as much as $16 million. Future investigation or remediation activities may result in the discovery of additional hazardous materials or potentially higher levels of contamination than discovered during prior investigation, and may impact costs associated with the success or lack thereof in remedial solutions. Therefore, future developments, administrative actions or liabilities relating to environmental matters could have a material adverse effect on the Company's consolidated financial condition or results of operations and cash flows.

A number of other lawsuits, claims and proceedings have been or may be asserted against the Company relating to the conduct of its currently and formerly owned businesses, including those pertaining to product liability, environmental, health and safety matters and occupational disease (including as each relates to alleged asbestos exposure), as well as patent infringement, commercial, government contracting, construction, employment, employee and retiree benefits, taxes, environmental, and stockholder and corporate governance matters. While the outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may be determined adversely to the Company, management does not believe that the disposition of any such pending matters is likely to have a material adverse effect on the Company's financial condition or liquidity, although the resolution in any reporting period of one or more of these matters could have a material adverse effect on the Company's consolidated results of operations for that period.

Note 16. Subsequent Event

In October 2023, Beginning in 2020, the U.S. government enacted various relief packages in response to the COVID-19 pandemic, one of which was the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act included, among other items, provisions relating to refundable employee retention payroll tax credits. The Company applied for these employee retention tax credits and recognized a portion of the benefit from these credits as they were received in the statement of operations in the fiscal year ended December 31, 2022. Due to the complex nature of the employee retention credit computations, the Company purchased group annuity contracts from an insurer covering approximately 85% deferred recognition of a portion of the Company's U.S. qualified defined benefit pension plan obligations. Under these contracts, tax credits pending the completion of any potential audit or examination, or the expiration of the related statute of limitations. As of March 31, 2024, we have approximately $28 million of deferred retention tax credits with statute of limitations beginning to expire during the second quarter of 2024 and continuing through 2027. Based on when the Company transferred received the pension obligations and associated assets for approximately 8,200 plan participants to the selected insurance company. This transaction had no impact on the amount, timing or form retention tax credits, $17 million of the retirement benefit payments to deferred retention tax credits have a statute of limitations that expire in 2024 with the affected retirees remaining expirations occurring in 2025 and beneficiaries. To facilitate this pension derisking strategy, 2027. There is pending legislation that could extend the Company completed a voluntary cash out for term vested employees and contributed $222 million to its pension plan in statute of limitations, which would impact the third quarter of 2023, to fully fund remaining pension liabilities ahead of this annuity transaction. After these actions, the Company's U.S. qualified defined benefit plan will include approximately 1,900 participants.

In connection with this transaction, the Company expects to recognize a non-cash, non-operating settlement gain in the fourth quarter 2023. The actual settlement gain will depend on the finalization timing of the actuarial calculations. expected recognition of these credits if and when such legislation is passed.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

ATI is a global manufacturer of technically advanced specialty materials and complex components. Our largest markets are aerospace & defense, representing 58% 59% of sales for the nine months quarter ended September 30, 2023 March 31, 2024, led by products for jet engines. engines and airframes. Additionally, we have a strong presence in the energy markets, including specialty energy, oil & gas and downstream processing, and specialty energy, as well as the medical and electronics markets. In aggregate, these markets represent more t represented 85han 80% % of our quarter ended March 31, 2023 revenue. 2024 sales. ATI is a market leader in manufacturing differentiated products that require our materials science capabilities and unique process technologies, including our new product development competence. Our capabilities range from cast/wrought and powder alloy development to final production of highly engineered finished components, including those used in next-generation latest generation jet engines and 3D-printed aerospace products.

Third ATI follows a 4-4-5 or 5-4-4 fiscal calendar, whereby each fiscal quarter 2023 consists of thirteen weeks grouped into two four-week months and one five-week month, and its fiscal year ends on the Sunday closest to December 31. Unless otherwise stated, references to years and quarters in this Quarterly Report on Form 10-Q relate to fiscal years and quarters, rather than calendar years and quarters.

First quarter 2024 sales of $1.04 billion were flat at $1.03 billion, compared to sales for the third first quarter of 2022, 2023, as increased demand for commercial increases in the sales to the aerospace products was & defense, medical and electronics markets were offset by recessionary softness in general industrial end markets. the energy market. Total aerospace and & defense sales were 61% 59% of total sales for the third first quarter 2024 compared to 56% for the first quarter of 2023. Gross profit for the third first quarter of 2023 2024 was $194.6 million $197.4 million, or 19.0% 18.9% of sales, an increase compared to $183.8 million $193.2 million, or 17.8% 18.6% of sales, for the third first quarter 2022. This $10.8 million increase 2023, despite outages and weather impacts in gross profit reflects strong results for our HPMC segment as well as the benefits first quarter of our ongoing transformation focused on the key growth markets 2024. The first quarter of aerospace 2024 and defense, and our streamlined value-add production capabilities. Third quarter 2023 gross profit includes $2.8 million $2.9 million and $1.2 million, respectively, of start up costs, and $1.9 million of costs associated with an unplanned outage at our Lockport, NY melt facility. which are excluded from segment EBITDA.

Restructuring charges for the third first quarter of 2023 and 2022 2024 were credits of $0.5 million and $2.6 million $0.2 million, respectively, for reductions in severance-related reserves based on changes in planned operating rates and revised workforce reduction estimates. Restructuring charges/credits are excluded from segment results. Also, nonoperating income primarily for the third quarter involuntary termination of 2022 included a $19.9 million charge for the settlement of litigation with U.S. Magnesium, LLC related to the closed Rowley, UT titanium sponge production facility. several employees in ATI's domestic operations. In addition, nonoperating retirement benefit expense increased to $16.9 million in the third quarter of 2023 compared to $6.5 million in the third quarter of 2022, and interest expense increased to $23.8 million $26.6 million in the third first quarter of 2023 2024 compared to $20.8 million $19.9 million in the third first quarter of 2022 2023 as a result of the issuance in August 2023 of $425 million aggregate principal amount of 7.25% Senior Notes due 2030 (2030 Notes).

Our pre-tax income was $84.5 million $85.3 million in the third first quarter of 2023, 2024, compared to $67.4 million $90.9 million in the prior year period. Income Our effective tax expense rate was 19.8%, resulting in an income tax provision of $16.9 million for the third quarters quarter ended March 31, 2024. Our effective tax rate was 4.7%, resulting in an income tax provision of 2023 and 2022 $4.3 million for the quarter ended April 2, 2023. The effective tax rate for the quarter ended March 31, 2024 included discrete tax benefits, primarily $3.0 million for share-based compensation. The effective tax rate for the quarter ended April 2, 2023 was $4.9 million and $3.0 million, respectively, primarily related to impacted by the Company's foreign operations. ATI continues to maintain a net valuation allowance on its position in the U.S. deferred tax assets. and our foreign earnings. Net income attributable to ATI was $75.7 million $66.1 million, or $0.52 $0.46 per share, in the third first quarter of 2023, 2024, compared to $61.1 million $84.5 million, or $0.42 $0.58 per share, for the third first quarter of 2022. 2023.

Adjusted EBITDA was $148.1 million $151.0 million, or 14.4% 14.5% of sales, for the third first quarter 2023, 2024, and $141.1 million $147.1 million, or 13.7% 14.2% of sales, for the prior year third first quarter. EBITDA and Adjusted EBITDA are measures utilized by ATI that to analyze the performance and results of our business. Further, we believe these measures are useful to investors and industry analysts because these measures are commonly used to analyze companies on the basis of operating performance, leverage and liquidity. Furthermore, analogous measures are used by industry analysts to evaluate operating performance. EBITDA and Adjusted EBITDA are non-GAAP measures and are not intended to represent, and should not be considered more meaningful than, or as alternatives to, a measure of operating performance as determined in accordance with U.S. generally accepted accounting principles (U.S. GAAP). We categorically define EBITDA as income from continuing operations before interest and income taxes, plus depreciation and amortization, goodwill impairment charges and debt extinguishment charges. We categorically define Adjusted EBITDA as EBITDA excluding significant non-recurring charges or credits, restructuring and other charges/credits, strike related costs, long-lived asset impairments, pension remeasurement gains and losses, and other postretirement/pension curtailment and settlement gains and losses. EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and capital expenditures. See the Liquidity and Financial Condition section of Management's Discussion and Analysis for a reconciliation of amounts reported under U.S. GAAP to these non-GAAP measures.

Compared to the third first quarter 2022, 2023, sales increased 18% 13% in the HPMC business segment and decreased 15% 10% in the AA&S business segment. In aggregate, ATI's aerospace & defense markets sales increased 18% 7% to $626 million $616 million in the third first quarter 2023, 2024, compared to $530 million $576 million the third first quarter 2022, 2023, reflecting increasing demand for increases in commercial aerospace jet engine airframe and airframe defense products. In the HPMC segment, third first quarter 2023 2024 sales of aerospace and & defense products increased 22% 12%, and sales to the medical market more than doubled compared to the prior year period. The decline in the AA&S segment reflects recessionary softness prolonged recovery in general industrial end markets. In the AA&S segment, third quarter 2023 sales of commercial aerospace products increased 7% compared to the prior year period.

Results for the first nine months of 2023 were sales of $3.11 billion and income before tax of $243.8 million, compared to sales of $2.83 billion and income before tax of $76.6 million for the first nine months of 2022. Our results for the first nine months of 2023 reflect significant increased demand for commercial aerospace products despite recessionary softness in general industrial end markets. Our gross profit was $596.9 million, or 19.2% of sales, a $68.4 million, or 13%, increase compared to the first nine months of 2022. Gross profit for the first nine months of 2023 includes $8.5 million of start up costs, $1.9 million of costs associated with an unplanned outage at our Lockport, NY melt facility, and $2.0 million primarily for asset write-offs for the closure of our Robinson, PA operations. Results in the first nine months of 2022 include $34.3 million of benefits from management actions to access available grants and other forms of COVID-19 relief available from previously-enacted U.S. legislation. These benefits included a $16.8 million grant under the Aviation Manufacturing Jobs Protection (AMJP) program for our operations in the HPMC segment, and $17.5 million in employee retention credits applicable across all of ATI's domestic operations, largely for preserving jobs throughout the global pandemic-related economic downturn.

The nine month 2023 results include a $0.6 million loss on the sale of our Northbrook, IL operations. The nine month 2022 results include a $141.0 million loss on the sale of the Sheffield, UK operations, partially offset by a $6.8 million gain from the sale of assets from our Pico Rivera, CA operations as part of the strategy to exit standard stainless products. Restructuring charges for the nine months ended September 30, 2023 were a charge of $2.2 million and represent severance for involuntary reductions across ATI's domestic operations in conjunction with our continued transformation, partially offset by a credit in the third quarter 2023 discussed above for a reduction in severance-related reserves. The nine months of 2022 included $5.0 million of restructuring-related credits primarily related to lowered severance-related reserves based on changes in planned operating rates and revised workforce reduction estimates. Both the losses on sales and restructuring charges/credits are excluded from segment results. Other nonoperating income (expense) for the first nine months of 2022 includes a $28.5 million charge for the settlement of litigation with U.S. Magnesium, LLC related to the closed Rowley, UT titanium sponge production facility, partially offset by a $9.9

million benefit from the A&T Stainless joint venture's settlement of Section 232 claims, which is included in AA&S segment results. In addition, nonoperating retirement benefit expense increased to $50.6 million in the nine months of 2023 compared to $18.9 million in the prior year period.

Our pre-tax income was $243.8 million in the first nine months of 2023, compared to $76.6 million in the prior year period. Income tax expense for the nine months of 2023 and 2022 was $12.9 million and $11.3 million, respectively, primarily related to our foreign operations. Net income attributable to ATI was $221.8 million, or $1.53 per share, in the first nine months of 2023, compared to $54.0 million, or $0.42 per share, for the first nine months of 2022.

Compared to the first nine months of 2022, sales increased 29% in the HPMC business segment and decreased 4% in the AA&S business segment. Sales to the aerospace & defense markets in the HPMC segment were 36% higher than the first nine months of 2022, due to improvements in the commercial aerospace market. AA&S sales reflect recessionary softness in general industrial end markets, offset by a 35% increase in the aerospace & defense markets and 5% increase in the energy market.

Comparative information regarding our overall revenues (in millions) by end market and their respective percentages of total revenues for the three quarters ended March 31, 2024 and nine month periods ended September 30, 2023 and 2022 April 2, 2023 is shown below.

Markets	Three months ended September 30, 2023			Three months ended September 30, 2022		
Aerospace & Defense:						
Jet Engines- Commercial	$	329.4	32 %	$	312.6	30 %
Airframes- Commercial		203.6	20 %		131.4	13 %
Defense		92.8	9 %		86.1	8 %
Total Aerospace & Defense	$	625.8	61 %	$	530.1	51 %
Energy:						
Oil & Gas		87.0	8 %		127.1	12 %
Specialty Energy		61.9	6 %		65.6	7 %
Total Energy		148.9	14 %		192.7	19 %
Automotive		48.1	5 %		69.6	7 %
Medical		47.5	5 %		47.4	4 %
Electronics		44.8	4 %		48.5	5 %
Construction/Mining		40.0	4 %		47.8	5 %
Food Equipment & Appliances		16.2	2 %		45.2	4 %
Other		54.3	5 %		50.7	5 %
Total	$	1,025.6	100 %	$	1,032.0	100 %

Markets	Markets	Nine months ended September 30, 2023		Nine months ended September 30, 2022		Markets	Quarter ended March 31, 2024			Quarter ended April 2, 2023		
Aerospace & Defense:	Aerospace & Defense:											
Jet Engines- Commercial												
Jet Engines- Commercial												
Jet Engines- Commercial	Jet Engines- Commercial	$ 981.2	32 %	$ 757.9	27 %	$	311.2	30	30 %	$310.9	30	30 %
Airframes- Commercial	Airframes- Commercial	537.7	17 %	331.2	12 %	Airframes- Commercial	190.1	18	18 %	169.9	17	17 %
Defense	Defense	289.4	9 %	244.2	9 %	Defense	114.4	11	11 %	94.9	9	9 %
Total Aerospace & Defense	Total Aerospace & Defense	$1,808.3	58 %	$1,333.3	48 %	Total Aerospace & Defense	$ 615.7	59	59 %	$ 575.7	56	56 %
Energy:	Energy:											
Oil & Gas	Oil & Gas	325.8	10 %	355.4	13 %							

Oil & Gas												
Oil & Gas							102.5		10 %	127.5		12 %
Specialty Energy	Specialty Energy	212.8	7 %	197.3	7 %	Specialty Energy	56.1	5	5 %	82.7	8	8 %
Total Energy	Total Energy	538.6	17 %	552.7	20 %	Total Energy	158.6	15	15 %	210.2	20	20 %
Medical						Medical	59.1		6 %	35.0		3 %
Automotive	Automotive	160.3	5 %	236.1	8 %	Automotive	56.0	5	5 %	59.4	6	6 %
Electronics						Electronics	52.9		5 %	34.4		3 %
Construction/Mining	Construction/Mining	128.8	4 %	139.7	5 %	Construction/Mining	27.2	3	3 %	40.4	4	4 %
Medical		124.4	4 %	123.1	4 %							
Electronics		115.2	4 %	149.5	5 %							
Food Equipment & Appliances	Food Equipment & Appliances	58.6	2 %	141.9	5 %	Food Equipment & Appliances	11.9	1	1 %	21.5	2	2 %
Other	Other	175.5	6 %	149.3	5 %	Other	61.5	6	6 %	61.5	6	6 %
Total	Total	$3,109.7	100 %	$2,825.6	100 %	Total	$1,042.9	100	100 %	$1,038.1	100	100 %

For the third first quarter 2023, 2024, international sales of $469 million increased to $471 million, or 46% 45% of total sales, increased from $421 million $450 million, or 43% of total sales, in the third first quarter 2022. 2023. ATI's international sales are mostly to the aerospace, energy, electronics, automotive and medical markets.

Comparative information regarding our major products based on their percentages of revenues are shown below. HRPF conversion service sales in the AA&S segment are excluded from this presentation.

		Three months ended September 30,		Nine months ended September 30,				
		2023	2022	2023	2022			
	Quarter ended March 31, 2024						March 31, 2024	Quarter ended April 2, 2023
Nickel-based alloys and specialty alloys	Nickel-based alloys and specialty alloys	47 %	54 %	50 %	52 %	Nickel-based alloys and specialty alloys	45 %	53 %
Precision forgings, castings and components						Precision forgings, castings and components	19 %	16 %
Titanium and titanium-based alloys	Titanium and titanium-based alloys	19 %	11 %	16 %	11 %	Titanium and titanium-based alloys	18 %	14 %
Precision forgings, castings and components		18 %	15 %	17 %	15 %			
Zirconium and related alloys						Zirconium and related alloys	10 %	7 %
Precision rolled strip products	Precision rolled strip products	9 %	12 %	9 %	14 %	Precision rolled strip products	8 %	10 %

Zirconium and related alloys		7 %	8 %	8 %	8 %			
Total	Total	100 %	100 %	100 %	100 %	Total	100 %	100 %

Segment EBITDA for the third first quarter 2023 2024 was $166.1 million $169.4 million, or 16.2% of sales, compared to segment EBITDA of $161.6 million $165.3 million, or 15.7% of sales, for the third quarter of 2022. Segment EBITDA for the first nine months of 2023 was $490.2 million, or 15.8% of sales, compared to segment EBITDA of $469.9 million, or 16.6% 15.9% of sales, for the first nine months quarter of 2022. 2023. Our measure of segment EBITDA, which we use to analyze the performance and results of our business segments, categorically excludes income taxes, depreciation and amortization, corporate expenses, net interest expense, closed operations and other income (expense), charges for goodwill and asset impairments, restructuring and other credits/charges, strike related costs, pension remeasurement gains/losses, debt extinguishment charges and gains or losses on asset sales and sales of businesses. Results on our management basis of reporting were as follows (in millions):

		Three months ended September 30,		Nine months ended September 30,			Quarter ended	
Quarter ended								
		2023	2022	2023	2022		March 31, 2024	April 2, 2023
Sales:	Sales:							
High Performance Materials & Components								
High Performance Materials & Components								
High Performance Materials & Components	High Performance Materials & Components	$ 539.5	$ 457.6	$1,537.7	$1,195.3			
Advanced Alloys & Solutions	Advanced Alloys & Solutions	486.1	574.4	1,572.0	1,630.3			
Total external sales	Total external sales	$1,025.6	$1,032.0	$3,109.7	$2,825.6			
EBITDA:	EBITDA:							
EBITDA:								
EBITDA:								
High Performance Materials & Components								
High Performance Materials & Components								
High Performance Materials & Components	High Performance Materials & Components	$ 115.7	$ 85.8	$ 303.9	$ 214.2			
% of Sales	% of Sales	21.5 %	18.8 %	19.8 %	17.9 %	% of Sales	18.4 %	17.3 %
Advanced Alloys & Solutions	Advanced Alloys & Solutions	50.4	75.8	186.3	255.7			
% of Sales	% of Sales	10.4 %	13.2 %	11.9 %	15.7 %	% of Sales	14.0 %	14.8 %
Total segment EBITDA	Total segment EBITDA	$ 166.1	$ 161.6	$ 490.2	$ 469.9			
% of Sales	% of Sales	16.2 %	15.7 %	15.8 %	16.6 %	% of Sales	16.2 %	15.9 %
Corporate expenses	Corporate expenses	(12.9)	(14.2)	(48.3)	(47.9)			

Corporate expenses					
Corporate expenses					
Closed operations and other expense	Closed operations and other expense	(5.1)	(6.3)	(11.3)	(12.8)
ATI Adjusted EBITDA	ATI Adjusted EBITDA	148.1	141.1	430.6	409.2
Depreciation & amortization	Depreciation & amortization	(35.6)	(35.6)	(106.6)	(107.1)
Depreciation & amortization					
Depreciation & amortization					
Interest expense, net	Interest expense, net	(23.8)	(20.8)	(65.0)	(67.8)
Restructuring and other charges	Restructuring and other charges	(4.2)	(17.3)	(14.6)	(23.5)
Loss on asset sales and sales of businesses, net		—	—	(0.6)	(134.2)
Income before income taxes	Income before income taxes	84.5	67.4	243.8	76.6
Income tax provision	Income tax provision	4.9	3.0	12.9	11.3
Net income	Net income	79.6	64.4	230.9	65.3
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	3.9	3.3	9.1	11.3
Net income attributable to ATI	Net income attributable to ATI	$ 75.7	$ 61.1	$ 221.8	$ 54.0

As part of managing the performance of our business, we focus on controlling Managed Working Capital, which we define as gross accounts receivable, short-term contract assets and gross inventories, less accounts payable and short-term contract liabilities. We exclude the effects of inventory valuation reserves and reserves for uncollectible accounts receivable when computing this non-GAAP performance measure, which is not intended to replace Working Capital or to be used as a measure of liquidity.

We employ several strategies to actively manage our Managed Working Capital, seeking to effectively balance the need to maintain appropriate levels of Managed Working Capital to support our growth and operations, while deploying our cash efficiently. Our strategies to actively manage our Managed Working Capital include, but are not limited to, taking advantage of favorable customer and supplier payment terms, participating in customer and supplier financing programs, managing the timing of purchases of raw materials, and leveling manufacturing process throughput and shipping to limit periodic increases in Managed Working Capital. We assess Managed Working Capital performance as a percentage of the prior three months annualized sales to evaluate the asset intensity of our business.

At September 30, 2023 March 31, 2024, Managed Working Capital increased as a percentage of annualized total ATI sales to 39.9% 35.9% compared to 30.1% 31.1% at December 31, 2022 December 31, 2023. The increase in Managed Working Capital increase was impacted by increased inventory levels in 2023 as a result percentage of additional melt capacity coming on line, increased production levels, annualized sales was due in part to seasonal and a strategic nickel purchase to ensure continuity inventory builds and timing of supply, which was funded by a $50 million draw on our ABL credit facility shipments late in the second first quarter of 2023 that was repaid in the third quarter of 2023. 2024. Days sales outstanding, which measures actual collection timing for accounts receivable, worsened by 5% 17% as of September 30, 2023 March 31, 2024 compared to year end 2022. 2023. Gross inventory turns, decreased 12% which measures how many times we turn over our inventory relative to cost of sales in a year, worsened by 4% as of September 30, 2023 March 31, 2024 compared to year end 2022. 2023. We continue efforts to focus on operational improvements to positively impact the inventory intensity of our business and alleviate the required investment of Managed Working Capital in our

growing business, however, the first quarter historically sees an increase in Managed Working Capital to support the coming year’s operations.

The computations of Managed Working Capital at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, reconciled to the financial statement line items as computed under U.S. GAAP, were as follows. follows:

		September 30,	December 31,			
	March 31,				March 31,	December 31,
(In millions)	*(In millions)*	2023	2022	*(In millions)*	2024	2023
Accounts receivable	Accounts receivable	$ 683.0	$ 579.2			
Short-term contract assets	Short-term contract assets	56.6	64.1			
Inventory	Inventory	1,353.9	1,195.7			
Accounts payable	Accounts payable	(435.0)	(553.3)			
Short-term contract liabilities	Short-term contract liabilities	(110.2)	(149.1)			
Subtotal	Subtotal	1,548.3	1,136.6			
Allowance for doubtful accounts	Allowance for doubtful accounts	3.7	7.7			
Inventory valuation reserves	Inventory valuation reserves	85.1	70.9			
Managed working capital	Managed working capital	$1,637.1	$1,215.2			
Annualized prior 3 months sales	Annualized prior 3 months sales	$4,102.6	$4,041.9			
Managed working capital as a % of annualized sales	Managed working capital as a % of annualized sales	39.9 %	30.1 %	Managed working capital as a % of annualized sales	35.9 %	31.1 %

Business Segment Results

High Performance Materials & Components Segment

Third First quarter 2023 2024 sales were $539.5 million $529.9 million, increasing 18% 13% compared to the third first quarter 2022, reflecting increasing commercial 2023, primarily due to continued strong demand in aerospace demand. & defense markets as well as increased medical market sales, which more than doubled compared to the first quarter of 2023. Sales to the commercial aerospace market increased 24% 8%, as airframe sales more than doubled increased 21% and commercial jet engine sales increased 9% 5%, and sales to the defense market increased 43%. Overall aerospace and & defense market sales were 85% 84% of total HPMC sales in the third first quarter of 2023. 2024.

Comparative information for our HPMC segment revenues (in millions) by market and their respective percentages of the segment's overall revenues for the three month periods quarters ended September 30, 2023 March 31, 2024 and 2022 April 2, 2023 is as follows:

Markets	Markets	Three months ended September 30, 2023		Three months ended September 30, 2022		Markets	Quarter ended March 31, 2024			Quarter ended April 2, 2023		
Aerospace & Defense:	Aerospace & Defense:											
Jet Engines- Commercial	Jet Engines- Commercial	$312.5	58 %	$285.7	63 %							
Jet Engines- Commercial												
Jet Engines- Commercial							$296.9		56 %	$ 282.5		60 %
Airframes- Commercial	Airframes- Commercial	104.0	20 %	49.8	11 %	Airframes- Commercial	85.7	16	16 %	71.0	15	15 %
Defense	Defense	39.7	7 %	38.5	8 %	Defense	60.0	12	12 %	41.9	9	9 %
Total Aerospace & Defense	Total Aerospace & Defense	456.2	85 %	374.0	82 %	Total Aerospace & Defense	442.6	84	84 %	395.4	84	84 %
Medical						Medical	35.9		7 %	17.5		4 %
Energy:	Energy:											
Oil & Gas												
Oil & Gas												
Oil & Gas	Oil & Gas	2.5	— %	6.9	1 %		3.5	1	1 %	2.4	1	1 %
Specialty Energy	Specialty Energy	20.2	4 %	26.4	6 %	Specialty Energy	18.2	3	3 %	24.9	5	5 %
Total Energy	Total Energy	22.7	4 %	33.3	7 %	Total Energy	21.7	4	4 %	27.3	6	6 %
Medical		28.9	5 %	22.3	5 %							
Construction/Mining	Construction/Mining	7.7	1 %	9.5	2 %	Construction/Mining	6.7	1	1 %	8.2	2	2 %
Other	Other	24.0	5 %	18.5	4 %	Other	23.0	4	4 %	22.7	4	4 %
Total	Total	$539.5	100 %	$457.6	100 %	Total	$529.9	100	100 %	$ 471.1	100	100 %

International sales represented 55% of total segment sales for the third first quarter 2023, 2024, compared to 53% 58% in the prior year period. Comparative information for the HPMC segment's major product categories, based on their percentages of revenue for the three months quarters ended September 30, 2023 March 31, 2024 and 2022, April 2, 2023, is as follows:

		Three months ended September 30,			Quarter ended			
	Quarter ended	2023	2022		March 31, 2024		April 2, 2023	
Nickel-based alloys and specialty alloys	Nickel-based alloys and specialty alloys	42 %	52 %	Nickel-based alloys and specialty alloys	39	%	45	%
Precision forgings, castings and components	Precision forgings, castings and components	33 %	32 %	Precision forgings, castings and components	36	%	34	%

Titanium and titanium-based alloys	Titanium and titanium-based alloys	24 %	16 %	Titanium and titanium-based alloys	24	%	20	%
Precision rolled strip products	Precision rolled strip products	1 %	— %	Precision rolled strip products	1	%	1	%
Total	Total	100 %	100 %	Total	100	%	100	%

Segment EBITDA in the third first quarter 2023 2024 increased to $115.7 million $97.6 million, or 21.5% 18.4% of total sales, compared to $85.8 million $81.6 million, or 18.8% 17.3% of total sales, for the third first quarter 2022. 2023. Strength in the HPMC segment continues to be driven by increased volumes content on higher margin next-generation latest generation commercial aerospace platforms.

Sales for the Despite fourth quarter 2023 melt-related challenges that impacted first nine months of 2023 were $1.54 billion, increasing 29% compared to the first nine months of 2022, reflecting increasing commercial aerospace demand. Sales to the commercial aerospace market increased 40%, reflecting a 31% increase in commercial jet engines and 85% increase in airframe sales. Sales to the energy markets decreased 30%, mainly due to lower oil and gas sales.

Comparative information for our HPMC segment revenues (in millions) by market and their respective percentages of the segment's overall revenues for the nine month periods ended September 30, 2023 and 2022 is as follows:

Markets		Nine months ended September 30, 2023			Nine months ended September 30, 2022	
Aerospace & Defense:						
Jet Engines- Commercial	$	914.2	59 %	$	696.1	58 %
Airframes- Commercial		242.0	16 %		130.9	11 %
Defense		131.6	9 %		120.6	10 %
Total Aerospace & Defense		1,287.8	84 %		947.6	79 %
Energy:						
Oil & Gas		8.6	— %		32.1	3 %
Specialty Energy		75.0	5 %		88.0	7 %
Total Energy		83.6	5 %		120.1	10 %
Medical		70.7	5 %		52.3	5 %
Construction/Mining		26.9	2 %		25.8	2 %
Other		68.7	4 %		49.5	4 %
Total	$	1,537.7	100 %	$	1,195.3	100 %

International quarter sales, represented 57% of total segment sales for the first nine months of 2023. Comparative information for the HPMC segment's major product categories, based on their percentages of revenue for the nine months ended September 30, 2023 and 2022, is as follows:

	Nine months ended September 30,	
	2023	2022
Nickel-based alloys and specialty alloys	45 %	50 %
Precision forgings, castings and components	33 %	34 %
Titanium and titanium-based alloys	21 %	16 %
Precision rolled strip products	1 %	— %
Total	100 %	100 %

Segment EBITDA in the first nine months of 2023 increased to $303.9 million, or 19.8% of total sales, compared to $214.2 million, or 17.9% of total sales, for the first nine months of 2022. Strength in the HPMC segment continues to be driven by increased volumes on higher margin next-generation commercial aerospace platforms. Results in the first nine months of 2022 included $27.5 million of benefits from the AMJP program and employee retention credits.

HPMC results for the first nine months quarter of 2023, which include 2024 reflected year-over-year improved operating leverage as we continue to experience increasing demand from the highest quarterly EBITDA margins aerospace & defense markets. To meet increased demand and capitalize on market opportunities, we continue to invest, including hiring new employees within the segment in the third first quarter of 2023 since prior to the COVID-19 pandemic, reflect improving operating leverage from higher production volumes 2024 as well as the aerospace and defense markets continue to grow. We are seeing an ongoing improvement in demand in many continuation of our key end markets, most notably in commercial aerospace. Increasing demand for travel benefits ATI, and we believe we are well positioned to capture this growth in the future. We are investing in additional capacity to meet growing demand, including our recently announced titanium melt expansion in Richland, Washington, so that we are well-positioned Washington. Furthermore, our commitment to capitalize on market opportunities. We also continue continuous improvement is resulting in adjustments to invest and adjust our work-flow processes to de-bottleneck our critical operations. We believe that these investments, strong backlog and our LTAs with aerospace market OEMs for our specialty materials, including powders, parts and components, position the HPMC segment for profitable growth for the next several years.

Advanced Alloys & Solutions Segment

Third First quarter 2023 2024 sales were $486.1 million $513.0 million, decreasing 15% 10% compared to the third first quarter of 2022, 2023, primarily due to recessionary softness prolonged recovery in general industrial end markets. Sales of commercial markets, especially energy. In addition, sales to the overall aerospace products increased by nearly 7% & defense market declined 4% compared to the prior year period, first quarter of 2023 primarily due to a significant increase declines in commercial airframe demand sales for various flat-rolled product forms. jet engines resulting from the timing of customer orders. Recovery in some industrial markets is beginning to show, including sales to the electronic and medical markets that increased 53% and 33%, respectively, compared to prior year.

Comparative information regarding our AA&S segment revenues (in millions) by market and their respective percentages of the segment's overall revenues for the three month periods quarters ended September 30, 2023 March 31, 2024 and 2022 April 2, 2023 is shown below.

Markets	Markets	Three months ended September 30, 2023		Three months ended September 30, 2022		Markets	Quarter ended March 31, 2024			Quarter ended April 2, 2023		
Aerospace & Defense:	Aerospace & Defense:											
Jet Engines- Commercial												
Jet Engines- Commercial												
Jet Engines- Commercial	Jet Engines- Commercial	$ 16.9	4 %	$ 26.9	5 %	$	14.3	3	3 %	$28.4	5	5 %
Airframes- Commercial	Airframes- Commercial	99.6	20 %	81.6	14 %	Airframes- Commercial	104.4	20	20 %	98.9	17	17 %
Defense	Defense	53.1	11 %	47.6	8 %	Defense	54.4	11	11 %	53.0	10	10 %
Total Aerospace & Defense	Total Aerospace & Defense	169.6	35 %	156.1	27 %	Total Aerospace & Defense	173.1	34	34 %	180.3	32	32 %
Energy:	Energy:											
Oil & Gas	Oil & Gas	84.5	17 %	120.2	21 %							
Oil & Gas												
Oil & Gas							99.0		19 %	125.1		22 %
Specialty Energy	Specialty Energy	41.7	9 %	39.2	7 %	Specialty Energy	37.9	8	8 %	57.8	10	10 %
Total Energy	Total Energy	126.2	26 %	159.4	28 %	Total Energy	136.9	27	27 %	182.9	32	32 %
Electronics	Electronics	44.2	9 %	47.8	8 %	Electronics	51.9	10	10 %	33.9	6	6 %
Automotive	Automotive	40.9	8 %	66.1	11 %	Automotive	51.0	10	10 %	53.1	9	9 %
Medical						Medical	23.2		4 %	17.5		3 %
Construction/Mining	Construction/Mining	32.3	7 %	38.3	7 %	Construction/Mining	20.5	4	4 %	32.2	6	6 %
Food Equipment & Appliances	Food Equipment & Appliances	16.2	3 %	45.0	8 %	Food Equipment & Appliances	11.9	2	2 %	21.5	4	4 %
Other	Other	56.7	12 %	61.7	11 %	Other	44.5	9	9 %	45.6	8	8 %
Total	Total	$486.1	100 %	$574.4	100 %	Total	$513.0	100	100 %	$567.0	100	100 %

International sales represented 35% 36% of total segment sales for the third first quarter 2023, 2024, compared to 31% in the prior year's third first quarter. Comparative information regarding the AA&S segment's major product categories, based on their percentages of revenue for the three months quarters ended September 30, 2023 March 31, 2024 and 2022, April 2, 2023, are presented in the following table. HRPF conversion service sales are excluded from this presentation.

		Three months ended September 30,				
	Quarter ended					Quarter ended
		2023	2022		March 31, 2024	April 2, 2023
Nickel-based alloys and specialty alloys	Nickel-based alloys and specialty alloys	52 %	57 %	Nickel-based alloys and specialty alloys	51 %	60 %
Zirconium and related alloys				Zirconium and related alloys	20 %	13 %
Precision rolled strip products	Precision rolled strip products	19 %	22 %	Precision rolled strip products	17 %	19 %
Zirconium and related alloys		16 %	14 %			
Titanium and titanium-based alloys	Titanium and titanium-based alloys	13 %	7 %	Titanium and titanium-based alloys	12 %	8 %
Total	Total	100 %	100 %	Total	100 %	100 %

Segment EBITDA was $50.4 million $71.8 million, or 10.4% 14.0% of sales, for the third first quarter 2023, 2024, compared to segment EBITDA of $75.8 million $83.7 million, or 13.2% of sales, for the third quarter 2022. Reduced deliveries of nickel based alloys and precision rolled strip products in the third quarter 2023 were only partially offset by increases in titanium plate deliveries. Higher retirement benefit costs negatively impacted 2023 operating margins compared to 2022.

Sales for the first nine months of 2023 were $1.57 billion, decreasing 4% compared to the first nine months of 2022 reflecting recessionary softness in general industrial end markets. Sales to the aerospace & defense markets increased 35%, with a 38% increase in sales of commercial aerospace products, due to a significant increase in commercial airframe demand for various flat-rolled product forms.

Comparative information regarding our AA&S segment revenues (in millions) by market and their respective percentages of the segment's overall revenues for the nine month periods ended September 30, 2023 and 2022 is shown below.

Markets	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
Aerospace & Defense:				
Jet Engines- Commercial	$ 67.0	4 %	$ 61.8	4 %
Airframes- Commercial	295.7	19 %	200.3	12 %
Defense	157.8	10 %	123.6	8 %
Total Aerospace & Defense	520.5	33 %	385.7	24 %
Energy:				
Oil & Gas	317.2	20 %	323.3	20 %
Specialty Energy	137.8	9 %	109.3	6 %

Total Energy	455.0	29 %	432.6	26 %
Automotive	140.8	9 %	227.4	14 %
Electronics	113.4	7 %	147.6	9 %
Construction/Mining	101.9	6 %	113.9	7 %
Food Equipment & Appliances	58.6	4 %	141.7	9 %
Other	181.8	12 %	181.4	11 %
Total	$ 1,572.0	100 %	$ 1,630.3	100 %

International sales represented 33% of total segment sales for the first nine months of 2023. Comparative information regarding the AA&S segment's major product categories, based on their percentages of revenue for the nine months ended September 30, 2023 and 2022, are presented in the following table. HRPF conversion service sales are excluded from this presentation.

	Nine months ended September 30,	
	2023	2022
Nickel-based alloys and specialty alloys	56 %	55 %
Precision rolled strip products	18 %	25 %
Zirconium and related alloys	15 %	14 %
Titanium and titanium-based alloys	11 %	6 %
Total	100 %	100 %

Segment EBITDA was $186.3 million, or 11.9% 14.8% of sales, for the first nine months of 2023, compared to segment EBITDA of $255.7 million, or 15.7% of sales, for the first nine months of 2022. quarter 2023. A stronger mix of titanium mill products and exotic alloys was offset by weaker demand for precision rolled strip PRS products and higher retirement benefit expense, nickel-based alloys, which contributed to the margin decline year over decrease compared to the prior year. The 2022 segment EBITDA includes a $9.9 million benefit from the A&T Stainless joint venture's settlement of Section 232 tariff claims and $6.8 million of employee retention credits.

With the AA&S business transformation We continue to expect margin expansion within this segment through 2024 with improved sales mix and footprint consolidation complete, we believe we improving operating performance. Additionally, early signs of improving industrial demand would benefit overall operating leverage. We are well positioned for future growth. Sales of commercial airframe flat-form products in the AA&S segment are projected on-track to increase over the longer term due in part to the repositioning of the commercial aerospace supply chain in response to the Russia/Ukraine conflict. With ramp capacity at our titanium melt shop in Albany, Oregon fully operational in the third quarter of 2023, we are well positioned to capitalize on the aerospace ramp. The modest investment to restart this facility in Albany, Oregon has helped significantly expand our titanium melt capacity. With customer commitments for ATI titanium being so strong, we are continuing to invest in additional capacity at this facility, bringing online a fourth furnace. We are on track to ramp capacity of the fourth furnace in the first half of fiscal year 2024, reaching a and expect to reach full run-rate production capacity in the second half of fiscal year 2024. We continue to right-size our costs to offset the demand softness in markets other than aerospace & defense. While availability of raw materials for our melting processes remains adequate, during the ongoing Russia/Ukraine conflict, changes in raw material prices may cause variability in profit margins based on the timing of index pricing mechanisms.

Corporate Items

Corporate expenses for the third first quarter of 2023 2024 were $12.9 million $17.1 million, compared to $14.2 million $16.9 million for the third first quarter 2022. For the nine months ended September 30, 2023, corporate expenses were $48.3 million, compared to $47.9 million for the nine months ended September 30, 2022.

2023. Closed operations and other expense for the third first quarter 2023 2024 was $5.1 million $1.3 million, compared to $6.3 million for consistent with the third first quarter 2022. For the nine months ended September 30, 2023, closed operations and other expense was $11.3 million, compared to $12.8 million for the nine months ended September 30, 2022. These decreases reflect changes in foreign currency remeasurement impacts primarily related to ATI's European Treasury operation partially offset by higher costs in 2023 associated with insurance matters at closed operations and increased retirement benefit expense. 2023.

The following table shows depreciation & amortization for the relevant periods by each business segment. Depreciation expense in the nine months ended September 30, 2023 includes $0.8 million of accelerated depreciation on fixed assets for the closure of our Robinson, PA operations.

	Quarter ended			Quarter ended
	March 31, 2024		March 31, 2024	April 2, 2023
	Three months ended September 30,	Nine months ended September 30,		

		2023	2022	2023	2022					
High Performance Materials & Components										
High Performance Materials & Components										
High Performance Materials & Components	High Performance Materials & Components	$16.5	$16.7	$ 51.8	$ 51.5					
Advanced Alloys & Solutions	Advanced Alloys & Solutions	17.3	17.1	49.6	50.0	Advanced Alloys & Solutions	18.0	16.1		16.1
Other	Other	1.8	1.8	5.2	5.6	Other	1.7	1.6		1.6
		$35.6	$35.6	$106.6	$107.1					
	$									

Interest expense, net of interest income, in the third first quarter 2023 2024 increased to $23.8 million $26.6 million, compared to $20.8 million $19.9 million for the third first quarter 2022, 2023, reflecting the issuance of the 2030 Notes during the third quarter 2023. On a year-to-date basis, net interest expense was $65.0 million for the first nine months of 2023 compared to $67.8 million for the first nine months of 2022. Capitalized interest reduced interest expense by $3.3 million $4.0 million in the third first quarter 2023 2024 and $2.0 million $3.4 million in the third first quarter 2022. For the nine months ended September 30, 2023 and 2022, capitalized interest was $10.0 million and $2.6 million, respectively. 2023.

Restructuring and other charges of $4.2 million $3.1 million for the third first quarter ended September 30, 2023 of 2024 include $2.8 million $2.9 million of start up costs and $1.9 million $0.2 million of restructuring charges. Restructuring and other charges were $1.2 million for start up costs associated with an unplanned outage at our Lockport, NY melt facility, both for the first quarter of which 2023. Start up costs are included within cost of sales on in the consolidated statements of operations. These were partially offset by a $0.5 million pre-tax credit for restructuring charges, primarily related to lowered severance-related reserves related to approximately 10 employees based on changes in planned operating rates and revised workforce reduction estimates. Restructuring and other charges of $14.6 million for the nine months ended September 30, 2023 include $2.2 million of severance-related restructuring charges for the involuntary reduction of approximately 40 employees across ATI's domestic operations in conjunction with our continued transformation, partially offset by the restructuring credit in the third quarter 2023 discussed above, as well as $8.5 million of start up costs, $1.9 million of costs associated with an unplanned power outage at our Lockport, NY melt facility, and $2.0 million primarily for asset write-offs for the closure of our Robinson, PA operations, all of which are included within cost of sales on the consolidated statements of operations. Restructuring and other charges were charges of $17.3 million and $23.5 million for the third quarter and nine months ended September 30, 2022, respectively, reflecting a $19.9 million and $28.5 million charge, respectively, for the settlement of litigation with U.S. Magnesium, LLC related to the closed Rowley, UT titanium sponge production facility, partially offset by credits of $2.6 million and $5.0 million, respectively, for a reduction in severance-related reserves related to approximately 60 and 110 employees, respectively, based on changes in planned operating rates and revised workforce reduction estimates. These items were excluded from segment EBITDA. Cash payments associated with prior restructuring programs were $1.1 million $1.5 million in the first nine months quarter of 2023. 2024. Of the $10.9 million $13.9 million of remaining reserves associated with these restructuring actions as of September 30, 2023 March 31, 2024, $6.7 million $9.7 million are expected to be paid within the next year.

Loss on asset sales and sales of businesses, net, for the nine months ended September 30, 2023 is related to a $0.6 million loss on the sale of the Company's Northbrook, IL operations for which no proceeds were received but $0.3 million of transaction costs were paid and reported as an investing activity on the consolidated statement of cash flows. Loss on asset sales and sales of businesses, net, for the first nine months of 2022 was $134.2 million, including a $141.0 million loss on the sale of the Company's Sheffield, UK operations, partially offset by a $6.8 million gain from the sale of assets from our Pico Rivera, CA operations. These items are excluded from segment EBITDA.

Income Taxes

The provision for income taxes for the third quarter and nine months ended September 30, 2023 was $4.9 million and $12.9 million, respectively. The provision for income taxes for the third quarter and nine months ended September 30, 2022 was $3.0 million and $11.3 million, respectively. Tax expense in both periods is mainly attributable to our foreign operations and was based on an estimated annual Our effective tax rate calculation which was 19.8%, resulting in an income tax provision of $16.9 million for the quarter ended March 31, 2024. Our effective tax rate was 4.7%, resulting in an income tax provision of $4.3 million for the quarter ended April 2, 2023. The effective tax rate for the quarter ended March 31, 2024 included foreign, non-valuation discrete tax benefits, primarily $3.0 million for share-based compensation. The effective tax rate for the quarter ended April 2, 2023 was impacted by the net valuation allowance operations combined with position in the U.S. jurisdiction. The 2022 calculation excluded the results related to and our Sheffield, UK operations, which was sold in the second quarter of 2022. foreign earnings.

In the second quarter 2020, we entered into a three-year cumulative loss within the United States, limiting our ability to utilize future projections when analyzing the need for a deferred tax asset valuation allowance, therefore limiting sources of income as part of the analysis. We continue to maintain valuation allowances on our U.S. federal and state deferred tax assets, as well as for certain foreign jurisdictions.

Liquidity and Financial Condition

We have an Asset Based Lending (ABL) Credit Facility, which is collateralized by the accounts receivable and inventory of our operations. The ABL facility also provides us with the option of including certain machinery and equipment as additional collateral for purposes of determining availability under the facility. The ABL facility, which matures in September 2027, includes a $600 million revolving credit facility, a letter of credit sub-facility of up to $200 million, a $200 million term loan (Term Loan), and a swing loan facility of up to $60 million. The Term Loan has an interest rate of 2.0% above adjusted Secured Overnight Financing Rate (SOFR) and can be prepaid in increments of $25 million if certain minimum liquidity conditions are satisfied. In addition, we have the right to request an increase of up to $300 million in the maximum amount available under the revolving credit facility for the duration of the ABL.

The applicable interest rate for revolving credit borrowings under the ABL facility includes interest rate spreads based on available borrowing capacity that range between 1.25% and 1.75% for SOFR-based borrowings and between 0.25% and 0.75% for base rate borrowings. The ABL facility contains a financial covenant whereby we must maintain a fixed charge coverage ratio of not less than 1.00:1.00 after an event of default has occurred and is continuing or if the undrawn availability under the ABL revolving credit portion of the facility is less than the greater of (i) 10% of the then applicable maximum loan amount under the revolving credit portion of the ABL and the outstanding Term Loan balance, or (ii) $60.0 million. We were in compliance with the fixed charge coverage ratio as of September 30, 2023 March 31, 2024. Additionally, we must demonstrate minimum liquidity specified by the facility during the 90-day period immediately preceding the stated maturity date of our 3.5% Convertible Senior Notes due 2025 and the 6.95% Debentures due 2025 issued by our wholly owned subsidiary, Allegheny Ludlum LLC. The ABL also contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our ability to incur additional indebtedness or liens or to enter into investments, mergers and acquisitions, dispositions of assets and transactions with affiliates, some of which are more restrictive, at any time during the term of the ABL when our fixed charge coverage ratio is less than 1.00:1.00 and our undrawn availability under the revolving portion of the ABL is less than the greater of (a) $120 million or (b) 20% of the sum of the maximum loan amount under the revolving credit portion of the ABL and the outstanding Term Loan balance.

As of September 30, 2023 March 31, 2024, there were no outstanding borrowings under the revolving portion of the ABL facility, and $31.7 million was utilized to support the issuance of letters of credit. At September 30, 2023 March 31, 2024, we had $433 million $394 million of cash and cash equivalents, and available additional liquidity under the ABL facility of approximately $550 million $557 million.

In August 2023, we issued $425 million aggregate principal amount of 7.25% Senior Notes due 2030. Underwriting fees and other third-party expenses for the issuance of the 2030 Notes were $6.2 million, and are being amortized to interest expense over the 7-year term of the 2030 Notes. Net proceeds were $418.8 million from this issuance, of which $222 million was used to fund ATI's U.S. qualified defined benefit pension plan in order to facilitate a pension derisking strategy (see below for further explanation), and the remaining proceeds were used for liquidity and general corporate purposes.

During Periodically, our Board of Directors authorizes the second quarter of 2022, $82.5 million of the 2022 Convertible Senior Notes were converted into 5.7 million shares repurchase of ATI common stock with (the "Share Repurchase Program"), the remaining $1.7 million most recent of outstanding principal balance paid which was $150 million in cash for notes that were not converted. The conversion rate for the 2022 Convertible Notes was 69.2042 shares of ATI common stock per $1,000 principal amount of the 2022 Convertible Notes, equivalent to a conversion price of $14.45 per share.

In the first quarter 2023, we made $50 million in voluntary cash contributions to our U.S. qualified defined benefit pension plans to improve the plans' funded position, and in the third quarter of 2023, we made an additional $222 million in voluntary cash contributions to our U.S. qualified defined benefit pension plans in order to facilitate a pension derisking strategy. In October 2023, we purchased group annuity contracts from an insurer covering approximately 85% of our U.S. qualified defined benefit pension plan obligations. Under these contracts, we transferred the pension obligations and associated assets for approximately 8,200 plan participants to the selected insurance company. This transaction had no impact on the amount, timing or form of the retirement benefit payments to the affected retirees and beneficiaries. To facilitate this pension derisking strategy, we completed a voluntary cash out for term vested employees and contributed $222 million to our pension plan in the third quarter of 2023, to fully fund remaining pension liabilities ahead of this annuity transaction. After these actions, our U.S. qualified defined benefit plan will include approximately 1,900 participants. In connection with this transaction, we expect to recognize a non-cash, non-operating settlement gain in the fourth quarter November 2023. The actual settlement gain will depend on the finalization of the actuarial calculations. Based on current actuarial assumptions, we are not required to make any further contributions to these pension plans during fiscal year 2023.

In February 2022, our Board of Directors authorized the repurchase of up to $150 million of ATI stock. In addition, in April 2023, our Board of Directors authorized the repurchase of an additional $75 million of ATI stock. In the three months ended September 30, 2023, we used $45.0 million to repurchase 1.0 million shares of our common stock under the $75 million program, and in the nine months ended September 30, 2023, we used $55.1 million to repurchase 1.2 million shares of our common stock under both programs. As of September 30, 2023 total share repurchase authorization available was $30 million. In the three and nine months ended September 30, 2022, we used $15.0 million and $104.9 million, respectively, to repurchase 0.5 million and 4.0 million shares, respectively, of our common stock under the $150 million program. Repurchases under these programs were or may be are made in the open market or in privately negotiated transactions, with the amount and timing of repurchases depending on market conditions and corporate needs. Open market repurchases are structured to occur within the pricing and volume requirements of SEC Rule 10b-18. The Company's ongoing stock repurchase programs do not obligate In the Company quarter ended March 31, 2024, ATI used $150.0 million to repurchase any specific number 3.4 million shares of its common stock under the Share Repurchase Program. In the quarter ended April 2, 2023, ATI used $10.1 million to repurchase 0.2 million shares and may be modified, suspended, or terminated at any time by of its common stock under the Company's Board of Directors without prior notice. Share Repurchase Program. At March 31, 2024, we have utilized the full amount currently authorized under the Share Repurchase Program.

We believe that internally generated funds, current cash on hand and available borrowings under the ABL facility will be adequate to meet our liquidity needs. We Based on current actuarial assumptions, we are not required to make any contributions to our pension plan during year 2024. Also, we do not expect to pay any significant U.S. federal or state income taxes until 2025. in year 2024 due to net operating loss and tax attribute carryovers. If we needed to obtain additional financing using the credit markets, the cost and the terms and conditions of such borrowings may be influenced by our credit rating. In addition, we regularly review our capital structure, various financing alternatives and conditions in the debt and equity markets in order to opportunistically enhance our capital structure. In connection therewith, we may seek to refinance or retire existing indebtedness, incur new or additional indebtedness or issue equity or equity-linked securities, in each case, depending on market and other conditions. We have no off-balance sheet arrangements as defined in Item 303(a)(4) of SEC Regulation S-K.

In managing our overall capital structure, we focus on the ratio of net debt to Adjusted EBITDA, which we use as a measure of our ability to repay our incurred debt. We define net debt as the total principal balance of our outstanding indebtedness excluding deferred financing costs, net of cash, at the balance sheet date. See the explanations above for our definitions of Adjusted EBITDA and EBITDA, which are non-GAAP measures and are not intended to represent, and should not be considered more meaningful than, or as alternatives to, a measure of operating performance as determined in accordance with U.S. GAAP. Our ratio of net debt to Adjusted EBITDA (Adjusted EBITDA Leverage Ratio) measures net debt at the balance sheet date to Adjusted EBITDA as calculated on the trailing twelve-month period from this balance sheet date.

Our Debt to Adjusted EBITDA Leverage ratio and improved slightly in the first quarter of 2024 compared to year end 2023, while our Net Debt to Adjusted EBITDA Leverage ratio worsened in the third first quarter of 2023 2024 compared to year end 2022, 2023, largely a due to higher debt balances as well as a decreased cash balance, both resulting from actions discussed above to facilitate our pension derisking strategy. balance. The reconciliations of our Adjusted EBITDA Leverage Ratios to the balance sheet and income statement amounts as reported under U.S. GAAP are as follows:

		Three months ended		Latest 12 months ended	Fiscal year ended				
		September 30, 2023	September 30, 2022	September 30, 2023	December 31, 2022				
		Quarter ended					Quarter ended	Latest year ended	Year ended
		March 31, 2024				March 31, 2024	April 2, 2023	March 31, 2024	December 31, 2023
Net income attributable to ATI	Net income attributable to ATI	$ 75.7	$ 61.1	$ 298.7	$ 130.9				
Net income attributable to noncontrolling interests	Net income attributable to noncontrolling interests	3.9	3.3	13.4	15.6				
Net income	Net income	79.6	64.4	312.1	146.5				
Interest expense	Interest expense	23.8	20.8	84.6	87.4				
Depreciation and amortization	Depreciation and amortization	35.6	35.6	142.4	142.9				
Income tax provision		4.9	3.0	17.1	15.5				
Income tax provision (benefit)									
Pension remeasurement loss									
Pension settlement loss									
Restructuring and other charges	Restructuring and other charges	4.2	17.3	14.8	23.7				

Joint venture restructuring credit		—	—	(0.9)	(0.9)
Loss on asset sales and sale of businesses, net	Loss on asset sales and sale of businesses, net	—	—	0.6	134.2
Adjusted EBITDA	Adjusted EBITDA	$ 148.1	$ 141.1	$ 570.7	$ 549.3
Debt					
Debt					
Debt	Debt			$2,185.2	$1,748.0
Add: Debt issuance costs	Add: Debt issuance costs			20.7	17.2
Total debt	Total debt			2,205.9	1,765.2
Less: Cash	Less: Cash			(432.9)	(584.0)
Net debt	Net debt			$1,773.0	$1,181.2
Total Debt to Adjusted EBITDA	Total Debt to Adjusted EBITDA			3.87	3.21
Total Debt to Adjusted EBITDA					
Total Debt to Adjusted EBITDA					
Net Debt to Adjusted EBITDA	Net Debt to Adjusted EBITDA			3.11	2.15

Cash Flow

For the nine months ended September 30, 2023, cash Cash used in operations was $331.3 million, primarily related $98.8 million in the first quarter of 2024, compared to $272 million $285.2 million in contributions to the U.S. defined benefit pension plans as well as first quarter of 2023. Both periods reflect higher accounts receivable and higher inventory balances due to increased operating levels, and input costs, and but these conditions impacted the first quarter 2024 to a strategic nickel purchase in 2023 to ensure continuity much lesser extent than the first quarter of supply. 2023. Working capital balances, and consequently cash from operations, can fluctuate throughout any operating period based upon the timing of receipts from customers and payments to vendors. However, we actively manage our working capital to ensure allow for the required flexibility to meet our strategic objectives. Other significant 2023 first quarter 2024 operating cash flow items included payment of 2022 2023 annual incentive compensation. For the nine months ended September 30, 2022, cash used in operations was $99.4 million, primarily related to higher accounts receivable and inventory balances. Increased operating levels, higher sales including longer collection cycles, increased raw material values and strategic inventory purchase actions to ensure adequate raw material availability all contributed to these operating cash flow uses. Other significant 2022 first quarter 2023 operating cash flow items included $50 million in contributions to the U.S. defined benefit pension plans and the payment of 2021 2022 annual incentive compensation and receipt of $8.5 million for repayment of working capital advances from A&T Stainless. compensation.

Cash used in investing activities was $143.2 million $63.8 million in the first nine months quarter of 2023, 2024, reflecting $147.3 million $65.8 million in capital expenditures primarily related to AA&S transformation projects and various HPMC growth projects. For the nine months ended September 30, 2022, first quarter of 2023, cash used in investing activities was $101.0 million $59.3 million, reflecting $100.5 million $60.4 million in capital expenditures. We expect to fund our capital expenditures with cash on hand and cash flow generated from our operations and, if needed, by using a portion of the ABL facility.

Cash provided by used in financing activities was $323.4 million $186.9 million in the first nine months of 2023 and included $418.8 million of net proceeds from the issuance of the 2030 Notes during the third quarter of 2023 and $55.1 million of payments for the 2024, which included $150.0 million to repurchase of 1.2 3.4 million shares of ATI stock under our repurchase programs Share Repurchase Program authorized by our Board of Directors. For the nine months ended September 30, 2022, first quarter of 2023, cash used in financing activities was $158.2 million and $43.3 million, which included $104.9 million $10.1 million for the repurchase of 4.0 million 0.2 million shares of ATI stock and a $16 million dividend payment to the 40% noncontrolling interest in our PRS joint venture in China. stock.

At September 30, 2023 March 31, 2024, cash and cash equivalents on hand totaled $432.9 million $394.4 million, a decrease of $151.1 million $349.5 million from year end 2022. 2023. Cash and cash equivalents held by our foreign subsidiaries was $129.6 million $132.9 million at September 30, 2023 March 31, 2024, of which $85.0 million $73.7 million was held by the STAL joint venture.

Critical Accounting Policies

Asset Impairment

We monitor the recoverability of the carrying value of our long-lived assets. An impairment charge is recognized when the expected net undiscounted future cash flows from an asset's use (including any proceeds from disposition) are less than the asset's carrying value, and the asset's carrying value exceeds its fair value. Changes in the expected use of a long-lived asset group, and the financial performance of the long-lived asset group and its operating segment, are evaluated as indicators of possible impairment. Future cash flow value may include appraisals for property, plant and equipment, land and improvements, future cash flow estimates from operating the long-lived assets, and other operating considerations. In the fourth quarter of each year in conjunction with the annual business planning cycle, or more frequently if new material information is available, we evaluate the recoverability of idled facilities.

As of March 31, 2022, our Sheffield, UK operations were classified as held for sale, and the terms of sale resulted in indicators of impairment in the long-lived assets of this disposal group. A $22.3 million long-lived asset impairment charge was recorded in the first quarter 2022, reported as part of the $141.0 million loss on sale of this business for the nine months ended September 30, 2022. This long-lived asset impairment charge was determined using the held for sale framework and represents Level 1 information in the fair value hierarchy.

Goodwill is reviewed annually in the fourth quarter of each year for impairment or more frequently if impairment indicators arise. Other events and changes in circumstances may also require goodwill to be tested for impairment between annual measurement dates. At September 30, 2023 March 31, 2024, we had $227.2 million of goodwill on our consolidated balance sheet. All goodwill relates to reporting units in the HPMC segment.

Management concluded that none of ATI's reporting units or long-lived assets experienced any triggering event that would have required an interim impairment analysis at September 30, 2023 March 31, 2024.

Income Taxes

The provision for income taxes includes deferred taxes resulting from temporary differences in income for financial and tax purposes using the liability method. Such temporary differences result primarily from differences in the carrying value of assets and liabilities. Future realization of deferred income tax assets requires sufficient taxable income within the carryback and/or carryforward period available under tax law. On a quarterly basis, we evaluate the realizability of our deferred tax assets.

The evaluation includes the consideration of all available evidence, both positive and negative, regarding historical operating results including recent years with reported losses, the estimated timing of future reversals of existing taxable temporary differences, estimated future taxable income exclusive of reversing temporary differences and carryforwards, and potential tax planning strategies which may be employed to prevent an operating loss or tax credit carryforward from expiring unused. In situations where a three-year cumulative loss condition exists, accounting standards limit the ability to consider projections of future results as positive evidence to assess the realizability of deferred tax assets. Valuation allowances are established when it is estimated that it is more likely than not that the tax benefit of the deferred tax asset will not be realized.

Since the second quarter of 2020, our results reflected a three year cumulative loss from U.S. operations. As a result, we established deferred tax asset valuation allowances in the second quarter of 2020 on our U.S. Federal and state deferred tax assets. In 2023 and 2022, ATI continues to maintain income tax valuation allowances on its U.S. Federal and state deferred tax assets. In addition, we have $73.8 million of valuation allowances on amounts recorded in other comprehensive loss as of September 30, 2023.

While we remain in a cumulative loss condition, our ability to evaluate the realizability of deferred tax assets is generally limited to the ability to offset timing differences on taxable income associated with deferred tax liabilities. Therefore, a change in estimate of deferred tax asset valuation allowances for federal, state, or foreign jurisdictions during this cumulative loss condition period will primarily be affected by changes in estimates of the time periods that deferred tax assets and liabilities will be realized, or on a limited basis to tax planning strategies that may result in a change in the amount of taxable income realized.

The Company continues to report a lower-than-normal effective tax rate in 2023. Based on projected 2023 results, we expect to exit the three-year cumulative loss condition for U.S. Federal and state jurisdictions at year-end 2023. A portion of the deferred tax valuation allowances would be released if we were to exit the three-year cumulative loss condition due to the Company's ability to consider projections of future results as positive evidence to assess the realizability of deferred tax assets. This anticipated benefit is not included within the 2023 effective tax rate and is subject to ongoing additional analysis.

Retirement Benefits

In accordance with accounting standards, we determine the discount rate used to value pension plan liabilities as of the last day of each year. The discount rate reflects the current rate at which the pension liabilities could be effectively settled. In estimating this rate, we receive input from our actuaries regarding the rate of return on high quality, fixed income investments with maturities matched to the expected future retirement benefit payments. The effect on pension liabilities for changes to the discount rate, the difference between expected and actual plan asset returns, and the net effect of other changes in actuarial assumptions and experience are deferred and amortized over future periods immediately recognized in earnings through net periodic pension benefit cost within nonoperating retirement benefit expense on the consolidated statements of operations when pension plans are remeasured annually in the fourth quarter or on an interim basis as triggering events require remeasurement. This immediate recognition is in accordance with the accounting standards.

For ERISA (Employee Retirement Income Security Act of 1974, as amended) funding purposes, discount rates used to measure pension liabilities for U.S. qualified defined benefit plans are calculated on a different basis using an IRS-determined segmented yield curve, which currently results in a higher discount rate than the discount rate methodology required by accounting standards. Funding requirements are also affected by IRS-determined mortality assumptions, which may differ from those used under accounting standards.

The Company is contemplating a voluntarily change in accounting principle for recognizing actuarial gains and losses for its defined benefit pension plans. Under the current policy, the Company defers the recognition of these gains and losses in accumulated other comprehensive loss on the consolidated balance sheet and amortizes these gains/losses into net periodic benefit costs over the average expected remaining life of plan participants. Under the contemplated change in accounting principle, the Company would immediately recognize actuarial gains and losses arising from the remeasurement of its pension plans in nonoperating retirement benefit expense (income) on the Company's consolidated statement of operations. The Company in contemplating the adoption of this policy change in the fourth quarter of 2023.

Other Critical Accounting Policies

A summary of other significant accounting policies is discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note 1 to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles requires us to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of assets and liabilities. Significant areas of uncertainty that require judgments, estimates and assumptions include the accounting for derivatives, retirement plans, income taxes, environmental and other contingencies, as well as asset impairment, inventory valuation and collectability of accounts receivable. We use historical and other information that we consider to be relevant to make these judgments and estimates. However, actual results may differ from those estimates and assumptions that are used to prepare our financial statements.

Pending Accounting Pronouncements

See Note 1 of the Notes to Consolidated Financial Statements for information on new and pending accounting pronouncements.

Forward-Looking and Other Statements

From time to time, we have made and may continue to make "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements in this report relate to future events and expectations and, as such, constitute forward-looking statements. Forward-looking statements include those containing such words as "anticipates," "believes," "estimates," "expects," "would," "should," "will," "will likely result," "forecast," "outlook," "projects," and similar expressions. Forward-looking statements are based on management's current expectations and include known and unknown risks, uncertainties and other factors, many of which we are unable to predict or control, that may cause our actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include: (a) material adverse changes in economic or industry conditions generally, including global supply and demand conditions and prices for our specialty materials and changes in international trade duties and other aspects of international trade policy; (b) material adverse changes in the markets we serve; (c) our inability to achieve the level of cost savings, productivity improvements, synergies, growth or other benefits anticipated by management, from strategic investments and the integration of acquired businesses; (d) volatility in the price and availability of the raw materials that are critical to the manufacture of our products; (e) declines in the value of our defined benefit pension plan assets or unfavorable changes in laws or regulations that govern pension plan funding; (f) labor disputes or work stoppages; (g) equipment outages; (h) the risks of business and economic disruption associated with extraordinary events beyond our control, such as war, terrorism, international conflicts, public health issues, such as epidemics or pandemics, natural disasters and climate-related events that may arise in the future; and (i) other risk factors summarized in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and in other reports filed with the Securities and Exchange Commission. We assume no duty to update our forward-looking statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As part of our risk management strategy, we utilize derivative financial instruments, from time to time, to hedge our exposure to changes in energy and raw material prices, foreign currencies, and interest rates. We monitor the third-party financial institutions which are our counterparties to these financial instruments on a daily basis and diversify our transactions among counterparties to minimize exposure to any one of these entities. Fair values for derivatives were measured using exchange-traded prices for the hedged items including consideration of counterparty risk and the Company's credit risk. Our exposure to volatility in interest rates is presently not material, as nearly all of our debt is at fixed interest rates.

Volatility of Interest Rates. We may enter into derivative interest rate contracts to maintain a reasonable balance between fixed- and floating-rate debt. The Company has a $50 million floating-for-fixed interest rate swap which converts a portion of the Term Loan to a 4.21% fixed rate. The swap matures in June 2024. The Company designated the interest rate swap as a cash flow hedge of the Company's exposure to the variability of the payment of interest on a portion of its

Term Loan borrowings. The ineffectiveness at hedge inception, determined from the fair value of the swap immediately prior to its July 2019 amendment, was amortized to interest expense over the initial Term Loan swap maturity date of January 12, 2021. Any gain or loss associated with this hedging arrangement is included in interest expense. At September 30, 2023 March 31, 2024, the net mark-to-market valuation of the outstanding interest rate swap was an unrealized pre-tax gain of $1.2 million $0.4 million, all of which is in prepaid expenses and other current assets on the balance sheet.

Volatility of Energy Prices. Energy resource markets are subject to conditions that create uncertainty in the prices and availability of energy resources. The prices for and availability of electricity, natural gas, oil and other energy resources are

subject to volatile market conditions. These market conditions often are affected by political and economic factors beyond our control. Increases in energy costs, or changes in costs relative to energy costs paid by competitors, have and may continue to adversely affect our profitability. To the extent that these uncertainties cause suppliers and customers to be more cost sensitive, increased energy prices may have an adverse effect on our results of operations and financial condition. We use approximately 6 to 8 million MMBtu's of natural gas annually, depending upon business conditions, in the manufacture of our products. These purchases of natural gas expose us to the risk of higher gas prices. For example, a hypothetical $1.00 per MMBtu increase in the price of natural gas would result in increased annual energy costs of approximately $6 to $8 million. We use several approaches to minimize any material adverse effect on our results of operations or financial condition from volatile energy prices. These approaches include incorporating an energy surcharge on many of our products and using financial derivatives to reduce exposure to energy price volatility.

At September 30, 2023 March 31, 2024, the outstanding financial derivatives used to hedge our exposure to energy cost volatility included natural gas hedges. Approximately 80% 70% of our forecasted domestic requirements for natural gas for the remainder of 2023, approximately 55% for 2024 and 15% approximately 35% for 2025 are hedged. 2025. At September 30, 2023 March 31, 2024, the net mark-to-market valuation of these outstanding natural gas hedges was an unrealized pre-tax loss of $3.5 million $6.2 million, comprised of $0.1 million in prepaid expenses and other current assets, $0.2 million in other long-term assets, $3.3 million $5.4 million in other current liabilities and $0.5 million $0.8 million in other long-term liabilities on the balance sheet. For the three months ended September 30, 2023 March 31, 2024, natural gas hedging activity increased cost of sales by $1.8 million $2.4 million.

Volatility of Raw Material Prices. We use raw material surcharge and index mechanisms to offset the impact of increased raw material costs; however, competitive factors in the marketplace can limit our ability to institute such mechanisms, and there can be a delay between the increase in the price of raw materials and the realization of the benefit of such mechanisms. For example, in 2022, 2023, we used approximately 70 million pounds of nickel; therefore, a hypothetical change of $1.00 per pound in nickel prices would result in increased costs of approximately $70 million. While we enter into raw materials futures contracts from time-to-time to hedge exposure to price fluctuations, such as for nickel, we cannot be certain that our hedge position adequately reduces exposure. We believe that we have adequate controls to monitor these contracts, but we may not be able to accurately assess exposure to price volatility in the markets for critical raw materials.

The majority of our products are sold utilizing raw material surcharges and index mechanisms. However, as of September 30, 2023 March 31, 2024, we had entered into financial hedging arrangements, primarily at the request of our customers related to firm orders, for an aggregate notional amount of approximately 6 million 2 million pounds of nickel with hedge dates through 2024. The aggregate notional amount hedged is approximately 9% less than 5% of a single year's estimated nickel raw material purchase requirements. These derivative instruments are used to hedge the variability of a selling price that is based on the London Metal Exchange (LME) index for nickel, as well as to hedge the variability of the purchase cost of nickel based on this LME index. Any gain or loss associated with these hedging arrangements is included in sales or cost of sales, depending on whether the underlying risk being hedged was the variable selling price or the variable raw material cost, respectively. At September 30, 2023 March 31, 2024, the net mark-to-market valuation of our outstanding raw material hedges was an unrealized pre-tax loss of $3.0 million $4.5 million, comprised all of $2.5 million in prepaid expense and other current assets, $5.0 million which is in other current liabilities and $0.5 million in other long-term liabilities on the balance sheet.

Foreign Currency Risk. Foreign currency exchange contracts are used, from time-to-time, to limit transactional exposure to changes in currency exchange rates. We sometimes purchase foreign currency forward contracts that permit us to sell specified amounts of foreign currencies expected to be received from our export sales for pre-established U.S. dollar amounts at specified dates. The forward contracts are denominated in the same foreign currencies in which export sales are denominated. These contracts are designated as hedges of the variability in cash flows of a portion of the forecasted future export sales transactions which otherwise would expose the Company to foreign currency risk, primarily the euro. In addition, we may also hedge forecasted capital expenditures and designate cash balances held in foreign currencies as hedges of forecasted foreign currency transactions. At September 30, 2023 March 31, 2024, we had no significant material outstanding foreign currency forward contracts.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2023 March 31, 2024, and they concluded that these disclosure controls and procedures are effective.

(b) Changes in Internal Controls

There was no change in our internal controls over financial reporting identified in connection with the evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2023 March 31, 2024 conducted by our Chief Executive Officer and Chief Financial Officer, that occurred during the quarter ended September 30, 2023 March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

A number of lawsuits, claims and proceedings have been or may be asserted against the Company relating to the conduct of its currently or formerly owned businesses, including those pertaining to product liability, environmental, health and safety matters and occupational disease (including as each relates to alleged asbestos exposure), as well as patent infringement, commercial, government contracting, construction, employment, employee and retiree benefits, taxes, environmental, and stockholder and corporate governance matters. Certain of such lawsuits, claims and proceedings are described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and addressed in Note 15 to the unaudited interim financial statements included herein. While the outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may be determined adversely to the Company, management does not believe that the disposition of any such pending matters is likely to have a material adverse effect on the Company's financial condition or liquidity, although the resolution in any reporting period of one or more of these matters could have a material adverse effect on the Company's results of operations for that period.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Set forth below is information regarding the Company's stock repurchases during the period covered by this report, comprised of shares repurchased by ATI under the $75 million $150 million repurchase program authorized by the Company's Board of Directors on April 28, 2023 in November 2023 and shares repurchased by ATI from employees to satisfy employee-owed taxes on share-based compensation.

Period	Total Number of Shares (or Units) Purchased (a)	Average Price Paid per Share (or Unit) (b) (c)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1-31, 2023	1,800	$ 43.75	—	$ 75,000,000
August 1-31, 2023	1,027,778	$ 43.94	1,024,610	$ 30,000,006
September 1-30, 2023	2,554	$ 44.78	—	$ 30,000,006
Total	1,032,132	$ 43.94	1,024,610	$ 30,000,006

Period	Total Number of Shares (or Units) Purchased (a)	Average Price Paid per Share (or Unit) (b) (c)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1, 2024 - February 4, 2024	573,506	$ 42.86	—	$ 150,000,000
February 5, 2024 - March 3, 2024	2,622,434	$ 43.40	2,615,144	$ 36,519,761
March 4, 2024 - March 31, 2024	737,304	$ 49.59	736,676	$ —
Total	3,933,244	$ 44.48	3,351,820	$ —

(a) Includes shares repurchased by ATI from employees to satisfy employee-owed taxes on share based compensation.

(b) Share repurchases are inclusive of amounts for any relevant commissions.

(c) Excludes excise taxes incurred on share repurchases.

Item 5. Other Information

Rule 10b5-1 Plan Elections

Elliot S. Davis, During the Company's Senior Vice President, Chief Legal and Compliance Officer, entered into a pre-arranged stock trading plan on September 15, 2023 quarter ended March 31, 2024, which provides for the potential sale of up to 84,098 shares none of the Company's Common Stock between December 15, 2023 and May 3, 2024.

This trading plan was entered into during a open insider trading window and is intended to satisfy the affirmative defense criteria articulated by Rule 10b5-1(c) under directors or officers, as defined in Section 16 of the Securities Exchange Act of 1934, adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as amended, as well as each term is defined in Item 408(a) of Regulation S-K of the Company's policies and procedures pertaining to transactions in Company securities. Securities Exchange Act of 1934.

Item 6. Exhibits

(a) Exhibits

4.1 10.1	Second Supplemental Indenture, Retirement, Transition and Release Agreement, dated August 11, 2023 January 8, 2024, by and between the Company and Computershare Trust Company, N.A., as trustee Elliot S. Davis (incorporated by reference to Exhibit 4.2 10.1 to the Registrant's Current Report on Form 8-K filed on August 11, 2023 dated January 10, 2024 (File No. 1-12001) 1-12002)).*
4.2 10.2	Form of 7.250% Senior Note due 2030 2024 Time-Vested Restricted Stock Unit Agreement (incorporated by reference to Exhibit 4.3 10.14 to the Registrant's Current Annual Report on Form 8-K filed on August 11, 2023 (File No. 1-12001)). 10-K for the fiscal year ended December 31, 2023).*
10.3	Form of 2024 Performance-Vested Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023).*
10.4	Executive Severance Plan (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023).*
31.1	Certification of Chief Executive Officer required by Securities and Exchange Commission Rule 13a – 14(a) or 15d – 14(a) (filed herewith).
31.2	Certification of Chief Financial Officer required by Securities and Exchange Commission Rule 13a – 14(a) or 15d – 14(a) (filed herewith).
32.1	Certification pursuant to 18 U.S.C. Section 1350 (furnished herewith).
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

*Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATI INC.

(Registrant)

Date:	November 2, 2023 April 30, 2024	By	/s/ Donald P. Newman
			Donald P. Newman Executive Vice President, Finance and Chief Financial Officer (Principal Financial Officer)
Date:	April 30, 2024	By	/s/ Michael B. Miller
			Michael B. Miller Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)

44 35

Exhibit 31.1

CERTIFICATIONS

I, Robert S. Wetherbee certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allegheny Technologies Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023 April 30, 2024

/s/ Robert S. Wetherbee

Robert S. Wetherbee

Board Chair and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Donald P. Newman certify that:

1. I have reviewed this quarterly report on Form 10-Q of Allegheny Technologies Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2023 April 30, 2024

/s/ Donald P. Newman

Donald P. Newman

Executive Vice President, Finance and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Allegheny Technologies Incorporated (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2023 April 30, 2024	/s/ Robert S. Wetherbee Robert S. Wetherbee Board Chair and Chief Executive Officer
Date: November 2, 2023 April 30, 2024	/s/ Donald P. Newman Donald P. Newman Executive Vice President, Finance and Chief Financial Officer

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