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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2024

OR

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

Commission File Number 1-3610

HOWMET AEROSPACE INC.
(Exact name of registrant as specified in its charter)

Delaware	25-0317820
(State of incorporation)	(I.R.S. Employer Identification No.)

201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872
(Address of principal executive offices) (Zip code)

Investor Relations 412-553-1950
Office of the Secretary 412-553-1940
(Registrant's telephone numbers, 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 $1.00 per share	**HWM**	**New York Stock Exchange**
$3.75 Cumulative Preferred Stock, par value $100.00 per share	**HWM PR**	**NYSE American**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No __

Indicate by check mark whether the registrant has submitted electronically 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, a smaller reporting company, or an emerging growth company. See the 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 ☒

As of July 26, 2024, there were 408,146,607 shares of common stock, par value $1.00 per share, of the registrant outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data.

Howmet Aerospace Inc. and subsidiaries
Statement of Consolidated Operations (unaudited)
(in millions, except per-share amounts)

	Second quarter ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Sales (C)	$ 1,880	$ 1,648	$ 3,704	$ 3,251
Cost of goods sold (exclusive of expenses below)	1,287	1,196	2,577	2,360
Selling, general administrative, and other expenses	97	88	185	163
Research and development expenses	7	9	17	18
Provision for depreciation and amortization	69	67	136	136
Restructuring and other charges (D)	22	3	22	4
Operating income	398	285	767	570
Loss on debt redemption (N)	—	—	—	1
Interest expense, net	49	55	98	112
Other expense (income), net (F)	15	(13)	32	(6)
Income before income taxes	334	243	637	463
Provision for income taxes (G)	68	50	128	122
Net income	$ 266	$ 193	$ 509	$ 341
Amounts Attributable to Howmet Aerospace Common Shareholders (H):				
Net income	$ 266	$ 193	$ 508	$ 340
Earnings per share:				
Basic	$ 0.65	$ 0.47	$ 1.24	$ 0.82
Diluted	$ 0.65	$ 0.46	$ 1.23	$ 0.81
Average Shares Outstanding (H):				
Basic	408	413	409	413
Diluted	411	417	411	417

The accompanying notes are an integral part of the consolidated financial statements.

Howmet Aerospace Inc. and subsidiaries
Statement of Consolidated Comprehensive Income (unaudited)
(in millions)

	Second quarter ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Net income	$ 266	$ 193	$ 509	$ 341
Other comprehensive income (loss), net of tax (I):				
Change in unrecognized net actuarial loss and prior service cost related to pension and other postretirement benefits	4	4	7	9
Foreign currency translation adjustments	(4)	4	(41)	38
Net change in unrecognized gains (losses) on cash flow hedges	3	(10)	6	(14)
Total Other comprehensive income (loss), net of tax	3	(2)	(28)	33
Comprehensive income	$ 269	$ 191	$ 481	$ 374

The accompanying notes are an integral part of the consolidated financial statements.

Howmet Aerospace Inc. and subsidiaries
Consolidated Balance Sheet (unaudited)
(in millions)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 752	$ 610
Receivables from customers, less allowances of $— in both 2024 and 2023 (J)	749	675
Other receivables	19	17
Inventories (K)	1,848	1,765
Prepaid expenses and other current assets	235	249
Total current assets	3,603	3,316
Properties, plants, and equipment, net (L)	2,307	2,328
Goodwill	4,016	4,035
Deferred income taxes	32	46
Intangibles, net	489	505
Other noncurrent assets (M)	232	198
Total assets	$ 10,679	$ 10,428
Liabilities		
Current liabilities:		
Accounts payable, trade (Q)	$ 971	$ 982
Accrued compensation and retirement costs	235	263
Taxes, including income taxes (G)	81	68
Accrued interest payable	64	65
Other current liabilities (M)(Q)	225	200
Long-term debt due within one year (N)	782	206
Total current liabilities	2,358	1,784
Long-term debt (N)(O)	2,877	3,500
Accrued pension benefits (E)	645	664
Accrued other postretirement benefits (E)	90	92
Other noncurrent liabilities and deferred credits (M)	432	351
Total liabilities	6,402	6,391
Contingencies and commitments (Q)		
Equity		
Howmet Aerospace shareholders’ equity:		
Preferred stock	55	55
Common stock	408	410
Additional capital	3,486	3,682
Retained earnings	2,186	1,720
Accumulated other comprehensive loss (I)	(1,858)	(1,830)
Total equity	4,277	4,037
Total liabilities and equity	$ 10,679	$ 10,428

The accompanying notes are an integral part of the consolidated financial statements.

Howmet Aerospace Inc. and subsidiaries
Statement of Consolidated Cash Flows (unaudited)
(in millions)

	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating activities		
Net income	$ 509	$ 341
Adjustments to reconcile net income to cash provided from operations:		
Depreciation and amortization	136	136
Deferred income taxes	67	57
Restructuring and other charges	22	4
Net realized and unrealized losses	13	11
Net periodic pension cost (E)	20	19
Stock-based compensation	38	26
Loss on debt redemption (N)	—	1
Other	7	—
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:		
Increase in receivables (J)	(100)	(141)
Increase in inventories	(109)	(99)
Decrease (increase) in prepaid expenses and other current assets	5	(9)
Increase (decrease) in accounts payable, trade	6	(80)
Decrease in accrued expenses	(17)	(15)
Increase in taxes, including income taxes	13	31
Pension contributions	(17)	(12)
(Increase) decrease in noncurrent assets	(7)	1
Decrease in noncurrent liabilities	(12)	(19)
Cash provided from operations	574	252
Financing Activities		
Repurchases and payments on debt (N)	(23)	(176)
Premiums paid on early redemption of debt (N)	—	(1)
Repurchases of common stock	(210)	(125)
Proceeds from exercise of employee stock options	6	9
Dividends paid to shareholders	(42)	(35)
Taxes paid for net share settlement of equity awards	(32)	(75)
Cash used for financing activities	(301)	(403)
Investing Activities		
Capital expenditures (C)	(137)	(105)
Proceeds from the sale of assets and businesses (D and P)	8	—
Cash used for investing activities	(129)	(105)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	—
Net change in cash, cash equivalents and restricted cash	142	(256)
Cash, cash equivalents and restricted cash at beginning of period	610	792
Cash, cash equivalents and restricted cash at end of period	$ 752	$ 536

The accompanying notes are an integral part of the consolidated financial statements.

Howmet Aerospace Inc. and subsidiaries
Statement of Changes in Consolidated Equity (unaudited)
(in millions, except per-share amounts)

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at March 31, 2023	$ 55	$ 412	$ 3,941	$ 1,159	$ (1,806)	$ 3,761
Net income	—	—	—	193	—	193
Other comprehensive loss (I)	—	—	—	—	(2)	(2)
Cash dividends declared:						
Common @ $0.04 per share	—	—	—	(18)	—	(18)
Repurchase and retirement of common stock (H)	—	(3)	(97)	—	—	(100)
Stock-based compensation	—	—	12	—	—	12
Common stock issued: compensation plans	—	3	(74)	—	—	(71)
Balance at June 30, 2023	$ 55	$ 412	$ 3,782	$ 1,334	$ (1,808)	$ 3,775

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at March 31, 2024	$ 55	$ 408	$ 3,542	$ 1,942	$ (1,861)	$ 4,086
Net income	—	—	—	266	—	266
Other comprehensive income (I)	—	—	—	—	3	3
Cash dividends declared:						
Common @ $0.05 per share	—	—	—	(22)	—	(22)
Repurchase and retirement of common stock (H)	—	(1)	(60)	—	—	(61)
Stock-based compensation	—	—	23	—	—	23
Common stock issued: compensation plans	—	1	(19)	—	—	(18)
Balance at June 30, 2024	$ 55	$ 408	$ 3,486	$ 2,186	$ (1,858)	$ 4,277

The accompanying notes are an integral part of the consolidated financial statements.

Howmet Aerospace Inc. and subsidiaries
Statement of Changes in Consolidated Equity (unaudited)
(U.S. dollars in millions, except per-share amounts)

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at December 31, 2022	$ 55	$ 412	$ 3,947	$ 1,028	$ (1,841)	$ 3,601
Net income	—	—	—	341	—	341
Other comprehensive income (I)	—	—	—	—	33	33
Cash dividends declared:						
Preferred-Class A @ $1.8750 per share	—	—	—	(1)	—	(1)
Common @ $0.08 per share	—	—	—	(34)	—	(34)
Repurchase and retirement of common stock (H)	—	(3)	(122)	—	—	(125)
Stock-based compensation	—	—	26	—	—	26
Common stock issued: compensation plans	—	3	(69)	—	—	(66)
Balance at June 30, 2023	$ 55	$ 412	$ 3,782	$ 1,334	$ (1,808)	$ 3,775

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at December 31, 2023	$ 55	$ 410	$ 3,682	$ 1,720	$ (1,830)	$ 4,037
Net income	—	—	—	509	—	509
Other comprehensive loss (I)	—	—	—	—	(28)	(28)
Cash dividends declared:						
Preferred-Class A @ $1.8750 per share	—	—	—	(1)	—	(1)
Common @ $0.10 per share	—	—	—	(42)	—	(42)
Repurchase and retirement of common stock (H)	—	(3)	(208)	—	—	(211)
Stock-based compensation	—	—	38	—	—	38
Common stock issued: compensation plans	—	1	(26)	—	—	(25)
Balance at June 30, 2024	$ 55	$ 408	$ 3,486	$ 2,186	$ (1,858)	$ 4,277

The accompanying notes are an integral part of the consolidated financial statements.

A. Basis of Presentation

The interim Consolidated Financial Statements of Howmet Aerospace Inc. and its subsidiaries ("Howmet" or the "Company" or "we" or "our") are unaudited. These Consolidated Financial Statements include all adjustments, consisting only of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position, and cash flows. The results reported in these Consolidated Financial Statements are not necessarily indicative of the results that may be expected for the entire year. The 2023 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). This Form 10-Q report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K"), which includes all disclosures required by GAAP. Certain amounts in previously issued financial statements were reclassified to conform to the current period presentation.

In the six months ended June 30, 2024, the Company derived approximately 51% of its revenue from products sold to the commercial aerospace market which is less than the pre-pandemic 2019 annual rate of approximately 60%. Aircraft production in the commercial aerospace industry continues to recover based on increases in demand for narrow body and wide body aircraft. We expect commercial aerospace wide body demand to grow faster than narrow body demand on a production percentage basis. Quality control issues at The Boeing Company ("Boeing") are expected to negatively impact narrow body and wide body production rates in the near term. For instance, the Federal Aviation Administration stated that it will not approve production rate increases or additional production lines for the Boeing 737 MAX until it is satisfied that Boeing is in full compliance with required quality control procedures. Boeing production levels have a material impact on the financial performance of Howmet. The timing and level of future aircraft builds by original equipment manufacturers are subject to changes and uncertainties, which may cause our future results to differ from prior periods due to changes in product mix in certain segments.

The preparation of the Consolidated Financial Statements of the Company in conformity with GAAP requires management to make certain judgments, estimates, and assumptions. These estimates are based on historical experience and, in some cases, assumptions based on current and future market expectations, including considerations relating to changes in the aerospace industry. The impact of these changes, including the macroeconomic considerations, remains highly uncertain. Management has made its best estimates using all relevant information available at the time, but it is possible that our estimates will differ from our actual results and affect the Consolidated Financial Statements in future periods and potentially require adverse adjustments to the recoverability of goodwill, intangible and long-lived assets, the realizability of deferred tax assets and other judgments and estimations and assumptions.

B. Recently Adopted and Recently Issued Accounting Guidance

Adopted

In September 2022, the Financial Accounting Standards Board ("FASB") issued guidance to enhance the transparency of disclosures regarding supplier finance programs (See Note Q). These changes became effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023.

Issued

In December 2023, the FASB issued guidance to enhance the transparency of income tax disclosures including additional details on the rate reconciliation and taxes paid by jurisdiction. These changes become effective for fiscal years beginning after December 15, 2024. Management is currently evaluating the impact of these changes on the Consolidated Financial Statements.

In November 2023, the FASB issued guidance to enhance disclosures related to significant segment expenses and other matters related to reportable segments. These changes become effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Management is currently evaluating the impact of these changes on the Consolidated Financial Statements.

C. Segment Information

Howmet is a global leader in lightweight metals engineering and manufacturing. Howmet's innovative, multi-material products, which include nickel, titanium, aluminum, and cobalt, are used worldwide in the aerospace (commercial and defense), commercial transportation, and industrial and other markets. Segment performance under Howmet's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment Adjusted EBITDA. Howmet's definition of Segment Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation and amortization. Net margin is equivalent to Sales minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Special items, including Restructuring and other charges, are excluded from net margin and Segment Adjusted EBITDA. Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Differences between the total segment and consolidated totals are in Corporate.

Howmet's operations consist of four worldwide reportable segments as follows:

Engine Products

Engine Products produces investment castings, including airfoils, and seamless rolled rings primarily for aircraft engines and industrial gas turbine applications. Engine Products produces rotating parts as well as structural parts.

Fastening Systems

Fastening Systems produces aerospace fastening systems, as well as commercial transportation, industrial and other fasteners. The business's high-tech, multi-material fastening systems are found nose to tail on aircraft and aero engines. Fastening Systems' products are also critical components of commercial transportation vehicles, and construction, industrial, and renewable energy equipment.

Engineered Structures

Engineered Structures produces titanium ingots and mill products for aerospace and defense applications and is vertically integrated to produce titanium forgings, extrusions, forming and machining services for airframe, wing, aero-engine, and landing gear components. Engineered Structures also produces aluminum forgings, nickel forgings, and aluminum machined components and assemblies for aerospace and defense applications.

Forged Wheels

Forged Wheels provides forged aluminum wheels and related products for heavy-duty trucks and the commercial transportation market.

The operating results of the Company's reportable segments were as follows:

	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Second quarter ended June 30, 2024					
Sales:					
Third-party sales	$ 933	$ 394	$ 275	$ 278	$ 1,880
Inter-segment sales	1	—	3	—	4
Total sales	$ 934	$ 394	$ 278	$ 278	$ 1,884
Profit and loss:					
Provision for depreciation and amortization	$ 33	$ 13	$ 11	$ 10	$ 67
Segment Adjusted EBITDA	292	101	40	75	508
Restructuring and other (credits) charges	(1)	2	14	—	15
Capital expenditures	33	5	5	9	52
Second quarter ended June 30, 2023					
Sales:					
Third-party sales	$ 821	$ 329	$ 200	$ 298	$ 1,648
Inter-segment sales	5	—	1	—	6
Total sales	$ 826	$ 329	$ 201	$ 298	$ 1,654
Profit and loss:					
Provision for depreciation and amortization	$ 32	$ 12	$ 12	$ 10	$ 66
Segment Adjusted EBITDA	223	64	20	81	388
Restructuring and other (credits) charges	(1)	—	5	—	4
Capital expenditures	21	5	5	7	38

	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Six months ended June 30, 2024					
Sales:					
Third-party sales	$ 1,818	$ 783	$ 537	$ 566	$ 3,704
Inter-segment sales	3	—	4	—	7
Total sales	$ 1,821	$ 783	$ 541	$ 566	$ 3,711
Profit and loss:					
Provision for depreciation and amortization	$ 66	$ 24	$ 22	$ 20	$ 132
Segment Adjusted EBITDA	541	193	77	157	968
Restructuring and other (credits) charges	(1)	2	14	—	15
Capital expenditures	88	12	11	21	132
Six months ended June 30, 2023					
Sales:					
Third-party sales	$ 1,616	$ 641	$ 407	$ 587	$ 3,251
Inter-segment sales	7	—	1	—	8
Total sales	$ 1,623	$ 641	$ 408	$ 587	$ 3,259
Profit and loss:					
Provision for depreciation and amortization	$ 64	$ 23	$ 24	$ 19	$ 130
Segment Adjusted EBITDA	435	122	50	160	767
Restructuring and other (credits) charges	(1)	—	6	—	5
Capital expenditures	54	14	15	16	99

The following table reconciles Total Segment Adjusted EBITDA to Income before income taxes. Differences between the total segment and consolidated totals are in Corporate.

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Total Segment Adjusted EBITDA	$ 508	$ 388	$ 968	$ 767
Segment provision for depreciation and amortization	(67)	(66)	(132)	(130)
Unallocated amounts:				
Restructuring and other charges	(22)	(3)	(22)	(4)
Corporate expense	(21)	(34)	(47)	(63)
Operating income	$ 398	$ 285	$ 767	$ 570
Loss on debt redemption	—	—	—	(1)
Interest expense, net	(49)	(55)	(98)	(112)
Other (expense) income, net	(15)	13	(32)	6
Income before income taxes	$ 334	$ 243	$ 637	$ 463

The following table reconciles total segment capital expenditures with Capital expenditures as presented in the Statement of Consolidated Cash Flows.

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Total segment capital expenditures	$ 52	$ 38	$ 132	$ 99
Corporate	3	3	5	6
Capital expenditures	$ 55	$ 41	$ 137	$ 105

The following table disaggregates segment revenue by major market served. Differences between the total segment and consolidated totals are in Corporate.

	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Second quarter ended June 30, 2024					
Aerospace - Commercial	$ 528	$ 251	$ 200	$ —	$ 979
Aerospace - Defense	192	37	61	—	290
Commercial Transportation	—	68	—	278	346
Industrial and Other	213	38	14	—	265
Total end-market revenue	$ 933	$ 394	$ 275	$ 278	$ 1,880
Second quarter ended June 30, 2023					
Aerospace - Commercial	$ 446	$ 184	$ 141	$ —	$ 771
Aerospace - Defense	174	46	42	—	262
Commercial Transportation	—	62	—	298	360
Industrial and Other	201	37	17	—	255
Total end-market revenue	$ 821	$ 329	$ 200	$ 298	$ 1,648
Six months ended June 30, 2024					
Aerospace - Commercial	$ 1,020	$ 495	$ 392	$ —	$ 1,907
Aerospace - Defense	377	76	117	—	570
Commercial Transportation	—	134	—	566	700
Industrial and Other	421	78	28	—	527
Total end-market revenue	$ 1,818	$ 783	$ 537	$ 566	$ 3,704
Six months ended June 30, 2023					
Aerospace - Commercial	$ 878	$ 354	$ 293	$ —	$ 1,525
Aerospace - Defense	337	90	86	—	513
Commercial Transportation	—	125	—	587	712
Industrial and Other	401	72	28	—	501
Total end-market revenue	$ 1,616	$ 641	$ 407	$ 587	$ 3,251

The Company derived 67% and 63% of its revenue from the aerospace (commercial and defense) markets for the six months ended June 30, 2024 and 2023, respectively.

On April 2, 2024, General Electric Company, one of our largest customers, completed the spin-off of its energy-focused business into GE Vernova, a new publicly traded company. Since then, General Electric Company operates as GE Aerospace. GE Aerospace and RTX Corporation each represented approximately 10% of the Company’s third-party sales in the six months ended June 30, 2024. General Electric Company and RTX Corporation represented approximately 13% and 10%, respectively, of the Company’s third-party sales in the six months ended June 30, 2023. These sales were primarily from the Engine Products segment.

D. Restructuring and Other Charges

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Layoff costs	$ 7	$ —	$ 7	$ —
Reversals of previously recorded layoff reserves	$ —	$ —	—	(1)
Pension and Other post-retirement benefits - net settlements (E)	—	3	—	3
Net loss related to divestitures of assets and businesses (P)	14	—	13	—
Other	1	—	2	2
Total restructuring and other charges	$ 22	$ 3	$ 22	$ 4

In the second quarter of 2024, the Company recorded Restructuring and other charges of $22, which were primarily due to a loss on the sale of a small U.K. manufacturing facility in Engineered Structures of $14, a charge for layoff costs of $7, including the separation of 283 employees (144 in Fastening Systems, 112 in Engineered Structures and 27 in Forged Wheels) and other exit related costs, including accelerated depreciation, of $1.

In the six months ended June 30, 2024, the Company recorded Restructuring and other charges of $22, which were primarily due to a loss on the sale of a small U.K. manufacturing facility in Engineered Structures of $14, a charge for layoff costs of $7, and other exit related costs, including accelerated depreciation, of $2, partially offset by a gain on the sale of assets at a small U.K. manufacturing facility in Engine Products of $1.

In the second quarter of 2023, the Company recorded Restructuring and other charges of $3, which were primarily due to charges for a U.S. pension plan settlement of $3.

In the six months ended June 30, 2023, the Company recorded Restructuring and other charges of $4, which were primarily due to charges for a U.S. pension plan settlement of $3 and exit related costs, including accelerated depreciation, of $2, partially offset by a reversal of $1 for a layoff reserve related to a prior period.

	Layoff costs	Other exit costs	Total
Reserve balances at December 31, 2023	$ 5	$ 2	$ 7
Cash payments	(2)	(1)	(3)
Restructuring charges	7	15	22
Other[(1)]	—	(14)	(14)
Reserve balances at June 30, 2024	$ 10	$ 2	$ 12

(1) In the second quarter of 2024, other for other exit costs included a loss of $14 on the sale of a small U.K. manufacturing facility.

The remaining reserves as of June 30, 2024 are expected to be paid in cash during the remainder of 2024 and 2025.

E. Pension and Other Postretirement Benefits

The components of net periodic cost (benefit) were as follows:

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Pension benefits				
Service cost	$ —	$ 1	$ 1	$ 2
Interest cost	19	20	38	40
Expected return on plan assets	(17)	(18)	(35)	(37)
Recognized net actuarial loss	8	7	16	14
Settlements	—	3	—	3
Net periodic cost[1]	$ 10	$ 13	$ 20	$ 22
Other postretirement benefits				
Service cost	$ —	$ —	$ —	$ —
Interest cost	2	1	3	3
Recognized net actuarial gain	—	—	(1)	(1)
Amortization of prior service benefit	(3)	(2)	(5)	(4)
Net periodic benefit[1]	$ (1)	$ (1)	$ (3)	$ (2)

[1] Service cost was included within Cost of goods sold and Selling, general administrative, and other expenses; settlements were included in Restructuring and other charges; all other cost components were recorded in Other expense (income), net in the Statement of Consolidated Operations.

Pension benefits

In the second quarter and six months ended June 30, 2023, the Company undertook additional actions to reduce gross pension obligations by $19 by purchasing group annuity contracts from a third-party carrier to pay and administer future annuity payments. These actions resulted in settlement charges of $3.

For the second quarter and six months ended June 30, 2024, Howmet's combined pension contributions and other postretirement benefit payments were approximately $17 and $22, respectively. For the second quarter and six months ended June 30, 2023, Howmet's combined pension contributions and other postretirement benefit payments were approximately $7 and $19, respectively

F. Other Expense (Income), Net

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Non-service costs - pension and other postretirement benefits (E)	$ 9	$ 8	$ 16	$ 15
Interest income	(6)	(5)	(11)	(10)
Foreign currency losses (gains), net	4	—	7	(2)
Net realized and unrealized losses	6	7	13	11
Deferred compensation	3	3	8	6
Other, net	(1)	(26)	(1)	(26)
Total other expense (income), net	$ 15	$ (13)	$ 32	$ (6)

In the second quarter and six months ended June 30, 2023, Other, net primarily includes the reversal of $25, net of legal fees of $1, of the $65 pre-tax charge taken in the third quarter of 2022 related to the Lehman Brothers International (Europe) legal proceeding (See Note Q) due to the final settlement of such proceeding in June 2023.

G. Income Taxes

The Company's year-to-date tax provision is comprised of the most recent estimated annual effective tax rate applied to year-to-date pre-tax ordinary income. The tax impacts of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are recorded discretely in the interim period in which they occur. In addition, the tax provision is adjusted for the interim period impact of non-benefited pre-tax losses.

The estimated annual effective tax rate, before discrete items, applied to ordinary income was 21.7% in both the second quarter and six months ended June 30, 2024, and 23.0% in both the second quarter and six months ended June 30, 2023. The 2024 and 2023 rates were higher than the U.S. federal statutory rate of 21% primarily due to additional estimated U.S. tax on Global Intangible Low-Taxed Income ("GILTI") and other foreign earnings, incremental state tax, nondeductible expenses, and foreign earnings subject to tax in jurisdictions with tax rates higher than the U.S. federal statutory rate of 21%. Foreign taxes on earnings also subject to U.S. federal income tax also contributed to the 2023 rate being higher than the U.S. federal statutory rate of 21%. The 2024 rate was lower than the 2023 rate primarily due to a U.S. tax benefit recognized for foreign tax credits in 2024 and lower net U.S. tax on GILTI and other foreign earnings.

For the second quarter of 2024 and 2023, the tax rate including discrete items was 20.4% and 20.6%, respectively. In the second quarter of 2024, the Company recorded a discrete tax benefit of $5 related to an excess tax benefit for stock compensation. In the second quarter of 2023, the Company recorded a discrete net tax benefit of $7 related to an $8 excess tax benefit for stock compensation and a net charge of $1 for other small items.

For the six months ended June 30, 2024 and 2023, the tax rate including discrete items was 20.1% and 26.3%, respectively. For the six months ended June 30, 2024, the Company recorded a discrete net tax benefit of $12 attributable to a $7 excess tax benefit for stock compensation, a $6 benefit to release a valuation allowance related to a U.S. foreign tax credits, and a net tax charge of $1 for other small items. For the six months ended June 30, 2023, the Company recorded a discrete net tax charge of $14 attributable to a $20 charge for a tax reserve established in France (See Note Q) and a net tax charge of $2 for other small items, reduced by an $8 excess tax benefit for stock compensation.

The tax provision was comprised of the following:

	Second quarter ended June 30,		Six months ended June 30,	
	2024	**2023**	**2024**	**2023**
Pre-tax income at estimated annual effective income tax rate before discrete items	$ 72	$ 56	$ 138	$ 107
Interim period treatment of operational losses in foreign jurisdictions for which no tax benefit is recognized	1	1	2	1
Tax reserve (Q)	—	—	—	20
Other discrete items	(5)	(7)	(12)	(6)
Provision for income taxes	$ 68	$ 50	$ 128	$ 122

H. Earnings Per Share and Common Stock

Basic earnings per share ("EPS") amounts are computed by dividing earnings, after the deduction of preferred stock dividends declared, by the average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive share equivalents outstanding.

The information used to compute basic and diluted EPS attributable to Howmet common shareholders was as follows (shares in millions in the table below):

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net income	$ 266	$ 193	$ 509	$ 341
Less: preferred stock dividends declared	—	—	1	1
Net income available to Howmet Aerospace common shareholders - basic and diluted	$ 266	$ 193	$ 508	$ 340
Average shares outstanding - basic	408	413	409	413
Effect of dilutive securities:				
Stock and performance awards	3	4	2	4
Average shares outstanding - diluted	411	417	411	417

Common stock outstanding as of June 30, 2024 and 2023 was 407,883,027 and 412,169,561, respectively.

On August 18, 2021, the Company announced that its Board of Directors authorized a share repurchase program (the "Share Repurchase Program") of up to $1,500 of the Company's outstanding common stock. After giving effect to the share repurchases made through June 30, 2024 and as of such date, approximately $487 Board authorization remained available. On July 30, 2024, the Company's Board of Directors authorized a $2,000 increase in the Share Repurchase Program, which, together with the remaining authorization of approximately $487, results in a Share Repurchase Program of up to approximately $2,487 of the Company's outstanding common stock.

Under the Company's Share Repurchase Program , the Company may repurchase shares by means of trading plans established from time to time in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, block trades, private transactions, open market repurchases and/or accelerated share repurchase agreements, or other derivative transactions. There is no stated expiration for the Share Repurchase Program. Under its Share Repurchase Program, the Company may repurchase shares from time to time, in amounts, at prices, and at such times as the Company deems appropriate, subject to market conditions, legal requirements and other considerations. The Company is not obligated to repurchase any specific number of shares or to do so at any particular time, and the Share Repurchase Program may be suspended, modified, or terminated at any time without prior notice.

The following table provides details for share repurchases made for the periods presented:

	Number of shares	Average price per share[(1)]	Total
Q1 2024 open market repurchase	2,243,259	$ 66.87	$ 150
Q2 2024 open market repurchase	734,737	$ 81.66	$ 60
2024 Share repurchases as of June 30, 2024	2,977,996	$ 70.52	$ 210
Q1 2023 open market repurchase	576,629	$ 43.36	$ 25
Q2 2023 open market repurchase	2,246,294	$ 44.52	$ 100
2023 Share repurchases as of June 30, 2023	2,822,923	$ 44.28	$ 125

(1) Excludes commissions cost.

As average shares outstanding are used in the calculation for both basic and diluted EPS, the full impact of share repurchases and issuances was not fully realized in EPS in the period of repurchase or issuance since share activity may occur at varying points during a period.

There were no shares relating to outstanding stock options excluded from the calculation of average shares outstanding - diluted for the second quarter and six months ended June 30, 2024 and 2023.

I. Accumulated Other Comprehensive Loss

The following table details the activity of the three components that comprise Accumulated other comprehensive loss:

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Pension and other postretirement benefits (E)				
Balance at beginning of period	$ (686)	$ (648)	$ (689)	$ (653)
Other comprehensive income (loss):				
Unrecognized net actuarial loss and prior service cost/benefit	—	(3)	(1)	—
Tax benefit	—	1	—	—
Total Other comprehensive loss before reclassifications, net of tax	—	(2)	(1)	—
Amortization of net actuarial loss and prior service benefit[1]	5	8	10	12
Tax expense[2]	(1)	(2)	(2)	(3)
Total amount reclassified from Accumulated other comprehensive income, net of tax[3]	4	6	8	9
Total Other comprehensive income	4	4	7	9
Balance at end of period	$ (682)	$ (644)	$ (682)	$ (644)
Foreign currency translation				
Balance at beginning of period	$ (1,173)	$ (1,159)	$ (1,136)	$ (1,193)
Other comprehensive (loss) income[4]	(4)	4	(41)	38
Balance at end of period	$ (1,177)	$ (1,155)	$ (1,177)	$ (1,155)
Cash flow hedges				
Balance at beginning of period	$ (2)	$ 1	$ (5)	$ 5
Other comprehensive (loss) income:				
Net change from periodic revaluations	4	(10)	3	(14)
Tax (expense) benefit	(1)	2	(1)	3
Total Other comprehensive income (loss) before reclassifications, net of tax	3	(8)	2	(11)
Net amount reclassified to earnings	—	(3)	5	(4)
Tax benefit (expense)[2]	—	1	(1)	1
Total amount reclassified from Accumulated other comprehensive (loss) income, net of tax[3]	—	(2)	4	(3)
Total Other comprehensive income (loss)	3	(10)	6	(14)
Balance at end of period	$ 1	$ (9)	$ 1	$ (9)
Accumulated other comprehensive loss	$ (1,858)	$ (1,808)	$ (1,858)	$ (1,808)

(1) These amounts were recorded in Restructuring and other charges (See Note D) and Other expense (income), net (See Note F) in the Statement of Consolidated Operations.

(2) These amounts were included in Provision for income taxes (See Note G) in the Statement of Consolidated Operations.

(3) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings.

(4) In all periods presented, no amounts were reclassified to earnings.

J. Receivables

Sale of Receivables Programs

The Company maintains an accounts receivables securitization arrangement through a wholly-owned special purpose entity (“SPE”). The net cash funding from the sale of accounts receivable was neither a use of cash nor a source of cash for the second quarter or six months ended June 30, 2024 or June 30, 2023.

The accounts receivables securitization arrangement is one in which the Company, through an SPE, has a receivables purchase agreement (the “Receivables Purchase Agreement”) pursuant to which the SPE may sell certain receivables to financial institutions until the earlier of January 2, 2026 or a termination event. The Receivables Purchase Agreement contains customary representations and warranties, as well as affirmative and negative covenants. Pursuant to the Receivables Purchase Agreement, the Company does not maintain effective control over the transferred receivables, and therefore accounts for these transfers as sales of receivables. The Receivables Purchase Agreement also contains a provision that allows the Company to increase the limit to $325.

The facility limit under the Receivables Purchase Agreement was $250 as of both June 30, 2024 and December 31, 2023, of which $250 was drawn as of both June 30, 2024 and December 31, 2023. As collateral against the sold receivables, the SPE maintains a certain level of unsold receivables, which were $239 and $197 as of June 30, 2024 and December 31, 2023, respectively.

The Company sold $317 and $730 of its receivables without recourse and received cash funding under this program during the second quarter and six months ended June 30, 2024, respectively, resulting in derecognition of the receivables from the Company’s Consolidated Balance Sheet. The Company sold $382 and $719 of its receivables without recourse and received cash funding under the program during the second quarter and six months ended June 30, 2023, respectively, resulting in derecognition of the receivables from the Company’s Consolidated Balance Sheet. Costs associated with the sales of receivables are reflected in the Company’s Statement of Consolidated Operations for the periods in which the sales occur. Cash receipts from sold receivables under the Receivables Purchase Agreement are presented within operating activities in the Statement of Consolidated Cash Flows.

Other Customer Receivable Sales

In the second quarter and six months ended June 30, 2024, the Company sold $174 and $345, respectively, of certain customers’ receivables in exchange for cash ($172 was outstanding from customers as of June 30, 2024), the proceeds from which are presented in changes in receivables within operating activities in the Statement of Consolidated Cash Flows. In the second quarter and six months ended June 30, 2023, the Company sold $151 and $289, respectively, of certain customers’ receivables in exchange for cash, the proceeds from which are presented in changes in receivables within operating activities in the Statement of Consolidated Cash Flows.

K. Inventories

	June 30, 2024	December 31, 2023
Finished goods	$ 466	$ 451
Work-in-process	901	891
Purchased raw materials	412	355
Operating supplies	69	68
Total inventories	$ 1,848	$ 1,765

As of June 30, 2024 and December 31, 2023, the portion of inventories valued on a last-in, first-out (“LIFO”) basis was $510 and $446, respectively. If valued on an average-cost basis, total inventories would have been $248 and $236 higher as of June 30, 2024 and December 31, 2023, respectively.

L. Properties, Plants, and Equipment, net

	June 30, 2024	December 31, 2023
Land and land rights	$ 83	$ 88
Structures	1,022	1,018
Machinery and equipment	4,105	4,079
	5,210	5,185
Less: accumulated depreciation and amortization	3,140	3,081
	2,070	2,104
Construction work-in-progress	237	224
Properties, plants, and equipment, net	$ 2,307	$ 2,328

The Company incurred capital expenditures which remained unpaid as of June 30, 2024 and June 30, 2023 of $62 and $48, respectively, which will result in cash outflows within investing activities in the Statement of Consolidated Cash Flows in subsequent periods.

M. Leases

Operating lease cost, which includes short-term leases and variable lease payments and approximates cash paid, was $16 in both the second quarter of 2024 and 2023, and $32 in both the six months ended June 30, 2024 and 2023.

Operating lease right-of-use assets and lease liabilities in the Consolidated Balance Sheet were as follows:

	June 30, 2024	December 31, 2023
Right-of-use assets classified in Other noncurrent assets	$ 157	$ 128
Current portion of lease liabilities classified in Other current liabilities	$ 37	$ 32
Long-term portion of lease liabilities classified in Other noncurrent liabilities and deferred credits	121	97
Total lease liabilities	$ 158	$ 129

N. Debt

	June 30, 2024	December 31, 2023
5.125% Notes, due 2024[(1)]	$ 205	$ 205
6.875% Notes, due 2025[(2)]	577	600
USD Term Loan Facility, due 2026	200	200
JPY Term Loan Facility, due 2026	185	211
5.900% Notes, due 2027	625	625
6.750% Bonds, due 2028	300	300
3.000% Notes, due 2029	700	700
5.950% Notes, due 2037	625	625
4.750% Iowa Finance Authority Loan, due 2042	250	250
Other, net[(3)]	(8)	(10)
	3,659	3,706
Less: amount due within one year	782	206
Total long-term debt	$ 2,877	$ 3,500

(1) On July 1, 2024, the Company completed the early redemption of all the remaining outstanding principal amount of $205 of its 5.125% Notes, due in October 2024 (the “5.125% Notes”).

(2) The 6.875% Notes, due 2025 (the “6.875% Notes”) are due in May 2025.

(3) Includes unamortized debt discounts and unamortized debt issuance costs related to outstanding notes and bonds listed in the table above and various financing arrangements related to subsidiaries.

Public Debt

In January 2023, the Company repurchased approximately $26 aggregate principal amount of the 5.125% Notes through an open market repurchase ("OMR"). The OMR was settled at slightly less than par value.

In March 2023, the Company completed the early partial redemption of an additional $150 aggregate principal amount of the 5.125% Notes in accordance with the terms of the notes, and paid an aggregate of $155, including accrued interest and an early termination premium of approximately $4 and $1, respectively, which were recorded in Interest expense, net, and Loss on debt redemption, respectively, in the Statement of Consolidated Operations.

In the second quarter of 2024, the Company repurchased approximately $23 aggregate principal amount of the 6.875% Notes through an OMR. The OMR was settled at slightly more than par value.

On July 1, 2024, the Company completed the early redemption of all of the remaining outstanding principal amount of $205 of the 5.125% Notes. The Company redeemed the 5.125% Notes at par value plus accrued interest. The 5.125% Notes were redeemed with cash on hand at an aggregate redemption price of approximately $208, including accrued interest of approximately $3.

Term Loan Facilities

The Company maintains (i) a U.S. dollar-denominated, senior unsecured term loan facility (the "USD Term Loan Facility") and (ii) a Japanese yen-denominated, senior unsecured term loan facility (the "JPY Term Loan Facility"), each of which matures on November 22, 2026 unless earlier terminated in accordance with the provisions of the applicable term loan agreement. The term loan agreements relating to these facilities contain respective covenants, including, among others, a limitation requiring the ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the agreements) as of the end of each fiscal quarter for the period of the four fiscal quarters most recently ended, to be less than or equal to 3.75 to 1.00. As of June 30, 2024 and December 31, 2023, the Company was in compliance with all covenants under the USD Term Loan Facility and JPY Term Loan Facility.

The amounts outstanding under the USD Term Loan Facility were $200 as of June 30, 2024 and December 31, 2023. The amounts outstanding under the JPY Term Loan Facility were ¥29,702 million ($185) and ¥29,702 million ($211) as of June 30, 2024 and December 31, 2023, respectively. The Company has entered into interest rate swaps to exchange the floating interest rates of the USD Term Loan Facility and JPY Term Loan Facility to fixed interest rates of 5.795% and 2.044%, respectively.

Credit Facility

The Company has entered into a Five-Year Revolving Credit Agreement (the "Credit Agreement") that provides a $1,000 senior unsecured revolving credit facility that matures on July 27, 2028. The Credit Agreement contains covenants, including, among others, a limitation requiring the ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the Credit Agreement) as of the end of each fiscal quarter for the period of the four fiscal quarters most recently ended, to be less than or equal to 3.75 to 1.00. As of June 30, 2024 and December 31, 2023, the Company was in compliance with all covenants under the Credit Agreement.

There were no amounts outstanding under the Credit Agreement as of June 30, 2024 or December 31, 2023, and no amounts were borrowed during 2024 or 2023 under the Credit Agreement.

Commercial Paper

On April 4, 2024, the Company established a commercial paper program under which the Company may issue unsecured commercial paper notes ("commercial paper") from time to time up to a maximum aggregate face amount of $1,000 outstanding at any time. The maturities of the commercial paper may vary but will not exceed 397 days from the date of issue and will rank equal in right of payment with all other unsecured senior indebtedness of the Company. The proceeds of the commercial paper will be used for general corporate purposes.

There were no amounts outstanding under the commercial paper program as of June 30, 2024.

O. Fair Value of Financial Instruments

The carrying values of Cash and cash equivalents, restricted cash, derivatives, noncurrent receivables and Long-term debt due within one year included in the Consolidated Balance Sheet approximate their fair value. The Company holds exchange-traded fixed income securities which are considered available-for-sale securities and are carried at fair value based on quoted market prices. The aforementioned securities are classified in Level 1 of the fair value hierarchy and are included in Other noncurrent assets in the Consolidated Balance Sheet. The fair value of Long-term debt, less amount due within one year, was based on quoted market prices for public debt and on interest rates that are currently available to Howmet for issuance of debt with similar terms and maturities for non-public debt. The fair value amounts for all Long-term debt were classified in Level 2 of the fair value hierarchy.

	June 30, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt	$ 2,877	$ 2,839	$ 3,500	$ 3,504

Restricted cash, which is included in Prepaid expenses and other current assets in the Consolidated Balance Sheet, was less than $1 as of both June 30, 2024 and December 31, 2023.

P. Divestiture

2024 Divestiture

On May 31, 2024, the Company completed the sale of a small manufacturing facility in the U.K. within the Engineered Structures segment, which resulted in a charge of $14 in the second quarter of 2024 that was recorded in Restructuring and other charges in the Statement of Consolidated Operations. The sale remains subject to certain post-closing adjustments.

Q. Contingencies, Commitments and Other Liabilities

Contingencies

The following information supplements and, as applicable, updates the discussion of the contingencies and commitments in Note U to the Consolidated Financial Statements in our Form 10-K, and should be read in conjunction with the complete descriptions provided in the Form 10-K.

Environmental Matters. Howmet participates in environmental assessments and/or cleanups at more than 30 locations. These include owned or operating facilities and adjoining properties, previously owned or operated facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA")) sites.

A liability is recorded for environmental remediation when a cleanup program becomes probable and the costs can be reasonably estimated. As assessments and cleanups proceed, the liability is adjusted based on progress made in determining the extent of remedial actions and related costs. The liability can change substantially due to factors such as the nature and extent of contamination, changes in remedial requirements, and technological changes, among others.

The Company's remediation reserve balance was $17 as of both June 30, 2024 and December 31, 2023, and was recorded in Other noncurrent liabilities and deferred credits in the Consolidated Balance Sheet (of which $7 was classified as a current liability for both periods), and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Payments related to remediation expenses applied against the reserve were less than $1 and $1 in the second quarter and six months ended June 30, 2024, respectively, and included expenditures currently mandated, as well as those not required by any regulatory authority or third party.

Included in annual operating expenses are the recurring costs of managing hazardous substances and environmental programs. These costs are estimated to be less than 1% of Cost of goods sold.

Tax. In December 2013 and 2014, the Company received audit assessment notices from the French Tax Authority ("FTA") for the 2010 through 2012 tax years. In 2016, the Company appealed to the Committee of the Abuse of Tax Law, where it received a favorable nonbinding decision. The FTA disagreed with the Committee of the Abuse of Tax Law's opinion, and the Company appealed to the Montreuil Administrative Court, where in 2020 the Company prevailed on the merits. The FTA appealed this decision to the Paris Administrative Court of Appeal in 2021. On March 31, 2023, the Company received an adverse decision from the Paris Administrative Court of Appeal. The Company appealed this decision to the French Administrative Supreme Court. The assessment amount was $17 (€16 million), including $10 (€9 million) of tax and interest up through 2017 and $7 (€7 million) of penalties. The Company estimates additional interest to be $2 (€2 million). On July 23, 2024, the Company received the French Administrative Supreme Court's decision. That decision upheld the assessment of $10 (€9 million) of tax and interest, while cancelling the penalties of $7 (€7 million) and remanding the penalty assessment issue to the Paris

Administrative Court of Appeal for reexamination. As a result, the Company has no further right to appeal the assessment of tax and interest but will continue to protest the penalties.

In 2023, the Company recorded an income tax reserve in Provision for income taxes in the Statement of Consolidated Operations of $21 (€19 million), which includes tax, estimated interest and penalties, for the 2010 through 2012 tax years, as well as the remaining tax years open for reassessment (2020-2023). In accordance with FTA dispute resolution practices, the Company paid the assessment amount including tax, interest, and penalties, to the FTA in December 2023 and is expecting to pay the additional interest assessment in 2024. The Company also paid the estimated tax related to the 2020-2023 tax years during 2023. No changes were made to the income tax reserve as of June 30, 2024 as a result of the French Administrative Supreme Court's decision. Beginning in the third quarter of 2024, the Company will no longer record an uncertain tax position related to the tax and interest assessed. We will continue to record an income tax reserve for penalties determined more than likely to be upheld, until the uncertain tax position is settled.

Indemnified Matters. The Separation and Distribution Agreement, dated October 31, 2016, that the Company entered into with Alcoa Corporation in connection with its separation from Alcoa Corporation, provides for cross-indemnities between the Company and Alcoa Corporation for claims subject to indemnification. The Separation and Distribution Agreement, dated March 31, 2020, that the Company entered into with Arconic Corporation in connection with its separation from Arconic Corporation, provides for cross-indemnities between the Company and Arconic Corporation for claims subject to indemnification. Among other claims that are covered by these indemnities, Arconic Corporation indemnifies the Company (previously named Arconic Inc. and, prior to that, Alcoa Inc.) for all potential liabilities associated with the fire that occurred at the Grenfell Tower in London, U.K. on June 14, 2017, including the following legal proceedings, as updated from the Form 10-K:

United Kingdom Litigation (various claims on behalf of survivors and estates of decedents). On June 21, 2024, the Company was joined as a party to proceedings initiated by the Royal Borough of Kensington and Chelsea that are currently pending against AAP SAS and Whirlpool. The pending proceedings are stayed until December 10, 2024.

With respect to *Raul v. Albaugh, et al.* (derivative related claim) and the regulatory investigations in the U.K. described in the Form 10-K, there are no updates.

Lehman Brothers International (Europe) Legal Proceeding. On June 26, 2020, Lehman Brothers International (Europe) ("LBIE") filed proceedings in the High Court of Justice, Business and Property Courts of England and Wales against two subsidiaries of the Company, FR Acquisitions Corporation (Europe) Ltd and JFB Firth Rixson Inc. (collectively, the "Firth Rixson Entities"). The proceedings concerned two interest rate swap transactions that the Firth Rixson Entities entered into with LBIE in 2007 and 2008. On June 15, 2023, the Company, the Firth Rixson Entities, and LBIE reached a full and final settlement of all claims arising out of the LBIE legal proceeding. The settlement provided for a payment of $40: $15 paid in July 2023 and $25 paid in July 2024.

Lockheed Martin Corp v. Howmet Aerospace Inc. On November 30, 2023, Lockheed Martin Corporation ("Lockheed Martin") filed a complaint in federal district court in the Northern District of Texas against the Company and its subsidiary RTI Advanced Forming, Inc. ("RTI") as defendants. The complaint alleged that the Company and RTI breached a Master Purchase Order between Lockheed Martin and RTI related to the F-35 Joint Strike Fighter production program between Lockheed Martin and the United States government (the "F-35 Program") by seeking a fair market price adjustment for the provision of titanium mill products under RTI's separate agreements with Lockheed Martin's subcontractors for the F-35 Program. Following various claims and counterclaims and court-ordered mediation, the parties reached a confidential settlement agreement on April 2, 2024, to supply until December 31, 2026 subject to revised terms mutually agreed to by the parties. The settlement had no material impact on the results of operations in the current year. The parties stipulated to the dismissal of all claims and counterclaims with prejudice on April 2, 2024.

Other. In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against the Company, including those pertaining to environmental, product liability, safety and health, employment, tax and antitrust matters. While the amounts claimed in these other matters may be substantial, the ultimate liability cannot currently be determined because of the considerable uncertainties that exist. Therefore, it is possible that the Company's liquidity or results of operations in a period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the results of operations, financial position or cash flows of the Company.

Commitments

Guarantees. As of June 30, 2024, Howmet had outstanding bank guarantees related to tax matters, environmental obligations, energy contracts, and customs duties, among others. The total amount committed under these guarantees, which expire at various dates between 2024 and 2027, was $22 as of June 30, 2024.

Pursuant to the Separation and Distribution Agreement, dated as of October 31, 2016, between Howmet and Alcoa Corporation, Howmet was required to provide certain guarantees for Alcoa Corporation, which were included in Other noncurrent liabilities and deferred credits in the Consolidated Balance Sheet. The remaining guarantee which had a fair value of $6 as of June 30, 2024 and December 31, 2023, for which the Company and Arconic Corporation are secondarily liable in the event of a payment default by Alcoa Corporation, relates to a long-term energy supply agreement that expires in 2047 at an Alcoa Corporation facility. The Company currently views the risk of an Alcoa Corporation payment default on its obligations under the contract to be remote. The Company and Arconic Corporation are required to provide a guarantee up to an estimated present value amount of approximately $1,131 as of both June 30, 2024 and December 31, 2023 in the event of an Alcoa Corporation default. In December 2023, a surety bond with a limit of $80 relating to this guarantee was obtained by Alcoa Corporation to protect Howmet's obligation. This surety bond will be renewed on an annual basis by Alcoa Corporation.

Letters of Credit. The Company has outstanding letters of credit primarily related to workers' compensation, environmental obligations, and insurance obligations, among others. The total amount committed under these letters of credit, which automatically renew or expire at various dates, primarily in 2024 and 2025, was $96 as of June 30, 2024.

Pursuant to the Separation and Distribution Agreements between the Company and Arconic Corporation and between the Company and Alcoa Corporation, the Company is required to retain letters of credit of $52 (which are included in the $96 in the above paragraph) that had previously been provided related to the Company, Arconic Corporation, and Alcoa Corporation workers' compensation claims that occurred prior to the respective separation transactions of April 1, 2020 and November 1, 2016. Arconic Corporation and Alcoa Corporation workers' compensation and letters of credit fees paid by the Company are proportionally billed to, and are reimbursed by, Arconic Corporation and Alcoa Corporation, respectively. Also, the Company was required to provide letters of credit for certain Arconic Corporation environmental obligations and, as a result, the Company has $17 of outstanding letters of credit relating to such liabilities (which are also included in the $96 in the above paragraph).

Surety Bonds. The Company has outstanding surety bonds primarily related to workers' compensation, customs duties, environmental-related matters, and contract performance. The total amount committed under these annual surety bonds, which automatically renew or expire at various dates, primarily in 2024 and 2025, was $43 as of June 30, 2024.

Pursuant to the Separation and Distribution Agreements between the Company and Arconic Corporation and between the Company and Alcoa Corporation, the Company is required to provide surety bonds of $21 (which are included in the $43 in the above paragraph) that had previously been provided related to the Company, Arconic Corporation, and Alcoa Corporation workers' compensation claims that occurred prior to the respective separation transactions of April 1, 2020 and November 1, 2016. Arconic Corporation and Alcoa Corporation workers' compensation claims and surety bond fees paid by the Company are proportionately billed to, and are reimbursed by, Arconic Corporation and Alcoa Corporation, respectively.

Other Liabilities

Supplier Financing Arrangements. On January 1, 2023, the Company adopted the changes issued by the FASB related to disclosure requirements of supplier finance program obligations. We offer voluntary supplier finance programs to suppliers who may elect to sell their receivables to third parties at the sole discretion of both the suppliers and the third parties. The program is at no cost to the Company and provides additional liquidity to our suppliers, if they desire, at their cost. Under these programs, the Company pays the third party bank rather than the supplier, the stated amount of the confirmed invoices on the original maturity date of the invoices. The Company or the third party bank may terminate a program upon at least 30 days' notice. Supplier invoices under the program require payment in full no more than 120 days of the invoice date. As of June 30, 2024 and December 31, 2023, supplier invoices that are subject to future payment under these programs were $287 and $258, respectively, and are included in Accounts payable, trade in the Consolidated Balance Sheet.

R. Subsequent Events

Management evaluated all activity of Howmet and concluded that no subsequent events have occurred that would require recognition in the Consolidated Financial Statements or disclosure in the Notes to the Consolidated Financial Statements, except as noted below:

See Note N regarding the early redemption of the remaining outstanding 5.125% Notes.

See Note H regarding an increase in share repurchase authorization by the Company's Board of Directors.

On July 30, 2024, the Company's Board of Directors declared a dividend of $0.08 per share on its common stock to be paid on August 26, 2024 to holders of record as of the close of business on August 9, 2024. The quarterly dividend represents a 60% increase from the second quarter 2024 dividend of $0.05 per share.

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

(U.S. dollars in millions, except per share amounts)

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition. The MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and notes thereto included in Part I, Item 1 (Financial Statements and Supplementary Data) of this Form 10-Q.

Overview

Howmet is a global leader in lightweight metals engineering and manufacturing. Howmet's innovative, multi-material products, which include nickel, titanium, aluminum, and cobalt, are used worldwide in the aerospace (commercial and defense), commercial transportation, and industrial and other markets.

In the six months ended June 30, 2024, the Company derived approximately 51% of its revenue from products sold to the commercial aerospace market which is less than the pre-pandemic 2019 annual rate of approximately 60%. Aircraft production in the commercial aerospace industry continues to recover based on increases in demand for narrow body and wide body aircraft. We expect commercial aerospace wide body demand to grow faster than narrow body demand on a production percentage basis. Quality control issues at The Boeing Company ("Boeing") are expected to negatively impact narrow body and wide body production rates in the near term. For instance, the Federal Aviation Administration stated that it will not approve production rate increases or additional production lines for the Boeing 737 MAX until it is satisfied that Boeing is in full compliance with required quality control procedures. Boeing production levels have a material impact on the financial performance of Howmet. The timing and level of future aircraft builds by original equipment manufacturers ("OEM") are subject to changes and uncertainties, which may cause our future results to differ from prior periods due to changes in product mix in certain segments.

For additional information regarding the ongoing risks related to our business, see section Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Results of Operations

Earnings Summary:

Sales. Sales were $1,880 in the second quarter of 2024 compared to $1,648 in the second quarter of 2023 and $3,704 in the six months ended June 30, 2024 compared to $3,251 in the six months ended June 30, 2023. The increase of $232, or 14%, in the second quarter of 2024 and the increase of $453, or 14%, in the six months ended June 30, 2024 was primarily due to higher volumes in the commercial aerospace, defense aerospace, and industrial and other markets, and favorable product pricing partially offset by lower volumes in the commercial transportation market.

Cost of goods sold ("COGS"). COGS as a percentage of Sales was 68.5% in the second quarter of 2024 compared to 72.6% in the second quarter of 2023 and 69.6% in the six months ended June 30, 2024 compared to 72.6% in the six months ended June 30, 2023. The decrease in the second quarter and six months ended June 30, 2024 was primarily due to higher volumes and favorable product pricing, partially offset by increased net headcount, primarily in the Engine Products segment, in support of expected revenue increases. There were total COGS net reimbursements of $6 in the second quarter and six months ended June 30, 2024 related to a mechanical failure resulting in substantial heat and fire-related damage to equipment at the Forged Wheels' cast house in Barberton, Ohio in the third quarter of 2022 (the "Barberton Cast House Incident"), compared to total COGS net reimbursements of $4 and net charges of zero in the second quarter and six months ended June 30, 2023, respectively, related to the fire that occurred at a Fastening Systems plant in France in 2019 (the "France Plant Fire") and Barberton Cast House Incident. The Company is negotiating resolution of the insurance claim related to the France Plant Fire. The insurance claim related to the Barberton Cast House Incident was settled in the second quarter of 2024.

Selling, general administrative, and other expenses ("SG&A"). SG&A expenses were $97 in the second quarter of 2024 compared to $88 in the second quarter of 2023 and $185 in the six months ended June 30, 2024 compared to $163 in the six months ended June 30, 2023. The increase of $9, or 10%, in the second quarter of 2024 and $22, or 13% in the six months ended June 30, 2024 was primarily due to higher employment costs.

Restructuring and other charges. Restructuring and other charges were $22 in the second quarter of 2024 compared to $3 in the second quarter of 2023 or an increase of $19. Restructuring and other charges were $22 in the six months ended June 30, 2024 compared to $4 in the six months ended June 30, 2023 or an increase of $18. Restructuring and other charges for the second quarter and six months ended June 30, 2024 were primarily due to a loss on the sale of a small U.K. manufacturing facility in Engineered Structures of $14 and layoff costs of $7. Restructuring and other charges for the second quarter of 2023 were primarily due to charges for a U.S. pension plan settlement of $3. Restructuring and other charges for the six months ended June 30, 2023 were primarily due to charges for a U.S. pension plan settlement of $3 and exit related costs, including accelerated depreciation, of $2.

See Note D to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for additional detail.

Interest expense, net. Interest expense, net was $49 in the second quarter of 2024 compared to $55 in the second quarter of 2023 and $98 in the six months ended June 30, 2024 compared to $112 in the six months ended June 30, 2023. The decrease of $6, or 11%, in the second quarter of 2024 and $14, or 13%, in the six months ended June 30, 2024 was primarily due to early partial redemptions of the 5.125% Notes due October 2024 (the “5.125% Notes”) in September 2023 and December 2023 that, in addition to the early partial redemptions of such notes in January 2023 and March 2023, reduced the average level of long-term debt.

See Note N to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for additional detail related to the Company’s debt.

Loss on debt redemption. Debt redemption or tender premiums include the cost to redeem or repurchase certain of the Company’s notes at a price which may be equal to the greater of the principal amount or the sum of the present values of the remaining scheduled payments, discounted using a defined treasury rate plus a spread, or a price based on the market price of its notes. Loss on debt redemption was less than $1 in the second quarter of 2024 compared to zero in the second quarter of 2023 and less than $1 in the six months ended June 30, 2024 compared to $1 in the six months ended June 30, 2023. The decrease in the six months ended June 30, 2024 was due to the debt premiums paid on the early partial redemption of the 5.125% Notes in the first quarter of 2023.

See Note N to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for additional detail related to the Company’s debt.

Other expense (income), net. Other expense, net was $15 in the second quarter of 2024 compared to Other income, net of $13 in the second quarter of 2023 and Other expense, net was $32 in the six months ended June 30, 2024 compared to Other income, net of $6 in the six months ended June 30, 2023. The increase in expense of $28 in the second quarter of 2024 was primarily due to the reversal in the second quarter ended June 30, 2023 of $25, net of legal fees of $1, (the “LBIE Reversal in 2023”) of the $65 pre-tax charge taken in the third quarter of 2022 related to the Lehman Brothers International (Europe) legal proceeding as a result of the final settlement of such proceeding in June 2023 (See Note Q to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference) and an increase of foreign currency losses of $4. The increase in expense of $38 in the six months ended June 30, 2024 was primarily due to the LBIE Reversal in 2023 and increases in foreign currency losses, net, of $9. Non-service related net periodic benefit costs related to defined benefit plans is expected to increase by approximately $5 for the full year 2024 versus 2023.

Provision for income taxes. The estimated annual effective tax rate, before discrete items, applied to ordinary income was 21.7% in both the second quarter and six months ended June 30, 2024 compared to 23.0% in both the second quarter and six months ended June 30, 2023. The tax rate including discrete items was 20.4% in the second quarter of 2024 compared to 20.6% in the second quarter of 2023. A discrete tax benefit of $5 was recorded in the second quarter of 2024 compared to a discrete net tax benefit of $7 in the second quarter of 2023. The tax rate including discrete items was 20.1% in the six months ended June 30, 2024 compared to 26.3% in the six months ended June 30, 2023. A discrete net tax benefit of $12 was recorded in the six months ended June 30, 2024 compared to a discrete net tax charge of $14, which included the income tax reserve recorded as a result of the French tax litigation (See Note Q to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference), recorded in the six months ended June 30, 2023. The 2024 estimated annual effective tax rate is lower than the 2023 rate primarily due to a U.S. tax benefit recognized for foreign tax credits in 2024 and lower net U.S. tax on Global Intangible Low-Taxed Income and other foreign earnings.

See Note G to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for additional detail.

Net income. Net income was $266, or $0.65 per diluted share, in the second quarter of 2024 compared to $193, or $0.46 per diluted share, in the second quarter of 2023 and $509, or $1.23 per diluted share, in the six months ended June 30, 2024 compared to $341, or $0.81 per diluted share, in the six months ended June 30, 2023. The increase of $73 in the second quarter of 2024 and $168 in the six months ended June 30, 2024 was primarily due to higher volumes in the commercial aerospace, defense aerospace, and industrial and other markets, favorable product pricing, and a reduction in interest expense due to lower long-term debt levels.

Segment Information

The Company's operations consist of four worldwide reportable segments: Engine Products, Fastening Systems, Engineered Structures, and Forged Wheels. Segment performance under Howmet's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment Adjusted EBITDA. Howmet's definition of Segment Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation and amortization. Net margin is equivalent to Sales minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Special items, including Restructuring and other charges, are excluded from Net margin and Segment Adjusted EBITDA. Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Differences between the total segment and consolidated totals are in Corporate (See Note C to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for a description of each segment).

The Company has aligned its operations consistent with how the Chief Executive Officer assesses operating performance and allocates capital.

On March 3, 2024, Howmet and the United Autoworkers at our Cleveland, Ohio location approved a new five-year collective bargaining agreement, covering approximately 750 employees within our Engineered Structures and Forged Wheels segments. The agreement positions our Cleveland location to continue to offer market competitive wages and benefits. The new agreement expires on February 28, 2029.

Engine Products

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Third-party sales	$ 933	$ 821	$ 1,818	$ 1,616
Segment Adjusted EBITDA	292	223	541	435
Segment Adjusted EBITDA Margin	31.3 %	27.2 %	29.8 %	26.9 %

Third-party sales for the Engine Products segment increased $112, or 14%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets.

Third-party sales for the Engine Products segment increased $202, or 13%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets.

Segment Adjusted EBITDA for the Engine Products segment increased $69, or 31%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets. The segment absorbed approximately 315 net headcount in the second quarter of 2024, in support of expected revenue increases.

Segment Adjusted EBITDA for the Engine Products segment increased $106, or 24%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets. The segment absorbed approximately 750 net headcount in the six months ended June 30, 2024, in support of expected revenue increases, resulting in unfavorable near-term recruiting, training and operational costs.

Segment Adjusted EBITDA Margin for the Engine Products segment increased approximately 410 basis points in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets.

Segment Adjusted EBITDA Margin for the Engine Products segment increased approximately 290 basis points in the six months ended June 30, 2024 compared to the six months ended June 30, 2023 primarily due to growth in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets, partially offset by an increase in headcount and inflationary costs.

In 2024, as compared to 2023, demand in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets is expected to increase. However, quality control issues at Boeing are expected to negatively impact narrow body and wide body production rates in the near term.

Fastening Systems

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Third-party sales	$ 394	$ 329	$ 783	$ 641
Segment Adjusted EBITDA	101	64	193	122
Segment Adjusted EBITDA Margin	25.6 %	19.5 %	24.6 %	19.0 %

Third-party sales for the Fastening Systems segment increased $65, or 20%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace market, including wide body recovery.

Third-party sales for the Fastening Systems segment increased $142 or 22% in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace market, including wide body recovery.

Segment Adjusted EBITDA for the Fastening Systems segment increased $37, or 58%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace market as well as productivity gains.

Segment Adjusted EBITDA for the Fastening Systems segment increased $71, or 58%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace market as well as productivity gains.

Segment Adjusted EBITDA Margin for the Fastening Systems segment increased approximately 610 basis points in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace market as well as productivity gains.

Segment Adjusted EBITDA Margin for the Fastening Systems segment increased approximately 560 basis points in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace market as well as productivity gains.

In 2024, as compared to 2023, demand in the commercial aerospace and industrial markets is expected to increase. However, quality control issues at Boeing are expected to negatively impact narrow body and wide body production rates in the near term.

Engineered Structures

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Third-party sales	$ 275	$ 200	$ 537	$ 407
Segment Adjusted EBITDA	40	20	77	50
Segment Adjusted EBITDA Margin	14.5 %	10.0 %	14.3 %	12.3 %

Third-party sales for the Engineered Structures segment increased $75, or 38%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace market, including wide body recovery, and the defense aerospace market.

Third-party sales for the Engineered Structures segment increased $130, or 32%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace market, including wide body recovery, and the defense aerospace market.

Segment Adjusted EBITDA for the Engineered Structures segment increased $20, or 100%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace and defense aerospace markets.

Segment Adjusted EBITDA for the Engineered Structures segment increased $27, or 54%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace and defense aerospace markets.

Segment Adjusted EBITDA Margin for the Engineered Structures segment increased approximately 450 basis points in the second quarter of 2024 compared to the second quarter of 2023, primarily due to growth in the commercial aerospace and defense aerospace markets.

Segment Adjusted EBITDA Margin for the Engineered Structures segment increased approximately 200 basis points in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to growth in the commercial aerospace and defense aerospace markets, partially offset by an increase in headcount and inflationary costs.

In 2024, as compared to 2023, demand in the commercial aerospace and defense aerospace markets is expected to increase. However, quality control issues at Boeing are expected to negatively impact narrow body and wide body production rates in the near term.

Forged Wheels

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Third-party sales	$ 278	$ 298	$ 566	$ 587
Segment Adjusted EBITDA	75	81	157	160
Segment Adjusted EBITDA Margin	27.0 %	27.2 %	27.7 %	27.3 %

Third-party sales for the Forged Wheels segment decreased $20, or 7%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to lower volumes in the commercial transportation market as well as a decrease in aluminum price and other inflationary cost pass through.

Third-party sales for the Forged Wheels segment decreased $21, or 4%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to lower volumes in the commercial transportation market as well as a decrease in aluminum price and other inflationary cost pass through.

Segment Adjusted EBITDA for the Forged Wheels segment decreased $6, or 7%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to lower volumes in the commercial transportation market.

Segment Adjusted EBITDA for the Forged Wheels segment decreased $3, or 2%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to lower volumes in the commercial transportation market.

Segment Adjusted EBITDA Margin for the Forged Wheels segment decreased approximately 20 basis points in the second quarter of 2024 compared to the second quarter of 2023, primarily due to lower volumes in the commercial transportation market partially offset by aluminum prices and other inflationary cost pass through.

Segment Adjusted EBITDA Margin for the Forged Wheels segment increased approximately 40 basis points in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to lower aluminum prices and other inflationary cost pass through partially offset by lower volumes in the commercial transportation market.

In 2024, as compared to 2023, demand in the commercial transportation markets served by Forged Wheels is expected to decrease in the second half in most regions due to lower OEM builds.

Howmet Wheel Systems Mexico S. DE R.L. D.E. C.V. ("Howmet Mexico") has closed an investigation with Daimler Trucks North America ("DTNA") related to two reports (involving four wheels) of potential rapid air loss associated with steer axle applications for Part ULA18X Alcoa® Wheels that were manufactured by Howmet Mexico's facility in Monterrey, Mexico between November 2022 and August 2023. DTNA filed a Defect Information Report with the National Highway Safety Transportation Administration ("NHTSA") and a similar report with Transport Canada, which initiated a recall for Part ULA18X Alcoa® Wheels manufactured during the Affected Period by Howmet Mexico that were sold in the United States and Canada. Following the investigation, it was determined that the rapid air loss events did not occur as reported. DTNA subsequently rescinded its recall with NHTSA on May 25, 2024 and Transport Canada will not require a recall. The impacts from this event were not material to the results of our operations.

Reconciliation of Total Segment Adjusted EBITDA to Income before income taxes

	Second quarter ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Income before income taxes	$ 334	$ 243	$ 637	$ 463
Loss on debt redemption	—	—	—	1
Interest expense, net	49	55	98	112
Other expense (income), net	15	(13)	32	(6)
Operating income	$ 398	$ 285	$ 767	$ 570
Segment provision for depreciation and amortization	67	66	132	130
Unallocated amounts:				
Restructuring and other charges	22	3	22	4
Corporate expense	21	34	47	63
Total Segment Adjusted EBITDA	$ 508	$ 388	$ 968	$ 767

Total Segment Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because it provides additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations. Differences between the total segment and consolidated totals are in Corporate.

See Restructuring and other charges, Interest expense, net, Loss on debt redemption, and Other expense (income), net discussions above, under "Results of Operations" for reference.

Corporate expense decreased $13, or 38%, in the second quarter of 2024 compared to the second quarter of 2023, primarily due to lower costs associated with closures, supply chain disruptions, and other items of $10, lower costs related to the collective bargaining agreement negotiations of $7, and higher net reimbursements related to the France Plant Fire and the Barberton Cast House Incident of $2, partially offset by higher employment costs in 2024.

Corporate expense decreased $16, or 25%, in the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily due to lower costs associated with closures, supply chain disruptions, and other items of $10, lower costs related to the collective bargaining agreement negotiations of $7, and higher net reimbursements related to the France Plant Fire and the Barberton Cast House Incident of $6, partially offset by higher employment and legal costs in 2024.

Environmental Matters

See the Environmental Matters section of Note Q to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Subsequent Events

See Note R to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for subsequent events.

Liquidity and Capital Resources

Operating Activities

Cash provided from operations was $574 in the six months ended June 30, 2024 compared to $252 in the six months ended June 30, 2023. The increase of $322 was primarily due to higher operating results of $217 and lower working capital of $111, partially offset by higher pension contributions of $5. The components of the change in working capital primarily included favorable changes in accounts payable of $86, receivables of $41, prepaid expenses and other current assets of $14, partially offset by $18 of taxes, including income taxes, inventories of $10 and compensation related payments and other accrued expenses of $2.

Management expects Howmet's estimated pension contributions and other postretirement benefit payments in 2024 to be approximately $65.

Financing Activities

Cash used for financing activities was $301 in the six months ended June 30, 2024 compared to $403 in the six months ended June 30, 2023. The decrease of $102, or 25%, was primarily due to payments made in 2023 in connection with the reduction of long-term debt of $153 (See Note N to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for reference) and a decrease in taxes paid for the net share settlement of equity awards of $43, partially offset by an increase in common stock repurchases of $85 and increased dividends paid to common stock shareholders of $7 due to a $0.01 increase in dividends per common share.

On July 30, 2024, the Company's Board of Directors declared a dividend of $0.08 per share on its common stock to be paid on August 26, 2024 to holders of record as of the close of business on August 9, 2024. The quarterly dividend represents a 60% increase from the second quarter 2024 dividend of $0.05 per share. On July 30, 2024, the Board of Directors of Howmet Aerospace approved the establishment of a 2025 dividend policy to pay cash dividends on the Company's common stock in 2025 at a rate of 15% plus or minus 5% of net income excluding special items. The declaration of future common stock dividends is subject to the discretion and approval of the Board of Directors of Howmet after the Board's consideration of all factors it deems relevant and subject to applicable law. The Company may modify, suspend, or cancel the dividend policy in any manner and at any time that it may deem necessary or appropriate.

On July 1, 2024, the Company completed the early redemption of all of the remaining outstanding principal amount of $205 of its 5.125% Notes. The Company redeemed the 5.125% Notes at par value plus accrued interest. The 5.125% Notes were redeemed with cash on hand at an aggregate redemption price of approximately $208, including accrued interest of approximately $3. The Company also repurchased approximately $23 aggregate principal amount of its 6.875% Notes due May 2025 (the "6.875% Notes") with cash on hand in the second quarter of 2024. As a result of the redemption of the remaining outstanding 5.125% Notes and the repurchase of $23 aggregate principal amount of the 6.875% Notes, Interest expense, net is expected to be reduced annually by $12.

The Company maintains a credit facility (the "Credit Facility) pursuant to its Five-Year Revolving Credit Agreement (the "Credit Agreement") with a syndicate of lenders and issuers named therein (See Note N to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for reference). There were no amounts outstanding under the Credit Agreement as of June 30, 2024 or December 31, 2023, and no amounts were borrowed during 2024 or 2023 under the Credit Agreement.

On April 4, 2024, the Company established a commercial paper program under which the Company may issue unsecured commercial paper from time to time up to a maximum aggregate face amount of $1,000. The Company's commercial paper will be sold on customary terms in the U.S. commercial paper market on a private placement basis. The proceeds of the commercial paper will be used for general corporate purposes. In conjunction with the commercial paper program, the Company was assigned short-term credit ratings by Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc.

The Company has an effective shelf registration statement on Form S-3, filed with the SEC, which allows for offerings of debt securities from time to time. The Company may opportunistically issue new debt securities in accordance with securities laws or utilize commercial paper in order to, but not limited to, refinance existing indebtedness. The Company continues to evaluate whether, when, and to what extent it may access capital markets, including any plans to refinance the 6.875% Notes due May 2025. Our ability to refinance our indebtedness or enter into alternative financings in adequate amounts on commercially reasonable terms, or terms acceptable to us, may be affected by circumstances and economic events outside of our control. In the event that a refinancing does not occur before the May 2025 maturity date of the 6.875% Notes, the Company believes that its projected cash on hand, availability under the Credit Facility, and its commercial paper program will enable the Company to repay the 6.875% Notes.

In the future, the Company may, from time to time, redeem portions of its debt securities or repurchase portions of its debt or equity securities, including but not limited to the 6.875% Notes, in either the open market or through privately negotiated transactions, in accordance with applicable SEC and other legal requirements. The timing, prices, and sizes of purchases depend upon prevailing trading prices, general economic and market conditions, and other factors, including applicable securities laws. Such purchases may be completed by means of trading plans established from time to time in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, block trades, private transactions, open market repurchases, tender offers, and/or accelerated share repurchase agreements or other derivative transactions.

The Company's costs of borrowing and ability to access the capital markets are affected not only by market conditions but also by the short-term and long-term debt ratings assigned to the Company by the major credit rating agencies. The Company believes that its cash on hand, cash provided from operations and availability of its Credit Facility, its commercial paper program, and its accounts receivables securitization program will continue to be sufficient to fund our operating and capital allocation activities, including repayments of indebtedness.

The three major credit rating agencies have rated Howmet's debt with investment grade ratings. The Company's most recent short-term and long-term credit ratings from the three major credit rating agencies are as follows:

	Short-Term	Long-Term	Outlook
Moody's Investors Service, Inc. ("Moody's")	P-3	Baa3	Positive
S&P Global Ratings ("S&P")	A-3	BBB-	Stable
Fitch Ratings, Inc. ("Fitch")	F2	BBB	Stable

On February 29, 2024, Moody's upgraded Howmet's long-term debt rating from Ba1 to Baa3, citing demand in the markets served by Howmet along with the Company's improved financial leverage, and affirmed the current outlook at positive.

On December 15, 2023, S&P upgraded Howmet's long-term debt rating to BBB- and updated the current outlook from positive to stable, citing strong demand in the commercial aerospace market and the Company's improved financial leverage.

On August 23, 2023, Fitch upgraded Howmet's long-term debt rating from BBB- to BBB, citing the Company's improved financial leverage, and affirmed the current outlook at stable.

Investing Activities

Cash used for investing activities was $129 in the six months ended June 30, 2024 compared to $105 in the six months ended June 30, 2023. The increase of $24, or 23%, was primarily due to an increase in capital expenditures of $32 primarily related to capacity expansion projects in Engine Products and Forged Wheels and various automation projects, partially offset by proceeds primarily from the sale of assets at a small U.K. manufacturing facility in Engine Products of $8.

Recently Adopted and Recently Issued Accounting Guidance

See Note B to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Forward-Looking Statements

This report contains (and oral communications made by Howmet may contain) statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates", "believes", "could", "estimates", "expects", "forecasts", "goal", "guidance", "intends", "may", "outlook", "plans", "projects", "seeks", "sees", "should", "targets", "will", "would", or other words of similar meaning. All statements that reflect Howmet's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements, forecasts and outlook relating to the condition of end markets; future financial results or operating performance; future strategic actions; Howmet's strategies, outlook, and business and financial prospects; and any future dividends, debt issuances, debt reduction and repurchases of its common stock. These statements reflect beliefs and assumptions that are based on Howmet's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) deterioration in global economic and financial market conditions generally; (b) adverse changes in the markets served by Howmet; (c) the impact of potential cyber attacks and information technology or data security breaches; (d) the loss of significant customers or adverse changes in customers' business or financial conditions; (e) manufacturing difficulties or other issues that impact product performance, quality or safety; (f) inability of suppliers to meet obligations due to supply chain disruptions or otherwise; (g) failure to attract and retain a qualified workforce and key personnel, labor disputes or other employee relations issues; (h) the inability to achieve anticipated or targeted revenue growth, cash generation, restructuring plans, cost reductions, improvement in profitability, or strengthening of competitiveness and operations; (i) inability to meet increased demand, production targets or commitments; (j) competition from new product offerings, disruptive technologies or other developments; (k) geopolitical, economic, and regulatory risks relating to Howmet's global operations, including geopolitical and diplomatic tensions, instabilities, conflicts and wars, as well as compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (l) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet to substantial costs and liabilities; (m) failure to comply with government contracting regulations; (n) adverse changes in discount rates or investment returns on pension assets; and (o) the other risk factors summarized in Howmet's Form 10-K for the year ended December 31, 2023 and other reports filed with the U.S. Securities and Exchange Commission. Market projections are subject to the risks discussed above and other risks in the market. Credit ratings are not a recommendation to buy or hold any Howmet securities, and they may be revised or revoked at any time at the sole discretion of the credit rating organizations. The statements in this report are made as of the date of the filing of this report. Howmet disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not material.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report, and they have concluded that these controls and procedures are effective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the second quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

See Note Q to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

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

The following table presents information with respect to the Company's repurchases of its common stock during the quarter ended June 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)[1][2]
April 1 - April 30, 2024	—	$ —	—	$ 547
May 1 - May 31, 2024	615,617	$ 81.22	615,617	$ 497
June 1 - June 30, 2024	119,120	$ 83.95	119,120	$ 487
Total for quarter ended June 30, 2024	734,737	$ 81.66	734,737	

(1) Excludes commissions cost.

(2) On August 18, 2021, the Company announced that its Board of Directors authorized a share repurchase program (the "Share Repurchase Program") of up to $1,500 million of the Company's outstanding common stock. After giving effect to the share repurchases made through June 30, 2024 and as of such date, approximately $487 million Board authorization remained available. See Part II, Item 5 (Other Information) for additional information about the Company's Share Repurchase Program.

Item 5. Other Information

On July 30, 2024, the Company's Board of Directors authorized a $2,000 million increase to the Company's Share Repurchase Program, which, together with the remaining authorization of approximately $487 million, results in a Share Repurchase Program of up to approximately $2,487 million of the Company's outstanding common stock. The Company has approximately 408 million shares of common stock outstanding as of July 26, 2024. Under the Share Repurchase Program, the Company may repurchase shares by means of trading plans established from time to time in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, block trades, private transactions, open market repurchases and/or accelerated share repurchase agreements or other derivative transactions. There is no stated expiration for the Share Repurchase Program. Under the Share Repurchase Program, the Company may repurchase shares from time to time, in amounts, at prices, and at such times as the Company deems appropriate, subject to market conditions, legal requirements and other considerations. The Company is not obligated to repurchase any specific number of shares or to do so at any particular time, and the Share Repurchase Program may be suspended, modified or terminated at any time without prior notice.

Item 6. Exhibits.

10.1	Howmet Aerospace Stock Incentive Plan, as Amended and Restated, incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K dated May 29, 2024.
10.2	Restricted Share Unit Retention Award Agreement for Michael N. Chanatry, dated as of April 15, 2024.
31	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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 from this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL (included within the Exhibit 101 attachments).

SIGNATURES

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

	Howmet Aerospace Inc.
July 30, 2024	/s/ Ken Giacobbe
Date	Ken Giacobbe
	Executive Vice President and
	Chief Financial Officer
	(Principal Financial Officer)
July 30, 2024	/s/ Barbara L. Shultz
Date	Barbara L. Shultz
	Vice President and Controller
	(Principal Accounting Officer)

Exhibit 10.2

HOWMET AEROSPACE INC.
2013 HOWMET AEROSPACE STOCK INCENTIVE PLAN SPECIAL RETENTION AWARD AGREEMENT
Grant Date: April 15, 2024

The terms and conditions of this Special Retention Award Agreement, including Appendices A and B attached hereto, (the "Award Agreement") are authorized by the Compensation and Benefits Committee of the Board of Directors. The special retention award ("Special Retention Award") is granted to the Participant under the 2013 Howmet Aerospace Stock Incentive Plan, as amended and restated and as may be further amended from time to time (the "Plan").

Terms that are defined in the Plan have the same meanings in the Award Agreement.

NOTE: To avoid cancellation of the Special Retention Award, the Participant must affirmatively accept the Award and the terms of this Award Agreement within 6 months of the grant date, as set forth in paragraph 30 of the Award Agreement.

General Terms and Conditions

1. The Special Retention Awards are subject to the provisions of the Plan and the provisions of the Award Agreement. If the Plan and the Award Agreement are inconsistent, the provisions of the Plan will govern. Interpretations of the Plan and the Award Agreement by the Committee are binding on the Participant and the Company. A Special Retention Award is an undertaking by the Company to issue the number of Shares indicated in the notice of the Special Retention Award on the date the Special Retention Award vests, subject to the fulfillment of certain conditions, except to the extent otherwise provided in the Plan or herein.

Vesting and Payment

2. The Special Retention Award vests on February 15, 2026, and will be paid to the Participant in Shares on the vesting date or within 90 days thereafter.

3. As a condition to a Special Retention Award vesting, a Participant must remain an active employee of the Company or a Subsidiary through the date of vesting. Except as provided in paragraph 5, if a Participant's employment with the Company (including its Subsidiaries) is terminated prior to the vesting date of the Special Retention Award, the Special Retention Award is forfeited and is automatically canceled.

4. Special Retention Awards will be paid by the issuance to the Participant of Shares covered by the Special Retention Award. Prior to issuance of the Shares, the Participant has no voting rights. Dividend equivalents will accrue on Special Retention Awards, unless the Committee determines that no dividend equivalents may be accrued or paid. Dividend equivalents that accrue on Special Retention Awards will be equal to the common stock dividend per Share payable on the Company's common stock multiplied by the number of Shares covered by the Special Retention Award. Notwithstanding any provision herein to the contrary, no dividends or dividend equivalents will be paid on Special Retention Awards that have not vested.

5. The following are exceptions to the vesting rules:

- Involuntary Termination without Cause: An unvested Special Retention Award held by a Participant who is involuntarily terminated without Cause (as defined below) from employment with the Company or a Subsidiary during the vesting period is not forfeited in whole but only in part upon termination of employment. The portion of the Special Retention Award that is not forfeited vests on the original stated vesting date set forth in paragraph 2 and is calculated based on a proportionate share of the time during the vesting period that the Participant remained actively employed with the Company or a Subsidiary, with the remaining portion being automatically forfeited. The proportionate share is computed on the basis of the actual number of days actively employed after the date of grant over a total vesting period (based on 360 days per year) of 662 days.

For this purpose, if the Participant participates in the Howmet Aerospace Inc. Change in Control Severance Plan, "Cause" shall have the meaning set forth in such plan. If the Participant does not participate in the Howmet Aerospace Inc. Change in Control Severance Plan, "Cause" means (i) the willful and continued failure by the Participant to substantially perform the Participant's duties with the Employer that has not been cured within 30 days after a written demand for substantial performance is delivered to the Participant by the Board or the Participant's direct supervisor, which demand specifically identifies the manner in which the Participant has not substantially performed the Participant's duties, (ii) the willful engaging by the Participant in conduct which is demonstrably and materially injurious to the Company or a Subsidiary, monetarily or otherwise; (iii) the Participant's fraud or acts of dishonesty relating to the Company or any of its Subsidiaries, or (iv) the Participant's conviction of any misdemeanor relating to the affairs of the Company or any of its Subsidiaries or indictment for any felony. For purposes of clauses (i) and (ii) of this definition, no act, or failure to act, on the Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant's act, or failure to act, was in the best interest of the Company.

- Death or Disability: An unvested Special Retention Award held by a Participant, who dies while an employee or who is permanently and totally disabled while an employee, is not forfeited but vests on the original stated vesting date set forth in paragraph 2.

  A Participant is deemed to be permanently and totally disabled if the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. A Participant shall not be considered to be permanently and totally disabled unless the Participant furnishes proof of the existence thereof in such form and manner, and at such times, as the Company may require. In the event of a dispute, the determination whether a Participant is permanently and totally disabled will be made by the Committee or its delegate.

- Change in Control: A Special Retention Award vests if a Replacement Award is not provided following certain Change in Control events, as described in the Plan. If the Change in Control qualifies as a "change in control event" within the meaning of Treas. Reg. § 1.409A-3(i)(5), the vested Special Retention Award will be paid to the Participant within 30 days following the Change in Control. If the Change in Control does not so qualify, the vested Special Retention Award will be paid to the Participant on the original stated vesting date set forth in paragraph 2.

- Termination Following Change in Control: As further described in the Plan, if a Replacement Award is provided following a Change in Control, but within 24 months of such Change in Control the Participant's employment is terminated without Cause (as defined in the Howmet Aerospace Inc. Change in Control Severance Plan) or by the Participant for Good Reason (as defined in the Howmet Aerospace Inc. Change in Control Severance Plan), the Replacement Award will vest and will be paid to the Participant on the original stated vesting date set forth in paragraph 2.

Taxes

6. All taxes required to be withheld under applicable tax laws in connection with a Special Retention Award must be paid by the Participant at the appropriate time under applicable tax laws. The Company may satisfy applicable tax withholding obligations by any of the means set forth in Section 15(l) of the Plan, but will generally withhold from the Shares to be issued upon payment of the Special Retention Award that number of Shares with a fair market value on the vesting date equal to the taxes required to be withheld at the minimum required rates or, to the extent permitted under applicable accounting principles, at up to the maximum individual tax rate for the applicable tax jurisdiction, which include, for Participants subject to taxation in the United States, applicable income taxes, federal and state unemployment compensation taxes and FICA/FUTA taxes. Notwithstanding the foregoing, if the Participant is subject to the short-swing profit rules of Section 16(b) of the Securities Exchange Act of 1934, as amended, the Company will withhold Shares from the Shares to be issued upon payment of the Special Retention Award, as described herein, and will not use the other means set forth in the Plan unless approved by the Committee or in the event that withholding in Shares is problematic under applicable tax or securities law or has materially adverse accounting consequences. Further, notwithstanding anything herein to the contrary, the Company may cause a portion of the Special Retention Award to vest prior to the stated vesting date set forth in paragraph 2 in order to satisfy any Tax-Related Items that arise prior to the date

of settlement of the Special Retention Award; provided that to the extent necessary to avoid a prohibited distribution under Section 409A of the Code, the portion of the Special Retention Award so accelerated and settled shall be with respect to a number of Shares with a value that does not exceed the liability for such Tax-Related Items.

Beneficiaries

7. If permitted by the Company, Participants will be entitled to designate one or more beneficiaries to receive all Special Retention Awards that have not yet vested at the time of death of the Participant. All beneficiary designations will be on beneficiary designation forms approved for the Plan. Copies of the form are available from the Communications Center on Merrill Lynch's OnLine® website www.benefits.ml.com.

8. Beneficiary designations on an approved form will be effective at the time received by the Communications Center on Merrill Lynch's OnLine® website www.benefits.ml.com. A Participant may revoke a beneficiary designation at any time by written notice to the Communications Center on Merrill Lynch's OnLine® website www.benefits.ml.com or by filing a new designation form. Any designation form previously filed by a Participant will be automatically revoked and superseded by a later-filed form.

9. A Participant will be entitled to designate any number of beneficiaries on the form, and the beneficiaries may be natural or corporate persons.

10. The failure of any Participant to obtain any recommended signature on the form will not prohibit the Company from treating such designation as valid and effective. No beneficiary will acquire any beneficial or other interest in any Special Retention Award prior to the death of the Participant who designated such beneficiary.

11. Unless the Participant indicates on the form that a named beneficiary is to receive Special Retention Awards only upon the prior death of another named beneficiary, all beneficiaries designated on the form will be entitled to share equally in the Special Retention Awards upon vesting. Unless otherwise indicated, all such beneficiaries will have an equal, undivided interest in all such Special Retention Awards.

12. Should a beneficiary die after the Participant but before the Special Retention Award is paid, such beneficiary's rights and interest in the Special Retention Award will be transferable by the beneficiary's last will and testament or by the laws of descent and distribution. A named beneficiary who predeceases the Participant will obtain no rights or interest in a Special Retention Award, nor will any person claiming on behalf of such individual. Unless otherwise specifically indicated by the Participant on the beneficiary designation form, beneficiaries designated by class (such as "children," "grandchildren," etc.) will be deemed to refer to the members of the class living at the time of the Participant's death, and all members of the class will be deemed to take "per capita."

13. If a Participant does not designate a beneficiary or if the Company does not permit a beneficiary designation, the Special Retention Award that has not yet vested or been paid at the time of death of the Participant will vest and be paid to the Participant's legal heirs pursuant to the Participant's last will and testament or by the laws of descent and distribution.

Adjustments

14. In the event of an Equity Restructuring, the Committee will equitably adjust the Special Retention Award as it deems appropriate to reflect the Equity Restructuring, which may include (i) adjusting the number and type of securities subject to the Special Retention Award; and (ii) adjusting the terms and conditions of the Special Retention Award. The adjustments provided under this paragraph 14 will be nondiscretionary and final and binding on all interested parties, including the affected Participant and the Company; provided that the Committee will determine whether an adjustment is equitable.

Repayment/Forfeiture

15. Pursuant to Section 15(e) of the Plan the Committee has full power and authority, to the extent permitted by governing law, to determine that the Special Retention Award will be canceled or suspended at any time prior

to a Change in Control: (i) if the Participant violates any agreement in place with the Company or a Subsidiary, such as a non-competition agreement, settlement agreement or confidentiality agreement, the violation of which is injurious to the Company or any Subsidiary, monetarily, reputationally or otherwise; (ii) in the event of the Participant's fraudulent conduct or willful engagement in conduct, in each case which is injurious to the Company or any Subsidiary, monetarily or otherwise; (iii) in the event of a "clawback" of Awards as described in Section 15(f) of the Plan; (iv) in order to comply with applicable laws as described in Section 15(h) of the Plan, or (v) in the event of the Participant's violation of the Company's Code of Conduct or applicable law, in each case which is injurious to the Company or any Subsidiary, monetarily, reputationally or otherwise.

Further, as an additional condition of receiving the Special Retention Award, the Participant agrees that the Special Retention Award and any Shares, cash, sale proceeds or other benefits the Participant may receive hereunder shall be subject to forfeiture and/or repayment to the Company (i) to the extent required under the Company's Executive Officer Incentive Compensation Recovery Policy, if applicable to the Participant, or under any other recoupment or "clawback" policy adopted by the Company to comply with applicable laws or with the Company's Corporate Governance Guidelines or other similar requirements, as any such policy may be amended from time to time (and such requirements shall be deemed incorporated into the Award Agreement without the Participant's consent), or as otherwise may be required to comply with applicable laws, rules, regulations or stock exchange listing standards, including, without limitation, Section 304 of the Sarbanes-Oxley Act of 2002; or (ii) as determined appropriate by the Board pursuant to the Excess Compensation Clawback set forth in Section 15(f) of the Plan, which is incorporated herein by reference. Further, if the Participant otherwise receives any amount in excess of what the Participant should have received under the terms of the Special Retention Award for any reason (including without limitation by reason of a mistake in calculations or administrative error), all as determined by the Committee, then the Participant shall be required to promptly repay any such excess amount to the Company.

The Repayment/Forfeiture provisions of this paragraph 15 shall apply notwithstanding anything herein or in the Plan to the contrary, provided that in no event shall there be any duplication of recovery of amounts from the Participant under the Excess Compensation Clawback, the Executive Officer Incentive Compensation Recovery Policy, Section 304 of the Sarbanes-Oxley Act of 2002, Section 15(e) of the Plan, or any other recoupment policy, provision or requirement.

Miscellaneous Provisions

16. *Stock Exchange Requirements; Applicable Laws*. Notwithstanding anything to the contrary in the Award Agreement, no Shares issuable upon vesting of the Special Retention Awards, and no certificate representing all or any part of such Shares, shall be issued or delivered if, in the opinion of counsel to the Company, such issuance or delivery would cause the Company to be in violation of, or to incur liability under, any local, state, federal or foreign securities or exchange control law, or any rule, regulation or procedure of any U.S. national securities exchange upon which any securities of the Company are listed, or any listing agreement with any such securities exchange, or any other requirement of law or of any local, state, federal or foreign administrative or regulatory body having jurisdiction over the Company or a Subsidiary.

17. *Non-Transferability.* The Special Retention Award is non-transferable and may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant other than by will or the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

18. *Shareholder Rights*. No person or entity shall be entitled to vote, receive dividends or be deemed for any purpose the holder of any Shares until the Special Retention Award shall have vested and been paid in the form of Shares in accordance with the provisions of the Award Agreement.

19. *Notices*. Any notice required or permitted under the Award Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or five days after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to the Participant at the address maintained for the Participant in the Company's records or, in either case, as subsequently modified by written notice to the other party.

20. *Severability and Judicial Modification*. If any provision of the Award Agreement is held to be invalid or unenforceable under the applicable laws of any country, state, province, territory or other political subdivision or the Company elects not to enforce such restriction, the remaining provisions shall remain in full force and effect and the invalid or unenforceable provision shall be modified only to the extent necessary to render that provision valid and enforceable to the fullest extent permitted by law. If the invalid or unenforceable provision cannot be, or is not, modified, that provision shall be severed from the Award Agreement and all other provisions shall remain valid and enforceable.

21. *Successors*. The Award Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, on the one hand, and the Participant and his or her heirs, beneficiaries, legatees and personal representatives, on the other hand.

22. *Appendices*. Notwithstanding any provisions in the Award Agreement, for Participants residing and/or working outside the United States, the Special Retention Award shall be subject to the additional terms and conditions set forth in Appendix A to the Award Agreement and to any special terms and conditions for the Participant's country set forth in Appendix B to the Award Agreement. Moreover, if the Participant relocates outside the United States or relocates between the countries included in Appendix B, the additional terms and conditions set forth in Appendix A and the special terms and conditions for such country set forth in Appendix B will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendices constitute part of the Award Agreement.

23. *Imposition of Other Requirements*. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Special Retention Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. *Compliance with Code Section 409A*. It is intended that the Special Retention Award granted pursuant to the Award Agreement be compliant with Section 409A of the Code and the Award Agreement shall be interpreted, construed and operated to reflect this intent. Notwithstanding the foregoing, the Award Agreement and the Plan may be amended at any time, without the consent of any party, to the extent necessary or desirable to satisfy any of the requirements under Section 409A of the Code, but the Company shall not be under any obligation to make any such amendment. Further, the Company and its Subsidiaries do not make any representation to the Participant that the Special Retention Award granted pursuant to the Award Agreement satisfies the requirements of Section 409A of the Code, and the Company and its Subsidiaries will have no liability or other obligation to indemnify or hold harmless the Participant or any other party for any tax, additional tax, interest or penalties that the Participant or any other party may incur in the event that any provision of the Award Agreement or any amendment or modification thereof or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A of the Code.

25. *Waiver*. A waiver by the Company of breach of any provision of the Award Agreement shall not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach by the Participant or any other Participant.

26. *No Advice Regarding Award*. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant understands and agrees to consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

27. *Governing Law and Venue*. As stated in the Plan, the Special Retention Award and the provisions of the Award Agreement and all determinations made and actions taken thereunder, to the extent not otherwise governed by the laws of the United States, shall be governed by the laws of the State of Delaware, United States of America, without reference to principles of conflict of laws, and construed accordingly. The jurisdiction and venue for any disputes arising under, or any actions brought to enforce (or otherwise relating to), the Special Retention Award will be exclusively in the courts in the State of New York, County of New York, including the Federal Courts located therein (should Federal jurisdiction exist).

28. *Electronic Delivery and Acceptance*. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

29. *Entire Agreement*. The Award Agreement and the Plan embody the entire understanding and agreement of the parties with respect to the subject matter hereof, and no promise, condition, representation or warranty, express or implied, not stated or incorporated by reference herein, shall bind either party hereto.

Acceptance of Award

As permitted by Section 15(c) of the Plan, receipt of this Special Retention Award is subject to the Participant's acceptance of the Award and the terms of this Award Agreement and the Plan through Merrill Lynch's OnLine® website www.benefits.ml.com and/or through such other procedures as may be required by the Company (Participant's "Acceptance"). **To avoid forfeiture of the Award, the Participant must provide such Acceptance within 6 months of the grant date of the Award.** The date as of which the Participant's Special Retention Award shall be forfeited, if the Participant has not provided such Acceptance, will generally be set forth in the Participant's account at Merrill Lynch's OnLine® website. If the Participant does not provide Acceptance within this 6 month period, the Award will be cancelled in accordance with any administrative procedures adopted under the Plan.

APPENDIX A TO THE HOWMET AEROSPACE INC.
2013 Stock Incentive Plan
Special Retention Award Agreement
For Non-U.S. Participants

Exhibit 31

Certifications

I, John C. Plant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Howmet Aerospace Inc.;
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 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 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: July 30, 2024

/s/ John C. Plant

John C. Plant

Executive Chairman and Chief Executive Officer

I, Ken Giacobbe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Howmet Aerospace Inc.;

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 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 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: July 30, 2024

/s/ Ken Giacobbe

Ken Giacobbe

Executive Vice President and Chief Financial Officer

Exhibit 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Howmet Aerospace Inc., a Delaware corporation (the "Company"), does hereby certify that:

The Quarterly Report on Form 10-Q for the period ended June 30, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	July 30, 2024	/s/ John C. Plant
		John C. Plant
		Executive Chairman and Chief Executive Officer

Dated:	July 30, 2024	/s/ Ken Giacobbe
		Ken Giacobbe
		Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.