

**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 September 30, 2020**

**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**  
(State of incorporation)

**25-0317820**  
(I.R.S. Employer Identification No.)

**201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania**

**15212-5872**  
(Zip code)

(Address of principal executive offices)

**Investor Relations 412-553-1950**

**Office of the Secretary 412-553-1940**  
(Registrant's telephone number including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 November 5, 2020, there were 433,603,919 shares of common stock, par value \$1.00 per share, of the registrant outstanding.

**Explanatory Note**

On April 1, 2020, Arconic Inc. completed the separation of its business into two independent, publicly-traded companies: Howmet Aerospace Inc. (the new name for Arconic Inc.) and Arconic Corporation. The financial results of Arconic Corporation for all periods prior to April 1, 2020, have been retrospectively reflected in the Statement of Consolidated Operations as discontinued operations and, as such, have been excluded from continuing operations and segment results for all periods prior to April 1, 2020. Additionally, the related assets and liabilities associated with Arconic Corporation in the December 31, 2019 Consolidated Balance Sheet are classified as assets and liabilities of discontinued operations. The cash flows, comprehensive income, and equity related to Arconic Corporation have not been segregated and are included in the Statement of Consolidated Cash Flows, Statement of Consolidated Comprehensive Income (Loss), and Statement of Changes in Consolidated Equity, respectively, for all periods prior to April 1, 2020.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Sales (D)	\$ 1,134	\$ 1,794	\$ 4,021	\$ 5,364
Cost of goods sold (exclusive of expenses below)	900	1,317	3,006	3,945
Selling, general administrative, and other expenses	66	89	219	307
Research and development expenses	5	6	13	22
Provision for depreciation and amortization	68	70	212	224
Restructuring and other charges (E)	22	56	166	572
Operating income	73	256	405	294
Interest expense, net	77	85	305	256
Other expense, net (E)	8	8	—	26
Income (loss) before income taxes	(12)	163	100	12
Provision (benefit) for income taxes (H)	(48)	105	(5)	4
Income from continuing operations after income taxes	\$ 36	\$ 58	\$ 105	\$ 8
Income from discontinued operations after income taxes (B)	\$ —	\$ 37	\$ 50	\$ 153
Net income	\$ 36	\$ 95	\$ 155	\$ 161
<b>Amounts Attributable to Howmet Aerospace Common Shareholders (I):</b>				
Net income	\$ 35	\$ 94	\$ 153	\$ 159
Earnings per share - basic				
Continuing operations	\$ 0.08	\$ 0.13	\$ 0.24	\$ 0.01
Discontinued operations	\$ —	\$ 0.09	\$ 0.11	\$ 0.34
Earnings per share - diluted				
Continuing operations	\$ 0.08	\$ 0.13	\$ 0.23	\$ 0.01
Discontinued operations	\$ —	\$ 0.08	\$ 0.11	\$ 0.34
<b>Average Shares Outstanding (I):</b>				
Average shares outstanding - basic	436	436	436	451
Average shares outstanding - diluted	439	457	440	455

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

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

	<b>Third quarter ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net income	\$ 36	\$ 95	\$ 155	\$ 161
Other comprehensive income (loss), net of tax (J):				
Change in unrecognized net actuarial loss and prior service cost (benefit) related to pension and other postretirement benefits	8	26	54	89
Foreign currency translation adjustments	48	(87)	(25)	(91)
Net change in unrealized gains on available-for-sale securities	—	1	—	4
Net change in unrecognized gains (losses) on cash flow hedges	5	1	1	(2)
Total Other comprehensive income (loss), net of tax	<u>61</u>	<u>(59)</u>	<u>30</u>	<u>—</u>
Comprehensive income	<u>\$ 97</u>	<u>\$ 36</u>	<u>\$ 185</u>	<u>\$ 161</u>

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

**Howmet Aerospace Inc. and subsidiaries**  
**Consolidated Balance Sheet (unaudited)**  
(U.S. dollars in millions)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,365	\$ 1,577
Receivables from customers, less allowances of \$1 in 2020 and \$1 in 2019 (K)	310	583
Other receivables (K)	120	349
Inventories (L)	1,592	1,607
Prepaid expenses and other current assets	213	285
Current assets of discontinued operations (B)	—	1,442
<b>Total current assets</b>	<b>3,600</b>	<b>5,843</b>
Properties, plants, and equipment, net (M)	2,552	2,629
Goodwill (D)	4,072	4,067
Deferred income taxes (A)	262	209
Intangibles, net	584	599
Other noncurrent assets (N)	269	316
Noncurrent assets of discontinued operations (B)	—	3,899
<b>Total assets</b>	<b>\$ 11,339</b>	<b>\$ 17,562</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable, trade	\$ 521	\$ 976
Accrued compensation and retirement costs	215	285
Taxes, including income taxes	82	65
Accrued interest payable	99	112
Other current liabilities (N)	276	229
Short-term debt (O)	384	1,034
Current liabilities of discontinued operations (B)	—	1,424
<b>Total current liabilities</b>	<b>1,577</b>	<b>4,125</b>
Long-term debt, less amount due within one year (Q and P)	4,697	4,906
Accrued pension benefits (G)	1,002	1,030
Accrued other postretirement benefits (G)	191	200
Other noncurrent liabilities and deferred credits (N)	371	438
Noncurrent liabilities of discontinued operations (B)	—	2,258
<b>Total liabilities</b>	<b>7,838</b>	<b>12,957</b>
Contingencies and commitments (R)		
<b>Equity</b>		
Howmet Aerospace shareholders' equity:		
Preferred stock	55	55
Common stock	434	433
Additional capital	4,683	7,319
Retained earnings (A)	258	113
Accumulated other comprehensive loss (J)	(1,929)	(3,329)
<b>Total Howmet Aerospace shareholders' equity</b>	<b>3,501</b>	<b>4,591</b>
Noncontrolling interests	—	14
<b>Total equity</b>	<b>3,501</b>	<b>4,605</b>
<b>Total liabilities and equity</b>	<b>\$ 11,339</b>	<b>\$ 17,562</b>

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

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

	Nine months ended September 30,	
	2020	2019
<b>Operating activities</b>		
Net income	\$ 155	\$ 161
Adjustments to reconcile net income to cash used for operations:		
Depreciation and amortization	271	407
Deferred income taxes	25	(36)
Restructuring and other charges	148	630
Net loss from investing activities—asset sales	6	6
Net periodic pension benefit cost (G)	42	87
Stock-based compensation	35	44
Other	63	15
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:		
(Increase) in receivables	(117)	(957)
(Increase) in inventories	(42)	(92)
Decrease in prepaid expenses and other current assets	1	17
(Decrease) in accounts payable, trade (A)	(439)	(2)
(Decrease) in accrued expenses	(177)	(90)
Increase in taxes, including income taxes	41	92
Pension contributions	(110)	(217)
(Increase) in noncurrent assets	(5)	(12)
(Decrease) in noncurrent liabilities	(39)	(36)
<b>Cash (used for) provided by operations</b>	<b>(142)</b>	<b>17</b>
<b>Financing Activities</b>		
Net change in short-term borrowings (original maturities of three months or less)	(8)	—
Additions to debt (original maturities greater than three months) (B)(O)	2,400	300
Payments on debt (original maturities greater than three months) (O)	(2,041)	(303)
Debt issuance costs (B)(O)	(61)	—
Premiums paid on early redemption of debt (O)	(59)	—
Proceeds from exercise of employee stock options	30	19
Dividends paid to shareholders	(10)	(48)
Repurchase of common stock	(51)	(1,100)
Net cash transferred to Arconic Corporation at separation (B)	(500)	—
Other	(39)	(12)
<b>Cash used for financing activities</b>	<b>(339)</b>	<b>(1,144)</b>
<b>Investing Activities</b>		
Capital expenditures (A)(D)	(220)	(532)
Proceeds from the sale of assets and businesses (B)(Q)	114	27
Sale of debt securities	—	47
Cash receipts from sold receivables (K)	258	630
Other	—	(1)
<b>Cash provided from investing activities</b>	<b>152</b>	<b>171</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(6)</b>	<b>(2)</b>
Net change in cash, cash equivalents and restricted cash	(335)	(958)
Cash, cash equivalents and restricted cash at beginning of period	1,703	2,282
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 1,368</b>	<b>\$ 1,324</b>

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)

<b>Howmet Aerospace Shareholders</b>							
	<b>Preferred stock</b>	<b>Common stock</b>	<b>Additional capital</b>	<b>Accumulated deficit</b>	<b>Accumulated other comprehensive loss</b>	<b>Noncontrolling Interests</b>	<b>Total Equity</b>
Balance at June 30, 2019	\$ 55	\$ 440	\$ 7,484	\$ (272)	\$ (2,869)	\$ 12	\$ 4,850
Net income	—	—	—	95	—	—	95
Other comprehensive loss (J)	—	—	—	—	(59)	—	(59)
Repurchase and retirement of common stock	—	(7)	(193)	—	—	—	(200)
Cash dividends declared:							
Preferred-Class A @ \$0.9375 per share	—	—	—	(1)	—	—	(1)
Common @ \$0.04 per share	—	—	—	(17)	—	—	(17)
Stock-based compensation	—	—	16	—	—	—	16
Common stock issued: compensation plans	—	1	5	—	—	—	6
Other	—	—	2	—	—	2	4
Balance at September 30, 2019	<u>\$ 55</u>	<u>\$ 434</u>	<u>\$ 7,314</u>	<u>\$ (195)</u>	<u>\$ (2,928)</u>	<u>\$ 14</u>	<u>\$ 4,694</u>

<b>Howmet Aerospace Shareholders</b>							
	<b>Preferred stock</b>	<b>Common stock</b>	<b>Additional capital</b>	<b>Retained earnings</b>	<b>Accumulated other comprehensive loss</b>	<b>Noncontrolling interests</b>	<b>Total Equity</b>
Balance at June 30, 2020	\$ 55	\$ 436	\$ 4,703	\$ 223	\$ (1,968)	\$ —	\$ 3,449
Net income	—	—	—	36	—	—	36
Other comprehensive income (J)	—	—	—	—	61	—	61
Cash dividends declared:							
Preferred-Class A @ \$0.9375 per share	—	—	—	(1)	—	—	(1)
Repurchase and retirement of common stock	—	(2)	(49)	—	—	—	(51)
Stock-based compensation	—	—	12	—	—	—	12
Common stock issued: compensation plans	—	—	(5)	—	—	—	(5)
Distributions to Arconic Corp (B)	—	—	22	—	(22)	—	—
Balance at September 30, 2020	<u>\$ 55</u>	<u>\$ 434</u>	<u>\$ 4,683</u>	<u>\$ 258</u>	<u>\$ (1,929)</u>	<u>\$ —</u>	<u>\$ 3,501</u>

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)

Howmet Aerospace Shareholders							
	Preferred stock	Common stock	Additional capital	Accumulated deficit	Accumulated other comprehensive loss	Noncontrolling interests	Total Equity
Balance at December 31, 2018	\$ 55	\$ 483	\$ 8,319	\$ (374)	\$ (2,926)	\$ 12	\$ 5,569
Adoption of accounting standards <sup>(1)</sup>	—	—	—	75	(2)	—	73
Net income	—	—	—	161	—	—	161
Other comprehensive income <sup>(J)</sup>	—	—	—	—	—	—	—
Cash dividends declared:							
Preferred-Class A @ \$2.8125 per share	—	—	—	(2)	—	—	(2)
Common @ \$0.12 per share	—	—	—	(55)	—	—	(55)
Repurchase and retirement of common stock	—	(52)	(1,048)	—	—	—	(1,100)
Stock-based compensation	—	—	41	—	—	—	41
Common stock issued: compensation plans	—	3	—	—	—	—	3
Other	—	—	2	—	—	2	4
Balance at September 30, 2019	<u>\$ 55</u>	<u>\$ 434</u>	<u>\$ 7,314</u>	<u>\$ (195)</u>	<u>\$ (2,928)</u>	<u>\$ 14</u>	<u>\$ 4,694</u>

Howmet Aerospace Shareholders							
	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interests	Total Equity
Balance at December 31, 2019	\$ 55	\$ 433	\$ 7,319	\$ 113	\$ (3,329)	\$ 14	\$ 4,605
Net income	—	—	—	155	—	—	155
Other comprehensive income <sup>(J)</sup>	—	—	—	—	30	—	30
Cash dividends declared:							
Preferred-Class A @ \$2.8125 per share	—	—	—	(2)	—	—	(2)
Common @ \$0.02 per share	—	—	—	(8)	—	—	(8)
Repurchase and retirement of common stock	—	(2)	(49)	—	—	—	(51)
Stock-based compensation	—	—	35	—	—	—	35
Common stock issued: compensation plans	—	3	(11)	—	—	—	(8)
Distributions to Arconic Corp <sup>(B)</sup>	—	—	(2,611)	—	1,370	(14)	(1,255)
Balance at September 30, 2020	<u>\$ 55</u>	<u>\$ 434</u>	<u>\$ 4,683</u>	<u>\$ 258</u>	<u>\$ (1,929)</u>	<u>\$ —</u>	<u>\$ 3,501</u>

<sup>(1)</sup> The Company entered into a sale leaseback arrangement in October 2018 for a cast house that is now part of Arconic Corporation, and due to continuing involvement, the gain on sale was deferred. In connection with the adoption of the new lease accounting standard on January 1, 2019, the arrangement no longer required that the gain be deferred. As such, the associated \$73 deferred gain, net of tax was recognized as a cumulative effect of an accounting change within Accumulated deficit. Also, the Company adopted the new hedge accounting guidance on January 1, 2019. As a result, an adjustment of \$2 was recognized as a cumulative effect of an accounting change within Accumulated deficit with an offset to Accumulated other comprehensive loss related to the elimination of a separate measurement of ineffectiveness for its cash flow hedges.

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



**Howmet Aerospace Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements (unaudited)**  
**(U.S. dollars in millions, except per-share amounts)**

**A. Basis of Presentation**

The interim Consolidated Financial Statements of Howmet Aerospace Inc. (formerly known as Arconic Inc.) and its subsidiaries (“Howmet” or the “Company”) 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 2019 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, 2019, which includes all disclosures required by GAAP. Certain amounts in previously issued financial statements were reclassified to conform to the current period presentation (see Note [D](#)).

The separation of Arconic Inc. into two standalone, publicly-traded companies, Howmet Aerospace Inc. and Arconic Corporation, (the “Arconic Inc. Separation Transaction”) became effective on April 1, 2020. The financial results of Arconic Corporation for all periods prior to the Arconic Inc. Separation Transaction have been retrospectively reflected in the Statement of Consolidated Operations as discontinued operations and, as such, have been excluded from continuing operations and segment results for all periods presented. Certain adjustments to equity and reclassifications have been made related to the Arconic Inc. Separation Transaction. In addition, the related assets and liabilities associated with Arconic Corporation in the December 2019 Consolidated Balance Sheet are classified as assets and liabilities of discontinued operations. The cash flows, comprehensive income, and equity related to Arconic Corporation have not been segregated and are included in the Statement of Consolidated Cash Flows, Statement of Consolidated Comprehensive Income (Loss), and Statement of Changes in Consolidated Equity, respectively, for all periods prior to the Arconic Inc. Separation Transaction. See Note [B](#) for additional information related to the Arconic Inc. Separation Transaction and discontinued operations.

Year to date, the Company derived approximately 70% of its revenue from products sold to the aerospace end-market. As a result of the global pandemic coronavirus (“COVID-19”) and its impact on the aerospace industry to-date, the possibility exists that there could be a sustained impact to our operations and financial results. Since the start of the pandemic, certain original equipment manufacturer (“OEM”) customers have reduced production or suspended manufacturing operations in North America and Europe on a temporary basis. While the pandemic has resulted in the temporary closure of a small number of the Company’s manufacturing facilities, all of our manufacturing facilities are currently operating. Since the duration of the pandemic is uncertain, the Company is taking a series of actions to address the financial impact, including announcing certain headcount reductions and reducing certain cash outflows by suspending dividends on common stock and reducing the level of its capital expenditures to preserve cash and maintain liquidity.

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 experience, including considerations relating to the impact of COVID-19. The impact of COVID-19 is rapidly changing and of unknown duration and macroeconomic impact and as a result, these considerations remain highly uncertain. We have made our 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 judgements and estimations and assumptions that may be impacted by COVID-19.

During the third quarter ended September 30, 2020, the Company identified a misclassification in the presentation of changes in accounts payable and capital expenditures in its previously issued Statement of Consolidated Cash Flows. Although management has determined that such misclassification did not materially misstate such prior financial statements, the Company has revised its Statement of Consolidated Cash Flows for the nine months ended September 30, 2019 resulting in a \$117 increase to previously reported capital expenditures and decrease to cash provided from investing activities with a corresponding reduction in (decrease) in accounts payable, trade and increase in cash provided by operations. The Company will also prospectively revise, in connection with future filings, its Statement of Consolidated Cash Flows to increase its previously reported capital expenditures with a corresponding offset in accounts payable, trade of \$55, \$83 and \$83 for the twelve months ended December 31, 2019, three months ended March 31, 2020, and six months ended June 30, 2020, respectively.

During the second quarter of 2020, a \$16 tax error was identified related to periods prior to 2018. Although management has determined it was not material to any periods, it was corrected as an adjustment to Retained Earnings in the Statement of Changes in Consolidated Equity in the second quarter and six months ended June 30, 2020. During the third quarter, the Company determined that such correction to Retained Earnings should have been accounted for as a revision to its prior year's Retained Earnings (Accumulated Deficit) and has made this correction in the current quarter. The Company will prospectively revise, in connection with future filings, its Statement of Changes in Consolidated Equity for the second quarter and six months ended June 30, 2020 to properly present the correction as a reduction to prior year's Retained Earnings (Accumulated Deficit). The accompanying Consolidated Balance Sheet at December 31, 2019 reflects the revision for such tax item.

## **B. Arconic Inc. Separation Transaction and Discontinued Operations**

On April 1, 2020, the Company completed the previously announced separation of its business into two independent, publicly-traded companies. Following the Arconic Inc. Separation Transaction, Arconic Corporation holds the Global Rolled Products businesses (global rolled products, aluminum extrusions, and building and construction systems) previously held by the Company. The Company retained the Engineered Products and Forgings businesses (engine products, fastening systems, engineered structures, and forged wheels).

The Company's Board of Directors approved the completion of the separation on February 5, 2020, which was effected by the distribution (the "Distribution") by the Company of all of the outstanding common stock of Arconic Corporation on April 1, 2020 to the Company's stockholders who held shares as of the close of business on March 19, 2020 (the "Record Date"). In the Distribution, each Company stockholder of record as of the Record Date received one share of Arconic Corporation common stock for every four shares of the Company's common stock held as of the Record Date. The Company did not issue fractional shares of Arconic Corporation common stock in the Distribution. Instead, each stockholder otherwise entitled to a fractional share of Arconic Corporation common stock received cash in lieu of fractional shares.

On March 31, 2020, in connection with the Arconic Inc. Separation Transaction, the Company entered into several agreements with Arconic Corporation that govern the relationship between the Company and Arconic Corporation following the Distribution, including the following: a Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement, Transition Services Agreement and certain Patent, Know-How, Trade Secret License and Trademark License Agreements.

On February 7, 2020 Arconic Corporation completed an offering of \$600 aggregate principal amount of 6.125% senior secured second-lien notes due 2028. On March 25, 2020, Arconic Corporation entered into a credit agreement which provided for a \$600 aggregate principal amount seven-year senior secured first-lien loan B facility and a revolving credit facility which is guaranteed by certain of Arconic Corporation's wholly-owned domestic subsidiaries and secured on a first-priority basis by liens on substantially all assets of Arconic Corporation and subsidiary guarantors. Arconic Corporation used the proceeds to make payment to the Company to fund the transfer of certain assets to Arconic Corporation relating to the Arconic Inc. Separation Transaction and for general corporate purposes. The Company incurred debt issuance costs of \$45 associated with these issuances for the first quarter of 2020 and nine months ended September 30, 2020.

On February 1, 2020, Arconic Corporation completed the sale of its rolling mill in Itapissuma, Brazil for \$50 in cash which resulted in a loss of \$59, of which \$53 was recognized in discontinued operations in the second half of 2019 and \$6 in the first quarter of 2020 and nine months ended September 30, 2020. On March 1, 2020, Arconic Corporation sold its hard alloy extrusions plant in South Korea for \$62 in cash, which resulted in a gain that was recognized in discontinued operations in the first quarter of 2020 and nine months ended September 30, 2020.

During the third quarter of 2020, the Company identified and corrected a prior period equity misclassification of \$22 million related to the distribution of pension plans and their related financial statement impacts which related to the distributions to Arconic Corporation. Management evaluated the impact of the misclassification within the components of equity on previously issued financial statements and concluded that it was not material.

## **Discontinued Operations**

The results of operations of Arconic Corporation are presented as discontinued operations in the Statement of Consolidated Operations as summarized below:

	Third quarter ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Sales	\$ —	\$ 1,765	\$ 1,576	\$ 5,427
Cost of goods sold	—	1,483	1,292	4,612
Selling, general administrative, research and development and other expenses	—	88	106	249
Provision for depreciation and amortization	—	61	59	183
Restructuring and other charges	—	63	(18)	58
Interest expense	—	—	7	—
Other expense, net	—	24	42	66
Income from discontinued operations	—	46	88	259
Provision for income taxes	—	9	38	106
Income from discontinued operations after income taxes	\$ —	\$ 37	\$ 50	\$ 153

The following table presents purchases of properties, plant and equipment, proceeds from the sale of businesses and the provision for depreciation and amortization of discontinued operations related to Arconic Corporation:

	Third quarter ended		Nine months ended	
	September 30,		2020	
	2020	2019	2020	2019
Capital expenditures	\$ —	\$ 40	\$ 72	\$ 175
Proceeds from the sales of businesses	\$ —	\$ —	\$ 112	\$ —
Provision for depreciation and amortization	—	61	59	183

On April 1, 2020, management evaluated the net assets of Arconic Corporation for potential impairment and determined that no impairment charge was required.

The cash flows and equity related to Arconic Corporation have not been segregated and are included in the Statement of Consolidated Cash Flows or Statement of Comprehensive Income for all periods presented.

The carrying amount of the major classes of assets and liabilities related to Arconic Corporation classified as assets and liabilities of discontinued operations in the Consolidated Balance Sheet consisted of the following:

	<b>December 31, 2019</b>
<b>Total Assets of Discontinued Operations</b>	
Cash and cash equivalents	\$ 71
Receivables from customers	385
Other receivables	135
Inventories	822
Prepaid expenses and other current assets	29
Current assets of discontinued operations	1,442
Properties, plants, and equipment, net	2,834
Goodwill	426
Intangibles, net	60
Deferred income taxes	383
Other noncurrent assets	196
Noncurrent assets of discontinued operations	3,899
<b>Total assets of discontinued operations</b>	<b>\$ 5,341</b>
<b>Total Liabilities of Discontinued Operations:</b>	
Accounts payable, trade	\$ 1,067
Accrued compensation and retirement costs	147
Taxes, including income taxes	22
Other current liabilities	188
Current liabilities of discontinued operations	1,424
Accrued pension benefits	1,430
Accrued other postretirement benefits	514
Other noncurrent liabilities and deferred credits	314
Noncurrent liabilities of discontinued operations	2,258
<b>Total liabilities of discontinued operations</b>	<b>\$ 3,682</b>

### **C. Recently Adopted and Recently Issued Accounting Guidance**

#### **Adopted**

On January 1, 2020, the Company adopted changes issued by the Financial Accounting Standards Board ("FASB") related to the impairment model for expected credit losses. The new impairment model (known as the current expected credit loss ("CECL") model) is based on expected losses rather than incurred losses. The Company recognizes as an allowance its estimate of expected credit losses. The CECL model applies to most debt instruments, trade receivables, lease receivables, financial guarantee contracts, and other loan commitments and requires the measurement of expected credit losses on assets including those that have a low risk of loss. The adoption of this new guidance did not have a material impact on the Consolidated Financial Statements.

#### **Issued**

In August 2018, the FASB issued guidance that impacts disclosures for defined benefit pension plans and other postretirement benefit plans. These changes become effective for the Company's 2020 annual report. Management has determined that the adoption of this guidance will not have a material impact on the Consolidated Financial Statements and plans to adopt for the 2020 annual report.

In December 2019, the FASB issued guidance that is intended to simplify various aspects related to the accounting for income taxes. These changes become effective on January 1, 2021, with early adoption permitted. Management is currently evaluating the potential impact of these changes on the Consolidated Financial Statements and plans to adopt on January 1, 2021.

In March 2020, the FASB issued amendments that provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform, if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued

due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. Management is currently evaluating the potential impact of these changes on the Consolidated Financial Statements.

The Securities and Exchange Commission issued amendments to modernize the Regulation S-K disclosure requirements about description of business, legal proceedings and risk factors. The amendments permit registrants to take a more principles based approach to tailor business and risk factors disclosures to their circumstances and calls for enhanced human capital disclosures. The amendments, which became effective on November 9, 2020, are designed to improve the readability of these disclosures and discourage the repetition of non-material information. The adoption of this new guidance did not have a material impact on this Form 10-Q.

#### **D. Segment Information**

Following the Arconic Inc. Separation Transaction, Howmet's operations consist of four worldwide reportable segments as follows:

##### **Engine Products**

Engine Products produces investment castings and seamless rolled rings primarily for aircraft engines and industrial gas turbines. Engine Products produces rotating parts as well as structural parts.

##### **Fastening Systems**

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

##### **Engineered Structures**

Engineered Structures produces titanium and aluminum 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 markets.

##### **Goodwill**

The Company had \$4,072 of Goodwill at September 30, 2020, and the Company reviews it for impairment annually in the fourth quarter or more frequently if indicators exist or if a decision is made to sell or realign a business.

On January 1, 2020, management transferred the Savannah business from the Engine Products segment to the Engineered Structures segment, based on synergies with forgings technologies and manufacturing capabilities. As a result of the reorganization, goodwill of \$17 was reallocated from Engine Products to Engineered Structures, and these reporting units were evaluated for impairment during the first quarter of 2020. The estimated fair value of each of these reporting units substantially exceeded their carrying value; thus, there was no goodwill impairment at the date the business was transferred.

During the first quarter of 2020, Howmet's market capitalization declined significantly compared to the fourth quarter of 2019. Over the same period, the equity value of our peer group companies, and the overall U.S. stock market also declined significantly amid market volatility. In addition, as a result of the COVID-19 pandemic and measures designed to contain the spread, sales globally to customers in the aerospace and commercial transportation industries that are impacted by COVID-19 have been and are expected to be negatively impacted as a result of disruption in demand. As a result of these macroeconomic factors, we performed a qualitative impairment test to evaluate whether it is more likely than not that the fair value of any of our reporting units is less than its carrying value.

As a result of this assessment, the Company performed a quantitative impairment test in the first quarter for the Engineered Structures reporting unit and concluded that though the margin between the fair value of the reporting unit and carrying value had declined from approximately 60% to approximately 15%, it was not impaired. Consistent with prior practice, a discounted cash flow model was used to estimate the current fair value of the reporting unit. The significant assumptions and estimates utilized to determine fair value were developed utilizing current market and forecast information reflecting the disruption in demand that has and is expected to negatively impact the Company's sales globally in the aerospace industry. In the second and third quarters of 2020, there were no indicators of impairment identified for the Engineered Structures reporting unit as the margin between fair value of the reporting unit and carrying value exceeded 20%. If our actual results or external market factors decline significantly from management's estimates, future goodwill impairment charges may be necessary and could be material.

The operating results of the Company's reportable segments were as follows. Differences between total segment and consolidated totals are in Corporate.

	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
<b>Third quarter ended September 30, 2020</b>					
Sales:					
Third-party sales	\$ 485	\$ 271	\$ 206	\$ 172	\$ 1,134
Inter-segment sales	1	—	1	—	2
Total sales	<u>\$ 486</u>	<u>\$ 271</u>	<u>\$ 207</u>	<u>\$ 172</u>	<u>\$ 1,136</u>
Profit and loss:					
Segment operating profit	\$ 39	\$ 33	\$ 10	\$ 35	\$ 117
Restructuring and other charges	9	—	9	—	18
Provision for depreciation and amortization	31	12	13	10	66
Capital expenditures	15	9	3	6	33
<b>Third quarter ended September 30, 2019</b>					
Sales:					
Third-party sales	\$ 844	\$ 391	\$ 318	\$ 241	\$ 1,794
Inter-segment sales	1	—	4	—	5
Total sales	<u>\$ 845</u>	<u>\$ 391</u>	<u>\$ 322</u>	<u>\$ 241</u>	<u>\$ 1,799</u>
Profit and loss:					
Segment operating profit	\$ 161	\$ 102	\$ 40	\$ 60	\$ 363
Restructuring and other charges	43	—	1	—	44
Provision for depreciation and amortization	31	12	15	8	66
Capital expenditures	39	7	4	11	61
	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
<b>Nine months ended September 30, 2020</b>					
Sales:					
Third-party sales	\$ 1,851	\$ 982	\$ 710	\$ 476	\$ 4,019
Inter-segment sales	4	—	6	—	10
Total sales	<u>\$ 1,855</u>	<u>\$ 982</u>	<u>\$ 716</u>	<u>\$ 476</u>	<u>\$ 4,029</u>
Profit and loss:					
Segment operating profit	\$ 309	\$ 199	\$ 57	\$ 91	\$ 656
Restructuring and other charges	44	26	21	3	94
Provision for depreciation and amortization	92	36	40	29	197
Capital expenditures	48	24	11	17	100
<b>Nine months ended September 30, 2019</b>					
Sales:					
Third-party sales	\$ 2,492	\$ 1,185	\$ 943	\$ 752	\$ 5,372
Inter-segment sales	9	—	10	—	19
Total sales	<u>\$ 2,501</u>	<u>\$ 1,185</u>	<u>\$ 953</u>	<u>\$ 752</u>	<u>\$ 5,391</u>
Profit and loss:					
Segment operating profit	\$ 465	\$ 297	\$ 81	\$ 193	\$ 1,036
Restructuring and other charges	296	6	198	5	505
Provision for depreciation and amortization	100	36	46	24	206
Capital expenditures	165	24	22	56	267

The following table reconciles Total segment operating profit to Income (loss) from continuing operations before income taxes:

	<b>Third quarter ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Total segment operating profit	\$ 117	\$ 363	\$ 656	\$ 1,036
Unallocated amounts:				
Restructuring and other charges	(22)	(56)	(166)	(572)
Corporate expense	(22)	(51)	(85)	(170)
Consolidated operating income	\$ 73	\$ 256	\$ 405	\$ 294
Interest expense, net	(77)	(85)	(305)	(256)
Other expense, net	(8)	(8)	—	(26)
Income (loss) from continuing operations before income taxes	\$ (12)	\$ 163	\$ 100	\$ 12

The following table reconciles Total segment capital expenditures, which are presented on an accrual basis, with Capital expenditures as presented on the statement of cash flows. Differences between segment and consolidated totals are in Corporate and discontinued operations, including the impact of changes in accrued capital expenditures during the period.

	<b>Third quarter ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Total segment capital expenditures	\$ 33	\$ 61	\$ 100	\$ 267
Corporate and discontinued operations	3	66	120	265
Capital expenditures	\$ 36	\$ 127	\$ 220	\$ 532

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

	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
<b>Third quarter ended September 30, 2020</b>					
Aerospace - Commercial	\$ 199	\$ 169	\$ 104	\$ —	\$ 472
Aerospace - Defense	142	37	82	—	261
Commercial Transportation	—	38	—	172	210
Industrial and Other	144	27	20	—	191
Total end-market revenue	\$ 485	\$ 271	\$ 206	\$ 172	\$ 1,134
<b>Third quarter ended September 30, 2019</b>					
Aerospace - Commercial	\$ 571	\$ 267	\$ 226	\$ —	\$ 1,064
Aerospace - Defense	120	41	65	—	226
Commercial Transportation	5	59	—	241	305
Industrial and Other	148	24	27	—	199
Total end-market revenue	\$ 844	\$ 391	\$ 318	\$ 241	\$ 1,794
<b>Nine months ended September 30, 2020</b>					
Aerospace - Commercial	\$ 1,018	\$ 650	\$ 432	\$ —	\$ 2,100
Aerospace - Defense	394	120	216	—	730
Commercial Transportation	—	118	—	476	594
Industrial and Other	439	94	62	—	595
Total end-market revenue	\$ 1,851	\$ 982	\$ 710	\$ 476	\$ 4,019
<b>Nine months ended September 30, 2019</b>					
Aerospace - Commercial	\$ 1,689	\$ 803	\$ 672	\$ —	\$ 3,164
Aerospace - Defense	350	115	194	—	659
Commercial Transportation	17	179	—	754	950
Industrial and Other	436	88	77	(2)	599
Total end-market revenue	\$ 2,492	\$ 1,185	\$ 943	\$ 752	\$ 5,372

In the nine months ended September 30, 2020, the Company derived 70% of its revenue from aerospace end markets of which 11% related to General Electric Company.

#### E. Restructuring and Other Charges

	Third quarter ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Layoff costs	\$ 17	\$ —	\$ 93	\$ 68
Reversals of previously recorded layoff reserves	—	—	(10)	(2)
Pension, Other post-retirement benefits and Deferred Compensation - net settlements and curtailments	3	4	67	(8)
Non-cash asset impairments	—	8	—	442
Net loss on divestitures of assets and businesses	—	42	9	54
Other	2	2	7	18
Restructuring and other charges	\$ 22	\$ 56	\$ 166	\$ 572

In the third quarter of 2020, the Company recorded Restructuring and other charges of \$22, which included a \$17 charge for layoff costs, including the separation of 791 employees (415 in Engine Products and 376 in Engineered Structures); a \$8 settlement accounting charge related to United Kingdom (U.K.) and U.S. pension plans, and a \$2 charge for accelerated



depreciation. These charges were partially offset by a \$3 benefit from the termination of a deferred compensation plan and a \$2 curtailment benefit related to a post-retirement plan.

In the nine months ended September 30, 2020 the Company recorded Restructuring and other charges of \$166, which included a \$93 charge for layoff costs, including the separation of 3,772 employees (1,706 in Engine Products, 1,275 in Fastening Systems, 676 in Engineered Structures, 92 in Forged Wheels and 23 in Corporate); a \$72 charge for U.K. and U.S. pension plans' settlement accounting; a \$6 post-closing adjustment related to the sale of the Company's U.K. forgings business; a \$5 charge for impairment of assets associated with an agreement to sell an aerospace components business in the U.K. that did not occur and the business was returned to held for use; a \$2 charge for accelerated depreciation and a \$5 charge for various other exit costs. These charges were partially offset by a benefit of \$10 related to the reversal of a number of prior period programs; a \$3 benefit from the termination of a deferred compensation plan; a \$2 curtailment benefit related to a post-retirement plan and a gain of \$2 on the sale of assets.

In the third quarter of 2019, the Company recorded Restructuring and other charges of \$56 which included a \$43 charge for impairment of assets associated with an agreement to sell a U.K. forging business; a \$8 charge for impairment of properties, plants, and equipment related to the Company's primary research and development facility; a \$4 settlement accounting charge related to U.S. pension plans; a \$2 charge for various other exit costs including accelerated depreciation; partially offset by a net gain of \$1 on the sale of assets.

In the nine months ended September 30, 2019, the Company recorded Restructuring and other charges of \$572 which included a \$428 charge for impairment of the Disks long-lived asset group; a \$68 charge for layoff costs, including the separation of 901 employees (103 in Engine Products, 112 in Engineered Structures, 132 in Fastening Systems, 60 in Forged Wheels and 494 in Corporate); a \$43 charge for impairment of assets associated with an agreement to sell the UK forging business; a \$14 charge for impairment of properties, plants, and equipment related to the Company's primary research and development facility; a \$12 charge for other exit costs from lease terminations primarily related to the exit of the corporate aircraft; a \$12 loss on sale of assets primarily related to a small additive business; a \$8 settlement accounting charge for U.S. pension plans; a \$2 net charge for executive severance net of the benefit of forfeited executive stock compensation and a \$4 charge for other exit costs; partially offset by a benefit of \$16 related to the elimination of the life insurance benefit for the U.S. salaried and non-bargaining hourly retirees of the Company and its subsidiaries; a benefit of \$2 for the reversal of a number of small layoff reserves related to prior periods and a net gain of \$1 on the sales of assets.

The Company recorded an impairment charge of \$428 related to the Disks long-lived asset group in the second quarter ended June 30, 2019 and nine months ended September 30, 2019, of which \$247 and \$181 was related to the Engine Products and Engineered Structures segments, respectively, as the carrying value exceeded the forecasted undiscounted cash flows composed of a write-down of properties, plants and equipment, intangible assets and certain other noncurrent assets.

	<b>Layoff costs</b>	<b>Other exit costs</b>	<b>Total</b>
Reserve balances at December 31, 2019	\$ 13	\$ —	\$ 13
Cash payments	(38)	—	(38)
Restructuring charges	150	16	166
Other <sup>(1)</sup>	(67)	(16)	(83)
Reserve balances at September 30, 2020	<u>\$ 58</u>	<u>\$ —</u>	<u>\$ 58</u>

(1) In 2020, Layoff costs included \$72 in settlement accounting charges related to U.K. and U.S. pension plans, a \$3 benefit from the termination of a deferred compensation plan and a \$2 curtailment benefit related to a post-retirement plan; while Other exit costs included a charge of \$5 for impairment of assets and a \$6 post-closing adjustment related to the sale of a business; a \$2 charge for accelerated depreciation and a \$5 charge for other exit costs, which were offset by a gain of \$2 on the sale of assets.

The remaining Layoff cost reserves are expected to be paid in cash by the end of the third quarter of 2021.

## F. Other Expense, Net

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Non-service related net periodic benefit cost	\$ 8	\$ 7	\$ 19	\$ 15
Interest income	(1)	(5)	(5)	(20)
Foreign currency (gains) losses, net	(5)	7	(12)	8
Net loss from asset sales	2	2	6	9
Deferred compensation	4	1	1	16
Other, net	—	(4)	(9)	(2)
<b>Total</b>	<b>\$ 8</b>	<b>\$ 8</b>	<b>\$ —</b>	<b>\$ 26</b>

## G. Pension and Other Postretirement Benefits

The components of net periodic benefit cost were as follows:

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
<b>Pension benefits</b>				
Service cost	\$ 1	\$ 6	\$ 10	\$ 19
Interest cost	17	59	81	177
Expected return on plan assets	(21)	(71)	(115)	(214)
Recognized net actuarial loss	12	35	66	104
Amortization of prior service cost (benefit)	—	—	—	1
Settlements	8	4	72	8
Net periodic benefit cost <sup>(1)</sup>	17	33	114	95
Discontinued operations	—	21	20	69
Net amount recognized in continuing operations in Statement of Consolidated Operations	<u>\$ 17</u>	<u>\$ 12</u>	<u>\$ 94</u>	<u>\$ 26</u>
<b>Other postretirement benefits</b>				
Service cost	\$ 1	\$ 1	\$ 3	\$ 5
Interest cost	2	7	9	21
Recognized net actuarial loss	—	1	2	3
Amortization of prior service cost (benefit)	(2)	(1)	(5)	(4)
Curtailments	(2)	—	(2)	(58)
Net periodic benefit cost <sup>(1)</sup>	(1)	8	7	(33)
Discontinued operations	—	7	6	(22)
Net amount recognized in continuing operations in Statement of Consolidated Operations	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (11)</u>

<sup>(1)</sup> Service cost for continuing operations was included within Cost of goods sold, Selling, general administrative, and other expenses, and Research and development expenses; settlements and curtailments were included in Restructuring and other charges; and all other cost components were recorded in Other expense, net in the Statement of Consolidated Operations. The amounts included in Net periodic benefit cost include costs related to both continuing and discontinued operations.

### Pension benefits

In the second quarter ended June 30, 2020 and nine months ended September 30, 2020, the Company undertook a number of actions to reduce pension obligations in the U.K. by offering lump sum payments to certain plan participants and entering into group annuity contracts with a third-party carrier to pay and administer future annuity payments. The Company applied

settlement accounting to these U.K. pension plans which resulted in settlement charges of \$62 that were recorded in Restructuring and other charges in the Statement of Consolidated Operations in the second quarter ended June 30, 2020 and nine months ended September 30, 2020.

In the third quarter and nine months ended September 30, 2020, the Company also applied settlement accounting to certain Canadian, U.K., and U.S. pension plans due to lump sum payments to participants which resulted in settlement charges of \$8 and \$10, respectively, that were recorded in Restructuring and other charges.

In the third quarter and nine months ended September 30, 2019, the Company applied settlement accounting to certain U.S. pension plans due to lump sum payments to participants which resulted in settlement charges of \$4 and \$8, respectively, that were recorded in Restructuring and other charges.

#### **Other postretirement benefits**

In the third quarter of 2020, the Company applied curtailment accounting due to a workforce reduction resulting in a decrease in expense of \$2 which is recorded in Restructuring and other charges in the Statement of Consolidated Operations.

In the second quarter of 2020, the Company communicated to plan participants that for its U.S. salaried and non-bargained hourly retirees of the Company and its subsidiaries, it would eliminate certain health care subsidies effective December 31, 2021 and that for certain bargained retirees of the Company, it would eliminate certain health care subsidies effective December 31, 2021 and the life insurance benefit effective August 1, 2020. As a result of these changes, in the second quarter ended June 30, 2020 and nine months ended September 30, 2020, the Company recorded a decrease to the Accrued other postretirement benefits liability of \$6, which was offset in Accumulated other comprehensive loss.

In the first quarter of 2019, the Company communicated to plan participants that for its U.S. salaried and non-bargained hourly retirees of the Company and its subsidiaries, it would eliminate the life insurance benefit effective May 1, 2019, and certain health care subsidies effective December 31, 2019. As a result of these changes, in the first quarter of 2019, the Company recorded a decrease to the Accrued other postretirement benefits liability of \$75, which was offset by a curtailment benefit of \$58 (of which \$16 was recorded in Restructuring and other charges and \$42 in discontinued operations in the Statement of Consolidated Operations) and \$17 in Accumulated other comprehensive loss in the Statement of Changes in Consolidated Equity.

#### **H. 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 34.5% in both the third quarter and nine months ended September 30, 2020, and 75.8% in both the third quarter and nine months ended September 30, 2019. The 2020 rate was higher than the U.S. federal statutory rate of 21% primarily due to U.S. tax on foreign earnings, incremental state tax and foreign taxes on earnings also subject to U.S. federal income tax, and higher nondeductible expenses. The 2019 rate was higher due to U.S. tax on foreign earnings including estimated U.S. tax on Global Intangible Low-Taxed Income ("GILTI"), nondeductible impairment of certain domestic and foreign long-lived assets, and other nondeductible expenses.

For the third quarter of 2020 and 2019, the tax rate including discrete items was 400.0% (benefit on a relatively small loss) and 64.4% (provision on income), respectively. For the third quarter of 2020, the Company recorded a discrete tax benefit of \$41 related to a \$36 benefit for a U.S. tax law change as described below, a net \$6 benefit for prior year items, and a net \$1 charge for other items. For the third quarter of 2019, the Company recorded a discrete tax charge of \$14 related to a net \$12 charge for prior year items, and a net \$2 charge for other items.

For the nine months ended September 30, 2020 and 2019, the tax rate including discrete items was 5.0% (benefit on income) and 33.3% (provision on income), respectively. For the nine months ended September 30, 2020, the Company recorded a discrete tax benefit of \$39 related to a \$36 benefit for a U.S. tax law change as described below, a \$6 charge for the remeasurement of deferred tax balances in various jurisdictions as a result of the Arconic Inc. Separation Transaction, a \$5 benefit for stock compensation, a net \$2 benefit for prior year items, and a net \$2 benefit for other items. For the nine months ended September 30, 2019, the Company recorded a discrete tax benefit of \$23 related to a \$25 benefit to deduct prior year foreign taxes rather than claim a U.S. foreign tax credit, a \$12 benefit to remeasure certain deferred tax assets as a result of a foreign tax rate change, a net \$12 charge for prior year items, and a net \$2 charge for other items.

The U.S. tax law change, applicable to taxable years beginning in 2018, relates to final regulations issued in July 2020 that provide for an exclusion of certain high-taxed foreign earnings from the calculation of tax on GILTI. The Company intends to amend its 2018 and 2019 U.S. income tax returns to elect the high-tax exclusion, thereby reducing the amount of GILTI in those years and resulting in a discrete tax benefit during the third quarter of 2020.

The tax provisions for the third quarter and nine months ended September 30, 2020 and 2019 were comprised of the following:

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Pre-tax income (loss) at estimated annual effective income tax rate before discrete items	\$ (4)	\$ 124	\$ 34	\$ 9
Impact of change in estimated annual effective tax rate on previous quarter's pre-tax income	(2)	(37)	—	—
Interim period treatment of operational losses in foreign jurisdictions for which no tax benefit is recognized	(1)	4	—	18
Other discrete items	(41)	14	(39)	(23)
Provision (benefit) for income taxes	<u>\$ (48)</u>	<u>\$ 105</u>	<u>\$ (5)</u>	<u>\$ 4</u>

## I. Earnings Per Share

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 the Company's common shareholders was as follows (shares in millions):

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net income (loss) attributable to common shareholders:				
Income (loss) from continuing operations attributable to common shareholders	\$ 36	\$ 58	\$ 105	\$ 8
Income (loss) attributable from discontinued operations	—	37	50	153
Net income (loss) attributable to common shareholders	36	95	155	161
Less: preferred stock dividends declared	(1)	(1)	(2)	(2)
Net income available to the Company's common shareholders - basic	35	94	153	159
Add: Interest expense related to convertible notes	—	3	—	—
Net income available to the Company's common shareholders - diluted	<u>\$ 35</u>	<u>\$ 97</u>	<u>\$ 153</u>	<u>\$ 159</u>
Average shares outstanding - basic	436	436	436	451
Effect of dilutive securities:				
Stock options	—	1	—	1
Stock and performance awards	3	5	4	3
Convertible notes <sup>(1)</sup>	—	15	—	—
Average shares outstanding - diluted	<u>439</u>	<u>457</u>	<u>440</u>	<u>455</u>

<sup>(1)</sup> The convertible notes matured on October 15, 2019 (see Note [O](#)). No shares of the Company's common stock were issued in connection with the maturity or the final conversion of the convertible notes. As of October 15, 2019, the calculation of average diluted shares outstanding ceased to include the approximately 15 shares of common stock and the corresponding interest expense previously attributable to the convertible notes.

Common stock outstanding at September 30, 2020 and 2019 was 434 and 434, respectively.

The 15 decrease in the average shares outstanding for the nine months ended September 30, 2020 compared to same period in 2019 was primarily due to the 55 of shares repurchased during 2019. As average shares outstanding are used in the calculation for both basic and diluted EPS, the full impact of 2019 share repurchases was not realized in EPS in the nine months ended September 30, 2019, as the share repurchases occurred at varying points during 2019.

The following shares were excluded from the calculation of average shares outstanding – diluted as their effect was anti-dilutive (shares in millions).

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Convertible notes	—	—	—	15
Stock options <sup>(1)</sup>	3	3	3	3

<sup>(1)</sup> The weighted average exercise price per share of options excluded from diluted EPS was \$26.03 and \$32.64 as of September 30, 2020 and September 30, 2019, respectively.

On May 20, 2019, the Company announced that its Board of Directors (the "Board") authorized the repurchase of \$500 of the Company's outstanding common stock (the "Share Repurchase Program") 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 was no stated expiration for the Share Repurchase Program under which the Company may repurchase shares from time to time and pursuant to such terms, as and if it deems appropriate. The Share Repurchase Program may be suspended, modified or terminated at any time without prior notice. During August and September 2020, 2.9 shares were repurchased on the open market at an average price of \$17.36 for approximately \$51 in cash, including commission. All of the shares repurchased have been retired. After giving effect to the share repurchases made through September 30, 2020, approximately \$299 remains available under the prior authorizations by the Board for the Share Repurchase Program. The amount of share repurchases by the Company may be limited under the terms of the Five-Year Revolving Credit Agreement. (See Note [U](#).)

## J. Accumulated Other Comprehensive Loss

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

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
<b>Pension and other postretirement benefits (G)</b>				
Balance at beginning of period	\$ (866)	\$ (2,281)	\$ (2,732)	\$ (2,344)
Other comprehensive income:				
Unrecognized net actuarial loss and prior service cost/benefit	(7)	(6)	(66)	60
Tax expense	3	2	11	(13)
Total Other comprehensive income (loss) before reclassifications, net of tax	(4)	(4)	(55)	47
Amortization of net actuarial loss and prior service cost <sup>(1)</sup>	16	39	133	54
Tax (expense) benefit <sup>(2)</sup>	(4)	(9)	(24)	(12)
Total amount reclassified from Accumulated other comprehensive loss, net of tax <sup>(3)</sup>	12	30	109	42
Total Other comprehensive income	8	26	54	89
Transfer to Arconic Corporation	\$ (22)	—	\$ 1,798	—
Balance at end of period	\$ (880)	\$ (2,255)	\$ (880)	\$ (2,255)
<b>Foreign currency translation</b>				
Balance at beginning of period	\$ (1,097)	\$ (587)	\$ (596)	\$ (583)
Foreign currency translation	48	(87)	(39)	(91)
Net amount reclassified from Accumulated other comprehensive loss <sup>(4)</sup>	—	—	14	—
Other comprehensive income (loss)	48	(87)	(25)	(91)
Transfer to Arconic Corporation	—	—	(428)	—
Balance at end of period	\$ (1,049)	\$ (674)	\$ (1,049)	\$ (674)
<b>Available-for-sale securities</b>				
Balance at beginning of period	\$ —	\$ —	\$ —	\$ (3)
Other comprehensive income (loss) <sup>(5)</sup>	—	1	—	4
Balance at end of period	\$ —	\$ 1	\$ —	\$ 1
<b>Cash flow hedges</b>				
Balance at beginning of period	\$ (5)	\$ (1)	\$ (1)	\$ 4
Adoption of accounting standard	—	—	—	(2)
Other comprehensive income (loss):				
Net change from periodic revaluations	2	—	(6)	(5)
Tax expense	2	—	2	2
Total Other comprehensive income (loss) before reclassifications, net of tax	4	—	(4)	(3)
Net amount reclassified to earnings	2	2	6	1
Tax expense <sup>(2)</sup>	(1)	(1)	(1)	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax <sup>(3)</sup>	1	1	5	1
Total Other comprehensive income (loss)	5	1	1	(2)
Balance at end of period	\$ —	\$ —	\$ —	\$ —
<b>Accumulated other comprehensive loss</b>	<b>\$ (1,929)</b>	<b>\$ (2,928)</b>	<b>\$ (1,929)</b>	<b>\$ (2,928)</b>

(1) These amounts were recorded in Other expense, net (see Note E).

(2) These amounts were included in Provision (benefit) for income taxes on the Statement of Consolidated Operations.

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

(4) Foreign currency translation charges were included in Restructuring and other charges on the Statement of Consolidated Operations due to the sale of foreign entities.

(5) Realized gains and losses were included in Other expense, net on the Statement of Consolidated Operations.

## **K. Receivables**

### **Sale of Receivables Programs**

The Company has two accounts receivable securitization arrangements.

The first is an arrangement with several financial institutions to sell certain customer receivables without recourse on a revolving basis ("Receivables Sale Program"). The sale of such receivables is completed using a bankruptcy remote special purpose entity, which is a consolidated subsidiary of the Company. This arrangement historically provided up to a maximum funding of \$400 for receivables sold. The Company maintains a beneficial interest, or a right to collect cash, on the sold receivables that have not been funded (deferred purchase program receivable). In the first quarter of 2020, the Company entered into an amendment to remove subsidiaries of Arconic Corporation from the sale of receivables program in preparation for the Arconic Inc. Separation Transaction and repurchased the remaining \$282 unpaid receivables of Arconic Corporation in a non-cash transaction by reducing the amount of the deferred purchase program receivable. This amendment also reduced the maximum funding for receivables sold to \$300. Effective September 30, 2020, the concentration limit of one customer may be reduced at the discretion of the financial institutions or automatically upon the downgrade of its debt rating as defined in the Receivables Sale Program agreement. A reduction in the customer's concentration limit would reduce the eligible receivable funding base thereby reducing the amount of future draws available and may also require repayment of a portion of existing draws.

The Company had net cash repayments totaling \$153 (\$189 in draws and \$342 in repayments) for the nine months ended September 30, 2020.

As of September 30, 2020 and December 31, 2019, the deferred purchase program receivable was \$53 and \$246, respectively, which was included in Other receivables on the accompanying Consolidated Balance Sheet. The deferred purchase program receivable is reduced as collections of the underlying receivables occur; however, as this is a revolving program, the sale of new receivables will result in an increase in the deferred purchase program receivable. The Company services the customer receivables for the financial institutions at market rates; therefore, no servicing asset or liability was recorded.

Cash receipts from customer payments on sold receivables (which are cash receipts on the underlying trade receivables that have been previously sold) as well as cash receipts and cash disbursements from draws and repayments under the program are presented as cash receipts from sold receivables within investing activities in the Statement of Consolidated Cash Flows.

On April 14, 2020, the Company's credit rating was downgraded by Moody's Investors Service, Inc., which resulted in a termination event under the provisions of the Receivables Sale Program agreement for which an amendment was executed on May 5, 2020 that cured it. This termination event under the Receivables Sale Program was not an event of default under the Company's other financing and commercial agreements, including the Credit Agreement.

The second arrangement is one in which the Company, through a wholly-owned special purpose entity ("SPE"), entered into a receivables purchase agreement (the "Receivables Purchase Agreement") on June 30, 2020 such that the SPE may sell certain receivables to financial institutions until the earlier of June 30, 2021 or a termination event. The Receivables Purchase Agreement also 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 SPE sold \$46 and \$123, respectively, of its receivables without recourse and received cash funding under this program during the third quarter and nine months ended September 30, 2020, resulting in derecognition of the receivables from the Company's consolidated balance sheets. Cash received from collections of sold receivables is used by the SPE to fund additional purchases of receivables on a revolving basis, not to exceed \$125, which is the aggregate maximum limit. As collateral against the sold receivables, the SPE maintains a certain level of unsold receivables, which was \$28 at September 30, 2020. Costs associated with the sales of receivables are reflected in the Company's Consolidated statements of operations for the periods in which the sales occur. Cash receipts from sold receivables are presented within Operating Activities in the Statement of Consolidated Cash Flows.

### Other Customer Receivable Sales

In the third quarter and nine months ended September 30, 2020, the Company sold \$8 and \$32 of a certain customer's 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. The sale of these customer receivables partially offset the maximum funding reduction resulting from the Arconic Inc. Separation Transaction as well as customer concentration limits within the first accounts receivable securitization arrangement. In the third quarter and nine months ended September 30, 2020, the Company sold another customer's receivables of \$34 and \$99 in exchange for cash, the proceeds from which are presented in changes in receivables within operating activities in the Statement of Consolidated Cash Flows. The sale of these customer receivables was undertaken to offset a change in the customer's payment patterns (customer had been taking a discount for paying early).

## L. Inventories

	September 30, 2020	December 31, 2019
Finished goods	\$ 539	\$ 524
Work-in-process	683	741
Purchased raw materials	326	299
Operating supplies	44	43
Total inventories	<u>\$ 1,592</u>	<u>\$ 1,607</u>

At September 30, 2020 and December 31, 2019, the portion of inventories valued on a last-in, first-out (LIFO) basis was \$488 and \$503, respectively. If valued on an average-cost basis, total inventories would have been \$127 and \$133 higher at September 30, 2020 and December 31, 2019, respectively.

## M. Properties, Plants, and Equipment, net

	September 30, 2020	December 31, 2019
Land and land rights	\$ 97	\$ 99
Structures	1,016	938
Machinery and equipment	3,816	3,626
	<u>4,929</u>	<u>4,663</u>
Less: accumulated depreciation and amortization	2,560	2,449
	<u>2,369</u>	<u>2,214</u>
Construction work-in-progress	183	415
Properties, plants, and equipment, net	<u>\$ 2,552</u>	<u>\$ 2,629</u>

During the third quarter of 2020, the Company identified a disclosure misclassification related to categories within properties, plants, and equipment at December 31, 2019, and corrected it in the current period by decreasing Land and land rights, Structures, Machinery and equipment, and Accumulated depreciation and amortization by \$2, \$120, \$116, and \$171, respectively, and increasing Construction work-in-progress by \$67. Management evaluated the disclosure misclassification on previously issued financial statements and concluded that it was not material.

The Company incurred capital expenditures which remain unpaid at September 30, 2020 and 2019 of \$29 and \$71, respectively, which will result in cash outflows for investing activities in subsequent periods.

## N. Leases

Operating lease cost, which includes short-term leases and variable lease payments and approximates cash paid, was \$17 and \$21 in the third quarter of 2020 and 2019, respectively. Operating lease cost, which includes short-term leases and variable lease payments and approximates cash paid, was \$53 and \$64 in the nine months ended September 30, 2020 and 2019, respectively.

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

	September 30, 2020	December 31, 2019
Right-of-use assets classified in Other noncurrent assets	\$ 119	\$ 125
Current portion of lease liabilities classified in Other current liabilities	36	38
Long-term portion of lease liabilities classified in Other noncurrent liabilities	91	98
Total lease liabilities	<u>\$ 127</u>	<u>\$ 136</u>



## O. Debt

	September 30, 2020	December 31, 2019
6.150% Notes, due 2020	—	1,000
5.400% Notes, due 2021	361	1,250
5.870% Notes, due 2022	476	627
5.125% Notes, due 2024	1,250	1,250
6.875% Notes, due 2025	1,200	—
5.900% Notes, due 2027	625	625
6.750% Bonds, due 2028	300	300
5.950% Notes due 2037	625	625
4.750% Iowa Finance Authority Loan, due 2042	250	250
Other <sup>(1)</sup>	(6)	13
	<u>5,081</u>	<u>5,940</u>
Less: amount due within one year	384	1,034
Total long-term debt	<u>\$ 4,697</u>	<u>\$ 4,906</u>

<sup>(1)</sup> Includes various financing arrangements related to subsidiaries, unamortized debt discounts and unamortized debt issuance costs related to outstanding notes and bonds listed in the table above.

### Public Debt.

On October 15, 2019, the 1.63% Convertible Notes matured in accordance with their terms and the Company repaid in cash the aggregate outstanding principal of \$403 together with accrued and unpaid interest.

On April 6, 2020, the Company completed the early redemption of all \$1,000 of its 6.150% Notes due 2020 (the "6.150% Notes") and the early partial redemption of \$300 of its 5.400% Notes due 2021 (the "5.400% Notes"). Holders of the 6.150% Notes were paid an aggregate of \$1,020 and holders of the 5.400% Notes were paid an aggregate of \$315, plus accrued and unpaid interest up to, but not including, the redemption date. The Company incurred early termination premium and accrued interest of \$35 and \$17, respectively, which has been recorded in Interest expense, net during the second quarter ended June 30, 2020 and nine months ended September 30, 2020 in the Statement of Consolidated Operations.

On April 16, 2020, the Company filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission, which became effective automatically (the "Shelf Registration Statement"). The Shelf Registration Statement allows for offerings of debt securities from time to time.

On April 24, 2020, the Company completed an offering of \$1,200 aggregate principal amount of 6.875% Notes due 2025, the proceeds of which have been used to fund the cash tender offers noted below and to pay related transaction fees, including applicable premiums and expenses, with the remaining amount to be used for general corporate purposes. The Company incurred deferred financing costs of \$14 associated with the issuance in the second quarter of 2020.

On May 21, 2020, the Company completed a cash tender offer and redeemed \$589 and \$151 of principal amount of the 5.400% Notes due 2021 and its 5.870% Notes due 2022, respectively. The amount of early tender premium and accrued interest and associated with the notes accepted for early settlement were \$24 and \$4, respectively, which was recorded in Interest expense, net during the second quarter ended June 30, 2020 and nine months ended September 30, 2020 in the Statement of Consolidated Operations.

### Credit Facilities.

In March 2020, the Company entered into an amendment to its Five-Year Revolving Credit Agreement (the "Credit Agreement"). The amendment was entered into to permit the Arconic Inc. Separation Transaction and to amend certain terms of the Credit Agreement, including a change to the existing financial covenant and reduction of total commitments available from \$3,000 to \$1,500, effective April 1, 2020 and extended the maturity date from June 29, 2023 to April 1, 2025. The Company was required to maintain a ratio of Consolidated Net Debt (as defined in the Credit Agreement) to Consolidated EBITDA (as defined in the Credit Agreement) to be no greater than 3.50 to 1.00.

On June 26, 2020, the Company entered into another amendment to its Credit Agreement to provide relief from its existing financial covenant through December 31, 2021 and reduce total commitment available from \$1,500 to \$1,000. The Company will be required to maintain a ratio of Consolidated Net Debt (as defined in the Credit Agreement) 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 of the Company most recently ended, to be no greater than (i) 5.00 to 1.00 for any quarter ending on or prior to December 31, 2020, (ii) 5.25 to 1.00 for the quarter ending March 31, 2021, (iii) 5.00 to 1.00 for the quarter ending June 30, 2021, (iv) 4.50 to 1.00 for the quarter ending September 30, 2021, and (v) 4.00 to 1.00 for the quarter ending December 31, 2021. The ratio returns to 3.50 to 1.00 for all periods thereafter. Under the amendment to the Credit Agreement, during the covenant relief period from June 30, 2020 through December 31, 2021 (unless the Company ends the covenant relief period earlier in accordance with the amendment), common stock dividends and share repurchases are permitted only if no borrowings are outstanding under the Credit Agreement and are limited to an aggregate amount of \$100 through June 30, 2021, with such limit increasing by \$150 to an aggregate amount of \$250 after June 30, 2021 if the Consolidated Net Debt to Consolidated EBITDA ratio is no greater than 3.75 to 1.00. There were no amounts outstanding at September 30, 2020 or December 31, 2019, and no amounts were borrowed during 2020 or 2019 under the Credit Agreement. At September 30, 2020, the Company was in compliance with all covenants under the Credit Agreement. Availability under the Credit Agreement could be reduced in future periods if the Company fails to maintain the required ratios referenced above.

In addition to the Credit Agreement, the Company has another credit agreement that provided a borrowing capacity of \$100 at September 30, 2020 which expired on October 31, 2020. The purpose of any borrowings under this credit arrangement is to provide for working capital requirements and for other general corporate purposes. The covenants contained in this arrangement are the same as the Credit Agreement. During the nine months ended September 30, 2020, there were no borrowings or repayments under this other credit facility.

#### P. Fair Value of Financial Instruments

The carrying values of Cash and cash equivalents, Restricted cash, Derivatives, Noncurrent receivables, and Short-term debt 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 that are carried at fair value which is based on quoted market prices which are classified in Level 1 of the fair value hierarchy. 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 the Company 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.

	September 30, 2020		December 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt, less amount due within one year	\$ 4,697	\$ 5,079	\$ 4,906	\$ 5,337

Restricted cash, which was included in Prepaid assets and other current liabilities in the Consolidated Balance Sheet, was \$3 and \$55 at September 30, 2020 and December 31, 2019, respectively.

#### Q. Acquisitions and Divestitures

##### 2020 Divestitures

On January 31, 2020, the Company reached an agreement to sell a small manufacturing plant in the U.K. for \$12 in cash, subject to working capital and other adjustments. The operating results and assets and liabilities of this plant are included in the Engineered Structures segment. As a result of entering into the agreement to sell, the Company recognized a charge of \$12 related to a non-cash impairment of the net book value of the business, primarily properties, plants, and equipment in the first quarter ended March 31, 2020. As the sale is not expected to occur, the Company changed the classification of the assets from held for sale to held for use in the second quarter ended June 30, 2020 and recorded these assets at their lower of carrying value (assuming no initial reclassification for held for sale was made) or fair value. The result was a reversal of \$7 related to a non-cash impairment in the second quarter of 2020. These charges were recorded in Restructuring and other charges in the Statement of Consolidated Operations.

##### 2019 Divestitures

On December 1, 2019, the Company completed the sale of its forgings business in the U.K. for \$64 in cash, which resulted in a loss on sale of \$46 that was recognized in 2019 (of which \$43 and \$3 was recognized in the third quarter and fourth quarter of 2019, respectively) and an incremental charge of \$6 related to certain post-closing adjustments in the first quarter ended March 31, 2020 and nine months ended September 30, 2020. These charges were recorded in Restructuring and other charges in the Statement of Consolidated Operations. Of the cash proceeds received, \$53 was recorded as Restricted cash within Prepaid

expenses and other current assets on the Consolidated Balance Sheet at December 31, 2019 as its use is subject to restriction by the U.K. pension authority until certain U.K. pension plan changes were made and approved. In the second quarter of 2020, the restriction was removed, and the proceeds were reclassified to Cash and cash equivalents. The forgings business primarily produced steel, titanium, and nickel based forged components for aerospace, mining, and off-highway markets and its operating results and assets and liabilities were included in the Engine Products segment. The sale remains subject to certain remaining post-closing adjustments. This business generated third-party sales of \$30 and \$95 in the third quarter and nine months ended September 30, 2019, respectively, and had 540 employees at the time of divestiture.

On May 31, 2019, the Company sold a small additive manufacturing facility within the Engineered Structures segment for \$1 in cash, which resulted in a loss of \$13 in the second quarter ended June 30, 2019 and nine months ended September 30, 2019 related to the non-cash impairment of the net book value of the business recorded in Restructuring and other charges in the Statement of Consolidated Operations.

On August 15, 2019, the Company sold inventories and properties, plants and equipment related to a small energy business within the Engineered Structures segment for \$13 in cash. As the sale was substantially complete as of June 30, 2019, and the sale price was estimated to be less than the carrying value, the Company recognized a charge of \$9 in the second quarter ended June 30, 2019 and nine months ended September 30, 2019 related to inventory impairment and recorded the charge in Cost of goods sold in the Statement of Consolidated Operations.

## **R. Contingencies and Commitments**

### **Contingencies**

#### **Environmental Matters**

The Company participates in environmental assessments and cleanups at more than 30 locations. These include owned or operating facilities and adjoining properties, previously owned or operating 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 \$9 at September 30, 2020 and \$8 at December 31, 2019, recorded in Other noncurrent liabilities and deferred credits in the Consolidated Balance Sheet (of which \$4 and \$3, respectively, were classified as a current liability), 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 in the third quarter and nine months ended September 30, 2020 which includes 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 approximately 1% or less of Cost of goods sold.

#### **Tax**

Pursuant to the October 31, 2016 Tax Matters Agreement between the Company and Alcoa Corporation, Alcoa Corporation shares responsibility with and has agreed to partially indemnify the Company for the following matter. Additionally, as part of the March 31, 2020 Tax Matters Agreement between the Company and Arconic Corporation, Arconic Corporation also shares partial responsibility with and has agreed to partially indemnify the Company for its own share of the same matter. In connection with these indemnities, Alcoa Corporation and Arconic Corporation retain 49% and 34% of the total liability, respectively, for the following matter, and the Company retains the remaining 17% of the total liability.

As previously reported, in July 2013, following a Spanish corporate income tax audit covering the 2006 through 2009 tax years, an assessment was received mainly disallowing certain interest deductions claimed by a Spanish consolidated tax group owned by the Company. In August 2013, the Company filed an appeal of this assessment in Spain's Central Tax Administrative Court, which was denied in January 2015. The Company filed another appeal in Spain's National Court in March 2015 which was denied in July 2018. The National Court's decision requires the assessment for the 2006 through 2009 tax years to be reissued to take into account the outcome of the 2003 to 2005 audit which was closed in 2017. The Company estimates the revised assessment to be \$181 (€155), including interest.

In March 2019, the Supreme Court of Spain accepted the Company's petition to review the National Court's decision, and the Company filed a formal appeal of the assessment. On October 13, 2020, the Supreme Court reviewed the assessment on its merits, and a final decision is expected to be rendered before the end of the year. In the event the Company receives an

unfavorable ruling from the Supreme Court of Spain, a portion of the assessment may be offset with existing net operating losses and tax credits available to the Spanish consolidated tax group in existence during the audit period.

In the third quarter of 2018, the Company established an income tax reserve and an indemnification receivable representing Alcoa Corporation's 49% share of the liability. Pursuant to the Tax Matters Agreement with Arconic Corporation, as of the second quarter of 2020 the Company established an additional income tax receivable representing Arconic Corporation's 34% share of the total liability. As of September 30, 2020, the balances of the Company's reserve, including interest, and the receivables are \$63 (€54) and \$52 (€45), respectively.

The tax years 2010 through 2013 are closed to audit. In July 2020, a Spanish corporate income tax audit covering the tax years 2014 through 2018 commenced. Any potential assessment for the tax period open to audit is not expected to be material to the Company's consolidated operations.

#### Reynobond PE

Prior to the Arconic Inc. Separation Transaction on April 1, 2020, the Company was known as Arconic Inc. References to "Arconic Inc." in this "Reynobond PE" section refer to Arconic Inc. only and do not include its subsidiaries, except as otherwise stated.

On June 13, 2017, the Grenfell Tower in London, U.K. caught fire resulting in fatalities, injuries and damage. A French subsidiary of Arconic Inc., Arconic Architectural Products SAS (AAP SAS) (now a subsidiary of Arconic Corporation), supplied a product, Reynobond PE, to its customer, a cladding system fabricator, which used the product as one component of the overall cladding system on Grenfell Tower. The fabricator supplied its portion of the cladding system to the façade installer, who then completed and installed the system under the direction of the general contractor. Neither Arconic Inc. nor AAP SAS was involved in the design or installation of the system used at the Grenfell Tower, nor did it have a role in any other aspect of the building's refurbishment or original design. Regulatory investigations into the overall Grenfell Tower matter are being conducted, including a criminal investigation by the London Metropolitan Police Service (the "Police"), a Public Inquiry by the British government and a consumer protection inquiry by a French public authority. The Public Inquiry was announced by the U.K. Prime Minister on June 15, 2017 and subsequently was authorized to examine the circumstances leading up to and surrounding the Grenfell Tower fire in order to make findings of fact and recommendations to the U.K. Government on matters such as the design, construction and modification of the building, the role of relevant public authorities and contractors, the implications of the fire for the adequacy and enforcement of relevant regulations, arrangements in place for handling emergencies and the handling of concerns from residents, among other things. Hearings for Phase 1 of the Public Inquiry began on May 21, 2018 and concluded on December 12, 2018. Phase 2 hearings of the Public Inquiry began in early 2020, following which a final report will be written and subsequently published. AAP SAS is participating as a Core Participant in the Public Inquiry and is also cooperating with the ongoing parallel investigation by the Police. The Company no longer sells the PE product for architectural use on buildings. Given the preliminary nature of these investigations and the uncertainty of potential future litigation, the Company cannot reasonably estimate at this time the likelihood of an unfavorable outcome or the possible loss or range of losses in the event of an unfavorable outcome.

Pursuant to the Separation and Distribution Agreement, Arconic Corporation agreed to indemnify the Company for certain liabilities and the Company agreed to indemnify Arconic Corporation for certain liabilities. As a result of the Arconic Inc. Separation Transaction, Arconic Corporation holds the building and construction systems businesses previously held by the Company and AAP SAS is a subsidiary of Arconic Corporation; accordingly, Arconic Corporation has agreed to assume and indemnify the Company against potential liabilities associated with the June 13, 2017 fire at the Grenfell Tower in London, U.K., including the following legal proceedings in which Arconic Inc. and/or its then directors were named as parties:

*Behrens et al. v. Arconic Inc. et al.* On June 6, 2019, 247 plaintiffs comprised of survivors and estates of decedents of the Grenfell Tower fire filed a complaint against "Arconic Inc., Alcoa Inc. and Arconic Architectural Products, LLC" (collectively, for purposes of the description of such proceeding, the "Arconic Defendants"), as well as Saint-Gobain Corporation, d/b/a Celotex and Whirlpool Corporation alleging claims under Pennsylvania state law for products liability and wrongful death related to the fire. In particular, the plaintiffs allege that the Arconic Defendants knowingly supplied a dangerous product ("Reynobond PE") for installation on the Grenfell Tower despite knowing that Reynobond PE was unfit for use above a certain height. The case was removed to the United States District Court for the Eastern District of Pennsylvania. Defendants moved to dismiss the case on numerous grounds, including forum non conveniens. Defendant Saint-Gobain Corporation was subsequently voluntarily dismissed from the case. On September 16, 2020, the court issued an order granting the remaining Defendants' motion to dismiss on forum non conveniens grounds. Plaintiffs subsequently filed a motion for reconsideration of the judgment and Defendants are preparing a response.

*Howard v. Arconic Inc. et al.* A purported class action complaint related to the Grenfell Tower fire was filed on August 11, 2017 in the United States District Court for the Western District of Pennsylvania against Arconic Inc. and Klaus Kleinfeld. A related purported class action complaint was filed in the United States District Court for the Western District of Pennsylvania

on September 15, 2017, under the caption *Sullivan v. Arconic Inc. et al.*, against Arconic Inc., three former Arconic Inc. executives, several current and former directors, and certain banks. *Howard* and *Sullivan* were subsequently consolidated and the lead plaintiffs in the consolidated purported class action filed a consolidated amended complaint alleging violations of the federal securities laws and seeking, among other things, unspecified compensatory damages and an award of attorney and expert fees and expenses. After the court granted the defendants' motion to dismiss in full, the lead plaintiffs filed a second amended complaint, and all defendants have moved to dismiss the second amended complaint.

*Raul v. Albaugh, et al.* On June 22, 2018, a derivative complaint was filed nominally on behalf of Arconic Inc. by a purported Arconic Inc. stockholder against the then members of Arconic Inc.'s Board of Directors and Klaus Kleinfeld and Ken Giacobbe, naming Arconic Inc. as a nominal defendant, in the United States District Court for the District of Delaware. The complaint raises similar allegations as the consolidated amended complaint and second amended complaint in *Howard*, as well as allegations that the defendants improperly authorized the sale of Reynobond PE for unsafe uses, and asserts claims under federal securities laws and Delaware state law. The case has been stayed until the final resolution of the *Howard* case, the Grenfell Tower Public Inquiry in London, and the investigation by the Police.

There can be no assurances regarding the ultimate resolution of these matters.

**Stockholder Demands.** Prior to the Arconic Inc. Separation Transaction, the Board of Directors also received letters, purportedly sent on behalf of stockholders, reciting allegations similar to those made in the federal court lawsuits and demanding that the Board authorize the Company to initiate litigation against members of management, the Board and others. The Board of Directors appointed a Special Litigation Committee of the Board to review, investigate, and make recommendations to the Board regarding the appropriate course of action with respect to these stockholder demand letters. On May 22, 2019, the Special Litigation Committee, following completion of its investigation into the claims demanded in the demand letters, recommended to the Board that it reject the demands to authorize commencement of litigation. On May 28, 2019, the Board adopted the Special Litigation Committee's findings and recommendations and rejected the demands that it authorize commencement of actions to assert the claims set forth in the demand letters.

#### 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

At September 30, 2020, the Company had outstanding bank guarantees related to tax matters, outstanding debt, workers' compensation, environmental obligations, energy contracts, and customs duties, among others. The total amount committed under these guarantees, which expire at various dates between 2020 and 2040, was \$26 at September 30, 2020.

In addition, pursuant to the Separation and Distribution Agreement between the Company and Alcoa Corporation, the Company was required to provide a guarantee for an energy supply agreement at an Alcoa Corporation facility that expires in 2047. This guarantee had a fair value of \$17 and \$9 at September 30, 2020 and December 31, 2019, respectively, and was included in Other noncurrent liabilities and deferred credits on the accompanying Consolidated Balance Sheet. The Company was required to provide a guarantee up to an estimated present value of approximately \$1,183 and \$1,353 at September 30, 2020 and December 31, 2019, respectively. For this guarantee, subject to its provisions, the Company is secondarily liable in the event of a payment default by Alcoa Corporation. The Company currently views the risk of an Alcoa Corporation payment default on its obligations under the contract to be remote.

##### Letters of Credit

The Company has outstanding letters of credit, primarily related to workers' compensation, environmental obligations, and leasing obligations. The total amount committed under these annual letters of credit, which expire and automatically renew at various dates in 2020 and 2021, was \$105 at September 30, 2020.

Pursuant to the Separation and Distribution Agreements between the Company and Arconic Corporation and between the Company and Alcoa Corporation, the Company was required to retain letters of credit of \$54 (which are included in the \$105 in the above paragraph) that had previously been provided related to the Company, Arconic Corporation, and Alcoa Corporation

workers' compensation claims which occurred prior to the respective separation transactions of April 1, 2020 and November 1, 2016. Arconic Corporation and Alcoa Corporation workers' compensation and letter of credit fees paid by the Company are being proportionally billed to and are being reimbursed by Arconic Corporation and Alcoa Corporation. Also, the Company was required to provide letters of credit for certain Arconic Corporation environmental obligations and, as a result, the Company has \$29 of outstanding letters of credit relating to liabilities (which are included in the \$105 in the above paragraph). \$13 of these outstanding letters of credit are pending cancellation and will be deemed cancelled once returned by the beneficiary. Arconic Corporation has issued surety bonds to cover these environmental obligations. Arconic Corporation is being billed for these letter of credit fees paid by the Company, and will reimburse the Company for any payments made under these letters of credit.

#### Surety Bonds

The Company has outstanding surety bonds, primarily related to tax matters, contract performance, workers' compensation, environmental-related matters, and customs duties. The total amount committed under these annual surety bonds, which expire and automatically renew at various dates, primarily in 2020, was \$43 at September 30, 2020.

Pursuant to the Separation and Distribution Agreements between the Company and Arconic Corporation and between the Company and Alcoa Corporation, the Company was required to provide surety bonds of \$26 (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 which occurred prior to the respective separation transactions of April 1, 2020 and November 1, 2016. Arconic Corporation and Alcoa Corporation workers' compensation claims paid and surety bond fees paid by the Company are being proportionately billed to and are being reimbursed by Arconic Corporation and Alcoa Corporation.

#### **S. Subsequent Events**

Management evaluated all activity of the Company 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.

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

(dollars in millions, except per share amounts)

### Overview

On April 1, 2020, Howmet Aerospace Inc. (formerly known as Arconic Inc.) (“Howmet” or the “Company”) completed the previously announced separation of its business into two independent, publicly-traded companies (the “Arconic Inc. Separation Transaction”). Following the Arconic Inc. Separation Transaction, Arconic Corporation holds the Global Rolled Products businesses (global rolled products, aluminum extrusions, and building and construction systems) previously held by the Company. The Company retained the Engineered Products and Forgings businesses (Engine Products, Engineered Structures, Fastening Systems, and Forged Wheels).

The Company's Board of Directors approved the completion of the Arconic Inc. Separation Transaction on February 5, 2020, which was effected by the distribution (the “Distribution”) by the Company of all of the outstanding common stock of Arconic Corporation on April 1, 2020 to the Company’s stockholders who held shares as of the close of business on March 19, 2020 (the “Record Date”). In the Distribution, each Company stockholder of record as of the Record Date received one share of Arconic Corporation common stock for every four shares of the Company’s common stock held as of the Record Date. The Company did not issue fractional shares of Arconic Corporation common stock in the Distribution. Instead, each stockholder otherwise entitled to a fractional share of Arconic Corporation common stock received cash in lieu of fractional shares.

On March 31, 2020, in connection with the Arconic Inc. Separation Transaction, the Company entered into several agreements with Arconic Corporation that govern the relationship between the Company and Arconic Corporation following the Distribution, including the following: a Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement, Transition Services Agreement and certain Patent, Know-How, Trade Secret License and Trademark License Agreements.

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations excludes the historical results of Arconic Corporation, as the Arconic Inc. Separation Transaction took place on April 1, 2020. The financial results of Arconic Corporation for all periods prior to the Arconic Inc. Separation Transaction have been retrospectively reflected in the Statement of Consolidated Operations as discontinued operations and, as such, have been excluded from continuing operations and segment results for all periods presented. In addition, the related assets and liabilities associated with Arconic Corporation in the December 2019 Consolidated Balance Sheet are classified as assets and liabilities of discontinued operations. The cash flows, comprehensive income, and equity related to Arconic Corporation have not been segregated and are included in the Statement of Consolidated Cash Flows, Statement of Consolidated Comprehensive Income and Statement of Changes in Consolidated Equity, respectively, for all periods prior to the Arconic Inc. Separation Transaction.

### COVID-19

Year to date, the Company derived approximately 70% of its revenue from products sold to the aerospace end-market. As a result of COVID-19 and its impact on the aerospace industry to-date, the possibility exists that there could be a sustained impact to our operations and our financial results. Since the start of the pandemic, certain original equipment manufacturer (“OEM”) customers have suspended manufacturing operations in North America and Europe on a temporary basis. While the pandemic has resulted in temporary closure of a small number of the Company's manufacturing facilities, all of our manufacturing facilities are currently operating. Since the duration of the pandemic is uncertain, the Company is taking a series of actions to address the financial impact, including announcing certain headcount reductions and reducing certain cash outflows, by suspending our dividends and reducing the levels of our capital expenditures to preserve cash and maintain liquidity. For additional information regarding the risks of COVID-19 on our business, see the section entitled “Item 1A. Risk Factors — Our business, results of operations, financial condition and/or cash flows have been and could continue to be materially adversely affected by the effects of widespread public health epidemics/pandemics, including COVID-19, that are beyond our control.”

### Results of Operations

#### Earnings Summary:

*Sales.* Sales were \$1,134 in the third quarter of 2020 compared to \$1,794 in the third quarter of 2019 and \$4,021 in the nine months ended September 30, 2020 compared to \$5,364 in the nine months ended September 30, 2019. The decrease of \$660, or 37%, in the third quarter of 2020 and \$1,343, or 25%, in the nine months ended September 30, 2020, was primarily due to lower volumes in the commercial aerospace and commercial transportation markets driven by the impacts of COVID-19 and 737 MAX production declines along with a decrease in sales of \$30 for the third quarter of 2020 and \$95 for the nine months ending September 30, 2020 from the divestiture of the forgings business in the U.K. in December 2019, all partially offset by growth in the defense aerospace and industrial gas turbine markets as well as favorable product pricing.

*Cost of goods sold (COGS).* COGS as a percentage of Sales was 79.4% in the third quarter of 2020 compared to 73.4% in the

third quarter of 2019 and was 74.8% in the nine months ended September 30, 2020 compared to 73.5% in the nine months ended September 30, 2019. The increase in the third quarter of 2020 was primarily due to lower volumes and the impacts of COVID-19. In the third quarter of 2020, the Company incurred costs related to fires at two plants of \$7. The increase in the nine months ended September 30, 2020 was primarily due to the impacts of COVID-19 and lower volumes in the second and third quarter, partially offset by the impairment of energy business assets of \$9 in the second quarter of 2019, and favorable pricing. In the second quarter ended June 30, 2020 and nine months ended September 30, 2020, the Company submitted an insurance claim related to a plant fire and received a partial settlement of \$10, which was in excess of its \$10 insurance deductible which has already been met. The Company anticipates charges of approximately \$5 to \$10 in the fourth quarter of 2020, with additional impacts in subsequent quarters as the businesses continue to recover from the fires.

*Selling, general administrative, and other expenses (SG&A).* SG&A expenses were \$66 in the third quarter of 2020 compared to \$89 in the third quarter of 2019 and \$219 in the nine months ended September 30, 2020 compared to \$307 in the nine months ended September 30, 2019. The decrease of \$23, or 26%, in the third quarter of 2020 and \$88, or 29%, in the nine months ended September 30, 2020, was primarily due to lower costs driven by overhead cost reductions and lower net legal and other advisory costs related to Grenfell Tower primarily due to insurance reimbursements, partially offset by higher costs associated with the Arconic Inc. Separation Transaction through June 30, 2020.

*Research and development expenses (R&D).* R&D expenses were \$5 in the third quarter of 2020 compared to \$6 in the third quarter of 2019 and \$13 in the nine months ended September 30, 2020 compared to \$22 in the nine months ended September 30, 2019. The decrease of \$1, or 17%, in the third quarter of 2020 and \$9, or 41%, in the nine months ended September 30, 2020, was primarily due to the consolidation of the Company's primary R&D facility in conjunction with ongoing cost reduction efforts.

*Restructuring and other charges.* Restructuring and other charges was \$22 in the third quarter of 2020 compared to \$56 in the third quarter of 2019 or a decrease of \$34; and was \$166 in the nine months ended September 30, 2020 compared to \$572 in the nine months ended September 30, 2019 or a decrease of \$406. The decrease for the nine months ended September 30, 2020 was primarily due to a charge for impairment of a long-lived asset group of \$428 and a loss on sale of an additives business of \$12 both of which occurred in the second quarter of 2019, as well as a decrease in severance cost reversals of \$8 and a decrease in lease termination costs of \$12; which were partially offset by a net increase related to pension and other postretirement benefit settlement accounting of \$74, an increase in layoff charges of \$25 and charges related to an impairment of assets associated with agreements to sell two businesses in the United Kingdom of \$11 in the nine months ended September 30, 2020. See Note E to the Consolidated Financial Statements for additional detail.

*Interest expense, net.* Interest expense, net was \$77 in the third quarter of 2020 compared to \$85 in the third quarter of 2019 and \$305 in the nine months ended September 30, 2020 compared to \$256 in the nine months ended September 30, 2019. The decrease of \$8, or 9%, in the third quarter of 2020 was the result of a reduced level of debt during the quarter, while the increase of \$49, or 19%, in the nine months ended September 30, 2020, were primarily due to a \$59 premium paid on the early redemption of debt, partially offset by a reduced average level of debt for the nine months ended September 30, 2020.

*Other expense, net.* Other expense, net was \$8 in the third quarter of 2020 compared to \$8 in the third quarter of 2019. Changes in other expense, net in the third quarter of 2020 were primarily due to a \$13 favorable change in foreign currency, completely offset by a reduction in interest income of \$5, higher deferred compensation of \$3 along with an increase of \$5 related to various smaller items. Other expense, net was less than \$1 for the nine months ended September 30, 2020 compared to \$26 expense for the nine months ended September 30, 2019. The lower expense of \$26, or 100% was due to lower deferred compensation of \$15, favorable foreign currency movements of \$21 and various small items of \$6, partially offset by lower interest income of \$16.

*Provision for income taxes.* The tax rate including discrete items was 400.0% (benefit on a small loss) in the third quarter of 2020 compared to 64.4% (provision on income) in the third quarter of 2019. A discrete tax benefit of \$41 was recorded in the third quarter of 2020 compared to a discrete tax charge of \$14 in the third quarter of 2019. The estimated annual effective tax rate, before discrete items, applied to ordinary income was 34.5% in the third quarter of 2020 compared to 75.8% in the third quarter of 2019. See Note H to the Consolidated Financial Statements.

*Income from Continuing and Discontinued Operations* Income (loss) from continuing operations was \$36, or \$0.08 per diluted share, in the third quarter of 2020 compared to \$58, or \$0.13 per diluted share, in the third quarter of 2019, and \$105, or \$0.23 per diluted share, in the nine months ended September 30, 2020, compared to \$8, or \$0.01 per diluted share, in the nine months ended September 30, 2019. The decrease of \$22 in the third quarter of 2020 is primarily related to the reduction of operating income of \$183 due to lower volumes and the impact of COVID-19 along with a decrease in interest of \$8, partially offset by a decrease in the Provision for income taxes of \$153 (decreased from a charge of \$105 to a benefit of \$48). The increase of \$97 in the nine months ended September 30, 2020 was primarily due to lower Restructuring and other charges of \$406, reflecting the \$428 impairment of a long-lived asset group taken in the second quarter of 2019, along with lower Selling, general,



administrative and other expenses of \$88 related to primarily overhead cost reductions, partially offset by lower volumes and the impacts of COVID-19.

There was no Income from discontinued operations for the third quarter of 2020 compared to \$37 or \$0.08 per diluted share for the third quarter of 2019. Income from discontinued operations was \$50 or \$0.11 per diluted share for the nine months ended September 30, 2020 compared to \$153 or \$0.34 per diluted share for the nine months ended September 30, 2019. See details of discontinued operations in Note [B](#) to the Consolidated Financial Statements.

### Segment Information

Segment performance under the Company's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. The Company's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies. Differences between segment and consolidated totals are in Corporate. The Company has four segments - Engine Products, Fastening Systems, Engineered Structures and Forged Wheels. (See Note [D](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q for a description of each segment).

In the second quarter of 2020, the Company realigned its operations consistent with how the Co-Chief Executive Officers are assessing operating performance and allocating capital in conjunction with the Arconic Inc. Separation Transaction (see Note [B](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q). Prior period financial information has been recast to conform to current year presentation.

The Company produces aerospace engine parts and components and aerospace fastening systems for Boeing 737 MAX ("737 MAX") airplanes. The temporary reduction in the production rate of the 737 MAX airplanes that was announced by Boeing in April 2019 did not have a significant impact on the Company's sales or segment operating profit in 2019. In late December 2019, Boeing announced a temporary suspension of production of the 737 MAX airplanes. This decline in production had a negative impact on sales and segment operating profit in the Engine Products, Fastening Systems and Engineered Structures segments in the third quarter and nine months ended September 30, 2020. The Company expects the reduction in 737 MAX production rates to continue to have a negative impact on its financial performance for the remainder of 2020.

### Engine Products

	Third quarter ended		Nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Third-party sales	\$ 485	\$ 844	\$ 1,851	\$ 2,492
Intersegment sales	1	1	4	9
Total sales	\$ 486	\$ 845	\$ 1,855	\$ 2,501
Segment operating profit	39	161	309	465

Third-party sales for the Engine Products segment decreased \$359, or 43%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower volumes in the commercial aerospace end market driven by COVID-19 and 737 MAX production declines and a decrease in sales of \$30 from the divestiture of the forgings business in the U.K. (December 2019) (see Note [Q](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q), partially offset by higher volumes in the defense aerospace and industrial gas turbines end markets, as well as price increases.

Third-party sales for the Engine Products segment decreased \$641, or 26% for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily due to lower volumes in the commercial aerospace end market driven by COVID-19 and 737 MAX production declines and a decrease in sales of \$95 from the divestiture of the forgings business in the U.K. (December 2019) (see Note [Q](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q), partially offset by higher volumes in the industrial gas turbines and defense aerospace end markets as well as price increases.

Segment operating profit for the Engine Products segment decreased \$122, or 76%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower commercial aerospace volumes and COVID-19 productivity impacts, partially offset by cost reductions, price increases, and favorable volumes in the industrial gas turbines and defense aerospace end markets.

Segment operating profit for the Engine Products segment decreased \$156, or 34%, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily due to lower commercial aerospace volumes and

COVID-19 productivity impacts, partially offset by cost reductions, price increases and favorable volumes in the industrial gas turbines and defense aerospace end markets.

### Fastening Systems

	Third quarter ended				Nine months ended			
	September 30,				September 30,			
	2020		2019		2020		2019	
Third-party sales	\$	271	\$	391	\$	982	\$	1,185
Segment operating profit		33		102		199		297

Third-party sales for the Fastening Systems segment decreased \$120, or 31%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower volumes in the commercial transportation and commercial aerospace end markets driven by COVID-19 and 737 MAX production declines.

Third-party sales for the Fastening Systems segment decreased \$203, or 17%, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily due to lower volumes in the commercial transportation and commercial aerospace end markets driven by COVID-19 and 737 MAX production declines.

Segment operating profit for the Fastening Systems segment decreased \$69, or 68%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower volumes and COVID-19 productivity impacts, partially offset by cost reductions and favorable product pricing.

Segment operating profit for the Fastening Systems segment decreased \$98 or 33%, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily due to lower volumes and COVID-19 productivity impacts, partially offset by cost reductions.

### Engineered Structures

	Third quarter ended				Nine months ended			
	September 30,				September 30,			
	2020		2019		2020		2019	
Third-party sales	\$	206	\$	318	\$	710	\$	943
Intersegment sales		1		4		6		10
Total sales	\$	207	\$	322	\$	716	\$	953
Segment operating profit		10		40		57		81

Third-party sales for the Engineered Structures segment decreased \$112, or 35%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower volumes in the commercial aerospace end market driven by COVID-19 and Boeing 787 and 737 MAX production declines, partially offset by price increases.

Third-party sales for the Engineered Structures segment decreased \$233, or 25%, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily due to lower volumes in the commercial aerospace end market driven by COVID-19 and Boeing 787 and 737 MAX production declines, partially offset by price increases.

Segment operating profit for the Engineered Structures segment decreased \$30, or 75%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower volumes and COVID-19 productivity impacts, partially offset by cost reductions and price increases.

Segment operating profit for the Engineered Structures segment decreased \$24 or 30%, for the nine months ended September 30, 2020 compared to nine months ended September 30, 2019, primarily due to lower volumes and COVID-19 productivity impacts, partially offset by cost reductions, price increases and intentional product exits.

### Forged Wheels

	Third quarter ended				Nine months ended			
	September 30,				September 30,			
	2020		2019		2020		2019	
Third-party sales	\$	172	\$	241	\$	476	\$	752
Segment operating profit		35		60		91		193

Third-party sales for the Forged Wheels segment decreased \$69, or 29%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower volumes in the commercial transportation market driven by market softness and COVID-19.

Third-party sales for the Forged Wheels segment decreased \$276, or 37%, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily due to lower volumes in the commercial transportation market driven by market softness and COVID-19.

Segment operating profit for the Forged Wheels segment decreased \$25, or 42%, in the third quarter of 2020 compared to the third quarter of 2019, primarily due to lower volumes and COVID-19 productivity impacts, partially offset by cost reductions.

Segment operating profit for the Forged Wheels segment decreased \$102, or 53%, for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019, primarily due to lower volumes and COVID-19 productivity impacts, partially offset by cost reductions.

**Reconciliation of Total segment operating profit to Income (loss) from continuing operations before income taxes**

	Third quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Total segment operating profit	\$ 117	\$ 363	\$ 656	\$ 1,036
Unallocated amounts:				
Restructuring and other charges	(22)	(56)	(166)	(572)
Corporate expense	(22)	(51)	(85)	(170)
Consolidated operating income	\$ 73	\$ 256	\$ 405	\$ 294
Interest expense, net	(77)	(85)	(305)	(256)
Other expense, net	(8)	(8)	—	(26)
Income (loss) from continuing operations before income taxes	\$ (12)	\$ 163	\$ 100	\$ 12

See Restructuring and other charges, Interest expense, and Other expense, net discussions above under Results of Operations for reference.

**Environmental Matters**

See the Environmental Matters section of Note [R](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

**Subsequent Events**

See Note [S](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q for subsequent events.

**Liquidity and Capital Resources**

During the third quarter ended September 30, 2020, the Company identified a misclassification in the presentation of changes in accounts payable and capital expenditures in its previously issued Statement of Consolidated Cash Flows, and has revised its Statement of Consolidated Cash Flows for the nine months ended September 30, 2019. See Note [A](#) to the Consolidated Financial Statements for additional detail.

**Operating Activities**

Cash (used for) provided by operations was (\$142) in the nine months ended September 30, 2020, compared to \$17 in the nine months ended September 30, 2019. The increase in cash used for operations of \$159, or 935%, was primarily due to lower operating results of \$569, partially offset by lower working capital of \$299 and lower pension contributions of \$107. The components of the change in working capital included favorable changes in receivables of \$840, and inventories of \$50, offset by accounts payable of \$437, accrued expenses of \$87, taxes, including income taxes of \$51, and prepaid expenses and other current assets of \$16.

**Financing Activities**

Cash used for financing activities was \$339 in the nine months ended September 30, 2020 compared to \$1,144 in the nine months ended September 30, 2019. The decrease in cash used for financing activities of \$805, or 70%, was primarily due to a decrease in the repurchase of common stock of \$1,049 and an increase in debt issued of \$2,100, which were partially offset by

an increase in long-term debt redemptions of \$1,738, cash distributed to Arconic Corporation at the Arconic Inc. Separation Transaction of \$500, debt issuance costs of \$61 and premiums paid on the redemption of debt of \$59.

The Company maintains a Five-Year Revolving Credit Agreement (the “Credit Agreement”) with a syndicate of lenders and issuers named therein. In addition to the Credit Agreement, the Company has a number of other credit agreements. On June 26, 2020, the Company entered into an amendment to its Credit Agreement to modify certain terms which provided relief from its existing financial covenant through December 31, 2021 and reduced total commitment available from \$1,500 to \$1,000. See Note [Q](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q for reference.

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- and long-term debt ratings assigned to the Company by the major credit rating agencies.

The Company's credit ratings from the three major credit rating agencies are as follows:

	Long-Term Debt	Short-Term Debt	Outlook	Date of Last Update
Standard and Poor’s	BB+	B	Negative	September 9, 2020
Moody’s	Ba3	Speculative Grade Liquidity-2	Negative	April 23, 2020
Fitch	BBB-	B	Stable	April 22, 2020

### Investing Activities

Cash provided from investing activities was \$152 in the nine months ended September 30, 2020 compared to \$171 in the nine months ended September 30, 2019. The decrease of cash provided from investing activities of \$19, or 11%, was primarily due to a decrease in Cash receipts from sold receivables of \$372, and lower sales of fixed-income securities of \$47, partially offset by a decrease in capital expenditures of \$312 and the sale of assets and business of \$87 primarily related to the sale of a hard extrusions plant in South Korea and an aluminum rolling mill in Brazil in the first quarter of 2020 (both of which related to Arconic Corporation) compared to the sale of a small additives business and inventory and properties, plants and equipment of a small energy business within the Engineered Structures segment in the second and third quarters of 2019, respectively.

**Goodwill.** Goodwill is not amortized; instead, it is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell or realign a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, or a trend of negative or declining cash flows over multiple periods, among others. The fair value that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. For the third quarter of 2020, Howmet had four reporting units (Engine Products, Fastening Systems, Engineered Structures and Forged Wheels).

In reviewing goodwill for impairment, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the quantitative impairment test (described below); otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the quantitative impairment test.

Howmet determines annually, based on facts and circumstances, which of its reporting units will be subject to the qualitative assessment. For those reporting units where a qualitative assessment is either not performed or for which the conclusion is that an impairment is more likely than not, a quantitative impairment test will be performed. Howmet’s policy is that a quantitative impairment test be performed for each reporting unit at least once during every three-year period.

Under the qualitative assessment, various events and circumstances (or factors) that would affect the estimated fair value of a reporting unit are identified (similar to impairment indicators above). These factors are then classified by the type of impact they would have on the estimated fair value using positive, neutral, and adverse categories based on current business conditions. Additionally, an assessment of the level of impact that a particular factor would have on the estimated fair value is determined using high, medium, and low weighting. Furthermore, management considers the results of the most recent quantitative impairment test completed for a reporting unit and compares the weighted average cost of capital (WACC) between the current and prior years for each reporting unit.

During the first quarter of 2020, Howmet's market capitalization declined significantly compared to the fourth quarter of 2019. Over the same period, the equity value of our peer group companies, and the overall U.S. stock market also declined significantly amid market volatility. In addition, as a result of the COVID-19 pandemic and measures designed to contain the spread, sales globally to customers in the aerospace and commercial transportation industries that are impacted by COVID-19 have been and are expected to be negatively impacted as a result of disruption in demand. As a result of these macroeconomic factors, we performed a qualitative impairment test in the first quarter to evaluate whether it is more likely than not that the fair value of any of our reporting units is less than its carrying value. As a result of this assessment, the Company performed a quantitative impairment test in the first quarter for the Engineered Structures reporting unit and concluded that though the margin between the fair value of the reporting unit and carrying value had declined from approximately 60% to approximately 15%, it was not impaired. Consistent with prior practice, a discounted cash flow model was used to estimate the current fair value of the reporting unit. The significant assumptions and estimates utilized to determine fair value were developed utilizing current market and forecast information reflecting the disruption in demand that has and is expected to negatively impact the Company's sales globally in the aerospace industry.

In the second and third quarters of 2020, there were no indicators of impairment identified for the Engineered Structures reporting unit as the margin between fair value of the reporting unit and carrying value exceeded 20%. As such, the fair values of all of our reporting units substantially exceeded their carrying values at September 30, 2020. If our actual results or external market factors decline significantly from management's estimates, future goodwill impairment charges may be necessary and could be material.

### **Recently Adopted and Recently Issued Accounting Guidance**

See Note [C](#) to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

### **Forward-Looking Statements**

This report contains 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, forecasts and expectations relating to the growth of the aerospace, commercial transportation and other end markets; statements and guidance regarding future financial results or operating performance; statements regarding future strategic actions; and statements about Howmet's strategies, outlook, business and financial prospects, including share repurchases, which may be subject to market conditions, legal requirements and other considerations. 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) the impact of the separation of Arconic Corporation from Howmet on the businesses of Howmet; (b) deterioration in global economic and financial market conditions generally including as a result of pandemic health issues (including COVID-19 and its effects, among other things, on global supply, demand, and distribution disruptions as the COVID-19 outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations); (c) unfavorable changes in the markets served by Howmet; (d) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; (e) competition from new product offerings, disruptive technologies or other developments; (f) political, economic, and regulatory risks relating to Howmet's global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (g) manufacturing difficulties or other issues that impact product performance, quality or safety; (h) Howmet's inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, expansions, or joint ventures; (i) the impact of potential cyber attacks and information technology or data security breaches; (j) the loss of significant customers or adverse changes in customers' business or financial conditions; (k) adverse changes in discount rates or investment returns on pension assets; (l) the impact of changes in raw material prices (including but not limited to aluminum and nickel prices) and foreign currency exchange rates on costs and results; (m) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet to substantial costs and liabilities; (n) the possible impacts and our preparedness to respond to implications of COVID-19; and (o) the other risk factors summarized in Howmet's Form 10-K for the year ended December 31, 2019, Form 10-Q for the quarter ended March 31, 2020, Form 10-Q for the quarter ended June 30, 2020 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. 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 Co-Chief Executive Officers 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 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 third quarter of 2020 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 R to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

### Item 1A. Risk Factors.

Howmet's business, financial condition and results of operations may be impacted by a number of factors. In addition to the factors discussed elsewhere in this report, in Part I, Item 1A of Howmet's Annual Report on Form 10-K for the year ended December 31, 2019, Part II, Item 1A. of Howmet's Quarterly Reports on Form 10-Q for the quarters ended June 30, 2020 and March 31, 2020, and in other reports filed by Howmet with the Securities and Exchange Commission, the following risks and uncertainties, updated from and in addition to those in the Form 10-K and Forms 10-Q, could materially harm its business, financial condition or results of operations, including causing Howmet's actual results to differ materially from those projected in any forward-looking statements. Additional risks and uncertainties not presently known to Howmet or that Howmet currently deems immaterial also may materially adversely affect the Company in future periods.

#### **Our business, results of operations, financial condition and/or cash flows have been and could continue to be materially adversely affected by the effects of widespread public health epidemics/pandemics, including COVID-19, that are beyond our control.**

Any outbreaks of contagious diseases, public health epidemics or pandemics and other adverse public health developments in countries where we, our employees, customers and suppliers operate could have a material and adverse effect on our business, results of operations, financial condition and/or cash flows. Specifically, the novel strain of COVID-19, affecting the global community on a pandemic basis, including the United States, Europe and South America, is adversely impacting our operations, and the nature and extent of the impact over time is highly uncertain and beyond our control. The extent to which COVID-19 further affects our operations over time will depend on future developments, which are highly uncertain, including the duration of the outbreak, the continued severity of the virus, resurgences of the virus, and the efficacy and the extent of actions that have been or may be taken to contain or treat its impact. These actions include, but are not limited to, declarations of states of emergency, business closures, manufacturing restrictions and a prolonged period of travel, commercial and/or other similar restrictions and limitations, many of which have been implemented across much of the globe and all of which have negatively affected our business. The longer the period of duration, the greater impact on our businesses and the heightened risk of a continuing material adverse impact on our business, results of operations, financial conditions and/or cash flows, as well as on our business strategies and initiatives. While some of the restrictions and limitations noted above have been and may continue to be relaxed or rolled back, certain actions have been and may continue to be reinstated as the pandemic continues to evolve including as a result of resurgences. The scope and timing of such reinstatements are difficult to predict and may materially affect our operations in the future. We continue to monitor guidelines proposed by federal, state and local governments with respect to the "reopening" measures and measures for continued operation, which may change over time depending on public health, safety and other considerations. We are continuing to focus on the safety and protection of our workforce by continuing to implement additional safety protocols in light of COVID-19.

As a result of COVID-19 and the measures designed to contain its spread, our sales globally, including to customers in the aerospace and commercial transportation industries that are impacted by COVID-19, have been and are expected to be negatively impacted as a result of disruption in demand, which has had and over time could continue to have a material adverse effect on our business, results of operations, financial condition and/or cash flows. The COVID-19 pandemic has already subjected our operations, financial performance and financial condition to a number of risks, including, but not limited to those discussed below:

- **Business and operations risks:** We continue to monitor the evolving situation relating to COVID-19 to determine whether we will need to significantly modify our business practices or take actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, suppliers and shareholders. We have had a number of smaller manufacturing locations that have experienced periods of shutdowns. Future shutdowns will be dependent on facts and circumstances as they unfold, including based on the restrictions and limitations noted above. Additional shutdowns, while not required by governmental authorities, may be necessary to match our production of materials to the reduced demand of our customers. In addition, given these factors and potential further disruptions, we may be unable to perform fully on our contracts and our costs may increase as a result of the COVID-19 outbreak. We may also face challenges in restoring our production levels if and when COVID-19 abates, including as a result of government-imposed or other limitations that prevent the return of all or a portion of our workforce and/or continue to disrupt demand and limit the capabilities of our suppliers. We continue to monitor the situation, to assess further possible implications to our business, employees, customers and supply chain, and to take actions in an effort to mitigate adverse consequences. As a result of COVID-19 and its potential impact on the aerospace industry, the possibility exists that a sustained impact to our operations, financial results and market capitalization may require material impairments of our assets including, but not limited to, goodwill, intangible assets, long-lived assets, and right-of-use assets. While we have already commenced plans to reduce costs, including certain headcount reductions, reductions in certain cash outflows, suspension of our common stock dividend and reductions in the levels of our capital expenditures, we cannot at this time predict the longer term impact of the COVID-19 pandemic, but it could continue to have a material adverse effect on our business, results of operations, financial condition and/or cash flows.
- **Customer and supplier risks:** We have limited visibility into future demand given the disruptions resulting from COVID-19. The sharp decrease in air travel resulting from the COVID-19 outbreak and the measures governments and private organizations worldwide have implemented in an attempt to contain its spread is adversely affecting, and will likely continue to adversely affect, airlines and airframers and their respective demand for our customers' products and services. Aircraft manufacturers are reducing production rates due to fewer expected aircraft deliveries and, as a result, demand for products in the original equipment manufacturer market has significantly decreased. Several of our aerospace and commercial transportation customers have temporarily suspended operations at certain production sites, reduced operations and production rates and/or taken cost-cutting actions, the duration and extent of which we cannot predict, including, but not limited to, General Electric Company, Raytheon Technologies Corporation and The Boeing Company, which represented approximately 11%, 9% and 8%, respectively, of our third-party sales for the nine months ended September 30, 2020. Due to these cost-cutting measures and others, we are experiencing, and expect to continue experiencing, lower demand and volume for products and services, customer requests for potential payment deferrals, pricing concessions or other contract modifications, delays of deliveries and the achievement of other billing milestones. COVID-19 may also limit the ability of our counterparties generally to perform their obligations to us, including, but not limited to, our customers' ability to make timely payments to us. These trends may lead to charges, impairments and other adverse financial impacts over time, as noted above, as we have historically depended upon the strength of these industries, particularly the aerospace industry. In addition, the ongoing COVID-19 pandemic may negatively impact customer contract negotiations, including the ability to negotiate acceptable terms in contract renewal negotiations and our ability to obtain new customers. Similarly, our suppliers may not have the materials, capacity, or capability to manufacture our products according to our schedule and specifications. To date, we have not experienced significant disruption to our supply chain. If our suppliers' operations were to be impacted, we may need to seek alternate suppliers, which may be more expensive, may not be available or may result in delays in shipments to us and subsequently to our customers, each of which would affect our business, results of operations, financial condition and/or cash flows. The duration of the current disruptions to our customers and to our supply chain, and related financial impact to us, cannot be estimated at this time. Should such disruption continue for an extended period of time, the impact will have a material adverse effect on our business, results of operations, financial condition and/or cash flows. Ultimately, the demand for our products is, in turn, driven by demand for transportation and for people to travel within and between various countries around the world. Should the COVID-19 outbreak cause a long term deterioration in demand for transportation or travel due to fear or anxiety related to health concerns, governmental restriction, economic hardships, or increased use of electronic communication technologies embraced during the COVID-19 related shutdowns, the effects of the COVID-19 virus on our business may extend well beyond the COVID-19 current health crisis and immediate related governmental actions.
- **Market risks:** The current financial market dynamics and volatility pose heightened risks to our liquidity. For example, dramatically lowered interest rates and lower expected asset valuations and returns can materially impact the calculation of long-term liabilities such as our pension. In addition, extreme volatility in financial and commodities markets has had and may continue to have adverse impacts on other asset valuations such as the value of the investment portfolios supporting our pension. Our long-term liabilities are sensitive to numerous factors and assumptions that can move in offsetting directions and should be considered as of the time of a relevant measurement event.

- Liquidity and credit risks: We currently have the ability to borrow up to \$1.0 billion under our revolving credit agreement, which was amended in June 2020. A prolonged period of generating lower financial results and cash from operations could adversely affect our ability to draw under such amended revolving credit agreement, could also adversely affect our financial condition, including in respect of satisfying both required and voluntary pension funding requirements, and could otherwise negatively affect our ability to achieve our strategic objectives. These factors could also adversely affect our ability to maintain compliance with the debt covenants under our amended revolving credit agreement, including as a result of potential increases in net debt or future reductions in EBITDA. There can also be no assurance that we will not face credit rating downgrades as a result of weaker than anticipated performance of our businesses or other factors including overall market conditions. Future downgrades could further adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets, and a significant downgrade could have an adverse commercial impact on our businesses. Conditions in the financial and credit markets may also limit the availability of funding or increase the cost of funding (including for receivables securitization or supply chain finance programs used to finance working capital) or our ability to refinance certain of our indebtedness, which could adversely affect our business, financial position, results of operations and/or cash flows. Although the U.S. federal and other governments have announced a number of funding programs to support businesses, our ability or willingness to access funding under such programs may be limited by regulations or other guidance, including eligibility criteria, or by further change or uncertainty related to the terms of these programs.

The COVID-19 pandemic may also exacerbate other risks disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2019 and Part II, Item 1A. Risk Factors in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, including, but not limited to, risks related to global economic conditions, competition, loss of customers, costs of supplies, manufacturing difficulties and disruptions, investment returns, our credit profile, our credit ratings and interest rates. We expect that the longer the period of disruption from COVID-19 continues, the more material the adverse impacts will be on our business operations, financial performance, results of operations and/or cash flows. In addition, the COVID-19 pandemic may also affect our operating and financial results in a manner that is not presently known to us or that we currently do not expect to present significant risks to our business, results of operations, financial conditions and/or cash flows.

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

The following table presents information with respect to the Company's open-market repurchases of its common stock during the quarter ended September 30, 2020:

Period	<i>(in millions except share and per share amounts)</i>			
	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)(2)
July 1 - July 31, 2020	—	---	—	\$350.0
August 1 - August 31, 2020	31,755	\$18.59	31,755	\$349.4
September 1 - September 30, 2020	2,875,339	\$17.34	2,875,339	\$299.5
Total for quarter ended September 30, 2020	2,907,094	\$17.36	2,907,094	

(1) Excludes commissions cost

(2) On May 20, 2019, the Company announced that its Board of Directors authorized the repurchase of \$500 million of the Company's outstanding common stock (the "Share Repurchase Program") 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 was no stated expiration for the Share Repurchase Program under which the Company may repurchase shares from time to time and pursuant to such terms, as and if it deems appropriate. The Share Repurchase Program may be suspended, modified or terminated at any time without prior notice. After giving effect to the share repurchases made through September 30, 2020, approximately \$299.5 million remains available under the prior authorization by the Board for the Share Repurchase Program. The amount of share repurchases by the Company may be limited under the terms of the Five-Year Revolving Credit Agreement (See Note [O](#) to the Consolidated Financial Statements for additional detail).



**Item 6. Exhibits.**

<a href="#">10.1</a>	2013 Howmet Aerospace Stock Incentive Plan, as Amended and Restated, effective September 30, 2020.
<a href="#">10.2</a>	Howmet Aerospace Inc. Change in Control Severance Plan, as Amended and Restated, effective September 30, 2020.
<a href="#">10.3</a>	Howmet Aerospace Inc. Executive Severance Plan, as Amended and Restated, effective September 30, 2020.
<a href="#">10.4</a>	Global Restricted Share Unit Award Agreement, effective September 30, 2020.
<a href="#">10.5</a>	Global Stock Option Award Agreement, effective September 30, 2020.
<a href="#">10.6</a>	Global Special Retention Award Agreement, effective September 30, 2020.
<a href="#">10.7</a>	Terms and Conditions for Restricted Share Units, effective September 30, 2020.
<a href="#">31</a>	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">32</a>	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	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	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	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 September 30, 2020, formatted in Inline XBRL (included within the Exhibit 101 attachments).

**SIGNATURES**

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

Howmet Aerospace Inc.

November 9, 2020 /s/ Ken Giacobbe

Date Ken Giacobbe  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

November 9, 2020 /s/ Paul Myron

Date Paul Myron  
Vice President and Controller  
(Principal Accounting Officer)

## 2013 HOWMET AEROSPACE STOCK INCENTIVE PLAN, AS AMENDED AND RESTATED

**SECTION 1. PURPOSE.** The purpose of the 2013 Howmet Aerospace Stock Incentive Plan is to encourage selected Directors and Employees to acquire a proprietary interest in the long-term growth and financial success of the Company and to further link the interests of such individuals to the long-term interests of shareholders.

**SECTION 2. DEFINITIONS.** As used in the Plan, the following terms have the meanings set forth below:

**"Affiliate"** shall have the meaning set forth in Rule 12b-2 under Section 12 of the U.S. Securities Exchange Act of 1934, as amended.

**"Award"** means any Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit, or any other right, interest, or option relating to Shares or other property granted pursuant to the provisions of the Plan.

**"Award Agreement"** means any written or electronic agreement, contract, or other instrument or document evidencing any Award granted by the Committee hereunder, which may, but need not, be executed or acknowledged by both the Company and the Participant.

**"Board"** means the Board of Directors of the Company.

**"Change in Control"** means the occurrence of an event set forth in any one of the following paragraphs:

- (a) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the U.S. Securities Exchange Act of 1934, as amended) (a "**Person**") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the U.S. Securities Exchange Act of 1934, as amended) of 30% or more of either (A) the then-outstanding Shares (the "**Outstanding Company Common Stock**") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes hereof, the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates or (iv) any acquisition pursuant to a transaction that complies with clauses (i), (ii) and (iii) of paragraph (c) of this definition;
- (b) individuals who, as of May 24, 2017, constituted the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to May 24, 2017 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board; but, provided, further, that any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered a member of the Incumbent Board unless and until such individual is elected to the Board at an annual meeting of the Company occurring after the date such individual initially assumed office, so long as such election occurs pursuant to a nomination approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board, which nomination is not made pursuant to a Company contractual obligation;

(c) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each, a “**Business Combination**”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, 55% or more of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent securities), except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended from time to time, including rules, regulations and guidance promulgated thereunder and successor provisions and rules and regulations thereto (except as otherwise specified herein).

“**Committee**” means the Compensation and Benefits Committee of the Board, any successor to such committee or a subcommittee thereof or, if the Board so determines, another committee of the Board, in each case composed of no fewer than two directors, each of whom is a Non-Employee Director. In accordance with Section 3(b) of the Plan, “Committee” shall include the Board for purposes of Awards granted to Directors.

“**Company**” means Howmet Aerospace Inc., a Delaware corporation (formerly known as Arconic Inc., and prior to that, Alcoa Inc.), including any successor thereto.

“**Contingency Period**” has the meaning set forth in SECTION 8.

“**Director**” means a member of the Board who is not an Employee.

“**Employee**” means any employee (including any officer or employee director) of the Company or of any Subsidiary.

**“Equity Restructuring”** means a nonreciprocal transaction between the Company and its shareholders, such as a stock dividend, stock split (including a reverse stock split), spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend, that affects the Shares (or other securities of the Company) or the price of Shares (or other securities) and causes a change in the per share value of the Shares underlying outstanding Awards.

**“Executive Officer”** means an officer who is designated as an executive officer by the Board or by its designees in accordance with the definition of executive officer under Rule 3b-7 of the U.S. Securities Exchange Act of 1934, as amended.

**“Exercisable Time-Based Award”** has the meaning set forth in SECTION 12.

**“Fair Market Value”** with respect to Shares on any given date means the closing price per Share on that date as reported on the New York Stock Exchange or other stock exchange on which the Shares principally trade. If the New York Stock Exchange or such other exchange is not open for business on the date fair market value is being determined, the closing price as reported for the immediately preceding business day on which that exchange is open for business will be used. For avoidance of doubt, for tax purposes upon settlement of an Award, the fair market value of the Shares may be determined using such other methodology as may be required by applicable laws or as appropriate for administrative reasons.

**“Family Member”** has the same meaning as such term is defined in Form S-8 (or any successor form) promulgated under the U.S. Securities Act of 1933, as amended.

**“Non-Employee Director”** has the meaning set forth in Rule 16b-3(b)(3) under the U.S. Securities Exchange Act of 1934, as amended, or any successor definition adopted by the U.S. Securities and Exchange Commission.

**“Option”** means any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine. All Options granted under the Plan are intended to be nonqualified stock options for purposes of the Code.

**“Other Awards”** has the meaning set forth in SECTION 10.

**“Outstanding Qualified Performance-Based Awards”** shall mean any Awards granted prior to, and that are outstanding as of, the Third Restatement Date and that are intended to constitute “qualified performance-based compensation” as described in Section 162(m)(4)(C) of the Code. For avoidance of doubt, all provisions of the Plan governing Outstanding Qualified Performance Awards that were in effect prior to the Third Restatement Date shall continue in effect with respect to Outstanding Qualified Performance-Based Awards, notwithstanding the elimination of such provisions from the Plan as of the Third Restatement Date.

**“Participant”** means an Employee or a Director who is selected to receive an Award under the Plan.

**“Performance Award”** means any award granted pursuant to SECTION 11 and, as applicable, SECTION 13 hereof in the form of Options, Stock Appreciation Rights, Restricted Share Units, Restricted Shares or other awards of property, including cash, that have a performance feature described in SECTION 11 and/or SECTION 13.

**“Performance Period”** means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured. A Performance Period may not be less than one year.

“**Plan**” means this 2013 Howmet Aerospace Stock Incentive Plan, as amended and restated and as may be further amended from time to time.

“**Prior Plans**” mean the 2009 Alcoa Stock Incentive Plan, 2004 Alcoa Stock Incentive Plan, the Long Term Stock Incentive Plan of Aluminum Company of America, and the Alcoa Stock Incentive Plan, each as amended and restated from time to time.

“**Replacement Award**” means an Award resulting from adjustments or substitutions referred to in Section 4(f) herein, provided that such Award is issued by a company (foreign or domestic) the majority of the equity of which is listed under and in compliance with the domestic company listing rules of the New York Stock Exchange or with a similarly liquid exchange which has comparable standards to the domestic company listing standards of the New York Stock Exchange.

“**Restricted Shares**” has the meaning set forth in SECTION 8.

“**Restricted Share Unit**” has the meaning set forth in SECTION 9.

“**Section 162(m)**” means Section 162(m) of the Code as in effect prior to its amendment by the Tax Cuts and Jobs Act, P.L. 115-97; all references in the Plan to sections or subsections of Section 162(m) shall be construed accordingly.

“**Shares**” means the shares of common stock of the Company, \$1.00 par value.

“**Stock Appreciation Right**” means any right granted under SECTION 7.

“**Subsidiary**” means any corporation or other entity in which the Company owns, directly or indirectly, stock possessing 50% or more of the total combined voting power of all classes of stock in such corporation or entity, and any corporation, partnership, joint venture, limited liability company or other business entity as to which the Company possesses a significant ownership interest, directly or indirectly, as determined by the Committee.

“**Substitute Awards**” means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any of its Subsidiaries or with which the Company or any of its Subsidiaries combines.

“**Third Restatement Date**” has the meaning set forth in SECTION 16.

“**Time-Based Award**” means any Award granted pursuant to the Plan that is not a Performance Award.

### **SECTION 3. ADMINISTRATION.**

(a) *Administration by the Committee.* The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees of the Company and its Subsidiaries to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Award to be granted to each Employee Participant hereunder; (iii) determine the number of Shares to be covered by each Employee Award granted hereunder; (iv) determine the terms and conditions of any Employee Award granted hereunder, and make modifications to such terms and conditions with respect to any outstanding Employee Award, in each case, which are not inconsistent with the provisions of the Plan; (v) determine whether, to what extent and under what circumstances Employee Awards may be settled in cash, Shares or other property or canceled or suspended; (vi) determine whether, to what extent and under what circumstances cash, Shares and other property and other amounts payable with respect to an Employee Award under this Plan shall be deferred either automatically or at the election of the

Participant; (vii) interpret and administer the Plan and any instrument or agreement entered into under the Plan; (viii) determine whether any corporate transaction, such as a sale or spin-off of a division or business unit, or a joint venture, shall be deemed to result in a Participant's termination of service for purposes of Awards granted under the Plan; (ix) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan, including, without limiting the generality of the foregoing, make any determinations necessary to effectuate the purpose of Section 12(a)(v) below. Decisions of the Committee shall be final, conclusive and binding upon all persons, including the Company, any Participant and any shareholder; provided that the Board shall approve any decisions affecting Director Awards.

- (b) *Administration by the Board.* The Board shall have full power and authority, upon the recommendation of the Governance and Nominating Committee of the Board to: (i) select the Directors of the Company to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Award to be granted to each Director Participant hereunder; (iii) determine the number of Shares to be covered by each Director Award granted hereunder; (iv) determine the terms and conditions of any Director Award granted hereunder, and make modifications to such terms and conditions with respect to any outstanding Director Award, in each case, which are not inconsistent with the provisions of the Plan; (v) determine whether, to what extent and under what circumstances Director Awards may be settled in cash, Shares or other property or canceled or suspended; and (vi) determine whether, to what extent and under what circumstances cash, Shares and other property and other amounts payable with respect to a Director Award under this Plan shall be deferred either automatically or at the election of the Director. Notwithstanding any provision to the contrary in the Plan or in any policy of the Company regarding compensation payable to a Director, the sum of the grant date fair value (determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of all Awards payable in Shares and the maximum cash value of any other Award granted under the Plan to an individual as compensation for services as a Director, together with cash compensation paid to the Director in the form of Board and Committee retainer, meeting or similar fees, during any calendar year shall not exceed \$750,000. For avoidance of doubt, compensation shall count towards this limit for the calendar year in which it was granted or earned, and not later when distributed, in the event it is deferred.

#### **SECTION 4. SHARES SUBJECT TO THE PLAN.**

- (a) *Number of Shares Reserved under the Plan.* Subject to the adjustment provisions of Section 4(f) below and the provisions of Section 4(b), commencing May 14, 2019, up to 66,666,666 Shares may be issued under the Plan (which reflects an increase of 20,000,000 Shares from 46,666,666, the number of Shares that were authorized for issuance under the Plan as of May 6, 2016). Each Share issued pursuant to an Award other than an Option or a Stock Appreciation Right shall count as 2.33 Shares for purposes of the foregoing authorization. Each Share issued pursuant to an Option or Stock Appreciation Right shall be counted as one Share for each Option or Stock Appreciation Right.
- (b) *Share Replenishment.* In addition to the Shares authorized by Section 4(a), the following Shares shall become available for issuance under the Plan: (i) Shares underlying Awards that are granted under the Plan, which are subsequently forfeited, cancelled or expire in accordance with the terms of the Award, and (ii) Shares underlying Awards that had previously been granted under Prior Plans that are outstanding as of the date of the Plan, which are subsequently forfeited, cancelled or expire in accordance with the terms of the Award. The following Shares shall not become available for

issuance under the Plan: (x) Shares tendered in payment of an Option or other Award, and (y) Shares withheld for taxes. Shares purchased by the Company using Option proceeds shall not be added to the Plan limit and if Stock Appreciation Rights are settled in Shares, each Stock Appreciation Right shall count as one Share whether or not Shares are actually issued or transferred under the Plan.

- (c) *Issued Shares.* Shares shall be deemed to be issued hereunder only when and to the extent that payment or settlement of an Award is actually made in Shares. Notwithstanding anything herein to the contrary, the Committee may at any time authorize a cash payment in lieu of Shares, including without limitation if there are insufficient Shares available for issuance under the Plan to satisfy an obligation created under the Plan.
- (d) *Source of Shares.* Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued Shares, treasury Shares or Shares purchased in the open market or otherwise.
- (e) *Substitute Awards.* Shares issued or granted in connection with Substitute Awards shall not reduce the Shares available for issuance under the Plan or to a Participant in any calendar year.
- (f) *Adjustments.* Subject to SECTION 12:

- 1. *Corporate Transactions other than an Equity Restructuring.* In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to shareholders, or any other change affecting the Shares or the price of the Shares other than an Equity Restructuring, the Committee shall make such adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 4(a) and 13(d) hereof); (ii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iii) the grant or exercise price per Share for any outstanding Awards under the Plan. Any adjustment affecting an Outstanding Qualified Performance-Based Award shall be made consistent with the requirements of Section 162(m).

In the event of any transaction or event described above in this Section 4(f)(i) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the Committee, on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event (except that action to give effect to a change in applicable laws or accounting principles may be made within a reasonable period of time after such change), is hereby authorized to take actions, including but not limited to any one or more of the following actions, whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles, provided that the number of Shares subject to any Award will always be a whole number:

- a. To provide for either (i) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction or event described above in this Section 4(f) (i) the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by

the Company without payment) or (II) the replacement of such Award with other rights or property selected by the Committee in its sole discretion;

- b. To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
  - c. To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding Awards, and in the number and kind of outstanding Restricted Shares and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards;
  - d. To provide that such Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby; or
  - e. To provide that the Award cannot vest, be exercised or become payable after such event.
2. *Equity Restructuring.* In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in this Section 4(f), the Committee will adjust the terms of the Plan and each outstanding Award as it deems equitable to reflect the Equity Restructuring, which may include (i) adjusting the number and type of securities subject to each outstanding Award and/or with respect to which Awards may be granted under the Plan (including, but not limited to, adjustments of the limitations in Sections 4(a) and 13(d) hereof); (ii) adjusting the terms and conditions of (including the grant or exercise price), and the performance targets or other criteria included in, outstanding Awards; and (iii) granting new Awards or making cash payments to Participants. The adjustments provided under this Section 4(f)(ii) 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 and the number of Shares subject to any Award will always be a whole number.
3. *Awards under Prior Plans.* Any outstanding Awards granted under Prior Plans before the expiration date of the Prior Plans shall continue to be subject to the terms and conditions of the Prior Plans.

## **SECTION 5. ELIGIBILITY AND VESTING REQUIREMENTS.**

- (a) *Eligibility.* Any Director or Employee shall be eligible to be selected as a Participant.
- (b) *Minimum Vesting.* Notwithstanding any other provision of the Plan to the contrary, all awards granted under the Plan after its approval by shareholders at the Company's 2019 Annual Meeting of Shareholders shall have a minimum vesting period of one year measured from the date of grant; provided, however, that up to 5% of the Shares available for future distribution under the Plan as of such date may be granted without such minimum vesting requirement. Nothing in this Section 5(b) shall limit the Company's ability to grant Awards that contain rights to accelerated vesting on a termination of employment or service (or to otherwise accelerate vesting), or limit any rights to accelerated vesting in connection with a Change in Control, as provided in SECTION 12 of the Plan. In addition, the minimum vesting requirement set forth in this Section 5(b) shall not apply to Substitute Awards or to Director Awards which vest on the earlier of the one-year anniversary of the date of grant and the next annual meeting of the Company's shareholders (which is at least 50 weeks after



the immediately preceding year's annual meeting) and shall not limit the adjustment provisions of Section 4(f).

**SECTION 6. STOCK OPTIONS.** Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option granted under the Plan may be evidenced by an Award Agreement in such form as the Committee from time to time approves. Any such Option shall be subject to the terms and conditions required by this SECTION 6 and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee may deem appropriate in each case.

- (a) *Option Price.* The purchase price (or Option price) per Share purchasable under an Option shall be determined by the Committee in its sole discretion; *provided* that, except in connection with an adjustment provided for in Section 4(f) or Substitute Awards, such purchase price shall not be less than the Fair Market Value of one Share on the date of the grant of the Option. The Committee may, in its sole discretion, establish a limit on the amount of gain that can be realized on an Option.
- (b) *Option Period.* The term of each Option granted hereunder shall not exceed ten years from the date the Option is granted.
- (c) *Exercisability.* Options shall be exercisable at such time or times as determined by the Committee at or subsequent to grant, subject to Section 5(b).
- (d) *Method of Exercise.* Subject to the other provisions of the Plan, any Option may be exercised by the Participant in whole or in part at such time or times, and the Participant may make payment of the Option price in such form or forms, including, without limitation, payment by delivery of cash, Shares or other consideration (including, where permitted by law and the Committee, Awards) having a fair market value on the exercise date equal to the total Option price, or by any combination of cash, Shares and other consideration as the Committee may specify in the applicable Award Agreement.

**SECTION 7. STOCK APPRECIATION RIGHTS.** Stock Appreciation Rights may be granted to Participants on such terms and conditions as the Committee may determine, subject to the requirements of the Plan. A Stock Appreciation Right shall confer on the holder a right to receive, upon exercise, the excess of (i) the Fair Market Value of one Share on the date of exercise or, if the Committee shall so determine, at any time during a specified period before the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards or in connection with an adjustment provided in Section 4(f), shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be. Any payment by the Company in respect of such right may be made in cash, Shares, other property or any combination thereof, as the Committee, in its sole discretion, shall determine. The Committee may, in its sole discretion, establish a limit on the amount of gain that can be realized on a Stock Appreciation Right.

- (1) *Grant Price.* The grant price for a Stock Appreciation Right shall be determined by the Committee, provided, however, and except as provided in Section 4(f) and Substitute Awards, that such price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right.
- (2) *Term.* The term of each Stock Appreciation Right shall not exceed ten years from the date of grant, or if granted in tandem with an Option, the expiration date of the Option.

- (3) *Time and Method of Exercise.* The Committee shall establish the time or times at which a Stock Appreciation Right may be exercised in whole or in part.

#### **SECTION 8. RESTRICTED SHARES.**

- (a) *Definition.* A Restricted Share means any Share issued with the contingency or restriction that the holder may not sell, transfer, pledge or assign such Share and with such other contingencies or restrictions as the Committee, in its sole discretion, may impose (including, without limitation, any contingency or restriction on the right to vote such Share), which contingencies and restrictions may lapse separately or in combination, at such time or times, in installments or otherwise, as the Committee may deem appropriate.
- (b) *Issuance.* A Restricted Share Award shall be subject to contingencies or restrictions imposed by the Committee during a period of time specified by the Committee (the "**Contingency Period**"). Restricted Share Awards may be issued hereunder to Participants, for no cash consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The terms and conditions of Restricted Share Awards need not be the same with respect to each recipient.
- (c) *Registration.* Any Restricted Share issued hereunder may be evidenced in such manner as the Committee in its sole discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Restricted Shares awarded under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, contingencies and restrictions applicable to such Award.
- (d) *Forfeiture.* Except as otherwise determined by the Committee at the time of grant or thereafter or as otherwise set forth in the terms and conditions of an Award, upon termination of service for any reason during the Contingency Period, all Restricted Shares still subject to any contingency or restriction shall be forfeited by the Participant and reacquired by the Company.
- (e) *Section 83(b) Election.* A Participant may, with the consent of the Company, make an election under Section 83(b) of the Code to report the value of Restricted Shares as income on the date of grant.

#### **SECTION 9. RESTRICTED SHARE UNITS.**

- (a) *Definition.* A Restricted Share Unit is an Award of a right to receive, in cash or Shares, as the Committee may determine, the Fair Market Value of one Share, the grant, issuance, retention and/or vesting of which is subject to such terms and conditions as the Committee may determine at the time of the grant, which shall not be inconsistent with this Plan.
- (b) *Terms and Conditions.* In addition to the terms and conditions that may be established at the time of a grant of Restricted Share Unit Awards, the following terms and conditions apply:
- (i) Restricted Share Unit Awards may not be sold, pledged (except as permitted under Section 15(a)) or otherwise encumbered prior to the date on which the Shares are issued, or, if later, the date on which any applicable contingency, restriction or performance period lapses.
- (ii) Shares (including securities convertible into Shares) subject to Restricted Share Unit Awards may be issued for no cash consideration or for such minimum consideration as may be required by applicable law. Shares (including securities convertible into Shares) purchased pursuant to a purchase right granted under this SECTION 9 thereafter shall be purchased for such consideration as the Committee shall in its sole discretion determine, which shall not be less

than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

(iii) The terms and conditions of Restricted Share Unit Awards need not be the same with respect to each recipient.

**SECTION 10. OTHER AWARDS.** Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property ("**Other Awards**") may be granted to Participants. Other Awards may be paid in Shares, cash or any other form of property as the Committee shall determine. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom, and the time or times at which, such Awards shall be made, the number of Shares to be granted pursuant to such Awards and all other conditions of the Awards. The terms and conditions of Other Awards need not be the same with respect to each recipient.

**SECTION 11. PERFORMANCE AWARDS.** Awards with a performance feature are referred to as "Performance Awards". Performance Awards may be granted in the form of Options, Stock Appreciation Rights, Restricted Share Units, Restricted Shares or Other Awards with the features and restrictions applicable thereto. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award, provided that the minimum performance period shall be one year. Performance Awards may be paid in cash, Shares, other property or any combination thereof in the sole discretion of the Committee. The performance levels to be achieved for each Performance Period and the amount of the Award to be paid shall be conclusively determined by the Committee. Except as provided in SECTION 12, each Performance Award shall be paid following the end of the Performance Period or, if later, the date on which any applicable contingency or restriction has ended. Unless otherwise determined by the Committee, Performance Awards granted to Executive Officers will be subject to the additional terms set forth in SECTION 13.

**SECTION 12. CHANGE IN CONTROL PROVISIONS.**

- (a) *Effect of a Change in Control on Existing Awards under this Plan.* Notwithstanding any other provision of the Plan to the contrary, unless the Committee shall determine otherwise at the time of grant with respect to a particular Award, in the event of a Change in Control:
- (i) any Time-Based Award consisting of Options, Stock Appreciation Rights or any other Time-Based Award in the form of rights that are exercisable by Participants upon vesting ("**Exercisable Time-Based Award**"), that is outstanding as of the date on which a Change in Control shall be deemed to have occurred and that is not then vested, shall become vested and exercisable, unless replaced by a Replacement Award;
  - (ii) any Time-Based Award that is not an Exercisable Time-Based Award that is outstanding as of the date on which a Change in Control shall be deemed to have occurred and that is not then vested, shall become free of all contingencies, restrictions and limitations and shall become vested and transferable, unless replaced by a Replacement Award;
  - (iii) any Replacement Award for which an Exercisable Time-Based Award has been exchanged upon a Change in Control shall vest and become exercisable in accordance with the vesting schedule and term for exercisability that applied to the corresponding Exercisable Time-Based Award immediately prior to such Change in Control, provided, however, that if within twenty four (24) months of such Change in Control, the Participant's service with the Company or a Subsidiary is terminated without Cause (as such term is defined in the Howmet Aerospace Inc.

Change in Control Severance Plan) or by the Participant for Good Reason (as such term is defined in the Howmet Aerospace Inc. Change in Control Severance Plan), such Award shall become vested and exercisable to the extent outstanding at the time of such termination of service. Any Replacement Award that has become vested and exercisable pursuant to this paragraph shall expire on the earlier of (A) thirty six (36) months following the date of termination of such Participant's service (or, if later, the conclusion of the applicable post-termination exercise period pursuant to the applicable Award Agreement) and (B) the last day of the term of such Replacement Award;

- (iv) any Replacement Award for which a Time-Based Award that is not an Exercisable Time-Based Award has been exchanged upon a Change in Control shall vest in accordance with the vesting schedule that applied to the corresponding Time-Based Award immediately prior to such Change in Control, provided, however, that if within twenty four (24) months of such Change in Control, the Participant's service with the Company or a Subsidiary is terminated without Cause (as such term is defined in the Howmet Aerospace Inc. Change in Control Severance Plan) or by the Participant for Good Reason (as such term is defined in the Howmet Aerospace Inc. Change in Control Severance Plan), such Award shall become free of all contingencies, restrictions and limitations and become vested and transferable to the extent outstanding;
  - (v) any Performance Award shall be converted so that such Award is no longer subject to any performance condition referred to in SECTION 11 above, but instead is subject to the passage of time, with the number or value of such Replacement Award determined as follows: (A) if 50% or more of the Performance Period has been completed as of the date on which such Change in Control is deemed to have occurred, the number or value of such Award shall be based on actual performance during the Performance Period; or (B) if less than 50% of the Performance Period has been completed as of the date on which such Change in Control is deemed to have occurred, the number or value of such Award shall be the target number or value. Paragraphs (i) through (iv) above shall govern the terms of such Time-Based Award.
- (b) *Change in Control Settlement.* Notwithstanding any other provision of this Plan, if approved by the Committee, upon a Change in Control, a Participant may receive a cash settlement under clauses (i) and (ii) below of existing Awards that are vested and exercisable as of the date on which such Change in Control shall be deemed to have occurred:
- (i) a Participant who holds an Option or Stock Appreciation Right may, in lieu of the payment of the purchase price for the Shares being purchased under the Option or Stock Appreciation Right, surrender the Option or Stock Appreciation Right to the Company and receive cash, within 30 days of the Change in Control in an amount equal to the amount by which the Fair Market Value of the Shares on the date of the Change in Control exceeds the purchase price per Share under the Option or Stock Appreciation Right multiplied by the number of Shares granted under the Option or Stock Appreciation Right; and
  - (ii) a Participant who holds Restricted Share Units may, in lieu of receiving Shares which have vested under Section 12(a)(ii) of this Plan, receive cash, within 30 days of a Change in Control (or at such other time as may be required to comply with Section 409A of the Code), in an amount equal to the Fair Market Value of the Shares on the date of the Change in Control multiplied by the number of Restricted Share Units held by the Participant.

### **SECTION 13. PERFORMANCE AWARDS GRANTED TO EXECUTIVE OFFICERS.**

- (1) Notwithstanding any other provision of this Plan, if the Committee grants a Performance Award to a Participant who is an Executive Officer, such Performance Award will be subject to the terms of this SECTION 13, unless otherwise expressly determined by the Committee.
- (2) If an Award is subject to this SECTION 13 and is not an Option or a Stock Appreciation Right, then the lapsing of contingencies or restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement by the Company on a consolidated basis, by specified Subsidiaries or divisions or business units of the Company, and/or by the individual Participant, as appropriate, of one or more performance goals established by the Committee. Performance goals shall be based on such measures as selected by the Committee in its discretion, including, without limitation, (i) GAAP or non-GAAP metrics, (ii) total shareholder return or other return-based metrics, (iii) operational, efficiency-based, strategic corporate or personal professional objectives, (iv) sustainability or compliance targets or (v) any other metric that is capable of measurement as determined by the Committee. Performance goals may be calculated to exclude special items, unusual or infrequently occurring items or nonrecurring items or may be normalized for fluctuations in market forces, including, but not limited to, foreign currency exchange rates and the price of aluminum on the London Metal Exchange. Performance goals shall be set by the Committee (and any adjustments shall be made by the Committee, subject to Section 15(d)) within the first 25% of the Performance Period.
- (3) Notwithstanding any provision of this Plan other than Section 4(f) and SECTION 12, with respect to any Award that is subject to this SECTION 13 (other than an Option or a Stock Appreciation Right), the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals.
- (4) Subject to the adjustment provisions of Section 4(f), with respect to Awards subject to this SECTION 13, no Participant may be granted Options and/or Stock Appreciation Rights in any calendar year with respect to more than 3,333,333 Shares, or Restricted Share Awards or Restricted Share Unit Awards covering more than 1,500,000 Shares. The maximum dollar value payable with respect to Performance Awards that are valued with reference to property other than Shares and granted to any Participant in any one calendar year is \$15,000,000.

**SECTION 14. AMENDMENTS AND TERMINATION.** The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; *provided* that notwithstanding any other provision in this Plan, no such amendment, alteration, suspension, discontinuation or termination shall be made: (a) without shareholder approval, if such approval would be required pursuant to applicable law or the requirements of the New York Stock Exchange or such other stock exchange on which the Shares trade; or (b) without the consent of the affected Participant, if such action would materially impair the rights of such Participant under any outstanding Award, except as provided in Sections 15(e) and 15(f). Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary so as to have the Plan conform to local rules and regulations in any jurisdiction outside the United States or to qualify for or comply with any tax or regulatory requirement for which or with which the Board or Committee deems it necessary or desirable to qualify or comply. For clarity, this paragraph shall apply to all Awards granted under the Plan, whether granted prior to or following the amendment and restatement of the Plan effective on May 6, 2016.

**SECTION 15. GENERAL PROVISIONS.**

- i) *Transferability of Awards.* Awards may be transferred by will or the laws of descent and distribution. Except as set forth herein, awards shall be exercisable, during the Participant's lifetime, only by the

Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. Unless otherwise provided by the Committee or limited by applicable laws, a Participant may, in the manner established by the Committee, designate a beneficiary to exercise the rights of the Participant with respect to any Award upon the death of the Participant. Unless otherwise provided by the Committee or limited by applicable laws, Awards may be transferred to one or more Family Members, individually or jointly, or to a trust whose beneficiaries include the Participant or one or more Family Members under terms and conditions established by the Committee. The Committee shall have authority to determine, at the time of grant, any other rights or restrictions applicable to the transfer of Awards; *provided however*, that no Award may be transferred to a third party for value or consideration. Except as provided in this Plan or the terms and conditions established for an Award, any Award shall be null and void and without effect upon any attempted assignment or transfer, including, without limitation, any purported assignment, whether voluntary or by operation of law, pledge, hypothecation or other disposition, attachment, divorce or trustee process or similar process, whether legal or equitable.

- i) *Award Entitlement.* No Employee or Director shall have any claim to be granted any Award under the Plan and there is no obligation for uniformity of treatment of Employees or Directors under the Plan.
- i) *Terms and Conditions of Award.* The prospective recipient of any Award under the Plan shall be deemed to have become a Participant subject to all the applicable terms and conditions of the Award upon the grant of the Award to the prospective recipient, unless the prospective recipient notifies the Company within 30 days of the grant that the prospective recipient does not accept the Award. This Section 15(c) is without prejudice to the Company's right to require a Participant to affirmatively accept the terms and conditions of an Award.
- v) *Award Adjustments.* The Committee shall be authorized to make adjustments in Performance Award criteria or in the terms and conditions of other Awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in applicable laws, regulations or accounting principles. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry it into effect.
- v) *Committee Right to Cancel.* The Committee shall have full power and authority to determine whether, to what extent and under what circumstances any Award shall be canceled or suspended at any time prior to a Change in Control: (i) if an Employee, without the consent of the Committee, while employed by the Company or a Subsidiary or after termination of such employment, becomes associated with, employed by, renders services to or owns any interest (other than an interest of up to 5% in a publicly traded company or any other nonsubstantial interest, as determined by the Committee) in any business that is in competition with the Company or any Subsidiary; (ii) in the event of the Participant's willful engagement in conduct which is injurious to the Company or any Subsidiary, monetarily, reputationally or otherwise; (iii) in the event of an Executive Officer's misconduct described in Section 15(f); or (iv) in order to comply with applicable laws as described in Section 15(h) below. For purposes of clause (ii), 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 or a Subsidiary. In the event of a dispute concerning the application of this Section 15(e), no claim by the Company shall be given effect unless the Board determines that there is clear and convincing evidence that the Committee has the right to cancel an Award or Awards hereunder, and the Board finding to that effect is adopted by the affirmative vote of not less than three quarters of the entire membership of the Board (after reasonable notice to the Participant and

an opportunity for the Participant to provide information to the Board in such manner as the Board, in its sole discretion, deems to be appropriate under the circumstances).

- i) **Clawback.** Notwithstanding any other provision of the Plan to the contrary, in accordance with the Company's Corporate Governance Guidelines, if the Board learns of any misconduct by an Executive Officer that contributed to the Company having to restate all or a portion of its financial statements, the Board will, to the full extent permitted by governing law, in all appropriate cases, effect the cancellation and recovery of Awards (or the value of Awards) previously granted to the Executive Officer if: (i) the amount of the Award was calculated based upon the achievement of certain financial results that were subsequently the subject of a restatement, (ii) the executive engaged in intentional misconduct that caused or partially caused the need for the restatement, and (iii) the amount of the Award had the financial results been properly reported would have been lower than the amount actually awarded. Furthermore, all Awards (including Awards that have vested in accordance with the Award Agreement) shall be subject to the terms and conditions, if applicable, of any other recoupment policy adopted by the Company from time to time or any recoupment requirement imposed under applicable laws, rules, regulations or stock exchange listing standards, including, without limitation, recoupment requirements imposed pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Section 304 of the Sarbanes-Oxley Act of 2002, or any regulations promulgated thereunder, or recoupment requirements under the laws of any other jurisdiction.
- ii) **Stock Certificate Legends.** All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the U.S. Securities and Exchange Commission, any stock exchange upon which the Shares are then listed and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.
- ii) **Compliance with Securities Laws and Other Requirements.** No Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Company in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. Federal securities laws and any other laws, rules, regulations, stock exchange listing or other requirements to which such offer, if made, would be subject. Without limiting the foregoing, the Company shall have no obligation to issue or deliver Shares pursuant to Awards granted hereunder prior to: (i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and (ii) completion of any registration or other qualification with respect to the Shares under any applicable law in the United States or in a jurisdiction outside of the United States or procurement of any ruling or determination of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration, qualification or determination is not current, has been suspended or otherwise has ceased to be effective. The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained, and shall constitute circumstances in which the Committee may determine to amend or cancel Awards pertaining to such Shares, with or without consideration to the affected Participants.
- x) **Dividends.** No Award of Options or Stock Appreciation Rights shall have the right to receive dividends or dividend equivalents. A recipient of an Award of Restricted Shares shall receive dividends on the Restricted Shares, subject to this Section 15(i) and such other contingencies or

restrictions, if any, as the Committee, in its sole discretion, may impose. Dividend equivalents shall accrue on Restricted Share Units (including Restricted Share Units that have a performance feature) and shall only be paid if and when such Restricted Share Units vest. Dividend equivalents that accrue on Restricted Share Units will be calculated at the same rate as dividends paid on the common stock of the Company. Notwithstanding any provision herein to the contrary, no dividends or dividend equivalents shall be paid on Restricted Share Units that have not vested or on Restricted Share Units that have not been earned during a Performance Period and in no event shall any other Award provide for the Participant's receipt of dividends or dividend equivalents in any form prior to the vesting of such Award or applicable portion thereof.

- x) *Consideration for Awards.* Except as otherwise required in any applicable Award Agreement or by the terms of the Plan, recipients of Awards under the Plan shall not be required to make any payment or provide consideration other than the rendering of services.
- i) *Delegation of Authority by Committee.* The Committee may delegate to one or more Executive Officers or a committee of Executive Officers the right to grant Awards to Employees who are not Executive Officers or Directors of the Company and to cancel or suspend Awards to Employees who are not Executive Officers or Directors of the Company. The Committee may delegate other of its administrative powers under the Plan to the extent not prohibited by applicable laws.
- ii) *Tax Obligations.* The Company shall be authorized to withhold from any Award granted or payment due under the Plan the amount of Tax Obligations due in respect of an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such Tax Obligations, including without limitation requiring the Participant to pay cash, withholding otherwise deliverable cash or Shares having a fair market value equal to the amount required to be withheld, forcing the sale of Shares issued pursuant to an Award (or exercise or vesting thereof) having a fair market value equal to the amount required to be withheld, or requiring the Participant to deliver to the Company already-owned Shares having a fair market value equal to the amount required to be withheld. For purposes of the foregoing, "**Tax Obligations**" means tax, social insurance and social security liability obligations and requirements in connection with the Awards, including, without limitation, (i) all U.S. Federal, state, and local income, employment and any other taxes (including the Participant's U.S. Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company (or a Subsidiary, as applicable), (ii) the Participant's and, to the extent required by the Company (or a Subsidiary, as applicable), the Company's (or a Subsidiary's) fringe benefit tax liability, if any, associated with the grant, vesting, or exercise of an Award or sale of Shares issued under the Award, and (iii) any other taxes, social insurance, social security liabilities or premium for which the Participant has an obligation, or which the Participant has agreed to bear, with respect to such Award (or exercise thereof or issuance of Shares or other consideration thereunder). Furthermore, the Committee shall be authorized to, but is not required to, establish procedures for election by Participants to satisfy such obligations for the payment of such taxes by delivery of or transfer of Shares to the Company or by directing the Company to retain Shares otherwise deliverable in connection with the Award. All personal taxes applicable to any Award under the Plan are the sole liability of the Participant.
- ii) *Other Compensatory Arrangements.* Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.



- v) *Governing Law.* The Plan 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.
- v) *Severability.* If any provision of this Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Plan shall remain in full force and effect.
- ii) *Awards to Non-U.S. Employees.* Awards may be granted to Employees and Directors who are foreign nationals or residents or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees and Directors who are not foreign nationals or residents or who are employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law, regulations or tax policy. Without limiting the generality of the foregoing, the Committee or the Board, as applicable, are specifically authorized to (i) adopt rules and procedures regarding the conversion of local currency, withholding procedures and handling of stock certificates which vary with local requirements and (ii) adopt sub-plans, Award Agreements and Plan and Award Agreement addenda as may be deemed desirable to accommodate foreign laws, regulations and practice. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's or a Subsidiary's obligation with respect to tax equalization for Employees on assignments outside their home countries. Notwithstanding the discretion of the Committee under this section, the Participant remains solely liable for any applicable personal taxes.
- ii) *Repricing Prohibited.* Except as provided in Section 4(f), the terms of outstanding Options or Stock Appreciation Rights may not be amended, and action may not otherwise be taken without shareholder approval, to: (i) reduce the exercise price of outstanding Options or Stock Appreciation Rights, (ii) cancel outstanding Options or Stock Appreciation Rights in exchange for Options or Stock Appreciation Rights with an exercise price that is less than the exercise price of the original Options or Stock Appreciation Rights, or (iii) replace outstanding Options or Stock Appreciation Rights in exchange for other Awards or cash at a time when the exercise price of such Options or Stock Appreciation Rights is higher than the Fair Market Value of a Share.
- ii) *Deferral.* The Committee may require or permit Participants to elect to defer the issuance of Shares or the settlement of Awards in cash or other property to the extent that such deferral complies with Section 409A of the Code. The Committee may also authorize the payment or crediting of interest, dividends or dividend equivalents on any deferred amounts.
- x) *Compliance with Section 409A of the Code.* Except to the extent specifically provided otherwise by the Committee and notwithstanding any other provision of the Plan, Awards under the Plan are intended to satisfy the requirements of Section 409A of the Code so as to avoid the imposition of any additional taxes or penalties under Section 409A of the Code. If the Committee determines that an Award, payment, distribution, transaction or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken, cause a Participant to become subject to any additional taxes or other penalties under Section 409A of the Code, then unless the Committee specifically provides otherwise, such Award, payment, distribution, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of the Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order

to comply with the requirements of Section 409A of the Code to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Participant. No payment that constitutes deferred compensation under Section 409A of the Code that would otherwise be made under the Plan or an Award Agreement upon a Participant's termination of employment will be made or provided unless and until such termination is also a "separation from service," as determined in accordance with Section 409A of the Code. Notwithstanding the foregoing or anything elsewhere in the Plan or an Award Agreement to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A of the Code at the time of termination of employment with respect to an Award, then solely to the extent necessary to avoid the imposition of any additional tax under Section 409A of the Code, the commencement of any payments or benefits under the Award shall be delayed to the extent required by Code Section 409A(a)(2)(B)(i). Further notwithstanding anything to the contrary in the Plan, to the extent required under Section 409A of the Code in order to make payment of an Award upon a Change in Control, the applicable transaction or event described in SECTION 2 must qualify as a change in the ownership or effective control of the Company or as a change in the ownership of a substantial portion of the assets of the Company pursuant to Section 409A(a)(2)(A)(v) of the Code, and if it does not, then unless otherwise specified in the applicable Award Agreement, payment of such Award will be made on the Award's original payment schedule or, if earlier, upon the death of the Participant. Although the Company may attempt to avoid adverse tax treatment under Section 409A of the Code, the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.

- x) *Effect of Headings.* The Section headings and subheadings herein are for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

**SECTION 16. TERM OF PLAN.** No Award shall be granted pursuant to the Plan after May 2, 2024, but any Award theretofore granted may extend beyond that date. The Plan became effective upon its approval by the Company's shareholders on May 3, 2013 and was subsequently amended and restated by the Board and re-approved by shareholders, effective May 6, 2016. On February 1, 2018, the Board approved the First Amendment to the Plan. On March 27, 2018, the Board approved a second amendment and restatement of the Plan, which was approved by the Company's shareholders on May 16, 2018. On February 12, 2019 (the "**Third Restatement Date**"), the Board approved a third amendment and restatement of the Plan, which was approved by the Company's shareholders on May 14, 2019. On September 30, 2020, the Board approved a fourth amendment and restatement of the Plan. For avoidance of doubt, no amendment or restatement of the Plan shall affect the terms or conditions of any Outstanding Qualified Performance-Based Award, to the extent that it would result in a material modification of such Award within the meaning of P.L. 115-97, Section 13601(e)(2).

**SECTION 17. TERMINATION OF PRIOR PLAN.** No stock options or other awards may be granted under the Amended and Restated 2009 Alcoa Stock Incentive Plan after May 2, 2013, but all such awards theretofore granted shall extend for the full stated terms thereof and be administered under the Amended and Restated 2009 Alcoa Stock Incentive Plan. Notwithstanding any other provision to the contrary, all outstanding awards previously granted under Prior Plans shall be governed by the terms and conditions of the applicable Prior Plans under which such awards were granted.

**HOWMET AEROSPACE INC.****CHANGE IN CONTROL SEVERANCE PLAN**

The Company hereby amends and restates, effective as of September 30, 2020, the Howmet Aerospace Inc. Change in Control Severance Plan (this “Plan”), which was originally adopted on January 11, 2002 (the “Effective Date”), subsequently amended on January 1, 2010, subsequently amended and restated on February 27, 2017, subsequently amended and restated on February 1, 2018, and subsequently amended and restated on May 14, 2019. All capitalized terms used and not otherwise defined herein are defined in Section 1 hereof.

**SECTION 1. DEFINITIONS. As hereinafter used:**

- a. “Affiliate” shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.
- b. “Applicable Multiplier” shall mean (a) in the case of a Tier I Employee, three (3), (b) in the case of a Tier II Employee, two (2), and (c) in the case of a Tier III Employee, one and one-half (1.5); provided, however, that, with respect to an Eligible Employee who incurs a Severance Event during the three-year period immediately preceding such individual’s Mandatory Retirement Age, such multiplier shall be multiplied by a fraction, the numerator of which is the number of full and partial months remaining until such Eligible Employee attains Mandatory Retirement Age, and the denominator of which is thirty-six (36).
- c. “Applicable Period” shall mean (a) in the case of a Tier I Employee, the thirty-six (36)-month period immediately following such Tier I Employee’s Severance Date, (b) in the case of a Tier II Employee, the twenty-four (24)-month period immediately following such Tier II Employee’s Severance Date, and (c) in the case of a Tier III Employee, the eighteen (18)-month period immediately following such Tier III Employee’s Severance Date; provided, however, that, with respect to an Eligible Employee who incurs a Severance Event during the three-year period immediately preceding such individual’s Mandatory Retirement Age, such period shall be multiplied by a fraction, the numerator of which is the number of full and partial months remaining until such Eligible Employee attains Mandatory Retirement Age, and the denominator of which is thirty-six (36).
- d. “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.
- e. “Board” means (a) prior to a Change in Control, the Board of Directors of the Company and (b) following a Change in Control, if the Company is not the ultimate parent corporation of the group that includes the Company and all of its Affiliates and is not publicly traded, the board of directors of the ultimate parent company of such group.
- f. “Business Combination” shall have the meaning set forth in Section 1.8(c).

g. “Cause” means: (a) the willful and continued failure by the Eligible Employee to substantially perform the Eligible Employee’s duties with the Employer that has not been cured within thirty (30) days after a written demand for substantial performance is delivered to the Eligible Employee by the Board, which demand specifically identifies the manner in which the Board believes that the Eligible Employee has not substantially performed the Eligible Employee’s duties, or (b) the willful engaging by the Eligible Employee in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of clauses (a) and (b) of this definition, (i) no act, or failure to act, on the Eligible Employee’s part shall be deemed “willful” unless done, or omitted to be done, by the Eligible Employee not in good faith and without reasonable belief that the Eligible Employee’s act, or failure to act, was in the best interest of the Company and (ii) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Board determines that it has been established by clear and convincing evidence that Cause exists and a resolution to that effect is adopted by the affirmative vote of not less than three quarters (3/4) of the entire membership of the Board (after reasonable notice to the Eligible Employee and an opportunity for the Eligible Employee, together with the Eligible Employee’s counsel, to be heard by the Board).

h. “Change in Control” means the occurrence of an event set forth in any one of the following paragraphs:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section 1.8, the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Affiliates or (iv) any acquisition pursuant to a transaction that complies with Sections 1.8(c)(i), 1.8(c)(ii) and 1.8(c)(iii);

(ii) individuals who, as of May 24, 2017, constituted the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to May 24, 2017 whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board; but, provided, further, that any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered a member of the Incumbent Board unless and until such individual is elected

to the Board at an annual meeting of the Company occurring after the date such individual initially assumed office, so long as such election occurs pursuant to a nomination approved by a vote of at least two-thirds (2/3) of the directors then comprising the Incumbent Board, which nomination is not made pursuant to a Company contractual obligation;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, 55% or more of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent securities), except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

- i. “Code” means the Internal Revenue Code of 1986, as it may be amended from time to time.
- j. “Committee” means the Compensation and Benefits Committee of the Board.

k. “Company” means Howmet Aerospace Inc. or any successors thereto.

l. “DB Pension Plan” means any tax-qualified, supplemental or excess defined benefit pension plan maintained by the Company or any of its Affiliates and any other defined benefit plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined benefit retirement benefits.

m. “DC Pension Plan” means any tax-qualified, supplemental or excess defined contribution plan maintained by the Company or any of its Affiliates and any other defined contribution plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined contribution retirement benefits.

n. “Delayed Payment Date” shall have the meaning given in Section 2.1(g).

o. “Eligible Employee” means any Tier I, Tier II, or Tier III Employee. An Eligible Employee becomes a “Severed Employee” once he or she incurs a Severance Event.

p. “Employer” means the Company or any of its Subsidiaries that employs the applicable Eligible Employee.

q. “Entity” means any individual, entity, person (within the meaning of Section 3(a)(9) of the Exchange Act), or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than (a) an employee plan of the Company or any of its Affiliates, (b) any Affiliate of the Company, (c) an underwriter temporarily holding securities pursuant to an offering of such securities, or (d) a corporation owned, directly or indirectly, by shareholders of the Company in substantially the same proportions as their ownership of the Company.

r. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

s. “Excise Tax” shall mean any excise tax imposed under Section 4999 of the Code.

t. “Good Reason” in respect of an Eligible Employee means the occurrence, after a Change in Control (or prior to a Change in Control, under the circumstances described in the second sentence of Section 1.29 hereof, treating all references below to a “Change in Control” as references to the date that the Company enters into an agreement the consummation of which would constitute a Change in Control), of:

(i) the assignment to the Eligible Employee of any duties inconsistent with the Eligible Employee’s employment status with the Employer immediately prior to the Change in Control or a substantial adverse alteration in the nature or status of the Eligible Employee’s responsibilities from those in effect immediately prior to the Change in

Control, including, but not limited to, (i) with respect to a Tier I Employee, the Eligible Employee's ceasing to hold the office as the sole chief executive officer of the Company (or its parent or successor) and to function in that capacity, reporting directly to the board of directors of a public company, and (ii) with respect to a Tier II Employee, the Eligible Employee's ceasing to report directly to the chief executive officer of a public company;

(ii) a reduction by the Company in the Eligible Employee's total compensation and benefits in the aggregate from that in effect immediately prior to the Change in Control. Total compensation and benefits includes, but is not limited to (i) annual base salary, annual variable compensation opportunity (taking into account applicable performance criteria and the target bonus amount of annual variable compensation); (ii) long-term stock-based and cash incentive opportunity (taking into account applicable performance criteria and the target equity compensation amount); and (iii) benefits and perquisites under pension, savings, life insurance, medical, health, disability, accident and material fringe benefit plans of the Company or its Subsidiaries or Affiliates in which the Eligible Employee was participating immediately before the Change in Control;

(iii) the relocation of the Eligible Employee's principal place of employment to a location more than fifty (50) miles from the Eligible Employee's principal place of employment immediately prior to the Change in Control; or

(iv) the failure by the Employer to pay to the Eligible Employee any portion of the Eligible Employee's compensation, within fourteen (14) days of the date such compensation is due.

The Eligible Employee's right to terminate the Eligible Employee's employment for Good Reason shall not be affected by the Eligible Employee's incapacity due to physical or mental illness. The Eligible Employee's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any good faith determination by the Eligible Employee that Good Reason exists shall be conclusive.

- u. "Incumbent Board" shall have the meaning set forth in Section 1.8(b).
- v. "Mandatory Retirement Age" means, solely for purposes of this Plan, age seventy-five (75).
- w. "Notice of Termination" shall have the meaning set forth in Section 3.5.
- x. "Outstanding Company Common Stock" shall have the meaning set forth in Section 1.8(a).
- y. "Outstanding Company Voting Securities" shall have the meaning set forth in Section 1.8(a).

z. “Person” shall have the meaning set forth in Section 1.8(a).

aa. “Plan Payments” shall have the meaning given in Section 2.2(a).

ab. A “Separation from Service” means a “separation from service” within the meaning of Section 409A of the Code and Treasury Regulation Section 1.409A-1(h).

ac. “Severance Event” means an Eligible Employee’s Separation from Service on or within two (2) years immediately following the date of a Change in Control, (a) by the Employer other than for Cause, or (b) by the Eligible Employee for Good Reason. In addition, for purposes of this Plan, the Eligible Employee shall be deemed to have incurred a Severance Event, if (i) the Eligible Employee’s Separation from Service occurs because his employment is terminated by the Employer without Cause prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of an Entity that has entered into an agreement with the Company the consummation of which would constitute a Change in Control or (ii) the Eligible Employee’s Separation from Service occurs because he terminates his employment for Good Reason prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such an Entity. For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Eligible Employee shall be presumed to be correct unless the Board affirmatively determines that it has been established by clear and convincing evidence that such position is not correct. An Eligible Employee will not be considered to have incurred a Severance Event if his or her employment is discontinued by reason of the Eligible Employee’s death or a physical or mental condition causing such Eligible Employee’s inability to substantially perform his or her duties with the Employer, including, without limitation, such condition entitling him or her to benefits under any sick pay or disability income policy or program of the Company or any of its Affiliates.

ad. “Severance Date” means the date on which an Eligible Employee’s Severance Event takes place.

ae. “Severance Pay” shall have the meaning set forth in Section 2.1(a).

af. “Severed Employee” shall have the meaning set forth in Section 1.15.

ag. “Subsidiary” shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

ah. “Tier I Employee” means each employee of the Company or any Subsidiary thereof who is designated by the Committee as eligible to participate in this Plan as a Tier I Employee.

ai. “Tier II Employee” means (a) each Executive Vice President of the Company as of May 14, 2019 who has not waived in writing the right to participate in this Plan,



and (b) each other employee of the Company or any Subsidiary thereof who is designated by the Committee as eligible to participate in this Plan as a Tier II Employee.

aj. “Tier III Employee” means (a) each Board-elected officer as of May 14, 2019 who is not a Tier I Employee or Tier II Employee and who has not waived in writing the right to participate in this Plan, and (b) each other employee of the Company or any Subsidiary thereof who is designated by the Committee as eligible to participate in this Plan as a Tier III Employee.

ak. “Transitional Contributions” means 2018 Transitional Employer Retirement Income Contributions (as defined in the Company’s Salaried Retired Savings Plan) and any corresponding contributions to supplemental or excess defined contribution plans.

## **SECTION 2. BENEFITS.**

a. Severance Payments and Benefits. Each Severed Employee shall be entitled, subject to Section 2.4, to receive the following payments and benefits from the Company.

(i)Severance Pay. A lump sum cash amount (the “Severance Pay”) equal to the sum of (i) the product of (A) the sum of (1) the Severed Employee’s annual base salary, and (2) the Severed Employee’s target annual cash incentive compensation as in effect immediately prior to the Change in Control, and (B) the Applicable Multiplier, and (ii) the product of (A) such target annual cash incentive compensation and (B) a fraction, the numerator of which is the number of days elapsed through the Severance Date in the fiscal year during which the Severance Date occurs and the denominator of which is 365 (or 366, if such fiscal year is a leap year). For purposes of this Section 2.1(a), annual base salary shall be the higher of the Severed Employee’s (x) base monthly salary in the calendar month immediately preceding a Change in Control and (y) base monthly salary in the calendar month immediately preceding the Severed Employee’s Severance Date (in each case, without regard to any reductions therein which constitute Good Reason), multiplied by twelve (12).

(ii)Benefits. During the Applicable Period, the Company shall arrange to provide the Severed Employee and anyone entitled to claim through the Severed Employee life, accident and health (including medical, behavioral, prescription drug, dental and vision) benefits substantially similar to those provided to the Severed Employee and anyone entitled to claim through the Severed Employee immediately prior to the Severed Employee’s Severance Date or, if more favorable to the Severed Employee, those provided to the Severed Employee and those entitled to claim through the Severed Employee immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater after-tax cost to the Severed Employee than the after tax cost to the Severed Employee immediately prior to such Severance Date or occurrence.

(iii)DC Pension Plans. In addition to the retirement benefits to which the Severed Employee is entitled under each DC Pension Plan, the Company shall pay the Severed Employee a lump sum cash amount equal to the product of (i) the annual value of Company

contributions or allocations (excluding any employee deferrals or contributions, Transitional Contributions, and earnings) to all DC Pension Plans, on behalf of the employee (determined based on the rate of contributions and allocations in effect as of immediately prior to such Change in Control, but assuming such contributions and allocations are applied to the annualized base salary plus target annual cash incentive compensation as determined in Section 2.1(a) and (ii) the Applicable Multiplier.

(iv)DB Pension Plans. If the Severed Employee would have become eligible for an early retirement subsidy with respect to such Severed Employee's retirement benefits under any DB Pension Plan had the Severed Employee remained employed through the end of the Applicable Period, in addition to the retirement benefits to which the Severed Employee is entitled under each DB Pension Plan, the Company shall pay the Severed Employee a lump sum cash amount equal to the excess of the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with the normal form of payment under each DB Pension Plan, commencing at the date on or after the last day of the Applicable Period as of which the actuarial equivalent of such form of payment is greatest) which the Severed Employee would have accrued and vested in under the terms of all DB Pension Plans determined:

(1) without regard to any amendment to any DB Pension Plan made subsequent to a Change in Control and on or prior to the date of the Severed Employee's Severance Date, which amendment adversely affects in any manner the computation of retirement benefits thereunder, and

(2) solely for purposes of determining eligibility for pension benefits, including all applicable retirement subsidies, as if the Severed Employee had accumulated (after the Severed Employee's Severance Date) the number of additional months of age and service credit thereunder that the Severed Employee would have accumulated had the Severed Employee remained employed by the Company during the Applicable Period;

over the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with the normal form of payment under each DB Pension Plan, commencing at the date on or after the Severed Employee's Severance Date as of which the actuarial equivalent of such form of payment is greatest) that the Severed Employee had accrued and vested in pursuant to the provisions of the DB Pension Plans as of the Severed Employee's Severance Date.

For purposes of this Section 2.1(d), "actuarial equivalent" shall be determined based upon the Severed Employee's age as of the Severed Employee's Severance Date using the same assumptions utilized under the Howmet Aerospace Retirement Plan I, Section 8.3(d)(ii) or the successor to such provision (without regard to applicable dollar limitations (\$5,000 as of the Effective Date)) immediately prior to the Severed Employee's Severance Date or, if more favorable to the Severed Employee, immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

(v) Post-Retirement Benefit Plans. If the Severed Employee would have become entitled to benefits under the Company's post-retirement health care plans, as in effect immediately prior to the Severed Employee's Severance Date or, if more favorable to the Severed Employee, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Severed Employee's employment terminated at any time during the Applicable Period, the Company shall provide such post-retirement health care benefits to the Severed Employee and the Severed Employee's dependents commencing on the later of (i) the date on which such coverage would have first become available in accordance with the terms of the applicable plan and (ii) the date on which benefits described in Section 2.1(b) terminate, and ending upon the death of the Eligible Employee. Any such benefit that is dependent on service or compensation shall be determined as if the Severed Employee had accumulated (after the Severed Employee's Severance Date) the number of additional months of age and service credit thereunder that the Severed Employee would have accumulated had the Severed Employee remained employed by the Company through the end of the Applicable Period, and as if the Severed Employee had been credited with compensation for each full calendar month following the calendar month of the Severed Employee's Severance Date up to the end of the Applicable Period equal to the Severed Employee's annualized based salary as determined in Section 2.1(a), plus the Severed Employee's target annual cash incentive compensation as determined in Section 2.1(a), divided by twelve (12). Except for the additional service and compensation credit during the Applicable Period, nothing herein is intended to provide the Severed Employee with benefits that exceed the benefits provided to other participants in the applicable post-retirement health care plans, as in effect from time to time.

(vi) The Company shall provide the Severed Employee with reasonable outplacement services suitable to the Severed Employee's position through the date that is six (6) months following the Severed Employee's Severance Date or, if earlier, the date on which the Severed Employee first accepts an offer of employment from a new employer.

(vii) The amounts described in Sections 2.1(a), (c) and (d) shall be paid to the Eligible Employee in a cash lump sum as soon as practicable after the Severance Date but in no event later than thirty (30) days after the Severance Date; provided that, if the Severed Employee is, as of the Severance Date, a "specified employee" within the meaning of Section 409A of the Code as determined in accordance with the methodology duly adopted by the Company as in effect on the Severance Date, then such lump sum amounts shall instead be paid on the first business day that is at least six (6) months after the Severance Date (or if sooner, upon the death of the Severed Employee) (the "Delayed Payment Date"), with interest at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code, from the first business day after the Severance Date through the Delayed Payment Date.

b. Reduction of Certain Payments.

(i) Anything in this Plan to the contrary notwithstanding, if the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) of any Severed Employee would subject the Severed Employee to the Excise Tax, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Plan (the

“Plan Payments”) so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Plan Payments shall be so reduced only if the Accounting Firm determines that the Severed Employee would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Plan Payments were so reduced. If the Accounting Firm determines that the Severed Employee would not have a greater Net After-Tax Receipt of aggregate Payments if the Plan Payments were so reduced, the Severed Employee shall receive all Plan Payments to which the Participant is entitled hereunder.

(ii) If the Accounting Firm determines that aggregate Plan Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give the Severed Employee notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 2.2 shall be binding upon the Company, its Affiliates and the Severed Employee and shall be made as soon as reasonably practicable and in no event later than fifteen (15) days following the Severance Date. For purposes of reducing the Plan Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Plan (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the Plan Payments that have a Parachute Value in the following order: Section 2.1(c), Section 2.1(d), Section 2.1(a), Section 2.1(b), Section 2.1(e), Section 2.1(f), in each case, beginning with payments or benefits that do not constitute non-qualified deferred compensation and reducing payments or benefits in reverse chronological order beginning with those that are to be paid or provided the farthest in time from the Severance Date, based on the Accounting Firm’s determination. All reasonable fees and expenses of the Accounting Firm shall be borne solely by the Company.

(iii) To the extent requested by the Severed Employee, the Company and its Affiliates shall cooperate with the Severed Employee in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Severed Employee (including, without limitation, the Severed Employee’s agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 280G of the Code)), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the Treasury Regulations under Section 280G of the Code and/or exempt from the definition of the term “parachute payment” within the meaning of Q&A-2(a) of the Treasury Regulations under Section 280G of the Code in accordance with Q&A-5(a) of the Treasury Regulations under Section 280G of the Code.

(iv) The following terms shall have the following meanings for purposes of this Section 2.2:

“Accounting Firm” shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section

280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder.

“Net After-Tax Receipt” shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Severed Employee’s taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Severed Employee in the relevant tax year(s).

“Parachute Value” of a Payment shall mean the present value as of the date of the change in control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

“Payment” shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Severed Employee, whether paid or payable pursuant to this Plan or otherwise.

“Safe Harbor Amount” shall mean the maximum Parachute Value of all Payments that the Severed Employee can receive without any Payments being subject to the Excise Tax.

The provisions of this Section 2.2 shall survive the expiration or termination of the Plan.

c. Legal Fees. The Company shall pay to any Eligible Employee all legal fees and expenses incurred by such Eligible Employee in disputing in good faith any issue hereunder or in seeking in good faith to obtain or enforce any benefit or right provided by this Plan; provided, that the payment of legal fees hereunder by the Company shall not be required if the Eligible Employee pursues such dispute in a manner inconsistent with the provisions of Section 3.3 hereof; and provided further, that the Eligible Employee shall be required to repay any such amounts to the Company to the extent that an arbitrator issues a final, unappealable order setting forth a determination that the position taken by the Eligible Employee was frivolous or advanced in bad faith. The Company shall pay to the Eligible Employee all legal fees and expenses incurred in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. All payments for legal fees and expenses shall be made within fourteen (14) business days after delivery of the Eligible Employee’s written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require. In order to comply with Section 409A of the Code, in no event shall the payments by the Company under this Section 2.3 be made later than the end of the calendar year next following the calendar year in which such fees and expenses were incurred, provided, that the Eligible Employee shall have

submitted an invoice for such fees and expenses at least fourteen (14) business days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred. The amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year shall not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, and the Eligible Employee's right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit.

d. Withholding. The Company shall be entitled to withhold from amounts to be paid to any Eligible Employee hereunder any federal, state or local withholding or other taxes or charges (or foreign equivalents of such taxes or charges) which it is from time to time required to withhold under applicable law or regulation.

e. Status of Plan Payments. No payments or benefits pursuant to this Plan shall constitute "compensation" (or similar term) under any employee benefit plan sponsored or maintained by the Company or any of its Affiliates, including any DB Pension Plan or DC Pension Plan.

f. Mitigation; Setoff. A Severed Employee is not required to seek other employment or attempt in any way to reduce any amounts payable to the Severed Employee under the Plan. Further, no payment or benefit provided for in this Plan shall be reduced by any compensation earned by the Severed Employee as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Severed Employee to the Company or its Affiliates, or otherwise.

### **SECTION 3. PLAN ADMINISTRATION; CLAIMS PROCEDURES.**

a. The Committee shall administer the Plan and, prior to a Change in Control:

(i) the Committee may interpret and construe the terms of the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan;

(ii) any determination by the Committee shall be final and binding with respect to the subject matter thereof on all Eligible Employees and all other persons;

(iii) the Committee may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

Notwithstanding anything in the Plan to the contrary, after a Change in Control, neither the Committee nor any other person shall have discretionary authority in the administration of the Plan, and any arbitrator, court or tribunal that adjudicates any dispute, controversy, or claim in connection with benefits under Section 2 will apply a *de novo* standard of review to any determinations made by the Committee or the Company. Such *de novo* standard shall apply

notwithstanding the grant of full discretion hereunder to the Committee or any person or characterization of any decision by the Committee or by such person as final, binding or conclusive on any party.

b. The Committee is empowered, on behalf of the Company, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Committee shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

a. Claims Procedure.

(i) In the event of a claim by an Eligible Employee, such Eligible Employee shall present the reason for his or her claim in writing to the Committee. The Committee shall, within ninety (90) days after receipt of such written claim (unless special circumstances require an extension of up to ninety (90) days, in which case written notice of the extension shall be furnished to the Eligible Employee prior to the end of the initial ninety (90)-day period, indicating the special circumstances requiring an extension and the date by which the Committee expects to render its decision), send a written notification to the Eligible Employee as to its disposition. In the event the claim is wholly or partially denied, such written notification shall (i) state the specific reason or reasons for the denial, (ii) make specific reference to the relevant Plan provisions on which the denial is based, (iii) provide a description of any additional material or information necessary for the Eligible Employee to perfect the claim and an explanation of why such material or information is necessary, and (iv) describe the Plan's review procedures and the time limits applicable to such procedures, including the Eligible Employee's right to bring a civil action under Section 502(a) of ERISA following a full or partial denial of the claim on review.

(ii) In the event that an Eligible Employee wishes to appeal the denial of his or her claim he or she may request a review of such denial by making application in writing to the Committee within sixty (60) days after receipt of such denial. An Eligible Employee (or his or her duly authorized legal representative) shall be provided, upon written request to the Committee and free of charge, reasonable access to, and copies of, all documents, records or other information in the Company's possession relevant to his or her claim and may submit comments, documents, records and other information relating to the claim, which shall be taken into account by the Committee in reviewing its denial of the Eligible Employee's claim, without regard to whether such information was submitted or considered in the initial claim.

(iii) Within sixty (60) days after receipt of a written appeal (unless special circumstances require an extension of up to sixty (60) days, in which case written notice of the extension shall be furnished to the Eligible Employee prior to the end of the initial sixty (60)-day period, indicating the special circumstances requiring an extension and the date by which the Committee expects to render its decision on review), the Committee shall notify the Eligible Employee of the final decision in writing. In the event the claim is wholly or partially denied on

review, such written notification shall (i) state the specific reason or reasons for the denial, (ii) make specific reference to the relevant Plan provisions on which the denial is based, (iii) a statement of the Eligible Employee's entitlement, upon written request to the Committee and free of charge, reasonable access to, and copies of, all documents, records or other information in the Company's possession relevant to his or her claim, and (iv) describe the Eligible Employee's right to bring a civil action under Section 502(a) of ERISA.

(iv) Notwithstanding the foregoing, upon the mutual agreement of the Eligible Employee and the Committee, any claim, dispute or controversy that has been submitted by the Eligible Employee in writing to the Committee may be submitted directly to arbitration in accordance with Section 3.4.

b. Any claim, dispute or controversy arising under or in connection with the Plan, and which is not resolved in accordance with Section 3.3, shall be settled exclusively by arbitration in Wilmington, Delaware. All claims, disputes and controversies shall be submitted to the CPR Institute for Dispute Resolution ("CPR") in accordance with the CPR's rules then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. The claim, dispute or controversy shall be heard and decided by three (3) arbitrators selected from CPR's employment panel. The arbitrators' decision shall be final and binding on all parties. Judgment may be entered on the arbitrators' award in any court having jurisdiction.

c. Any purported termination of an Eligible Employee's employment shall be communicated by written Notice of Termination from one party hereto to the other party in accordance with Section 4.7. For purposes of this Plan, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Plan relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Eligible Employee's employment under the provision so indicated, and shall specify the Severance Date (which, in the case of a termination by the Company, shall not be less than thirty (30) days, and, in the case of a termination by the Eligible Employee, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, after the date such Notice of Termination is given).

d. PLAN MODIFICATION OR TERMINATION.

The Plan may be amended or terminated by the Board at any time; provided, however, that the Committee may make amendments to the Plan (a) that are required by applicable law, (b) that will have minimal effect upon the Company's cost of providing benefits under the Plan, or (c) that do not change or alter the character and intent of the Plan; and provided, further that the Plan may not be terminated, or amended in any manner that adversely affects any Eligible Employee (other than an Eligible Employee whose employment with the Company and its Subsidiaries commences subsequent to the applicable Change in Control), (i) within two (2) years immediately following a Change in Control, or (ii) in anticipation of a specific contemplated Change in Control.



#### **SECTION 4. GENERAL PROVISIONS.**

a. Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, without limitation, by execution, levy, garnishment, attachment, pledge or in any manner. No attempted assignment or transfer of any such right or interest shall be effective, and no right or interest of any Eligible Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Eligible Employee. The Plan shall inure to the benefit of, and be binding upon, the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform the obligations set forth in the Plan in the same manner and to the same extent as the Company would be required to do so.

b. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee, or any person whomsoever, the right to be retained in the service of the Company, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

c. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

d. If a Severed Employee dies while any amount is still payable to such Severed Employee, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the Severed Employee's estate.

e. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

f. The Plan shall not be funded. No Eligible Employee shall have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

g. Any notice or other communication required or permitted pursuant to the terms hereof shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States certified mail, return receipt requested, or by overnight courier, postage prepaid, to the Company at its corporate headquarters address, to the attention of the Chief Legal Officer of the Company, or to the Eligible Employee at the Eligible Employee's most recent home address reflected on the books and records of the Company.

h. This Plan shall be construed and enforced according to the laws of the State of Delaware, without regard to its principles of conflicts of law.

i. Payments to a Severed Employee under this Plan shall be in lieu of any severance or similar payments that otherwise might be payable under any plan, program, policy or agreement sponsored or maintained by the Company that provides severance benefits to employees upon termination of employment, except that the payment or acceleration of equity or equity-based awards shall be in addition to, rather than in lieu of, any payment or benefits due under the Plan.

j. The obligations under this Plan are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying Section 409A of the Code. All payments to be made upon a termination of employment under this Plan may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on a Severed Employee pursuant to Section 409A of the Code. In no event may a Severed Employee, directly or indirectly, designate the calendar year of any payment under this Plan. Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including without limitation, where applicable, the requirement that (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) the reimbursement of any eligible fees and expenses shall be made no later than the last day of the calendar year following the year in which the applicable fees and expenses were incurred; and (c) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

*[Signature page follows.]*

IN WITNESS WHEREOF, the undersigned has caused this Plan to be effective as of the date first set forth above.

HOWMET AEROSPACE INC.

By: /s/ Neil E. Marchuk  
Name: Neil E. Marchuk  
Title: Executive Vice President and  
Chief Human Resources Officer

[Signature Page]

**HOWMET AEROSPACE INC.****EXECUTIVE SEVERANCE PLAN**

The Company hereby amends and restates, effective as of September 30, 2020, the Howmet Aerospace Inc. Executive Severance Plan (this “Plan”), which was originally adopted on February 27, 2017, and subsequently amended and restated on May 14, 2019. All capitalized terms used and not otherwise defined herein are defined in Section 1 hereof.

**SECTION 1. DEFINITIONS. As hereinafter used:**

- a. “Affiliate” shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.
- b. “Applicable Period” shall mean (a) in the case of a Tier I Employee or a Tier II Employee, the twenty-four (24)-month period immediately following such Tier I or Tier II Employee’s Severance Date, and (b) in the case of a Tier III Employee, the twelve (12)-month period immediately following such Tier III Employee’s Severance Date.
- c. “Board” means the Board of Directors of the Company.
- d. “Cause” means: (a) the willful and continued failure by the Eligible Employee to substantially perform the Eligible Employee’s duties with the Employer that has not been cured within thirty (30) days after a written demand for substantial performance is delivered to the Eligible Employee by the Board, which demand specifically identifies the manner in which the Board believes that the Eligible Employee has not substantially performed the Eligible Employee’s duties, or (b) the willful engaging by the Eligible Employee in conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise.
- e. “Code” means the Internal Revenue Code of 1986, as it may be amended from time to time.
- f. “Committee” means the Compensation and Benefits Committee of the Board.
- g. “Company” means Howmet Aerospace Inc. or any successors thereto.
- h. “DB Pension Plan” means any tax-qualified, supplemental or excess defined benefit pension plan maintained by the Company or any of its Affiliates and any other defined benefit plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined benefit retirement benefits.
- i. “DC Pension Plan” means any tax-qualified, supplemental or excess defined contribution plan maintained by the Company or any of its Affiliates and any other defined contribution plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined contribution retirement benefits.

j. “Delayed Payment Date” shall have the meaning set forth in Section 2.1(e).

k. “Eligible Employee” means any Tier I, Tier II or Tier III Employee; provided that, any Tier I, Tier II or Tier III Employee who is party to an individual agreement with the Company or any of its Affiliates that provides for severance benefits upon an involuntary termination shall not be considered an “Eligible Employee” while such agreement is in effect. An Eligible Employee becomes a “Severed Employee” once he or she incurs a Severance Event.

l. “Employer” means the Company or any of its Subsidiaries that employs the applicable Eligible Employee.

m. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

n. “Notice of Termination” shall have the meaning set forth in Section 3.5.

o. “Plan” shall have the meaning given in the preamble hereto.

p. “Release Date” shall have the meaning set forth in Section 2.1.

q. A “Separation from Service” means a “separation from service” within the meaning of Section 409A of the Code and Treasury Regulation Section 1.409A-1(h).

r. “Severance Event” means an Eligible Employee’s Separation from Service by the Employer other than for Cause. An Eligible Employee will not be considered to have incurred a Severance Event if his or her employment is discontinued by reason of the Eligible Employee’s death or a physical or mental condition causing such Eligible Employee’s inability to substantially perform his or her duties with the Employer, including, without limitation, such condition entitling him or her to benefits under any sick pay or disability income policy or program of the Company or any of its Affiliates.

s. “Severance Date” means the date on which an Eligible Employee’s Severance Event takes place.

t. “Severance Pay” shall have the meaning set forth in Section 2.1(a).

u. “Severed Employee” shall have the meaning set forth in Section 1.11.

a. “Subsidiary” shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

b. “Tier I Employee” means each employee of the Company or any Subsidiary thereof who is designated by the Committee as eligible to participate in this Plan as a Tier I Employee.

c. “Tier II Employee” means (a) each Executive Vice President of the Company as of May 14, 2019 who has not waived in writing the right to participate in this Plan, and (b) each other employee of the Company or any Subsidiary thereof who is designated by the Committee as eligible to participate in this Plan as a Tier II Employee..

d. “Tier III Employee” means (a) each Board-elected officer as of May 14, 2019 who is not a Tier I Employee or Tier II Employee and who has not waived in writing the right to participate in this Plan, and (b) each other employee of the Company or any Subsidiary thereof who is designated by the Committee as eligible to participate in this Plan as a Tier III Employee.

## **SECTION 2. BENEFITS.**

a. Severance Payments and Benefits. Each Severed Employee shall be entitled, subject to Section 2.2, and subject to the Severed Employee executing a general release of claims in favor of the Company and its Affiliates in a form satisfactory to the Company and such release becoming effective and irrevocable no later than the date that is sixty (60) days following the Severance Date (the “Release Date”), to receive the following payments and benefits from the Company. If the Severed Employee does not satisfy such release requirement, then the Severed Employee shall not be entitled to receive the payments described in Sections 2.1(a), (c) and (d) and the Company shall have no obligation to provide the benefits described in Section 2.1(b) after the end of the month in which the Release Date occurs.

1. Severance Pay. A lump sum cash amount (the “Severance Pay”) equal to (i) in the case of a Tier I Employee, two times the sum of the Severed Employee’s (A) annual base salary as of the Severance Date, and (B) target annual cash incentive compensation with respect to the fiscal year of the Company in which the Severance Date occurs, (ii) in the case of a Tier II Employee, one times the sum of the Severed Employee’s (A) annual base salary as of the Severance Date, and (B) target annual cash incentive compensation with respect to the fiscal year of the Company in which the Severance Date occurs, and (iii) in the case of a Tier III Employee, the Severed Employee’s annual base salary as of the Severance Date; provided that, if the amount of the cash severance pay for such Severed Employee calculated under the Howmet Aerospace Involuntary Separation Pay Plan, as in effect from time to time, or any successor plan, is greater than the amount calculated in accordance with this Section 2.1(a), then such Severed Employee’s Severance Pay shall equal such greater amount.

2. Benefits. During the Applicable Period, the Company shall arrange to provide the Severed Employee and anyone entitled to claim through the Severed Employee life, accident and health (including medical, behavioral, prescription drug, dental and vision) benefits substantially similar to those provided to the Severed Employee and anyone entitled to claim through the Severed Employee immediately prior to the Severed Employee’s

Severance Date, at no greater after-tax cost to the Severed Employee than the after tax cost to the Severed Employee immediately prior to such Severance Date.

3. Defined Contribution Pension Plans. For a Severed Employee who is eligible to receive the Employer Retirement Income Contributions (ERIC) under any DC Pension Plan, in addition to the retirement benefits to which the Severed Employee is entitled under each DC Pension Plan or any successor plan thereto, the Company shall pay the Severed Employee a lump sum cash amount equal to the product of (i) the ERIC contribution percentage in effect for the Severed Employee on the Severance Date, multiplied by (ii) the Severed Employee's annual base salary plus target annual cash incentive compensation as determined in Section 2.1(a)), multiplied by (iii) the number of years during the Applicable Period.

4. Defined Benefit Pension Plans. For a Severed Employee who participates in any DB Pension Plan, in addition to the retirement benefits to which the Severed Employee is entitled under each DB Pension Plan, the Company shall pay the Severed Employee a lump sum cash amount equal to the excess of (i) the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with the normal form of payment under each DB Pension Plan, commencing at the date on or after the last day of the Applicable Period as of which the actuarial equivalent of such form of payment is greatest) which the Severed Employee would have accrued and vested in under the terms of all DB Pension Plans determined for all purposes of determining pension benefits and eligibility for such benefits, including all applicable retirement subsidies, as if the Severed Employee had accumulated (after the Severed Employee's Severance Date) the number of additional months of age and service credit thereunder that the Severed Employee would have accumulated had the Severed Employee remained employed by the Company during the Applicable Period, over (ii) the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with the normal form of payment under each DB Pension Plan, commencing at the date on or after the Severed Employee's Severance Date as of which the actuarial equivalent of such form of payment is greatest) that the Severed Employee had accrued and vested in pursuant to the provisions of the DB Pension Plans as of the Severed Employee's Severance Date.

For purposes of this Section 2.1(d), "actuarial equivalent" shall be determined based upon the Severed Employee's age as of the Severed Employee's Severance Date using the same assumptions utilized under the Howmet Aerospace Retirement Plan I, Section 8.3(d)(ii) or the successor to such provision (without regard to applicable dollar limitations (\$5,000 as of February 27, 2017)) immediately prior to the Severed Employee's Severance Date.

5. The amounts described in Sections 2.1(a), (c) and (d) shall be paid to the Eligible Employee in a cash lump sum on the Release Date; provided that, if the Severed Employee is, as of the Severance Date, a "specified employee" within the meaning of Section 409A of the Code as determined in accordance with the methodology duly adopted by the Company as in effect on the Severance Date, then, to the extent necessary to avoid the imposition of the excise tax under Section 409A of the Code, such lump sum amounts shall

instead be paid on the first business day that is at least six (6) months after the Severance Date (or if sooner, upon the death of the Severed Employee) (the “Delayed Payment Date”), with interest at the applicable federal rate provided for in Section 7872(f)(2) (A) of the Code, from the first business day after the Severance Date through the Delayed Payment Date.

b. Withholding. The Company shall be entitled to withhold from amounts to be paid to any Eligible Employee hereunder any federal, state or local withholding or other taxes or charges (or foreign equivalents of such taxes or charges) which it is from time to time required to withhold under applicable law or regulation.

c. Status of Plan Payments. No payments or benefits pursuant to this Plan shall constitute “compensation” (or similar term) under any employee benefit plan sponsored or maintained by the Company or any of its Affiliates, including any DB Pension Plan or DC Pension Plan.

d. Mitigation; Setoff. A Severed Employee is not required to seek other employment or attempt in any way to reduce any amounts payable to the Severed Employee under the Plan. Further, no payment or benefit provided for in this Plan shall be reduced by any compensation earned by the Severed Employee as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Severed Employee to the Company or its Affiliates, or otherwise.

### **SECTION 3. PLAN ADMINISTRATION; CLAIMS PROCEDURES.**

a. The Committee shall administer the Plan and:

6. the Committee may interpret and construe the terms of the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan;

7. any determination by the Committee shall be final and binding with respect to the subject matter thereof on all Eligible Employees and all other persons;

8. the Committee may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

b. The Committee is empowered, on behalf of the Company, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Committee shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

c. Claims Procedure.



9. In the event of a claim by an Eligible Employee, such Eligible Employee shall present the reason for his or her claim in writing to the Committee. The Committee shall, within ninety (90) days after receipt of such written claim (unless special circumstances require an extension of up to ninety (90) days, in which case written notice of the extension shall be furnished to the Eligible Employee prior to the end of the initial ninety (90)-day period, indicating the special circumstances requiring an extension and the date by which the Committee expects to render its decision), send a written notification to the Eligible Employee as to its disposition. In the event the claim is wholly or partially denied, such written notification shall (i) state the specific reason or reasons for the denial, (ii) make specific reference to the relevant Plan provisions on which the denial is based, (iii) provide a description of any additional material or information necessary for the Eligible Employee to perfect the claim and an explanation of why such material or information is necessary, and (iv) describe the Plan's review procedures and the time limits applicable to such procedures, including the Eligible Employee's right to bring a civil action under Section 502(a) of ERISA following a full or partial denial of the claim on review.

10. In the event that an Eligible Employee wishes to appeal the denial of his or her claim he or she may request a review of such denial by making application in writing to the Committee within sixty (60) days after receipt of such denial. An Eligible Employee (or his or her duly authorized legal representative) shall be provided, upon written request to the Committee and free of charge, reasonable access to, and copies of, all documents, records or other information in the Company's possession relevant to his or her claim and may submit comments, documents, records and other information relating to the claim, which shall be taken into account by the Committee in reviewing its denial of the Eligible Employee's claim, without regard to whether such information was submitted or considered in the initial claim.

11. Within sixty (60) days after receipt of a written appeal (unless special circumstances require an extension of up to sixty (60) days, in which case written notice of the extension shall be furnished to the Eligible Employee prior to the end of the initial sixty (60)-day period, indicating the special circumstances requiring an extension and the date by which the Committee expects to render its decision on review), the Committee shall notify the Eligible Employee of the final decision in writing. In the event the claim is wholly or partially denied on review, such written notification shall (i) state the specific reason or reasons for the denial, (ii) make specific reference to the relevant Plan provisions on which the denial is based, (iii) a statement of the Eligible Employee's entitlement, upon written request to the Committee and free of charge, reasonable access to, and copies of, all documents, records or other information in the Company's possession relevant to his or her claim, and (iv) describe the Eligible Employee's right to bring a civil action under Section 502(a) of ERISA.

12. Notwithstanding the foregoing, upon the mutual agreement of the Eligible Employee and the Committee, any claim, dispute or controversy that has been submitted by the Eligible Employee in writing to the Committee may be submitted directly to arbitration in accordance with Section 3.4.

d. Any claim, dispute or controversy arising under or in connection with the Plan, and which is not resolved in accordance with Section 3.3, shall be settled exclusively by arbitration in Wilmington, Delaware. All claims, disputes and controversies shall be submitted to the CPR Institute for Dispute Resolution (“CPR”) in accordance with the CPR’s rules then in effect. The claim, dispute or controversy shall be heard and decided by three (3) arbitrators selected from CPR’s employment panel. The arbitrators’ decision shall be final and binding on all parties. Judgment may be entered on the arbitrators’ award in any court having jurisdiction.

e. Any purported termination of an Eligible Employee’s employment shall be communicated by written Notice of Termination from the Company to the Eligible Employee in accordance with Section 5.7. For purposes of this Plan, a “Notice of Termination” shall mean a notice which shall specify the Severance Date (which shall not be more than thirty (30) days after the date such Notice of Termination is given).

#### **SECTION 4. PLAN MODIFICATION OR TERMINATION.**

The Plan may be amended or terminated by the Board at any time; provided, however, that the Committee may make amendments to the Plan (a) that are required by applicable law, (b) that will have minimal effect upon the Company’s cost of providing benefits under the Plan, or (c) that do not change or alter the character and intent of the Plan. Notwithstanding the foregoing, any termination of the Plan, or amendment that materially adversely affects any Eligible Employee, shall not be effective as to such Eligible Employee until the first anniversary of the date that such Eligible Employee receives written notice from the Company of such termination or amendment.

#### **SECTION 5. GENERAL PROVISIONS.**

a. Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including, without limitation, by execution, levy, garnishment, attachment, pledge or in any manner. No attempted assignment or transfer of any such right or interest shall be effective, and no right or interest of any Eligible Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Eligible Employee. The Plan shall inure to the benefit of, and be binding upon, the Company and its successors and assigns.

b. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee, or any person whomsoever, the right to be retained in the service of the Company, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

c. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

d. If a Severed Employee dies while any amount is still payable to such Severed Employee, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the Severed Employee's estate.

e. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

f. The Plan shall not be funded. No Eligible Employee shall have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

g. Any notice or other communication required or permitted pursuant to the terms hereof shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States certified mail, return receipt requested, or by overnight courier, postage prepaid, to the Company at its corporate headquarters address, to the attention of the Chief Legal Officer of the Company, or to the Eligible Employee at the Eligible Employee's most recent home address reflected on the books and records of the Company.

h. This Plan shall be construed and enforced according to the laws of the State of Delaware, without regard to its principles of conflicts of law.

i. Payments to a Severed Employee under this Plan shall be in lieu of any severance or similar payments that otherwise might be payable under any plan, program, policy or agreement sponsored or maintained by the Company that provides severance benefits to employees upon termination of employment, except that (a) the payment or acceleration of equity or equity-based awards shall be in addition to, rather than in lieu of, any payment or benefits due under the Plan and (b) if a Severed Employee receives severance payments under the Company's Amended and Restated Change in Control Severance Plan in connection with such Severed Employee's Severance Event, then no payments will be provided to such Severed Employee under this Plan.

j. The obligations under this Plan are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Each payment of compensation under this Plan shall be treated as a separate payment of compensation for purposes of applying Section 409A of the Code. All payments to be made upon a termination of employment under this Plan may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on a Severed Employee pursuant to Section 409A of the Code. In no event may a Severed Employee, directly or indirectly, designate the calendar year of any payment under this Plan. Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including without limitation, where applicable, the requirement that (a) the amount of expenses eligible for reimbursement, or

in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) the reimbursement of any eligible fees and expenses shall be made no later than the last day of the calendar year following the year in which the applicable fees and expenses were incurred; and (c) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

*[Signature page follows.]*

IN WITNESS WHEREOF, the undersigned has caused this Plan to be effective as of the date first set forth above.

HOWMET AEROSPACE INC.

By: /s/ Neil E. Marchuk  
Name: Neil E. Marchuk  
Title: Executive Vice President and  
Chief Human Resources Officer

*[Signature Page]*

**HOWMET AEROSPACE INC.**  
**2013 HOWMET AEROSPACE STOCK INCENTIVE PLAN**  
**RESTRICTED SHARE UNIT AWARD AGREEMENT**  
**Grant Date: [INSERT DATE]**

The terms and conditions of this Global Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Units 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 Restricted Share Unit is an undertaking by the Company to issue the number of Shares indicated in the Participant's account at Merrill Lynch's OnLine website [www.benefits.ml.com](http://www.benefits.ml.com), subject to the fulfillment of certain conditions, except to the extent otherwise provided in the Plan or herein. A Participant has no voting rights or rights to receive dividends on Restricted Share Units, but the Board of Directors may authorize that dividend equivalents be accrued and paid on Restricted Share Units upon vesting in accordance with paragraphs 2 and 4 below.

*Vesting and Payment*

2. A Restricted Share Unit vests on the third anniversary date of the grant date and will be paid to the Participant in Shares on the vesting date or within 90 days thereafter.

3. Except as provided in paragraph 4, if a Participant's employment with the Company (including its Subsidiaries) is terminated before the Restricted Share Unit vests, the Award is forfeited and is automatically canceled.

4. The following are exceptions to the vesting rules:

- Death or Disability: a Restricted Share Unit held by a Participant, who dies while an Employee or who is permanently and totally disabled while an Employee, is not forfeited but vests and is paid 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 Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Unit 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 vested date set forth in paragraph 2.
- Retirement: a Restricted Share Unit is not forfeited if it is held by a Participant who retires at least 6 months after the grant date under a Company or Subsidiary plan (or if there is no Company or Subsidiary plan, a government retirement plan) in which the Participant is eligible for an immediate payment of a retirement benefit. In such event, the Restricted Share Unit vests and is paid in accordance with the original vesting schedule of the grant set forth in paragraph 2. Immediate commencement of a deferred vested pension benefit under a Company or Subsidiary retirement plan is not considered a retirement for these purposes.
- Divestiture: if a Restricted Share Unit is held by a Participant who is to be terminated from employment with the Company or a Subsidiary as a result of a divestiture of a business or a portion of a business of the Company and the Participant either becomes an employee of (or is leased or seconded to) the entity acquiring the business on the date of the closing, or the Participant is not offered employment with the entity acquiring the business and is terminated by the Company or a Subsidiary within 90 days of the closing of the sale, then, at the discretion of the Chief Executive Officer of the Company, the Restricted Share Unit will not be forfeited and will vest and be paid in accordance with the original vesting schedule set forth in paragraph 2. For purposes of this paragraph, employment by “the entity acquiring the business” includes employment by a subsidiary or affiliate of the entity acquiring the business; and “divestiture of a business” means the sale of assets or stock resulting in the sale of a going concern. “Divestiture of a business” does not include a plant shut down or other termination of a business.

5. A Participant will receive one Share upon the vesting and payment of a Restricted Share Unit.

### *Taxes*

6. All taxes required to be withheld under applicable tax laws in connection with a Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Unit, 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 Restricted Share Units 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 Restricted Share Units; provided that to the extent necessary to avoid a prohibited distribution under Section 409A of the Code, the number of Restricted Share Units 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 Restricted Share Units 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](http://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](http://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](http://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 Restricted Share Unit 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 Restricted Share Units only upon the prior death of another named beneficiary, all beneficiaries designated on the form will be entitled to share equally in the Restricted Share Units upon vesting. Unless otherwise indicated, all such beneficiaries will have an equal, undivided interest in all such Restricted Share Units.

12. Should a beneficiary die after the Participant but before the Restricted Share Unit is paid, such beneficiary's rights and interest in the 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 Restricted Share Unit, 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 Restricted Share Units that have not yet vested or been paid at the time of death of the Participant will 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 Restricted Share Unit as it deems appropriate to reflect the Equity Restructuring, which may include (i) adjusting the number and type of securities subject to the Restricted Share Unit; and (ii) adjusting the terms and conditions of the Restricted Share Unit. 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. Notwithstanding anything to the contrary herein, 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 Restricted Share Unit will be canceled or suspended at any time prior to a Change in Control: (i) if the Participant, without the consent of the Committee, while employed by the Company or a Subsidiary or after termination of such employment, becomes associated with, employed by, renders services to or owns any interest (other than an interest of up to 5% in a publicly traded company or any other nonsubstantial interest, as determined by the Committee) in any business that is in competition with the Company or any Subsidiary; (ii) in the event of the Participant's willful engagement in conduct which is injurious to the Company or any Subsidiary, monetarily or otherwise; (iii) in the event of an Executive Officer's misconduct described in Section 15(f) of the Plan; or (iv) in order to comply with applicable laws as described in Section 15(h) of the Plan.

Further, as an additional condition of receiving the Restricted Share Unit, the Participant agrees that the Restricted Share Unit and any benefits or proceeds the Participant may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) under the terms of any 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 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 (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if the Participant receives any amount in excess of what the Participant should have received under the terms of the Restricted Share Unit for any reason (including without limitation by reason of a financial restatement, 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.

#### *Miscellaneous Provisions*

16. *Stock Exchange Requirements; Applicable Laws.* Notwithstanding anything to the contrary in the Award Agreement, no Shares issuable upon vesting of the Restricted Share Units, 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 Restricted Share Units are 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 Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Right 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 Restricted Share Right 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 Restricted Share Unit 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 Restricted Share Unit 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*

30. As permitted by Section 15(c) of the Plan, receipt of this Restricted Share Unit 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<sup>®</sup> website [www.benefits.ml.com](http://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 Restricted Share Unit 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<sup>®</sup> 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.

#### *Performance Feature*

31. If the vesting of a Restricted Share Unit is subject to a performance condition, the following additional terms and conditions will apply to that Award:

- The Participant will have the right to receive from 0% to 200% of the number of Shares indicated on the grant date, based on achievement of performance goals established by the Committee for that Award.
- The performance period is three years. Attainment of performance goals for the three-year period will be determined or certified, as applicable, by the Committee on a date as soon as practicable following the end of the performance period (the "Determination Date").
- Notwithstanding paragraph 2 of the Award Agreement, the vesting date of the Award shall be the *later* of the date set forth in paragraph 2 and the Determination Date. To vest in the Award, the Participant must remain employed with the Company or a Subsidiary until such vesting date, except as otherwise set forth in paragraph 4. In any case, except where payment of the Award is made upon a Change in Control within the meaning of Treas. Reg. § 1.409A-3(i)(5), in no event will payment of the Award occur outside of the time period set forth in paragraph 2.
- In the event of termination of the Participant's employment with the Company (including its Subsidiaries) before the vesting of the Restricted Share Unit by reason of death, disability, retirement or divestiture, each as described in paragraph 4, payment of the Restricted Share Unit will be based on the extent to which the performance objectives established by the Committee have been attained following the end of the performance period.
- In the event of a Change in Control, the performance feature of the Award will cease to apply and the Award will be converted into a time-based award in accordance with the formula set forth in Section 12(a)(v) of the Plan. The vesting and payment of such Award will then be governed in accordance with paragraph 4.

**APPENDIX A**  
**TO THE HOWMET AEROSPACE INC.**  
**2013 Howmet Aerospace Stock Incentive Plan**  
**Restricted Share Unit Award Agreement**  
**For Non-U.S. Participants**

This Appendix A contains additional (or, if so indicated, different) terms and conditions that govern the Restricted Share Units if the Participant resides and/or works outside of the United States. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Global Restricted Share Unit Award Agreement (the "Award Agreement").

A. *Termination.* This provision supplements paragraph 3 of the Award Agreement.

The Company will determine when the Participant is no longer providing services for purposes of the Restricted Share Units (including whether the Participant may still be considered to be providing services while on a leave of absence).

B. *Responsibility for Taxes.* This provision replaces paragraph 6 of the Award Agreement (except 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 Participant acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary that employs the Participant (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of these Restricted Shares Units, including, but not limited to, the grant, vesting or settlement of Restricted Shares Units, the subsequent sale of Shares acquired pursuant to the Restricted Share Unit and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Restricted Share Units or any aspect of the Restricted Share Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Participant shall not make any claim against the Company, the Employer or any other Subsidiary, or their respective board, officers or employees related to Tax-Related Items arising from this Award. Furthermore, if the Participant has become subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) requiring a cash payment from the Participant; (ii) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer, (iii) withholding from the proceeds of the sale of Shares acquired pursuant to the Restricted Share Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); (iv) withholding from the Shares subject to Restricted Share Units; and/or (v) any other method of withholding determined by the Company and permitted by applicable law.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent) or, if not refunded, the Participant may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Participant is deemed,

for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Shares Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant shall pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

C. *Nature of Award.* In accepting the Restricted Share Units, the Participant acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;
- b. this Award of Restricted Share Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been granted in the past;
- c. all decisions with respect to future Restricted Share Units or other Awards, if any, will be at the sole discretion of the Company;
- d. this Award of Restricted Share Units and the Participant's participation in the Plan shall not create a right to, or be interpreted as forming or amending an employment or service contract with the Company and shall not interfere with the ability of the Employer to terminate the Participant's employment contract (if any) at any time;
- e. the Participant's participation in the Plan is voluntary;
- f. this Award of Restricted Share Units and the Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;
- g. this Award of Restricted Share Units and the Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- h. the future value of the Shares subject to the Restricted Share Units is unknown, indeterminable and cannot be predicted with certainty;
- i. unless otherwise agreed with the Company, Restricted Share Units and the Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;
- j. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award of Restricted Share Units resulting from termination of the Participant's employment and/or service relationship (for any reason whatsoever and regardless of whether later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);
- k. unless otherwise provided in the Plan or by the Company in its discretion, this Award of Restricted Share Units and the benefits under the Plan evidenced by this Award Agreement do not create any entitlement to have this Award of Restricted Share Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

1. neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Restricted Share Units or of any amounts due to the Participant pursuant to the Restricted Share Units or the subsequent sale of any Shares acquired under the Plan.

D. *Data Privacy.* Howmet's Employee Data Protection/Privacy Notice applies to the processing and transfer of the Participant's personal data. The notice may be found here: [Howmet Employee Data Protection/Privacy Notice](#). The Participant can also request a copy of the notice via email at [privacy@howmet.com](mailto:privacy@howmet.com).

E. *Retirement.* Notwithstanding paragraph 4 of the Award Agreement, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in the Participant's jurisdiction that would likely result in the favorable treatment applicable to the Restricted Share Units pursuant to paragraph 4 being deemed unlawful and/or discriminatory, then the Company will not apply the favorable treatment at the time of the Participant's retirement, and the Restricted Share Units will be treated as set forth in the remaining provisions of paragraph 4 of the Award Agreement.

F. *Language.* The Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of the Award Agreement. Furthermore, if the Participant has received this Award Agreement, or any other document related to this Award of Restricted Share Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

G. *Insider Trading Restrictions/Market Abuse Laws.* The Participant acknowledges that, depending on his or her country, the broker's country, or the country in which the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect his or her ability to accept, acquire, sell, or attempt to sell or otherwise dispose of Shares or rights to Shares (e.g., Restricted Share Units), or rights linked to the value of Shares, during such times as he or she is considered to have "inside information" regarding the Company (as defined by applicable laws or regulations in the applicable jurisdictions, including the United States and the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should consult his or her personal advisor on this matter.

H. *Foreign Asset/Account Reporting Requirements, Exchange Controls and Tax Requirements.* The Participant acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside his or her country. The Participant understands that he or she may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. The Participant acknowledges that it is his or her responsibility to be compliant with all such requirements, and that the Participant should consult his or her personal legal and tax advisors, as applicable, to ensure the Participant's compliance.

**APPENDIX B  
TO THE HOWMET AEROSPACE INC.  
2013 Howmet Aerospace Stock Incentive Plan  
Restricted Share Unit Award Agreement  
For Non-U.S. Participants**

Capitalized terms used but not defined in this Appendix B have the meanings set forth in the Plan and the Global Restricted Share Unit Award Agreement (the “Award Agreement”).

*Terms and Conditions*

This Appendix B includes special terms and conditions that govern Restricted Share Units if the Participant resides and/or works in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the country in which the Participant is currently residing and/or working, or if the Participant transfers to another country after the grant of Restricted Share Units or is considered a resident of another country for local law purposes, the Committee shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Participant.

*Notifications*

This Appendix B also includes information regarding exchange controls, tax and certain other issues of which the Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the country in which the Participant currently works and/or resides, or if the Participant transfers to another country after the grant of the Restricted Share Unit, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to the Participant in the same manner.

**AUSTRALIA**

*Terms and Conditions*

Australia Offer Document. The grant of Restricted Share Units is intended to comply with the provisions of the Corporations Act, 2001, Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document to Australian resident employees, which is being provided to the Participant with the Award Agreement.

*Notifications*

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Participant’s behalf. If there is no Australian bank involved in the transfer, the Participant will be responsible for filing the report.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

## **AUSTRIA**

### *Notifications*

Exchange Control Information. If the Participant holds Shares obtained through the Plan outside of Austria, the Participant must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not meet or exceed €30,000,000 or as of December 31 does not meet or exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given.

When Shares are sold or cash dividends or dividend equivalent payments are received, there may be exchange control obligations if the cash received is held outside Austria. If the transaction volume of all the Participant's accounts abroad meets or exceeds a certain threshold, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth of the following month.

## **BELGIUM**

### *Notifications*

Foreign Asset/Account Reporting Information. If the Participant is a Belgian resident, the Participant is required to report any bank accounts opened and maintained outside of Belgium (e.g., brokerage accounts opened in connection with the Plan) on his or her annual tax return. In a separate report, the Participant is required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under *Kredietcentrales / Centrales des crédits* caption. The Participant should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

## **BRAZIL**

### *Terms and Conditions*

Compliance with Law. By accepting the Restricted Share Units, the Participant acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the Restricted Share Units, the sale of the Shares acquired under the Plan and the receipt of any dividends.

Acknowledgement of Nature of the Grant. This provision supplements paragraph C "Nature of Award" of Appendix A:

By accepting the Restricted Share Units, the Participant agrees that he or she is making an investment decision, the Shares will be issued to the Participant only if the vesting conditions are met and any necessary services are rendered by the Participant over the vesting period, and the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to the Participant.

### *Notifications*

Exchange Control Information. If the Participant is a resident of or domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of the assets and rights is equal to or greater than US\$100,000. If such amount exceeds US\$100,000,000, the declaration must be submitted quarterly. Assets and rights that must be reported include Shares acquired under the Plan.



Tax on Financial Transactions (IOF). Repatriation of funds (e.g., sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is the Participant's responsibility to comply with any applicable Tax on Financial Transactions arising from the Participant's participation in the Plan. The Participant should consult with his or her personal tax advisor for additional details.

## CANADA

### *Terms and Conditions*

Award Settled Only in Shares. Notwithstanding any discretion in the Plan, the Award of Restricted Share Units shall be settled in Shares only. The Participant is not entitled to receive a cash payment pursuant to the Award.

Termination of Service. The following provision replaces paragraph A "Termination" of Appendix A:

For purposes of the Restricted Share Units, in the event of termination of the Participant's employment relationship (whether or not in breach of local labor laws), except as otherwise expressly set forth in the Award Agreement, the Participant's right to vest in the Restricted Share Unit award under the Plan, if any, will terminate effective as of the earlier of (i) the date upon which the Participant is no longer actively employed or (ii) the date upon which the Participant receives written notice of termination from the Company or the Employer. The Company shall have the exclusive discretion to determine when the Participant is no longer actively employed or when the Participant has received notice of such termination for purposes of the Restricted Share Unit award. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the Restricted Share Unit award under the Plan, if any, will terminate effective as of the last day of the Participant's minimum statutory notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant's statutory notice period, nor will the Participant be entitled to any compensation for lost vesting.

*The Following Provisions Apply for Participants Resident in Quebec:*

Consent to Receive Information in English. The Participant acknowledges that it is the express wish of the parties that this Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de Conditions d'attribution, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

Authorization to Release and Transfer Necessary Personal Information. The following provision supplements paragraph D "Data Privacy" of Appendix A:

The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company, any Subsidiary and the administrator of the Plan to disclose and discuss the Plan with their advisors. The Participant further authorizes the Company and any Subsidiary to record such information and to keep such information in the Participant's Employee file.

### *Notifications*

Securities Law Information. The Participant acknowledges that he or she is permitted to sell the Shares acquired under the Plan through the designated broker appointed by the Company, provided the sale of the Shares takes place outside of Canada through facilities of a stock exchange on which the Shares are listed (i.e., the NYSE).

Foreign Asset/Account Reporting Information. Canadian residents are required to report to the tax authorities certain foreign property (included Restricted Share Units) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Restricted Share Units must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign property the Participant holds. If Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the fair market value of the Shares at vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The Participant should consult with his or her personal legal advisor to ensure compliance with applicable reporting obligations.

## **CHINA**

### ***Terms and Conditions***

*The following terms and conditions will apply to Participants who are subject to exchange control restrictions and regulations in the People’s Republic of China (“the PRC”), including the requirements imposed by the State Administration of Foreign Exchange (“SAFE”), as determined by the Company in its sole discretion:*

Award Conditioned on Satisfaction of Regulatory Obligations. Notwithstanding anything to the contrary in the Award Agreement, settlement of the Restricted Share Units is conditioned on the Company’s obtaining a registration of the Plan with SAFE and on the continued effectiveness of such registration (the “SAFE Registration Requirement”). If or to the extent the Company is unable to complete the registration or maintain the registration, no Shares subject to the Restricted Shares Units for which a registration cannot be completed or maintained shall be issued. In this case, the Company retains the discretion to settle any Restricted Share Units for which the vesting conditions, but not the SAFE Registration Requirement, have been met in cash paid through local payroll in an amount equal to the market value of the Shares subject to the Restricted Share Units less any Tax-Related Items.

Shares Must Remain With Company’s Designated Broker. The Participant agrees to hold any Shares received upon settlement of the Restricted Share Units with the Company’s designated broker until the Shares are sold. The limitation shall apply to all Shares issued to the Participant under the Plan, whether or not the Participant remains employed with the Company or its Subsidiaries.

Forced Sale of Shares. The Company has the discretion to arrange for the sale of the Shares issued upon settlement of the Restricted Share Units, either immediately upon settlement or at any time thereafter. In any event, if the Participant’s employment is terminated, the Participant will be required to sell all Shares acquired upon settlement of the Restricted Share Units within such time period as required by the Company in accordance with SAFE requirements. Any Shares remaining in the brokerage account at the end of this period shall be sold by the broker (on behalf of the Participant and the Participant hereby authorizes such sale). The Participant agrees to sign any additional agreements, forms and/or consents that reasonably may be requested by the Company (or the Company’s designated broker) to effectuate the sale of Shares (including, without limitation, as to the transfer of the sale proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters. The Participant acknowledges that neither the Company nor the designated broker is under any obligation to arrange for the sale of Shares at any particular price (it being understood that the sale will occur in the market) and that broker’s fees and similar expenses may be incurred in any such sale. In any event, when the Shares are sold, the sale proceeds, less any tax withholding, any broker’s fees or commissions, and any similar expenses of the sale will be remitted to the Participant in accordance with applicable exchange control laws and regulations.

Exchange Control Restrictions. The Participant understands and agrees that the Participant will be required to immediately repatriate to China the proceeds from the sale of any Shares acquired under the Plan and any cash dividends paid on such Shares. The Participant further understands that such repatriation of proceeds may need to be effected through a special bank account established by the Company (or a Subsidiary), and the Participant hereby consents and agrees that any sale proceeds and cash dividends may be transferred to such special account by the

Company (or a Subsidiary) on the Participant's behalf prior to being delivered to the Participant and that no interest shall be paid with respect to funds held in such account.

The proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to the Participant in U.S. dollars, Participant understands that a U.S. dollar bank account in China must be established and maintained so that the proceeds may be deposited into such account. If the proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company (or its Subsidiaries) are under no obligation to secure any particular exchange conversion rate and that the Company (or its Subsidiaries) may face delays in converting the proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time the Shares are sold and the net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Administration. The Company (or its Subsidiaries) shall not be liable for any costs, fees, lost interest or dividends or other losses that the Participant may incur or suffer resulting from the enforcement of the terms of this Appendix or otherwise from the Company's operation and enforcement of the Plan, the Award Agreement, the Award in accordance with any applicable laws, rules, regulations and requirements.

### ***Notifications***

Exchange Control Information. Chinese residents may be required to report to SAFE all details of their foreign financial assets and liabilities (including Shares acquired under the Plan), as well as details of any economic transactions conducted with non-Chinese residents.

## **CZECH REPUBLIC**

### ***Notifications***

Exchange Control Information. Upon request of the Czech National Bank (the "CNB"), the Participant may be required to report the following to the CNB: foreign direct investments, financial credits from abroad, investment in foreign securities and associated collection of payments (Shares and proceeds from the sale of Shares may be included in this reporting requirement). The Participant may need to report the following even in the absence of a request from the CNB: foreign direct investments with a value of CZK 2,500,000 or more in the aggregate or other foreign financial assets with a value of CZK 200,000,000 or more.

Because exchange control regulations change frequently and without notice, the Participant should consult his or her personal legal advisor prior to the sale of Shares to ensure compliance with current regulations. It is the Participant's responsibility to comply with Czech exchange control laws, and neither the Company nor any Subsidiary will be liable for any resulting fines or penalties.

## **FRANCE**

### ***Terms and Conditions***

Language Consent. By accepting the Restricted Share Units and the Award Agreement, which provides for the terms and conditions of the Restricted Share Units, the Participant confirms having read and understood the documents relating to this Award (the Plan and the Award Agreement, including the Appendices) which were provided to the Participant in English. The Participant accepts the terms of those documents accordingly.

*En acceptant l'Attribution d'Actions Attribuées et ce Contrat d'Attribution qui contient les termes et conditions des Actions Attribuées, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d'Attribution, ainsi que les Annexes) qui ont été transmis au Participant en langue anglaise. Le Participant accepte ainsi les conditions et termes de ces documents.*

## ***Notifications***

**Tax Information.** The Restricted Share Units are not intended to be French tax-qualified awards.

**Foreign Asset/Account Reporting Information.** French residents are required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing their annual tax returns. Further, French residents with foreign account balances exceeding prescribed amounts may have additional monthly reporting requirements. The Participant should consult his or her personal advisor to ensure compliance with applicable reporting obligations. Failure to complete this reporting triggers penalties for the resident.

## **GERMANY**

### ***Notifications***

**Exchange Control Information.** If the Participant receives cross-border payments in excess of €12,500 in connection with the sale of securities (including Shares acquired under the Plan) or the receipt of any dividends or dividend equivalent payments, such payment must be reported monthly to the German Federal Bank (*Bundesbank*). The Participant is responsible for the reporting obligation and should file the report electronically by the fifth day of the month following the month in which the payment is made. A copy of the report ("*Allgemeines Meldeportal Statistik*") can be accessed via Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English.

**Foreign Asset/Account Reporting Information.** If the Participant's acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Participant will need to report the acquisition when he or she files a tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds €150,000, or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the Company's total common stock.

## **HONG KONG**

### ***Terms and Conditions***

**Securities Law Information.** *Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant is advised to exercise caution in relation to the offer. The Restricted Share Units and Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, its Subsidiary or affiliates. The Award Agreement, including this Appendix B, the Plan and other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, and (ii) are intended only for the personal use of each eligible employee of the Employer, the Company or any Subsidiary or affiliate and may not be distributed to any other person. If the Participant is in any doubt about any of the contents of the Award Agreement, including this Appendix B, the Plan or any other incidental communication materials, he or she should obtain independent professional advice.*

**Form of Settlement.** Restricted Share Units granted to employees resident in Hong Kong shall be paid in Shares only. In no event shall any of such Restricted Share Units be paid in cash, notwithstanding any discretion contained in the Plan to the contrary.

**Settlement of Restricted Share Units and Sale of Shares.** This provision supplements paragraph 5 of the Award Agreement.

Shares received under the Plan are accepted as a personal investment. In the event the Participant's Restricted Share Units vest and Shares are issued to the Participant within six months of the grant date, the Participant agrees that he or she will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the grant date.

## HUNGARY

There are no country-specific provisions.

## INDIA

### *Notifications*

Exchange Control Information. Indian residents are required to repatriate to India all proceeds received from the sale of Shares within 90 days of receipt and any dividends or dividend equivalent payments within 180 days of receipt, or within such other period of time as may be required under applicable regulations and to convert the proceeds into local currency. The Participant must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company requests proof of repatriation. It is the Participant's responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. The Participant is required to declare any foreign bank accounts and any foreign financial assets (including Shares held outside India) in the Participant's annual tax return. The Participant is responsible for complying with this reporting obligation and should confer with his or her personal tax advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account reporting requirements and because such requirements may change.

## ITALY

### *Terms and Conditions*

Plan Document Acknowledgment. In accepting the Award, the Participant acknowledges that he or she has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix B.

The Participant further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Award Agreement: paragraph 27 ("Governing Law and Venue") of the Award Agreement; paragraph B ("Responsibility for Taxes"), paragraph C ("Nature of Award"), paragraph D ("Data Privacy"), and paragraph F ("Language") of Appendix A to the Award Agreement.

### *Notifications*

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and, during any fiscal year, holds investments or financial assets outside of Italy (e.g., cash, Shares) which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on his or her annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

## JAPAN

### *Notifications*

Foreign Asset/Account Reporting Information. The Participant will be required to report details of any assets held outside of Japan as of December 31 (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 of the following year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to the

Participant and whether the Participant will be required to report details of any outstanding Restricted Share Units, Shares or cash held by the Participant in the report.

## **KOREA**

### *Notifications*

Foreign Asset/Account Reporting Information. If the Participant is a Korean resident, the Participant must declare all of his or her foreign financial accounts (including any brokerage account) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies.

## **MEXICO**

### *Terms and Conditions*

Policy Statement. The Award of Restricted Share Units is a unilateral and discretionary award and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with offices at 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, United States of America, is solely responsible for the administration of the Plan, and participation in the Plan and the Award of the Restricted Share Units does not, in any way, establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis and the Participant's sole employer is one of the following companies: COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. or Howmet Wheel Services Mexico S de RL de CV, a Mexican Subsidiary, nor does it establish any rights between the Participant and the Employer.

Plan Document Acknowledgment. By accepting the Restricted Share Units, the Participant acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Award Agreement in their entirety, and fully understands and accepts all provisions of the Plan and the Award Agreement, including the Appendices.

In addition, the Participant expressly approves that: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) neither the Company nor any Subsidiary is responsible for any decrease in the value of the Shares acquired upon vesting of the Restricted Share Units.

Finally, the Participant hereby declares that he or she does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of his or her participation in the Plan and therefore grant a full and broad release to the Employer, the Company and its other Subsidiaries with respect to any claim that may arise under the Plan.

### **Spanish Translation**

#### Declaración de Política.

*El Otorgamiento de Unidades de Acciones Restringidas es un otorgamiento unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el Plan en cualquier tiempo, sin responsabilidad alguna.*

*La Compañía, con oficinas registradas ubicadas en 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, United States of America, es únicamente responsable de la administración del Plan, y la participación en el Plan y el Otorgamiento de Unidades de Acciones Restringidas no establecen, de forma alguna, una relación*

de trabajo entre el Participante y la Compañía, ya que el Participante está participando en el Plan sobre una base comercial y el único patrón es COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. o Howmet Wheel Services Mexico S de RL de CV, una Afiliada Mexicana, y tampoco establece ningún derecho entre usted y el Patrón.

#### Reconocimiento del Documento del Plan.

Al aceptar el Otorgamiento de las Unidades de Acciones Restringidas, el Participante reconoce que ha recibido copias del Plan, ha revisado el Plan y los Términos del Otorgamiento en su totalidad y que entiende y acepta completamente todas las disposiciones contenidas en el Plan y en los Términos del Otorgamiento, incluyendo los Apéndices.

Adicionalmente, el Participante aprueba expresamente que (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan se ofrecen por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, cualquier Filial y el Patrón no son responsables por cualquier disminución en el valor de las Acciones adquiridas al momento de tener derecho en relación con las Unidades de Acciones Restringidas.

Finalmente, el Participante declara que no se reserva ninguna acción o derecho para interponer una reclamación o demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio y total finiquito al Patrón, la Compañía y sus Filiales en relación con cualquier reclamación demanda que pudiera surgir de conformidad con el Plan.

### **MOROCCO**

#### **Terms and Conditions**

Settlement. The following provision replaces paragraph 5 of the Award Agreement:

Due to exchange control restrictions in Morocco, the Company will settle the Restricted Share Units by delivering to the Participant, through local payroll, the cash equivalent of Shares upon vesting of the Restricted Share Units. The cash payment will equal the number of vested Restricted Share Units multiplied by the value of one Share on the vesting date, subject to the satisfaction of any applicable withholding obligations for Tax-Related Items. References in this Award Agreement to Shares issuable in connection with the Restricted Share Units will include the issuance of its cash equivalent pursuant to this provision.

### **NETHERLANDS**

There are no country-specific provisions.

### **POLAND**

#### **Notifications**

Exchange Control Information. The Participant acknowledges that any transfer of funds in excess of PLN 15,000 into or out of Poland must be affected through a bank account in Poland. The Participant understands that he or she is required to store all documents connected with any foreign exchange transactions the Participant engages in for a period of five years, as measured from the end of the year in which such transaction occurred.

Foreign Asset/Account Reporting Information. If the Participant maintains bank or brokerage accounts holding cash and foreign securities (including Shares) outside of Poland, he or she will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds PLN 7 million. If required, such reports must be filed on special forms available on the website of the

National Bank of Poland. The Participant should consult with his or her personal legal advisor to determine whether he or she will be required to submit reports to the National Bank of Poland.

## **SINGAPORE**

### ***Terms and Conditions***

**Sale Restriction.** The Participant agrees that any Shares acquired pursuant to the Restricted Share Units will not be offered for sale in Singapore prior to the six-month anniversary of the grant date unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

### ***Notifications***

**Securities Law Information.** The grant of Restricted Share Units is being made to the Participant in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Director Notification Obligation.** If the Participant is a director, associate director or shadow director of the Company’s Singapore Subsidiary or affiliate, the Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Subsidiary or affiliate in writing when the Participant receives an interest (*e.g.*, a grant of Restricted Share Units, the acquisition of Shares under the Plan, etc.) in the Company or any Subsidiary or affiliate. In addition, the Participant must notify the Company’s Singapore Subsidiary or affiliate when the Participant sells Shares or shares of the Company or its Subsidiary or affiliate (including when the Participant sells Shares issued upon vesting and settlement of the Restricted Share Units). These notifications must be made within two business days of (i) acquiring or disposing of any interest in the Company or any Subsidiary or affiliate or (ii) any change in a previously-disclosed interest (*e.g.*, upon vesting of the Restricted Share Units or when Shares acquired under the Plan are subsequently sold). In addition, a notification of the Participant’s interests in the Company or any Subsidiary or affiliate must be made within two business days of becoming a director, associate director or shadow director.

## **SOUTH AFRICA**

### ***Terms and Conditions***

**Responsibility for Taxes.** The following supplements paragraph B “Responsibility for Taxes” of Appendix A:

By accepting the grant of Restricted Share Units, the Participant agrees that, immediately upon vesting and settlement of the Restricted Share Units, the Participant will notify the Employer of the amount of any gain realized. If the Participant fails to advise the Employer of the gain realized upon vesting and settlement, the Participant may be liable for a fine. The Participant will be solely responsible for paying any difference between the actual tax liability and the amount withheld by the Employer.

### ***Notifications***

**Exchange Control Information.** Because no transfer of funds from South Africa is required in connection with the Restricted Share Units, no filing or reporting requirements should apply when the Restricted Share Units are granted or when Shares are issued upon vesting and settlement of the Restricted Share Units. However, because the exchange control regulations are subject to change, the Participant should consult the Participant’s personal advisor prior to vesting and settlement of the Restricted Share Units to ensure compliance with current regulations. The Participant is responsible for ensuring compliance with all exchange control laws in South Africa.



Securities Law Acknowledgement. In compliance with South African Securities Law, the Participant acknowledges that the Participant has been notified that the documents related to the Plan are available for the Participant's review on the Company's public site or intranet site, as applicable.

## **SPAIN**

### ***Terms and Conditions***

No Entitlement for Claims or Compensation. The following provisions supplement paragraph A "Termination" of Appendix A.

By accepting the Restricted Share Units, the Participant consents to participation in the Plan and acknowledges that Participant has received a copy of the Plan acknowledges that the Participant has read and specifically accepts the vesting and termination conditions in the Award Agreement.

The Participant understands and agrees that, as a condition of the grant of the Restricted Share Units, if the Participant's employment terminates, unless otherwise provided in the Award Agreement or by the Company, that the Participant will not be entitled to continue vesting in any RSUs upon cessation of the Participant's employment or service and any unvested Restricted Share Units shall be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Restricted Share Units under the Plan to individuals who may be Employees of the Company or a Subsidiary. The decision is limited and entered into based upon the express assumption and condition that any Restricted Share Units will not economically or otherwise bind the Company or any Subsidiary, including the Employer, on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, the Participant understands that the Restricted Share Units are granted on the assumption and condition that the Restricted Share Units shall not become part of any employment or service agreement (whether with the Company or any Subsidiary, including the Employer) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the grant of Restricted Share Units, which is gratuitous and discretionary, since the future value of the Restricted Share Units and the underlying Shares is unknown and unpredictable. The Participant also understands that the grant of Restricted Share Units would not be made but for the assumptions and conditions set forth hereinabove; thus, the Participant understands, acknowledges and freely accepts that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the Restricted Share Unit and any right to the underlying Shares shall be null and void.

### ***Notifications***

Securities Law Information. A Restricted Share Unit is not considered to be a security under Spanish law. No "offer of securities to the public", as defined under Spanish law, has taken place or will take place in the Spanish territory with respect to the Restricted Share Units. No public offering prospectus has been nor will be registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Exchange Commission) ("CNMV"). Neither the Plan nor the Award Agreement constitute a public offering prospectus and they have not been, nor will they be, registered with the CNMV.

Exchange Control Information. To participate in the Plan, the Participant must comply with exchange control regulations in Spain. The acquisition of Shares upon vesting of the Restricted Share Units and subsequent sales of Shares must be declared for statistical purposes to the *Dirección General de Comercio e Inversiones* (the "DGCI").

Because the Participant will not purchase or sell the Shares through the use of a Spanish financial institution, the Participant must make the declaration himself or herself by filing a Form D-6 with the DGCI. Generally, the Form D-6 must be filed each January while the Shares are owned. In addition, the sale of Shares must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold, in which case, the filing is due within one month after the sale.

In addition, the Participant may be required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including any Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Shares made to the Participant by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year.

Foreign Asset/Account Reporting Information. The Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, to the extent that the Participant holds Shares and/or has bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31, the Participant will be required to report information on such assets on his or her tax return (tax form 720) for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported Shares or accounts increases by more than €20,000 or if the Participant sells or otherwise disposes of any previously-reported Shares or accounts.

## **SWITZERLAND**

### *Notifications*

Securities Law Information. Because the offer of the Restricted Share Units is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Restricted Share Units (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

## **UNITED KINGDOM**

### *Terms and Conditions*

Responsibility for Taxes. The following supplements paragraph B “Responsibility for Taxes” of Appendix A:

Without limitation to paragraph B “Responsibility for Taxes” of Appendix A, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will have to pay to HMRC (or any other tax authority or any other relevant authority) on the Participant’s behalf.

Notwithstanding the foregoing, if the Participant is a Director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934), the Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and employee National Insurance contributions (“NICs”) may be

payable. The Participant agrees to report and pay any income tax due on this additional benefit directly to HMRC under the self-assessment regime and to pay the Employer for the value of the employee NICs due on this additional benefit, which the Company or the Employer may recover from the Participant by any of the means referred to in the Award Agreement, including the Appendices.

**HOWMET AEROSPACE INC.**  
**2013 HOWMET AEROSPACE STOCK INCENTIVE PLAN**  
**GLOBAL STOCK OPTION AWARD AGREEMENT**  
**Grant Date: [INSERT DATE]**

The terms and conditions of this Global Stock Option 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 Stock Option 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 Stock Option, the Participant must affirmatively accept the Stock Option and the terms of this Award Agreement within 6 months of the grant date, as set forth in paragraph 41 of the Award Agreement.**

*General Terms and Conditions*

1. The Stock Option award is subject to the terms and conditions set forth in the Participant's account at Merrill Lynch's OnLine® website [www.benefits.ml.com](http://www.benefits.ml.com), the provisions of the Plan and 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.
2. The exercise price (or option price) of the Stock Option is 100% of the fair market value per Share on the date of grant, unless the Participant's account at Merrill Lynch's OnLine® website [www.benefits.ml.com](http://www.benefits.ml.com), specifies a higher exercise price.
3. The expiration date of a Stock Option is ten years after the date of grant.

*Vesting and Exercisability*

4. The Stock Option vests as to one-third of the Award on the first anniversary of the grant date, as to one-third of the Award on the second anniversary of the grant date and as to one-third of the Award on the third anniversary of the grant date.
5. Except as provided in paragraph 7, once vested, a Stock Option may be exercised until its expiration date, as long as the Participant remains an active employee of the Company or a Subsidiary. As an administrative matter, the vested portion of this Stock Option may be exercised only until the close of the New York Stock Exchange on the expiration date or such earlier termination date set forth in paragraph 7 or, if such date is not a business day on the New York Stock Exchange, the last business day before such date. Any later attempt to exercise the Stock Option will not be honored. The Participant is solely responsible for any election to exercise the Stock Option, and the Company has no obligation to provide notice to the Participant of any matter, including, but not limited to, the date the Stock Option terminates. Neither the Company nor any Subsidiary has any liability in the event of the Participant's failure to timely exercise any vested Stock Option prior to its expiration.
6. Except as provided in paragraph 7:
  - as a condition to exercise of a Stock Option, a Participant must remain an active employee of the Company or a Subsidiary until the date the option vests, and if a Stock Option vests as to some but not all Shares covered by the Award, the Participant must be an active employee on the date the relevant portion of the Award vests; and
  - if the Participant's employment with the Company (including its Subsidiaries) terminates prior to the vesting date of the Stock Option (or relevant option portion), the Stock Option (or relevant option portion) is forfeited and is automatically canceled.
7. The following are exceptions to the vesting and exercisability rules:
  - Death or Disability: a Stock Option held by a Participant, who dies while an Employee or who is permanently and totally disabled while an Employee, is not forfeited but vests in accordance with the original vesting date. In the case of a Participant who dies while an Employee, any Stock Option that is vested must be exercised by a legal representative or beneficiary on the earlier of five years from the date of death or the original expiration date of the Stock Option. In the case of a Participant who is permanently and totally disabled while an Employee, any Stock Option that is vested must be exercised on the earlier of five years from the date of such disability or the original expiration date of the Stock Option.

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 Stock Option vests if a Replacement Award is not provided following certain Change in Control events, as described in the Plan.
- **Retirement:** a Stock Option is not forfeited if it is held by a Participant who retires at least 6 months after the grant date under an applicable Company or Subsidiary plan (or if there is no Company or Subsidiary plan, a government retirement plan) in which the Participant is eligible for an immediate payment of a retirement benefit. In that event, any unvested portion of the Stock Option vests in accordance with the original vesting schedule of the grant, and any Stock Option that is vested will be exercisable until the earlier of five years from the date of retirement or the original expiration date of the Stock Option. Immediate commencement of a deferred vested pension benefit under a Company or Subsidiary retirement plan is not considered a retirement for these purposes.
- **Divestiture:** if a Stock Option is held by a Participant who is to be terminated from employment with the Company or a Subsidiary as a result of a divestiture of a business or a portion of a business of the Company and the Participant either becomes an employee of (or is leased or seconded to) the entity acquiring the business on the date of the closing, or the Participant is not offered employment with the entity acquiring the business and is terminated by the Company or a Subsidiary within 90 days of the closing of the sale, then, at the discretion of the Chief Executive Officer of the Company:
  - Any unvested portion of the Stock Option will continue to vest under the original vesting schedule and once vested, will be exercisable until the earlier of the original expiration date of the Stock Option or two years from the date the Participant's employment with the Company or a Subsidiary has been terminated; and
  - Any vested portion of the Stock Option will remain exercisable until the earlier of the original expiration date of the Stock Option or two years from the date the Participant's employment with the Company or a Subsidiary has been terminated.

For purposes of this paragraph, employment by "the entity acquiring the business" includes employment by a subsidiary or affiliate of the entity acquiring the business; and "divestiture of a business" means the sale of assets or stock resulting in the sale of a going concern. "Divestiture of a business" does not include a plant shut down or other termination of a business.

- **Termination of Employment:** if a Stock Option is held by a Participant whose employment with the Company (including its Subsidiaries) is terminated for any reason other than those described above in this paragraph 7, any unvested Stock Options will be forfeited on the date of termination of employment and any vested Stock Options will remain exercisable for 90 days after the date employment is terminated.

#### ***Option Exercise and Payment of Exercise Price***

8. A vested, exercisable option is exercised when a signed notification of exercise is received by Merrill Lynch's OnLine® website [www.benefits.ml.com](http://www.benefits.ml.com).

9. Payment in full of the exercise price of a Stock Option is due on the exercise date. Unless otherwise determined by the Company (except that no such determination may be made with respect to a Section 16 Insider), payment of the option exercise price may be made:

- in cash (including a "broker-assisted cashless exercise" described in the next paragraph); or
- by the delivery or presentation of Shares that have an aggregate fair market value on the date of exercise, which, together with any cash payment, equals or exceeds the Stock Option exercise price.

10. A Participant may elect to pay the cash exercise price of the option through a "broker-assisted cashless exercise," using Merrill Lynch's OnLine® website [www.benefits.ml.com](http://www.benefits.ml.com). On or prior to the exercise date, the Participant must deliver the Participant's instruction directing and obligating the broker to (a) sell Shares (or a sufficient portion of the Shares) acquired upon exercise of the option and (b) remit to the Company a sufficient portion of the sale proceeds to pay the entire exercise price and any tax withholding resulting from the exercise. Such proceeds are due not later than the third trading day after the exercise date.

11. Shares owned by a Participant include (a) those registered in the Participant's name (or registered jointly with another person), (b) those held in a brokerage account owned by the Participant individually or jointly with another person, and (c) those held in a trust, partnership, limited partnership or other entity for the benefit of the Participant individually (or for the benefit of the Participant jointly with another person). Notwithstanding the foregoing, Shares owned by a Participant do not include Shares held in any qualified plan, IRA or similar tax deferred arrangement or Shares that are otherwise subject to potential accounting limitations regarding their use in stock swap transactions. The Company may require verification or proof of ownership or length of ownership of any shares delivered in payment of the exercise price of an option.

#### ***Taxes***

12. All taxes required to be withheld under applicable tax laws in connection with the Stock Option must be paid by the Participant immediately upon exercise (or at the time of any other relevant taxable event).



13. The Company may satisfy applicable tax withholding obligations by any of the means set forth in Section 15(l) of the Plan, except that the Company shall not have discretion to withhold Shares from any Shares deliverable upon exercise if the Participant is subject to the short-swing profit rules of Section 16(b) of the Securities Exchange Act of 1934, as amended (a "Section 16 Insider"). Withholding taxes in the United States include applicable income taxes, federal and state unemployment compensation taxes and FICA/FUTA taxes.

14. The amount of taxes that may be paid by a Participant may be determined by applying the minimum rates or, to the extent permitted under applicable accounting principles, up to the maximum individual tax rate for the applicable tax jurisdiction required by applicable tax regulations.

15. The Participant acknowledges that neither the Company nor any Subsidiary has made any representation or given any advice to the Participant with respect to taxes.

### ***Beneficiaries***

16. If permitted by the Company, Participants will be entitled to designate one or more beneficiaries to receive all Stock Options that are unexercised at the time of the Participant's death. All beneficiary designations will be on a beneficiary designation form approved for the Plan. Copies of the form are available from the Communications Center on Merrill Lynch's Benefits OnLine® [www.benefits.ml.com](http://www.benefits.ml.com).

17. Beneficiary designations on an approved form will be effective at the time received by Merrill Lynch's OnLine® website [www.benefits.ml.com](http://www.benefits.ml.com). A Participant may revoke a beneficiary designation at any time by written notice to Merrill Lynch's OnLine® website [www.benefits.ml.com](http://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.

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

19. 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 Stock Option prior to the death of the Participant who designated such beneficiary.

20. Unless the Participant indicates on the form that a named beneficiary is to receive unexercised options only upon the prior death of another named beneficiary, all beneficiaries designated on the form will be entitled and required to join in the exercise of the option. Unless otherwise indicated, all such beneficiaries will have an equal, undivided interest in all such Stock Options.

21. Should a beneficiary die after the Participant but before the option is exercised, such beneficiary's rights and interest in the option award will be transferable by last will and testament of the beneficiary or the laws of descent and distribution. A named beneficiary who predeceases the Participant will obtain no rights or interest in a stock option 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."

22. If a Participant does not designate a beneficiary or if the Company does not permit a beneficiary designation, the Stock Options that are unexercised at the time of death of the Participant will be transferred to the Participant's legal heirs pursuant to the Participant's last will and testament or by the laws of descent and distribution and may be exercised by the legal heirs as set forth in paragraph 7.

### ***Transferable Options***

23. Upon approval of, and subject to such requirements as may be imposed by, the Company, vested Stock Options may be transferred to one or more immediate Family Members, individually or jointly. A trust, each of whose beneficiaries is the Participant or an immediate Family Member, will be deemed to be a family member for purposes of these rules.

24. Any permitted transfer of Stock Options shall be effective on the date written notice thereof, on a form approved for this purpose, is received. Copies of the form are available from the Communications Center on Merrill Lynch's Benefits OnLine® website [www.benefits.ml.com](http://www.benefits.ml.com). As a condition to transfer, the Participant shall agree to remain responsible to pay the applicable taxes due (or other Tax-Related Items, as defined in Appendix A to this Award Agreement, and as may be applicable) in relation to the option. The Participant or the Participant's estate will be required to provide sufficient evidence of ability to pay such taxes upon the Company's request.

25. A transfer shall be irrevocable; no subsequent transfer by the transferee shall be effective. Notwithstanding the foregoing, a transferee shall be entitled to designate a beneficiary in accordance with the provisions of paragraphs 16 through 22 above. Except where a beneficiary has been designated, in the event of death of the transferee prior to option exercise, the transferee's option will be transferable by last will and testament or the laws of descent and distribution.

26. Except as modified by the provisions of paragraphs 23 through 25, all terms applicable to option exercises by Participants are applicable to exercises by transferees. The Plan administrator may make and publish additional rules applicable to exercises by transferees not inconsistent with these provisions.

#### *Adjustments*

27. In the event of an Equity Restructuring, the Committee will equitably adjust the Stock Option as it deems appropriate to reflect the Equity Restructuring, which may include (i) adjusting the number and type of securities subject to the Stock Option; and (ii) adjusting the terms and conditions of the Stock Option, including the exercise price. The adjustments provided under this paragraph 27 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*

28. Notwithstanding anything to the contrary herein, 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 a Stock Option will be canceled or suspended at any time prior to a Change in Control: (i) if the Participant, without the consent of the Committee, while employed by the Company or a Subsidiary or after termination of such employment, becomes associated with, employed by, renders services to or owns any interest (other than an interest of up to 5% in a publicly traded company or any other nonsubstantial interest, as determined by the Committee) in any business that is in competition with the Company or any Subsidiary; (ii) in the event of the Participant's willful engagement in conduct which is injurious to the Company or any Subsidiary, monetarily or otherwise; (iii) in the event of an Executive Officer's misconduct described in Section 15(f) of the Plan; or (iv) in order to comply with applicable laws as described in Section 15(h) of the Plan.

Further, as an additional condition of receiving the Stock Option, the Participant agrees that the Stock Option and any benefits or proceeds the Participant may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) under the terms of any 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 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 (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if the Participant receives any amount in excess of what the Participant should have received under the terms of the Stock Option for any reason (including



without limitation by reason of a financial restatement, 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.

#### *Miscellaneous Provisions*

29. *Stock Exchange Requirements; Applicable Laws.* Notwithstanding anything to the contrary in the Award Agreement, no Shares purchased upon exercise of the Stock Option, 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.

30. *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 Stock Option shall have been duly exercised to purchase such Shares in accordance with the provisions of the Award Agreement.

31. *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.

32. *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.

33. *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.

34. *Appendices.* Notwithstanding any provisions in the Award Agreement, for Participants residing and/or working outside the United States, the Stock Option 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.

35. *Imposition of Other Requirements.* The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Stock Option 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.

36. *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.

37. *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.

38. *Governing Law and Venue.* As stated in the Plan, the Stock Option 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 Stock Option 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).

39. *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.

40. *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*

41. As permitted by Section 15(c) of the Plan, receipt of this Award of Stock Options is subject to the Participant's acceptance of the Stock Option and the terms of this Award Agreement and the Plan through Merrill Lynch's OnLine® website [www.benefits.ml.com](http://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 Stock Option award, the Participant must provide such Acceptance within 6 months of the grant date of the Stock Option.** The date as of which the Participant's Stock Option 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 of Stock Options will be cancelled in accordance with any administrative procedures adopted under the Plan.

**APPENDIX A TO THE HOWMET AEROSPACE INC.  
2013 Howmet Aerospace Stock Incentive Plan  
Global Stock Option Award Agreement  
For Non-U.S. Participants**

This Appendix A contains additional (or, if so indicated, different) terms and conditions that govern the Stock Option if the Participant resides and/or works outside of the United States. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Global Stock Option Award Agreement (the "Award Agreement").

A. *Termination.* This provision supplements paragraph 7 of the Award Agreement.

The Company will determine when the Participant is no longer providing services for purposes of the Stock Option (including whether the Participant may still be considered to be providing services while on a leave of absence).

B. *Responsibility for Taxes.* This provision replaces paragraphs 12 through 15 of the Award Agreement (except if the Participant is a Section 16 Insider).

The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary that employs the Participant (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Option, including, but not limited to, the grant, vesting or exercise of the Stock Option, the subsequent sale of Shares acquired upon exercise of the Stock Option and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the Stock Option or any aspect of the Stock Option to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Participant shall not make any claim against the Company, the Employer or any other Subsidiary, or their respective board, officers or employees related to Tax-Related Items arising from the Stock Option. Furthermore, if the Participant has become subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) requiring a cash payment from the Participant; (ii) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer, (iii) withholding from the proceeds of the sale of Shares acquired pursuant to the Stock Option, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); (iv) withholding from the Shares to be issued upon exercise of the Stock Option; and/or (v) any other method of withholding determined by the Company and permitted by applicable law.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent) or, if not refunded, the Participant may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Participant is deemed, for tax purposes, to have been issued the full number of Shares upon exercise of the Stock Option, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant shall pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

C. *Nature of Award.* In accepting the Stock Option, the Participant acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;
- b. this Award of Stock Options is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Stock Options, or benefits in lieu of Stock Options, even if Stock Options have been granted in the past;
- c. all decisions with respect to future Stock Options or other Awards, if any, will be at the sole discretion of the Company;
- d. this Award of Stock Options and the Participant's participation in the Plan shall not create a right to, or be interpreted as forming or amending an employment or service contract with the Company and shall not interfere with the ability of the Employer to terminate the Participant's employment contract (if any) at any time;
- e. the Participant's participation in the Plan is voluntary;
- f. this Award of Stock Options and the Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;
- g. this Award of Stock Options and the Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- h. if the underlying Shares do not increase in value, the Stock Option will have no value;
- i. if the Participant exercise the Stock Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the exercise price;
- j. the future value of the Shares subject to the Stock Option is unknown, indeterminable and cannot be predicted with certainty;
- k. unless otherwise agreed with the Company, Stock Options and the Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;
- l. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award of Stock Options resulting from termination of the Participant's employment and/or service relationship (for any reason whatsoever and regardless of whether later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);
- m. unless otherwise provided in the Plan or by the Company in its discretion, this Award of Stock Options and the benefits under the Plan evidenced by the Award Agreement do not create any entitlement to have this Award of Stock Options or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

n. neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Stock Option or of any amounts due to the Participant pursuant to the Stock Option or the subsequent sale of any Shares acquired under the Plan.

D. *Data Privacy.* Howmet's Employee Data Protection/Privacy Notice applies to the processing and transfer of the Participant's personal data. The notice may be found here: [Howmet Employee Data Protection/Privacy Notice](#). The Participant can also request a copy of the notice via email at [privacy@howmet.com](mailto:privacy@howmet.com).

E. *Retirement.* Notwithstanding paragraph 7 of the Award Agreement, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in the Participant's jurisdiction that would likely result in the favorable treatment applicable to the Stock Option pursuant to paragraph 7 being deemed unlawful and/or discriminatory, then the Company will not apply the favorable treatment at the time of the Participant's retirement, and the Stock Option will be treated as set forth in the remaining provisions of paragraph 7 of the Award Agreement.

F. *Language.* The Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of the Award Agreement. Further, if the Participant has received the Award Agreement, or any other document related to this Award of Stock Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

G. *Insider Trading Restrictions/Market Abuse Laws.* The Participant acknowledges that, depending on his or her country, or the broker's country, or the country in which the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect his or her ability to accept, acquire or sell, or attempt to sell or otherwise dispose of Shares or rights to Shares (e.g., Stock Options), or rights linked to the value of Shares, during such times as he or she is considered to have "inside information regarding the Company (as defined by the applicable laws or regulations in applicable jurisdictions, including the United States and the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should consult his or her personal advisor on this matter.

H. *Foreign Asset/Account Reporting Requirements, Exchange Controls and Tax Requirements.* The Participant acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside his or her country. The Participant understands that he or she may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. In addition, the Participant may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of Shares. The Participant acknowledges that it is his or her responsibility to be compliant with all such requirements, and that the Participant should consult his or her personal legal and tax advisors, as applicable, to ensure the Participant's compliance.

**APPENDIX B TO THE HOWMET AEROSPACE INC.  
2013 Howmet Aerospace Stock Incentive Plan  
Global Stock Option Award Agreement  
For Non-U.S. Participants**

Capitalized terms used but not defined in this Appendix B have the meanings set forth in the Plan and the Global Stock Option Award Agreement (the “Award Agreement”).

***Terms and Conditions***

This Appendix B includes special terms and conditions that govern the Stock Option if the Participant resides and/or works in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the country in which the Participant is currently residing and/or working, or if the Participant transfers to another country after the grant of the Stock Option or is considered a resident of another country for local law purposes, the Committee shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Participant.

***Notifications***

This Appendix B also includes information regarding exchange controls, tax and certain other issues of which the Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Participant exercises the Stock Option or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the country in which the Participant currently works and/or resides, or if the Participant transfers to another country after the grant of the Stock Option, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to the Participant in the same manner.

**AUSTRALIA**

***Terms and Conditions***

Australia Offer Document. The grant of Stock Options is intended to comply with the provisions of the Corporations Act, 2001, Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document to Australian resident employees, which is being provided to the Participant with the Award Agreement.

***Notifications***

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the

report on the Participant's behalf. If there is no Australian bank involved in the transfer, the Participant will be responsible for filing the report.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

## **AUSTRIA**

### *Notifications*

Exchange Control Information. If the Participant holds Shares obtained through the Plan outside of Austria, the Participant must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not meet or exceed €30,000,000 or as of December 31 does not meet or exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given.

When Shares are sold or cash dividends or dividend equivalent payments are received, there may be exchange control obligations if the cash received is held outside of Austria. If the transaction volume of all the Participant's accounts abroad meets or exceeds a certain threshold, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth of the following month.

## **BELGIUM**

### *Terms and Conditions*

Accepting the Stock Option. The tax consequences to the Participant vary depending upon when the Participant accepts the Stock Option. Based on the current interpretation of Belgian tax law by the Belgian Minister of Finance, if the Participant accepts the Stock Option within 60 days from the offer date, the Participant will be subject to tax at the time of offer; or if the Participant accepts the Stock Option after 60 days from the offer date, the Participant will be subject to tax at the time of exercise. The Company is not in a position to provide the Participant with tax advice, so the Participant should consult with his or her personal tax advisor to determine when the Participant should accept the Stock Option. The choice is at the Participant's risk and neither the Company nor any of its Subsidiaries may be held liable for damages, if any, that the Participant may incur should the Minister of Finance's interpretation not be upheld (with respect to taxation at exercise for Stock Option awards accepted after 60 days following the offer date).

The Participant is strongly encouraged to consult his or her tax advisor in deciding which choice to make with respect to the Stock Option.

### *Notifications*

Foreign Asset/Account Reporting Information. If the Participant is a Belgian resident, the Participant is required to report any bank accounts opened and maintained outside of Belgium (e.g., brokerage accounts opened in connection with the Plan) on his or her annual tax return. In a separate report, the Participant is required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under *Kredietcentrales / Centrales des crédits* caption. The Participant should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

## **BRAZIL**

### *Terms and Conditions*

Compliance with Law. By accepting the Stock Option, the Participant acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the exercise of the Stock Options, the sale of the Shares acquired under the Plan and the receipt of any dividends.

Acknowledgment of Nature of the Grant. This provision supplements paragraph C “Nature of Award” of Appendix A:

By accepting and/or exercising the Stock Option, the Participant agrees that he or she is making an investment decision, the Stock Option may be exercised only if the vesting conditions are met and any necessary services are rendered by the Participant over the vesting period, and the value of the underlying Shares is not fixed and may increase or decrease in value without compensation to the Participant.

### *Notifications*

Exchange Control Information. If the Participant is a resident of or domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of the assets and rights is equal to or greater than US\$100,000. If such amount exceeds US\$100,000,000, the declaration must be submitted quarterly. Assets and rights that must be reported include Shares acquired under the Plan.

Tax on Financial Transactions (IOF). The remittance of funds from Brazil, the repatriation of funds (*e.g.*, sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is the Participant’s responsibility to comply with any applicable Tax on Financial Transactions arising from the Participant’s participation in the Plan. The Participant should consult with his or her personal tax advisor for additional details.

## **CANADA**

### *Terms and Conditions*

Payment of Exercise Price and Tax-Related Items. Notwithstanding any provision in the Plan or the Award Agreement (including Appendix A), the Participant is prohibited from delivering Shares that have been owned by the Participant to pay the exercise price or Tax-Related Items in connection with the Stock Option.

Termination of Service. The following provision replaces paragraph A “Termination” of Appendix A.

For purposes of the Stock Option, in the event of termination of the Participant’s employment relationship (whether or not in breach of local labor laws), except as otherwise expressly set forth in the Award Agreement, the Participant’s right to vest in the Stock Option under the Plan, if any, will terminate effective as of the earlier of (i) the date upon which the Participant is no longer actively employed or (ii) the date upon which the Participant receives written notice of termination from the Company or the Employer. The Company shall have the exclusive discretion to determine when the Participant is no longer actively employed or when the Participant has received notice of such termination for purposes of the Stock Option. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant’s right to vest in the Stock Option under the Plan, if any, will terminate effective as of the last day of the Participant’s minimum statutory notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant’s statutory notice period, nor will the Participant be entitled to any compensation for lost vesting.

*The Following Provisions Apply for Participants Resident in Quebec:*

Consent to Receive Information in English. The Participant acknowledges that it is the express wish of the parties that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.



*Les parties reconnaissent avoir exigé la rédaction en anglais de Conditions d'attribution, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

**Authorization to Release and Transfer Necessary Personal Information.** The following provision supplements paragraph D “Data Privacy” of Appendix A.

The Participant hereby authorizes the Company and the Company’s representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company, any Subsidiary and the administrator of the Plan to disclose and discuss the Plan with their advisors. The Participant further authorizes the Company and any Subsidiary to record such information and to keep such information in the Participant’s employee file.

### ***Notifications***

**Securities Law Information.** The Participant acknowledges that he or she is permitted to sell the Shares acquired under the Plan through the designated broker appointed by the Company, provided the sale of the Shares takes place outside of Canada through facilities of a stock exchange on which the Shares are listed (*i.e.*, the NYSE).

**Foreign Asset/Account Reporting Information.** Canadian residents are required to report to the tax authorities certain foreign property (including Stock Options) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Stock Options must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign property the Participant holds. If Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the fair market value of the Shares at exercise, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The Participant should consult with his or her personal legal advisor to ensure compliance with applicable reporting obligations.

## **CHINA**

### ***Terms and Conditions***

*The following terms and conditions will apply to Participants who are subject to exchange control restrictions and regulations in the People’s Republic of China (“the PRC”), including the requirements imposed by the State Administration of Foreign Exchange (“SAFE”), as determined by the Company in its sole discretion:*

**Award Conditioned on Satisfaction of Regulatory Obligations.** Notwithstanding anything to the contrary in the Award Agreement, exercise of the Stock Option is conditioned on the Company’s obtaining a registration of the Plan with SAFE and on the continued effectiveness of such registration (the “SAFE Registration Requirement”).

**Cashless Exercise Restriction.** Notwithstanding anything to the contrary in the Award Agreement or the Plan, to facilitate compliance with exchange control laws in the PRC, the Participant will be required to exercise the Stock Option using a cashless sell-all exercise method whereby all Shares subject to the exercised Stock Option will be sold immediately upon exercise and the proceeds of sale, less the exercise price, any Tax-Related Items and broker’s fees or commissions, will be remitted to the Participant in accordance with any applicable exchange control laws and regulations. The Participant will not be permitted to hold Shares after exercise. The Company reserves the right to provide additional methods of exercise to the Participant depending on the development of local law.

**Termination of Employment.** Due to exchange control laws in the PRC, notwithstanding any provision in the Plan or the Award Agreement, the Participant may be required to exercise any Stock Option within a certain period of time (determined by the Company) after termination. If the Stock Option is not exercised by the Participant by the end of this period, the Stock Option shall be forfeited and cancelled.

Exchange Control Restrictions. The Participant understands and agrees that, pursuant to local exchange control requirements, the Participant will be required to immediately repatriate any cash payments or proceeds obtained with respect to participation in the Plan to the PRC. The Participant further understands that such repatriation of any cash payments or proceeds may need to be effectuated through a special exchange control account established by the Company or any Subsidiary, and the Participant hereby consents and agrees that any payment or proceeds may be transferred to such special account prior to being delivered to the Participant.

Any payment or proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If the payments or proceeds are paid to the Participant in U.S. dollars, the Participant will be required to set up a U.S. dollar bank account in the PRC (if the Participant does not already have one) so that the payments or proceeds may be deposited into this account. If the payments or proceeds are paid to the Participant in local currency, the Company is under no obligation to secure any particular currency exchange rate and the Company may face delays in converting the payments or proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency exchange rate fluctuation risk between the time the cash proceeds are received and the time the cash proceeds are distributed to the Participant through the special account described above. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in the PRC.

Administration. The Company (or its Subsidiaries) shall not be liable for any costs, fees, lost interest or dividends or other losses that the Participant may incur or suffer resulting from the enforcement of the terms of this Appendix or otherwise from the Company's operation and enforcement of the Plan, the Award Agreement, the Award in accordance with any applicable laws, rules, regulations and requirements.

### *Notifications*

Exchange Control Information. Chinese residents may be required to report to SAFE all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-Chinese residents.

## **CZECH REPUBLIC**

### *Notifications*

Exchange Control Information. Upon request of the Czech National Bank (the "CNB"), the Participant may be required to report the following to the CNB: foreign direct investments, financial credits from abroad, investment in foreign securities and associated collection of payments (Shares and proceeds from the sale of Shares may be included in this reporting requirement). The Participant may need to report the following even in the absence of a request from the CNB: foreign direct investments with a value of CZK 2,500,000 or more in the aggregate or other foreign financial assets with a value of CZK 200,000,000 or more.

Because exchange control regulations change frequently and without notice, the Participant should consult his or her personal legal advisor prior to the sale of Shares to ensure compliance with current regulations. It is the Participant's responsibility to comply with Czech exchange control laws, and neither the Company nor any Subsidiary will be liable for any resulting fines or penalties.

## **FRANCE**

### *Terms and Conditions*

#### Language Consent.

By accepting the Stock Option and the Award Agreement, which provide for the terms and conditions of the Stock Option, the Participant confirms having read and understood the documents relating to this Award (the Plan and the Award Agreement, including the Appendices) which were provided to the Participant in English. The Participant accepts the terms of those documents accordingly.

*En acceptant l'attribution de Stock Option et ce Contrat d'Attribution qui contient les termes et conditions de Stock Option, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d'Attribution, ainsi que les Annexes) qui ont été transmis au Participant en langue anglaise. Le Participant accepte ainsi les conditions et termes de ces documents.*

### **Notifications**

#### Tax Information.

The Stock Options are not intended to be French tax-qualified awards.

Foreign Asset/Account Reporting Information. French residents are required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing their annual tax returns. Further, French residents with foreign account balances exceeding prescribed amounts may have additional monthly reporting requirements. The Participant should consult his or her personal advisor to ensure compliance with applicable reporting obligations. Failure to complete this reporting triggers penalties for the resident.

### **GERMANY**

#### **Notifications**

Exchange Control Information. If the Participant receives cross-border payments in excess of €12,500 in connection with the sale of securities (including Shares acquired under the Plan) or the receipt of any dividends or dividend equivalent payments, such payment must be reported monthly to the German Federal Bank (*Bundesbank*). The Participant is responsible for the reporting obligation and should file the report electronically by the fifth day of the month following the month in which the payment is made. A copy of the report ("*Allgemeines Meldeportal Statistik*") can be accessed via Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English.

Foreign Asset/Account Reporting Information. If the Participant's acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Participant will need to report the acquisition when he or she files a tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds €150,000, or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the Company's total common stock.

### **HONG KONG**

#### **Terms and Conditions**

Securities Law Information. *Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant is advised to exercise caution in relation to the offer. The Stock Option and Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, its Subsidiary or affiliates. The Award Agreement, including this Appendix B, the Plan and other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, and (ii) are intended only for the personal use of each eligible employee of the Employer, the Company or any Subsidiary or affiliate and may not be distributed to any other person. If the Participant is in any doubt about any of the contents of the Award Agreement, including this Appendix B, the Plan or any other incidental communication materials, he or she should obtain independent professional advice.*

Exercise of the Stock Option and Sale of Shares. This provision supplements paragraph 5 of the Award Agreement.

Shares received under the Plan are accepted as a personal investment. In the event the Participant's Stock Option are exercised and Shares are issued to the Participant within six months of the grant date, the Participant agrees that

he or she will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the grant date.

## **HUNGARY**

There are no country-specific provisions.

## **INDIA**

Manner of Exercising Option. Due to exchange control laws, the Participant will not be permitted to exercise the Stock Option by using the cashless sell-to-cover method of exercise, whereby the Participant instructs the broker to sell a sufficient number of Shares to cover the exercise price, brokerage fees and any applicable Tax-Related Items, and the Participant receives only the remaining Shares subject to the exercised Stock Option.

Depending on the development of local laws or the Participant's country of residence, the Company reserves the right to modify the methods of exercising the Stock Option and, in its sole discretion, to permit cashless sell-to-cover exercise, or any other method of exercise and payment of Tax-Related Items permitted under the Plan.

Exchange Control Information. Indian residents are required to repatriate to India all proceeds received from the sale of Shares within 90 days of receipt and any dividends or dividend equivalent payments within 180 days of receipt, or within such other period of time as may be required under applicable regulations and to convert the local proceeds into local currency. The Participant must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company requests proof of repatriation. It is the Participant's responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. The Participant is required to declare any foreign bank accounts and any foreign financial assets (including Shares held outside India) in the Participant's annual tax return. The Participant is responsible for complying with this reporting obligation and should confer with his or her personal tax advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account reporting requirements and because such requirements may change.

## **ITALY**

### ***Terms and Conditions***

Exercise of Stock Option. Notwithstanding anything to the contrary in the Award Agreement or the Plan, due to regulatory requirements in Italy, the Participant will be required to exercise the option using the cashless sell-all exercise method pursuant to which all Shares subject to the exercised option will be sold immediately upon exercise and the proceeds of sale, less the exercise price, any Tax-Related Items and broker's fees or commissions, will be remitted to the Participant in accordance with any applicable exchange control laws and regulations. The Company reserves the right to provide additional methods of exercise depending on the development of local law.

Plan Document Acknowledgment. In accepting the Stock Option, the Participant acknowledges that he or she has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix B.

The Participant further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Award Agreement: paragraph 27 ("Governing Law and Venue") of the Award Agreement; paragraph B ("Responsibility for Taxes"), paragraph C ("Nature of Award"), paragraph D ("Data Privacy"), and paragraph F ("Language") of Appendix A to the Award Agreement.

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and, during any fiscal year, holds investments or financial assets outside of Italy (e.g., cash, Shares) which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on his or her annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

## **JAPAN**

### ***Notifications***

Exchange Control Information. Japanese residents purchasing Shares valued at more than ¥100,000,000 in a single transaction must file a Securities Acquisition Report with the Ministry of Finance through the Bank of Japan within 20 days of the acquisition of the Shares.

In addition, Japanese resident Participants paying more than ¥30,000,000 in a single transaction for the purchase of Shares when the resident Participant exercises the Stock Option must file a Payment Report with the Ministry of Finance through the Bank of Japan within 20 days of the date that the payment is made. The precise reporting requirements vary depending on whether or not the relevant payment is made through a bank in Japan.

Please note that a Payment Report is required independently from a Securities Acquisition Report; therefore, the Japanese resident Participant must file both a Payment Report and a Securities Acquisition Report if the total amount that the resident Participant pays in a single transaction for exercising the Stock Option and purchasing Shares exceeds ¥100,000,000.

Foreign Asset/Account Reporting Information. The Participant will be required to report details of any assets held outside of Japan as of December 31 (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 of the following year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to the Participant and whether the Participant will be required to report details of any outstanding Stock Options, Shares or cash held by the Participant in the report.

## **KOREA**

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is a Korean resident, the Participant must declare all of his or her foreign financial accounts (including any brokerage account) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies.

## **MEXICO**

### ***Terms and Conditions***

Policy Statement. The Stock Option is a unilateral and discretionary award and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with offices at 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, U.S.A., is solely responsible for the administration of the Plan, and participation in the Plan and the Stock Option does not, in any way, establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis and the Participant's sole employer is one of the following companies: COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening

Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. or Howmet Wheel Services Mexico S de RL de CV, a Mexican Subsidiary, nor does it establish any rights between the Participant and the Employer.

**Plan Document Acknowledgment.** By accepting the Stock Option, the Participant acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Award Agreement in their entirety, and fully understands and accepts all provisions of the Plan and the Award Agreement, including the Appendices.

In addition, the Participant expressly approves that: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) neither the Company nor any Subsidiary is responsible for any decrease in the value of the Shares acquired upon exercise of the Stock Option.

Finally, the Participant hereby declares that he or she does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of his or her participation in the Plan and therefore grant a full and broad release to the Employer, the Company and its other Subsidiaries with respect to any claim that may arise under the Plan.

### **Spanish Translation**

***Declaración de Política.** El otorgamiento de la Opción es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.*

*La Compañía, con oficinas registradas ubicadas en 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, EE.UU., es únicamente responsable por la administración del Plan, y el otorgamiento de la Opción no establece de forma alguna una relación de trabajo entre el Participante y la Compañía, ya que el Participante está participando en el Plan es sobre una base totalmente comercial, y el único patrón es COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. o Howmet Wheel Services Mexico S de RL de CV, una Afiliado Mexicana y tampoco establece ningún derecho entre usted y el Patrón.*

***Reconocimiento del Documento del Plan.** Al aceptar el otorgamiento de la Opción, el Participante reconoce que ha recibido copias del Plan, ha revisado el Plan y los Términos del Otorgamiento en su totalidad, y que entiende y acepta completamente todas las disposiciones contenidas en el Plan y en los Términos del Otorgamiento, incluyendo los Apéndices.*

*Adicionalmente, el Participante aprueba expresamente que: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan se ofrecen por la Compañía de forma totalmente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, cualquier Filial y el Patrón no son responsables por ninguna disminución en el valor de las Acciones que se adquieran al ejercer la Opción.*

*Finalmente, el Participante declara que no se reserva ninguna acción o derecho alguno para interponer una reclamación o demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio y total finiquito al Patrón, a Compañía y sus Filiales en relación con cualquier reclamación o demanda que pudiera surgir de conformidad con el Plan.*

### **MOROCCO**

#### ***Terms and Conditions***

**Exercise of Stock Option.** Notwithstanding anything to the contrary in the Award Agreement or the Plan, due to regulatory requirements in Morocco, the Participant will be required to exercise the option using the cashless sell-all

exercise method pursuant to which all Shares subject to the exercised option will be sold immediately upon exercise and the proceeds of sale, less the exercise price, any Tax-Related Items and broker's fees or commissions, will be remitted to the Participant in accordance with any applicable exchange control laws and regulations. The Company reserves the right to provide additional methods of exercise depending on the development of local law.

### ***Notifications***

Exchange Control Information. The Participant is required immediately to repatriate to Morocco the proceeds from the sale of any Shares which may be issued to the Participant upon exercise of the Stock Option. Such repatriation of proceeds may need to be effectuated through a special account established by the Company, its Parent, Subsidiary or Affiliate, including the Employer. By accepting the Stock Option, The Participant consents and agrees that the cash proceeds may be transferred to such special account prior to being delivered to The Participant.

If repatriation of proceeds is not effectuated through a special account, The Participant agrees to maintain The Participant's own records proving repatriation and to provide copies of these records upon request from the Company, the Employer and/or the Office des Changes. The Participant is responsible for ensuring compliance with all exchange control laws in Morocco.

### **NETHERLANDS**

There are no country-specific provisions.

### **POLAND**

Exchange Control Information. The Participant acknowledges that any transfer of funds in excess of PLN 15,000 into or out of Poland must be affected through a bank account in Poland. The Participant understands that he or she is required to store all documents connected with any foreign exchange transactions the Participant engages in for a period of five years, as measured from the end of the year in which such transaction occurred.

Foreign Asset/Account Reporting Information. If the Participant maintains bank or brokerage accounts holding cash and foreign securities (including Shares) outside of Poland, he or she will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds PLN 7 million. If required, such reports must be filed on special forms available on the website of the National Bank of Poland. The Participant should consult with his or her personal legal advisor to determine whether he or she will be required to submit reports to the National Bank of Poland.

### **SINGAPORE**

#### ***Terms and Conditions***

Sale Restriction. The Participant agrees that any Shares acquired pursuant to the Stock Option will not be offered for sale in Singapore prior to the six-month anniversary of the grant date unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA").

#### ***Notifications***

Securities Law Information. The grant of the Stock Option is being made to the Participant in reliance on the "Qualifying Person" exemption under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Obligation. If the Participant is a director, associate director or shadow director of the Company's Singapore Subsidiary or affiliate, the Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company's Singapore Subsidiary or affiliate in writing when the Participant receives an interest (e.g., a grant of Stock Options, the acquisition of Shares under the Plan, etc.) in the Company or any Subsidiary or affiliate. In addition, the Participant must notify the Company's Singapore Subsidiary or affiliate when the Participant sells Shares or shares of the Company or its Subsidiary or affiliate (including when the Participant sells Shares issued upon exercise of the Stock Option). These notifications must be made within two business days of (i) acquiring or disposing of any interest in the Company or any Subsidiary or affiliate or (ii) any change in a previously-disclosed interest (e.g., upon exercise of the Stock Option or when Shares acquired under the Plan are subsequently sold). In addition, a notification of the Participant's interests in the Company or any Subsidiary or affiliate must be made within two business days of becoming a director, associate director or shadow director.

## **SOUTH AFRICA**

### ***Terms and Conditions***

Responsibility for Taxes. The following provision supplements paragraph 12 of the Award Agreement:

By accepting the grant of Stock Option, the Participant agrees that, immediately upon exercise of the Stock Option, the Participant will notify the Employer of the amount of any gain realized. If the Participant fails to advise the Employer of the gain realized upon exercise, the Participant may be liable for a fine. The Participant will be solely responsible for paying any difference between the actual tax liability and the amount withheld by the Employer.

### ***Notifications***

Exchange Control Information. Under current South African exchange control policy, South African residents may invest a maximum of ZAR 10,000,000 per annum in offshore investments, including in Shares. The first ZAR1,000,000 annual discretionary allowance requires no prior authorization. This limit does not apply to non-resident employees. It is the Participant's responsibility to ensure that he or she does not exceed this limit and obtains the necessary tax clearance for remittances exceeding ZAR1,000,000. This limit is a cumulative allowance; therefore, the Participant's ability to remit funds for the exercise of a Stock Option will be reduced if the Participant's foreign investment limit is utilized to make a transfer of funds offshore that is unrelated to the Stock Option. If the ZAR10,000,000 limit will be exceeded as a result of a Stock Option exercise, the Participant may still exercise the Stock Option and participate in the Plan, however the Participant will be required to immediately sell the Shares underlying the exercised Stock Option and repatriate the proceeds to South Africa. If the ZAR10,000,000 limit is not exceeded, the Participant will not be required to immediately repatriate the sale proceeds to South Africa.

Securities Law Acknowledgement. In compliance with South African Securities Law, the Participant acknowledges that the Participant has been notified that the documents related to the Plan are available for the Participant's review on the Company's public site or intranet site, as applicable.

## **SPAIN**

No Entitlement for Claims or Compensation. The following provisions supplement paragraph A "Termination" of Appendix A:

By accepting the Stock Option, the Participant consents to participation in the Plan and acknowledges that Participant has received a copy of the Plan and acknowledges that the Participant has read and specifically accepts the vesting and termination conditions in the Award Agreement.

The Participant understands and agrees that, as a condition of the grant of the Stock Option, if the Participant's employment terminates, unless otherwise provided in the Award Agreement or by the Company, that the Participant



will not be entitled to continue vesting in any Stock Options upon cessation of the Participant's employment or service and any unvested Stock Options shall be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Stock Options under the Plan to individuals who may be Employees of the Company or a Subsidiary. The decision is limited and entered into based upon the express assumption and condition that any grant will not economically or otherwise bind the Company or its Subsidiaries, including the Employer, on an ongoing basis, other than to the extent set forth in the Award Agreement. Consequently, the Participant understands that the Stock Option is granted on the assumption and condition that the Stock Option and any Shares issued upon exercise are not part of any employment or service agreement (either with the Company or any Subsidiary, including the Employer) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the grant of the Stock Option, which is gratuitous and discretionary, since the future value of the Stock Option and the underlying Shares is unknown and unpredictable. The Participant also understands that the grant of the Stock Option would not be made but for the assumptions and conditions set forth hereinabove; thus, the Participant understands, acknowledges and freely accepts that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the Stock Option and any right to the underlying Shares shall be null and void.

### ***Notifications***

**Securities Law Information.** A Stock Option is not considered to be a security under Spanish law. No "offer of securities to the public", as defined under Spanish law, has taken place or will take place in the Spanish territory with respect to the Stock Option. No public offering prospectus has been nor will be registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission) ("CNMV"). Neither the Plan nor the Award Agreement constitute a public offering prospectus and they have not been, nor will they be, registered with the CNMV.

**Exchange Control Information.** To participate in the Plan, the Participant must comply with exchange control regulations in Spain. The acquisition of Shares upon exercise of the Stock Option and subsequent sales of Shares must be declared for statistical purposes to the *Dirección General de Comercio e Inversiones* (the "DGCI"). Because the Participant will not purchase or sell the Shares through the use of a Spanish financial institution, the Participant must make the declaration himself or herself by filing a Form D-6 with the DGCI. Generally, the Form D-6 must be filed each January while the Shares are owned. In addition, the sale of Shares must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold, in which case, the filing is due within one month after the sale.

In addition, the Participant may be required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including any Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Shares made to the Participant by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year.

**Foreign Asset/Account Reporting Information.** The Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, to the extent that the Participant holds Shares and/or has bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31, the Participant will be required to report information on such assets on his or her tax return (tax form 720) for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported Shares or accounts increases by more than €20,000 or if the Participant sells or otherwise disposes of any previously-reported Shares or accounts.

## **SWITZERLAND**

### ***Notifications***

Securities Law Information. Because the offer of the Stock Option is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Stock Option (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

## **UNITED KINGDOM**

### ***Terms and Conditions***

Responsibility for Taxes. The following supplements paragraph B “Responsibility for Taxes” of Appendix A.

Without limitation to the paragraph B “Responsibility for Taxes” of Appendix A, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will have to pay to HMRC (or any other tax authority or any other relevant authority) on the Participant’s behalf.

Notwithstanding the foregoing, if the Participant is a Director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934), the Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and employee National Insurance contributions (“NICs”) may be payable. The Participant agrees to report and pay any income tax due on this additional benefit directly to HMRC under the self-assessment regime and to pay the Employer for the value of the employee NICs due on this additional benefit, which the Company or the Employer may recover from the Participant by any of the means referred to in the Award Agreement, including the Appendices.

**HOWMET AEROSPACE INC.**  
**2013 HOWMET AEROSPACE STOCK INCENTIVE PLAN**  
**SPECIAL RETENTION AWARD AGREEMENT**  
**Grant Date: [INSERT DATE]**

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 the third anniversary date of the grant date, 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 of three years of 360 days each (or a total vesting period of 1,080 days). For example, a Participant who is involuntarily terminated without Cause from employment with the Company (or a Subsidiary) at the end of the first year of the three-year vesting period will receive one-third of the Shares upon vesting, with the remaining two-thirds of the Shares being automatically forfeited upon termination.

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<sup>®</sup> website [www.benefits.ml.com](http://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<sup>®</sup> website [www.benefits.ml.com](http://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<sup>®</sup> website [www.benefits.ml.com](http://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. Notwithstanding anything to the contrary herein, 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, without the consent of the Committee, while employed by the Company or a Subsidiary or after termination of such employment, becomes associated with, employed by, renders services to or owns any interest (other than an interest of up to 5% in a publicly traded company or any other nonsubstantial interest, as determined by the Committee) in any business that is in competition with the Company or any Subsidiary; (ii) in the event of the Participant's willful engagement in conduct which is injurious to the Company or any Subsidiary, monetarily or otherwise; (iii) in the event of an Executive Officer's misconduct described in Section 15(f) of the Plan; or (iv) in order to comply with applicable laws as described in Section 15(h) of the Plan.

Further, as an additional condition of receiving the Special Retention Award, the Participant agrees that the Special Retention Award and any benefits or proceeds the Participant may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) under the terms of any 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 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 (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if the Participant 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 financial restatement, 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.

### **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**

30. 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<sup>®</sup> website [www.benefits.ml.com](http://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<sup>®</sup> 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**

This Appendix A contains additional (or, if so indicated, different) terms and conditions that govern the Special Retention Awards if the Participant resides and/or works outside of the United States. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Special Retention Award Agreement (the "Award Agreement").

A. *Termination.* This provision supplements paragraph 3 of the Award Agreement.

The Company will determine when the Participant is no longer providing services for purposes of the Special Retention Awards (including whether the Participant may still be considered to be providing services while on a leave of absence).

B. *Responsibility for Taxes.* This provision replaces paragraph 6 of the Award Agreement (except 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 Participant acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary that employs the Participant (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of these Special Retention Awards, including, but not limited to, the grant, vesting or settlement of Special Retention Awards, the subsequent sale of Shares acquired pursuant to the Special Retention Award and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Special Retention Awards or any aspect of the Special Retention Awards to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. The Participant shall not make any claim against the Company, the Employer or any other Subsidiary, or their respective board, officers or employees related to Tax-Related Items arising from this Award. Furthermore, if the Participant has become subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) requiring a cash payment from the Participant; (ii) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer, (iii) withholding from the proceeds of the sale of Shares acquired pursuant to the Special Retention Awards, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); (iv) withholding from the Shares subject to Special Retention Awards; and/or (v) any other method of withholding determined by the Company and permitted by applicable law.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent) or, if not refunded, the Participant may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Participant is deemed,

for tax purposes, to have been issued the full number of Shares subject to the vested Special Retention Awards, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant shall pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

C. *Nature of Award.* In accepting the Special Retention Awards, the Participant acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;
- b. this Special Retention Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Special Retention Awards, or benefits in lieu of Special Retention Awards, even if Special Retention Awards have been granted in the past;
- c. all decisions with respect to future Special Retention Awards or other Awards, if any, will be at the sole discretion of the Company;
- d. this Special Retention Award and the Participant's participation in the Plan shall not create a right to, or be interpreted as forming or amending an employment or service contract with the Company and shall not interfere with the ability of the Employer to terminate the Participant's employment contract (if any) at any time;
- e. the Participant's participation in the Plan is voluntary;
- f. this Special Retention Award and the Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;
- g. this Special Retention Award and the Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- h. the future value of the Shares subject to the Special Retention Award is unknown, indeterminable and cannot be predicted with certainty;
- i. unless otherwise agreed with the Company, Special Retention Awards and the Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;
- j. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Special Retention Award resulting from termination of the Participant's employment and/or service relationship (for any reason whatsoever and regardless of whether later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);
- k. unless otherwise provided in the Plan or by the Company in its discretion, this Special Retention Award and the benefits under the Plan evidenced by the Award Agreement do not create any entitlement to have this Special Retention Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

1. neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Special Retention Awards or of any amounts due to the Participant pursuant to the Special Retention Awards or the subsequent sale of any Shares acquired under the Plan.

D. *Data Privacy.* Howmet's Employee Data Protection/Privacy Notice applies to the processing and transfer of the Participant's personal data. The notice may be found here: [Howmet Employee Data Protection/Privacy Notice](#). The Participant can also request a copy of the notice via email at [privacy@howmet.com](mailto:privacy@howmet.com).

E. *Language.* The Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of the Award Agreement. Furthermore, if the Participant has received the Award Agreement, or any other document related to this Special Retention Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

F. *Insider Trading Restrictions/Market Abuse Laws.* The Participant acknowledges that, depending on his or her country, the broker's country, or the country in which the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect his or her ability to accept, acquire, sell, or attempt to sell or otherwise dispose of Shares or rights to Shares (e.g., Special Retention Awards) or rights linked to the value of Shares, during such times as the Participant is considered to have "inside information" regarding the Company (as defined by applicable laws or regulations in the applicable jurisdictions, including the United States and the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should consult his or her personal advisor on this matter.

G. *Foreign Asset/Account Reporting Requirements, Exchange Controls and Tax Requirements.* The Participant acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside his or her country. The Participant understands that he or she may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. The Participant acknowledges that it is his or her responsibility to be compliant with all such requirements, and that the Participant should consult his or her personal legal and tax advisors, as applicable, to ensure the Participant's compliance.

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

Capitalized terms used but not defined in this Appendix B have the meanings set forth in the Plan and the Special Retention Award Agreement (the “Award Agreement”).

*Terms and Conditions*

This Appendix B includes special terms and conditions that govern Special Retention Awards if the Participant resides and/or works in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the country in which the Participant is currently residing and/or working, or if the Participant transfers to another country after the grant of Special Retention Awards or is considered a resident of another country for local law purposes, the Committee shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Participant.

*Notifications*

This Appendix B also includes information regarding exchange controls, tax and certain other issues of which the Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the country in which the Participant currently works and/or resides, or if the Participant transfers to another country after the grant of the Special Retention Award, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to the Participant in the same manner.

**Australia**

*Terms and Conditions*

Australia Offer Document.

The grant of Special Retention Awards is intended to comply with the provisions of the Corporations Act, 2001, Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document to Australian resident employees, which is being provided to the Participant with the Award Agreement.

*Notifications*

Exchange Control Information.

Exchange control reporting is required for cash transactions exceeding A\$10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Participant's behalf. If there is no Australian bank involved in the transfer, the Participant will be responsible for filing the report.

#### Tax Information.

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

#### **Austria**

##### *Notifications*

#### Exchange Control Information.

If the Participant holds Shares obtained through the Plan outside of Austria, the Participant must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not meet or exceed €30,000,000 or as of December 31 does not meet or exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given.

When Shares are sold or cash dividends or dividend equivalent payments are received, there may be exchange control obligations if the cash received is held outside Austria. If the transaction volume of all the Participant's accounts abroad meets or exceeds a certain threshold, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth of the following month.

#### **Belgium**

##### *Notifications*

#### Foreign Asset/Account Reporting Information.

If the Participant is a Belgian resident, the Participant is required to report any bank accounts opened and maintained outside of Belgium (*e.g.*, brokerage accounts opened in connection with the Plan) on his or her annual tax return. In a separate report, the Participant is required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under *Kredietcentrales / Centrales des crédits* caption. The Participant should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

#### **Brazil**

##### *Terms and Conditions*

#### Compliance with Law.

By accepting the Special Retention Award, the Participant acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of Special Retention Awards, the sale of the Shares acquired under the Plan and the receipt of any dividends.

Acknowledgement of Nature of the Grant. This provision supplements paragraph C "Nature of Award" of Appendix A.

By accepting the Special Retention Awards, the Participant agrees that he or she is making an investment decision, the Shares will be issued to the Participant only if the vesting conditions are met and any necessary services are rendered by the Participant over the vesting period, and the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to the Participant.

### ***Notifications***

#### Exchange Control Information.

If the Participant is a resident of or domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of the assets and rights is equal to or greater than US\$100,000. If such amount exceeds US\$100,000,000, the declaration must be submitted quarterly. Assets and rights that must be reported include Shares acquired under the Plan.

#### Tax on Financial Transactions (IOF).

Repatriation of funds (e.g., sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is the Participant's responsibility to comply with any applicable Tax on Financial Transactions arising from the Participant's participation in the Plan. The Participant should consult with his or her personal tax advisor for additional details.

### **Canada**

#### ***Terms and Conditions***

#### Award Settled Only in Shares.

Notwithstanding any discretion in the Plan, the Special Retention Award shall be settled in Shares only. The Participant is not entitled to receive a cash payment pursuant to the Award.

Termination of Service. The following provision replaces paragraph A "Termination" of Appendix A.

For purposes of the Special Retention Award, in the event of termination of the Participant's employment relationship (whether or not in breach of local labor laws), except as otherwise expressly set forth in the Award Agreement, the Participant's right to vest in the Special Retention Award under the Plan, if any, will terminate effective as of the earlier of (i) the date upon which the Participant is no longer actively employed or (ii) the date upon which the Participant receives written notice of termination from the Company or the Employer. The Company shall have the exclusive discretion to determine when the Participant is no longer actively employed or when the Participant has received notice of such termination for purposes of the Special Retention Award. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the Special Retention Award under the Plan, if any, will terminate effective as of the last day of the Participant's minimum statutory notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant's statutory notice period, nor will the Participant be entitled to any compensation for lost vesting.

*The Following Provisions Apply for Participants Resident in Quebec:*

#### Consent to Receive Information in English.

The Participant acknowledges that it is the express wish of the parties that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de Conditions d'attribution, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

**Authorization to Release and Transfer Necessary Personal Information.** The following provision supplements paragraph D “Data Privacy” of Appendix A.

The Participant hereby authorizes the Company and the Company’s representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company, any Subsidiary and the administrator of the Plan to disclose and discuss the Plan with their advisors. The Participant further authorizes the Company and any Subsidiary to record such information and to keep such information in the Participant’s Employee file.

### ***Notifications***

#### **Securities Law Information.**

The Participant acknowledges that he or she is permitted to sell the Shares acquired under the Plan through the designated broker appointed by the Company, provided the sale of the Shares takes place outside of Canada through facilities of a stock exchange on which the Shares are listed (*i.e.*, the NYSE).

#### **Foreign Asset/Account Reporting Information.**

Canadian residents are required to report to the tax authorities certain foreign property (including the Special Retention Awards) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Special Retention Awards must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign property the Participant holds. If Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the fair market value of the Shares at vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The Participant should consult with his or her personal legal advisor to ensure compliance with applicable reporting obligations.

### **China**

#### ***Terms and Conditions***

*The following terms and conditions will apply to Participants who are subject to exchange control restrictions and regulations in the People’s Republic of China (“the PRC”), including the requirements imposed by the State Administration of Foreign Exchange (“SAFE”), as determined by the Company in its sole discretion:*

**Award Conditioned on Satisfaction of Regulatory Obligations.** Notwithstanding anything to the contrary in the Award Agreement, settlement of the Special Retention Award is conditioned on the Company’s obtaining a registration of the Plan with SAFE and on the continued effectiveness of such registration (the “SAFE Registration Requirement”). If or to the extent the Company is unable to complete the registration or maintain the registration, no Shares subject to the Special Retention Award for which a registration cannot be completed or maintained shall be issued. In this case, the Company retains the discretion to settle any Special Retention Award for which the vesting conditions, but not the SAFE Registration Requirement, have been met in cash paid through local payroll in an amount equal to the market value of the Shares subject to the Special Retention Award less any Tax-Related Items.

**Shares Must Remain With Company’s Designated Broker.** The Participant agrees to hold any Shares received upon settlement of the Special Retention Award with the Company’s designated broker until the Shares are sold. The limitation shall apply to all Shares issued to the Participant under the Plan, whether or not the Participant remains employed with the Company or its Subsidiaries.

**Forced Sale of Shares.** The Company has the discretion to arrange for the sale of the Shares issued upon settlement of the Special Retention Award, either immediately upon settlement or at any time thereafter. In any event, if the Participant's employment is terminated, the Participant will be required to sell all Shares acquired upon settlement of the Special Retention Award within such time period as required by the Company in accordance with SAFE requirements. Any Shares remaining in the brokerage account at the end of this period shall be sold by the broker (on behalf of the Participant and the Participant hereby authorizes such sale). The Participant agrees to sign any additional agreements, forms and/or consents that reasonably may be requested by the Company (or the Company's designated broker) to effectuate the sale of Shares (including, without limitation, as to the transfer of the sale proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters. The Participant acknowledges that neither the Company nor the designated broker is under any obligation to arrange for the sale of Shares at any particular price (it being understood that the sale will occur in the market) and that broker's fees and similar expenses may be incurred in any such sale. In any event, when the Shares are sold, the sale proceeds, less any tax withholding, any broker's fees or commissions, and any similar expenses of the sale will be remitted to the Participant in accordance with applicable exchange control laws and regulations.

**Exchange Control Restrictions.** The Participant understands and agrees that the Participant will be required to immediately repatriate to China the proceeds from the sale of any Shares acquired under the Plan and any cash dividends paid on such Shares. The Participant further understands that such repatriation of proceeds may need to be effected through a special bank account established by the Company (or a Subsidiary), and the Participant hereby consents and agrees that any sale proceeds and cash dividends may be transferred to such special account by the Company (or a Subsidiary) on the Participant's behalf prior to being delivered to the Participant and that no interest shall be paid with respect to funds held in such account.

The proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to the Participant in U.S. dollars, the Participant understands that a U.S. dollar bank account in China must be established and maintained so that the proceeds may be deposited into such account. If the proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company (or its Subsidiaries) are under no obligation to secure any particular exchange conversion rate and that the Company (or its Subsidiaries) may face delays in converting the proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time the Shares are sold and the net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

**Administration.** The Company (or its Subsidiaries) shall not be liable for any costs, fees, lost interest or dividends or other losses that the Participant may incur or suffer resulting from the enforcement of the terms of this Appendix or otherwise from the Company's operation and enforcement of the Plan, the Award Agreement, the Award in accordance with any applicable laws, rules, regulations and requirements.

#### ***Notifications***

**Exchange Control Information.** Chinese residents may be required to report to SAFE all details of their foreign financial assets and liabilities (including Shares acquired under the Plan), as well as details of any economic transactions conducted with non-Chinese residents.

#### **Czech Republic**

##### ***Notifications***

**Exchange Control Information.** Upon request of the Czech National Bank (the "CNB"), the Participant may be required to report the following to the CNB: foreign direct investments, financial credits from abroad, investment in foreign securities and associated collection of payments (Shares and proceeds from the sale of Shares may be included in this reporting requirement). The Participant may need to report the following even in the absence of a



request from the CNB: foreign direct investments with a value of CZK 2,500,000 or more in the aggregate or other foreign financial assets with a value of CZK 200,000,000 or more.

Because exchange control regulations change frequently and without notice, the Participant should consult his or her personal legal advisor prior to the sale of Shares to ensure compliance with current regulations. It is the Participant's responsibility to comply with Czech exchange control laws, and neither the Company nor any Subsidiary will be liable for any resulting fines or penalties.

## **France**

### ***Terms and Conditions***

#### Language Consent.

By accepting the grant of Special Retention Awards and the Award Agreement, which provides for the terms and conditions of the Participant's Special Retention Awards, the Participant confirms having read and understood the documents relating to this Award (the Plan and the Award Agreement, including the Appendices) which were provided to the Participant in English. The Participant accepts the terms of those documents accordingly.

*En acceptant l'Attribution d'Actions Attribuées et ce Contrat d'Attribution qui contient les termes et conditions des Actions Attribuées, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d'Attribution, ainsi que les Annexes) qui ont été transmis au Participant en langue anglaise. Le Participant accepte ainsi les conditions et termes de ces documents.*

### ***Notifications***

#### Tax Information.

The Special Retention Awards are not intended to be French tax-qualified awards.

#### Foreign Asset/Account Reporting Information.

French residents are required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing their annual tax returns. Further, French residents with foreign account balances exceeding prescribed amounts may have additional monthly reporting requirements. The Participant should consult with his or her personal advisor to ensure compliance with applicable reporting obligations. Failure to complete this reporting triggers penalties for the resident.

## **Germany**

### ***Notifications***

#### Exchange Control Information.

If the Participant receives cross-border payments in excess of €12,500 in connection with the sale of securities (including Shares acquired under the Plan) or the receipt of any dividends or dividend equivalent payments, such payment must be reported monthly to the German Federal Bank (*Bundesbank*). The Participant is responsible for the reporting obligation and should file the report electronically by the fifth day of the month following the month in which the payment is made. A copy of the report ("*Allgemeines Meldeportal Statistik*") can be accessed via Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English.

Foreign Asset/Account Reporting Information. If the Participant's acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Participant will need to report the acquisition when he or she files a tax return for the relevant year. A qualified participation is attained if (i) the value

of the Shares acquired exceeds €150,000, or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the Company's total common stock.

## **Hong Kong**

### ***Terms and Conditions***

Securities Law Information. *Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant is advised to exercise caution in relation to the offer. The Special Retention Award and Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, its Subsidiary or affiliates. The Award Agreement, including this Appendix B, the Plan and other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, and (ii) are intended only for the personal use of each eligible employee of the Employer, the Company or any Subsidiary or affiliate and may not be distributed to any other person. If the Participant is in any doubt about any of the contents of the Award Agreement, including this Appendix B, the Plan or any other incidental communication materials, he or she should obtain independent professional advice.*

Form of Settlement. Special Retention Awards granted to employees resident in Hong Kong shall be paid in Shares only. In no event shall any of such Special Retention Awards be paid in cash, notwithstanding any discretion contained in the Plan to the contrary.

Settlement of Special Retention Award and Sale of Shares. This provision supplements paragraph 4 of the Award Agreement.

Shares received under the Plan are accepted as a personal investment. In the event the Participant's Special Retention Award vests and Shares are issued to the Participant within six months of the grant date, the Participant agrees that he or she will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the grant date.

## **Hungary**

There are no country-specific provisions.

## **India**

### ***Notifications***

#### Exchange Control Information.

Indian residents are required to repatriate to India all proceeds received from the sale of Shares within 90 days of receipt and any dividends or dividend equivalent payments within 180 days of receipt, or within such other period of time as may be required under applicable regulations and to convert the proceeds into local currency. The Participant must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company requests proof of repatriation. It is the Participant's responsibility to comply with applicable exchange control laws in India.

#### Foreign Asset/Account Reporting Information.

The Participant is required to declare any foreign bank accounts and any foreign financial assets (including Shares held outside India) in the Participant's annual tax return. The Participant is responsible for complying with this reporting obligation and should confer with his or her personal tax advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account reporting requirements and because such requirements may change.

## **Italy**

### ***Terms and Conditions***

Plan Document Acknowledgment. In accepting the Special Retention Award, the Participant acknowledges that he or she has received a copy of the Plan and the Award Agreement and has reviewed the Plan and the Award Agreement, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement, including this Appendix B.

The Participant further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Award Agreement: paragraph 27 (“Governing Law and Venue”) of the Award Agreement; paragraph B (“Responsibility for Taxes”), paragraph C (“Nature of Award”), paragraph D (“Data Privacy”), and paragraph E (“Language”) of Appendix A to the Award Agreement.

### ***Notifications***

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and, during any fiscal year, holds investments or financial assets outside of Italy (e.g., cash, Shares) which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on his or her annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

## **Japan**

### ***Notifications***

#### Foreign Asset/Account Reporting Information.

The Participant will be required to report details of any assets held outside of Japan as of December 31 (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 of the following year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to the Participant and whether the Participant will be required to report details of any outstanding Special Retention Awards, Shares or cash held by the Participant in the report.

## **Korea**

### ***Notifications***

#### Foreign Asset/Account Reporting Information.

If the Participant is a Korean resident, the Participant must declare all of his or her foreign financial accounts (including any brokerage account) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies.

## **Mexico**

### ***Terms and Conditions***

#### Policy Statement.

The Special Retention Award is a unilateral and discretionary award and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with offices at 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, United States of America, is solely responsible for the administration of the Plan, and participation in the Plan and the Award of the Special Retention Award does not, in any way, establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis and the Participant's sole employer is one of the following companies: COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. or Howmet Wheel Services Mexico S de RL de CV, a Mexican Subsidiary, nor does it establish any rights between the Participant and the Employer.

#### Plan Document Acknowledgment.

By accepting the Special Retention Awards, the Participant acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Award Agreement in their entirety, and fully understands and accepts all provisions of the Plan and the Award Agreement, including the Appendices.

In addition, the Participant expressly approves that: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) neither the Company nor any Subsidiary is responsible for any decrease in the value of the Shares acquired upon vesting of the Special Retention Awards.

Finally, the Participant hereby declares that he or she does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of his or her participation in the Plan and therefore grant a full and broad release to the Employer, the Company and its other Subsidiaries with respect to any claim that may arise under the Plan.

#### Spanish Translation

##### Declaración de Política.

*El Otorgamiento de Unidades de Acciones Restringidas es un otorgamiento unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el Plan en cualquier tiempo, sin responsabilidad alguna.*

*La Compañía, con oficinas registradas ubicadas en 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, United States of America, es únicamente responsable de la administración del Plan, y la participación en el Plan y el Otorgamiento de Unidades de Acciones Restringidas no establecen, de forma alguna, una relación de trabajo entre el Participante y la Compañía, ya que el Participante está participando en el Plan sobre una base comercial y el único patrón es COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. o Howmet Wheel Services Mexico S de RL de CV, una Afiliada Mexicana y tampoco establece ningún derecho entre usted y el Patrón.*

##### Reconocimiento del Documento del Plan.

*Al aceptar el Otorgamiento de las Unidades de Acciones Restringidas, el Participante reconoce que ha recibido copias del Plan, ha revisado el Plan y los Términos del Otorgamiento en su totalidad y que entiende y acepta completamente todas las disposiciones contenidas en el Plan y en los Términos del Otorgamiento, incluyendo los Apéndices.*

*Adicionalmente, el Participante aprueba expresamente que (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan se ofrecen por la Compañía de forma enteramente discrecional;*

*(iii) la participación en el Plan es voluntaria; y (iv) la Compañía, cualquier Filial y el Patrón no son responsables por cualquier disminución en el valor de las Acciones adquiridas al momento de tener derecho en relación con las Unidades de Acciones Restringidas.*

*Finalmente, el Participante declara que no se reserva ninguna acción o derecho para interponer una reclamación o demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio y total finiquito al Patrón, la Compañía y sus Filiales en relación con cualquier reclamación demanda que pudiera surgir de conformidad con el Plan.*

## **Morocco**

### ***Terms and Conditions***

Settlement. The following provision replaces paragraph 4 of the Award Agreement:

Due to exchange control restrictions in Morocco, the Company will settle the Special Retention Award by delivering to the Participant, through local payroll, the cash equivalent of Shares upon vesting of the Special Retention Award. The cash payment will equal the number of Shares covered by the vested Special Retention Awards multiplied by the value of one Share on the vesting date, subject to the satisfaction of any applicable withholding obligations for Tax-Related Items. References in this Award Agreement to Shares issuable in connection with the Special Retention Award will include the issuance of its cash equivalent pursuant to this provision.

## **Netherlands**

There are no country-specific provisions.

## **Poland**

### ***Notifications***

Exchange Control Information. The Participant acknowledges that any transfer of funds in excess of PLN 15,000 into or out of Poland must be affected through a bank account in Poland. The Participant understands that he or she is required to store all documents connected with any foreign exchange transactions the Participant engages in for a period of five years, as measured from the end of the year in which such transaction occurred.

Foreign Asset/Account Reporting Information. If the Participant maintains bank or brokerage accounts holding cash and foreign securities (including Shares) outside of Poland, he or she will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds PLN 7 million. If required, such reports must be filed on special forms available on the website of the National Bank of Poland. The Participant should consult with his or her personal legal advisor to determine whether he or she will be required to submit reports to the National Bank of Poland.

## **Singapore**

### ***Terms and Conditions***

Sale Restriction. The Participant agrees that any Shares acquired pursuant to the Special Retention Award will not be offered for sale in Singapore prior to the six-month anniversary of the grant date unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

### ***Notifications***

**Securities Law Information.** The grant of the Special Retention Award is being made to the Participant in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Director Notification Obligation.** If the Participant is a director, associate director or shadow director of the Company’s Singapore Subsidiary or affiliate, the Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Subsidiary or affiliate in writing when the Participant receives an interest (e.g., a grant of a Special Retention Award, the acquisition of Shares under the Plan, etc.) in the Company or any Subsidiary or affiliate. In addition, the Participant must notify the Company’s Singapore Subsidiary or affiliate when the Participant sells Shares or shares of the Company or its Subsidiary or affiliate (including when the Participant sells Shares issued upon vesting and settlement of the Special Retention Award). These notifications must be made within two business days of (i) acquiring or disposing of any interest in the Company or any Subsidiary or affiliate or (ii) any change in a previously-disclosed interest (e.g., upon vesting of the Special Retention Award or when Shares acquired under the Plan are subsequently sold). In addition, a notification of the Participant’s interests in the Company or any Subsidiary or affiliate must be made within two business days of becoming a director, associate director or shadow director.

## **South Africa**

### ***Terms and Conditions***

**Responsibility for Taxes.** The following supplements paragraph B “Responsibility for Taxes” of Appendix A:

By accepting the grant of the Special Retention Award, the Participant agrees that, immediately upon vesting and settlement of the Special Retention Award, the Participant will notify the Employer of the amount of any gain realized. If the Participant fails to advise the Employer of the gain realized upon vesting and settlement, the Participant may be liable for a fine. The Participant will be solely responsible for paying any difference between the actual tax liability and the amount withheld by the Employer.

### ***Notifications***

**Exchange Control Information.** Because no transfer of funds from South Africa is required in connection with the Special Retention Award, no filing or reporting requirements should apply when the Special Retention Award is granted or when Shares are issued upon vesting and settlement of the Special Retention Award. However, because the exchange control regulations are subject to change, the Participant should consult the Participant’s personal advisor prior to vesting and settlement of the Special Retention Award to ensure compliance with current regulations. The Participant is responsible for ensuring compliance with all exchange control laws in South Africa.

**Securities Law Acknowledgement.** In compliance with South African Securities Law, the Participant acknowledges that the Participant has been notified that the documents related to the Plan are available for the Participant’s review on the Company’s public site or intranet site, as applicable.

## **Spain**

### ***Terms and Conditions***

**No Entitlement for Claims or Compensation.** The following provisions supplement paragraph A “Termination” of Appendix A.

By accepting the Special Retention Award, the Participant consents to participation in the Plan and acknowledges that Participant has received a copy of the Plan acknowledges that the Participant has read and specifically accepts the vesting and termination conditions in the Award Agreement.

The Participant understands and agrees that, as a condition of the grant of the Special Retention Award, if the Participant's employment terminates, unless otherwise provided in the Award Agreement or by the Company, that the Participant will not be entitled to continue vesting in any Special Retention Awards upon cessation of the Participant's employment or service and any unvested Special Retention Awards shall be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Special Retention Awards under the Plan to individuals who may be Employees of the Company or a Subsidiary. The decision is limited and entered into based upon the express assumption and condition that any Special Retention Awards will not economically or otherwise bind the Company or any Subsidiary, including the Employer, on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, the Participant understands that the Special Retention Awards are granted on the assumption and condition that the Special Retention Awards shall not become part of any employment or service agreement (whether with the Company or any Subsidiary, including the Employer) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the grant of Special Retention Awards, which is gratuitous and discretionary, since the future value of the Special Retention Awards and the underlying Shares is unknown and unpredictable. The Participant also understands that the grant of Special Retention Awards would not be made but for the assumptions and conditions set forth hereinabove; thus, the Participant understands, acknowledges and freely accepts that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the Special Retention Award and any right to the underlying Shares shall be null and void.

### ***Notifications***

#### **Securities Law Information.**

A Special Retention Award is not considered to be a security under Spanish law. No "offer of securities to the public", as defined under Spanish law, has taken place or will take place in the Spanish territory with respect to the Special Retention Award. No public offering prospectus has been nor will be registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Exchange Commission) ("CNMV"). Neither the Plan nor the Award Agreement constitute a public offering prospectus and they have not been, nor will they be, registered with the CNMV.

#### **Exchange Control Information.**

To participate in the Plan, the Participant must comply with exchange control regulations in Spain. The acquisition of Shares upon vesting of the Special Retention Award and subsequent sales of Shares must be declared for statistical purposes to the *Dirección General de Comercio e Inversiones* (the "DGCI"). Because the Participant will not purchase or sell the Shares through the use of a Spanish financial institution, the Participant must make the declaration himself or herself by filing a Form D-6 with the DGCI. Generally, the Form D-6 must be filed each January while the Shares are owned. In addition, the sale of Shares must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold, in which case, the filing is due within one month after the sale.

In addition, the Participant may be required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including any Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Shares made to the Participant by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year.

#### Foreign Asset/Account Reporting Information.

The Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, to the extent that the Participant holds Shares and/or has bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31, the Participant will be required to report information on such assets on his or her tax return (tax form 720) for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported Shares or accounts increases by more than €20,000 or if the Participant sells or otherwise disposes of any previously-reported Shares or accounts.

### **Switzerland**

#### *Notifications*

#### Securities Law Information.

Because the offer of the Special Retention Award is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Special Retention Award (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

### **United Kingdom**

#### *Terms and Conditions*

Responsibility for Taxes. The following supplements paragraph B “Responsibility for Taxes” of Appendix A:

Without limitation to paragraph B “Responsibility for Taxes” of Appendix A, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will have to pay to HMRC (or any other tax authority or any other relevant authority) on the Participant’s behalf.

Notwithstanding the foregoing, if the Participant is a Director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934), the Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and employee National Insurance contributions (“NICs”) may be payable. The Participant agrees to report and pay any income tax due on this additional benefit directly to HMRC under the self-assessment regime and to pay the Employer for the value of the employee NICs due on this additional



benefit, which the Company or the Employer may recover from the Participant by any of the means referred to in the Award Agreement, including the Appendices.

**HOWMET AEROSPACE INC.**  
**2013 HOWMET AEROSPACE STOCK INCENTIVE PLAN**  
**TERMS AND CONDITIONS FOR RESTRICTED SHARE UNITS**  
**Effective September 30, 2020**

These terms and conditions, including Appendices A and B attached hereto, (the "Award Terms") are authorized by the Compensation and Benefits Committee of the Board of Directors. They are deemed to be incorporated into and form a part of every Award of Restricted Share Units issued on or after September 30, 2020 under the 2013 Howmet Aerospace Stock Incentive Plan, as amended and restated and as may be further amended from time to time (the "Plan"), with the exception of any Award of Restricted Share Units that is issued pursuant to a specific award agreement.

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

***General Terms and Conditions***

1. Restricted Share Units are subject to the provisions of the Plan and the provisions of the Award Terms. If the Plan and the Award Terms are inconsistent, the provisions of the Plan will govern. Interpretations of the Plan and the Award Terms by the Committee are binding on the Participant and the Company. A Restricted Share Unit is an undertaking by the Company to issue the number of Shares indicated in the Participant's account at Merrill Lynch's OnLine website [www.benefits.ml.com](http://www.benefits.ml.com), subject to the fulfillment of certain conditions, except to the extent otherwise provided in the Plan or herein. A Participant has no voting rights or rights to receive dividends on Restricted Share Units, but the Board of Directors may authorize that dividend equivalents be accrued and paid on Restricted Share Units upon vesting in accordance with paragraphs 2 and 4 below.

***Vesting and Payment***

2. A Restricted Share Unit vests on the third anniversary date of the grant date and will be paid to the Participant in Shares on the vesting date or within 90 days thereafter.

3. Except as provided in paragraph 4, if a Participant's employment with the Company (including its Subsidiaries) is terminated before the Restricted Share Unit vests, the Award is forfeited and is automatically canceled.

4. The following are exceptions to the vesting rules:

- Death or Disability: a Restricted Share Unit held by a Participant, who dies while an Employee or who is permanently and totally disabled while an Employee, is not forfeited but vests and is paid 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 Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Unit 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 vested date set forth in paragraph 2.
- Retirement: a Restricted Share Unit is not forfeited if it is held by a Participant who retires at least 6 months after the grant date under a Company or Subsidiary plan (or if there is no Company or Subsidiary plan, a government retirement plan) in which the Participant is eligible for an immediate payment of a retirement benefit. In such event, the Restricted Share Unit vests and is paid in accordance with the original vesting schedule of the grant set forth in paragraph 2. Immediate commencement of a deferred vested pension benefit under a Company or Subsidiary retirement plan is not considered a retirement for these purposes.
- Divestiture: if a Restricted Share Unit is held by a Participant who is to be terminated from employment with the Company or a Subsidiary as a result of a divestiture of a business or a portion of a business of the Company and the Participant either becomes an employee of (or is leased or seconded to) the entity acquiring the business on the date of the closing, or the Participant is not offered employment with the entity acquiring the business and is terminated by the Company or a Subsidiary within 90 days of the closing of the sale, then, at the discretion of the Chief Executive Officer of the Company, the Restricted Share Unit will not be forfeited and will vest and be paid in accordance with the original vesting schedule set forth in paragraph 2. For purposes of this paragraph, employment by “the entity acquiring the business” includes employment by a subsidiary or affiliate of the entity acquiring the business; and “divestiture of a business” means the sale of assets or stock resulting in the sale of a going concern. “Divestiture of a business” does not include a plant shut down or other termination of a business.

5. A Participant will receive one Share upon the vesting and payment of a Restricted Share Unit.

### *Taxes*

6. All taxes required to be withheld under applicable tax laws in connection with a Restricted Share Unit 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 Restricted Share Unit 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 Restricted Share Unit, 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 Restricted Share Units 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 Restricted Share Units; provided that to the extent necessary to avoid a prohibited distribution under Section 409A of the Code, the number of Restricted Share Units 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 Restricted Share Units 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<sup>®</sup> website [www.benefits.ml.com](http://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<sup>®</sup> website [www.benefits.ml.com](http://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<sup>®</sup> website [www.benefits.ml.com](http://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 Restricted Share Unit 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 Restricted Share Units only upon the prior death of another named beneficiary, all beneficiaries designated on the form will be entitled to share equally in the Restricted Share Units upon vesting. Unless otherwise indicated, all such beneficiaries will have an equal, undivided interest in all such Restricted Share Units.

12. Should a beneficiary die after the Participant but before the Restricted Share Unit is paid, such beneficiary's rights and interest in the 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 Restricted Share Unit, 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 Restricted Share Units that have not yet vested or been paid at the time of death of the Participant will 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 Restricted Share Unit as it deems appropriate to reflect the Equity Restructuring, which may include (i) adjusting the number and type of securities subject to the Restricted Share Unit; and (ii) adjusting the terms and conditions of the Restricted Share Unit. 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. Notwithstanding anything to the contrary herein, 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 Restricted Share Unit will be canceled or suspended at any time prior to a Change in Control: (i) if the Participant, without the consent of the Committee, while employed by the Company or a Subsidiary or after termination of such employment, becomes associated with, employed by, renders services to or owns any interest (other than an interest of up to 5% in a publicly traded company or any other nonsubstantial interest, as determined by the Committee) in any business that is in competition with the Company or any Subsidiary; (ii) in the event of the Participant's willful engagement in conduct which is injurious to the Company or any Subsidiary, monetarily or otherwise; (iii) in the event of an Executive Officer's misconduct described in Section 15(f) of the Plan; or (iv) in order to comply with applicable laws as described in Section 15(h) of the Plan.

Further, as an additional condition of receiving the Restricted Share Unit, the Participant agrees that the Restricted Share Unit and any benefits or proceeds the Participant may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required (i) under the terms of any 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 such policy may be amended from time to time (and such requirements shall be deemed incorporated into the Award Terms without the Participant's consent) or (ii) to comply with any requirements imposed under applicable laws and/or the rules and regulations of the securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, including, without limitation, pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Further, if the Participant receives any amount in excess of what the Participant should have received under the terms of the Restricted Share Unit for any reason (including without limitation by reason of a financial restatement, 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.

#### *Miscellaneous Provisions*

16. *Stock Exchange Requirements; Applicable Laws.* Notwithstanding anything to the contrary in the Award Terms, no Shares issuable upon vesting of the Restricted Share Units, 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 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 Restricted Share Units are 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 Restricted Share Unit shall have vested and been paid in the form of Shares in accordance with the provisions of the Award Terms.

19. *Notices.* Any notice required or permitted under the Award Terms 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 Terms 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 Terms and all other provisions shall remain valid and enforceable.

21. *Successors.* The Award Terms 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 Terms, for Participants residing and/or working outside the United States, the Restricted Share Unit shall be subject to the additional terms and conditions set forth in Appendix A to the Award Terms and to any special terms and conditions for the Participant's country set forth in Appendix B to the Award Terms. 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 Terms.

23. *Imposition of Other Requirements.* The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Share Unit 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 Restricted Share Right granted pursuant to the Award Terms be compliant with Section 409A of the Code and the Award Terms shall be interpreted, construed and operated to reflect this intent. Notwithstanding the foregoing, the Award Terms 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 Restricted Share Right granted pursuant to the Award Terms 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 Terms 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 Terms shall not operate or be construed as a waiver of any other provision of the Award Terms, 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 is hereby advised 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 Restricted Share Unit and the provisions of the Award Terms 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 Restricted Share Unit 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 Terms 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*

30. In accordance with Section 15(c) of the Plan (as in effect at the grant date), the Participant may reject the Restricted Share Unit by notifying the Company within 30 days of the grant date that he or she does not accept the Restricted Share Unit. The Participant's acceptance of the Restricted Share Unit constitutes the Participant's acceptance of and agreement with the Award Terms. Notwithstanding the foregoing, if required by the Company, the Participant will provide a signed copy of the Award Terms in such manner and within such timeframe as may be requested by the Company. The Company has no obligation to issue Shares to the Participant if the Participant does not accept the Restricted Share Unit.

#### *Performance Feature*

31. If the vesting of a Restricted Share Unit is subject to a performance condition, the following additional terms and conditions will apply to that Award:

- The Participant will have the right to receive from 0% to 200% of the number of Shares indicated on the grant date, based on achievement of performance goals established by the Committee for that Award.
- The performance period is three years. Attainment of performance goals for the three-year period will be determined or certified, as applicable, by the Committee on a date as soon as practicable following the end of the performance period (the "Determination Date").
- Notwithstanding paragraph 2 of the Award Terms, the vesting date of the Award shall be the *later* of the date set forth in paragraph 2 and the Determination Date. To vest in the Award, the Participant must remain employed with the Company or a Subsidiary until such vesting date, except as otherwise set forth in paragraph 4. In any case, except where payment of the Award is made upon a Change in Control within the meaning of Treas. Reg. § 1.409A-3(i)(5), in no event will payment of the Award occur outside of the time period set forth in paragraph 2.
- In the event of termination of the Participant's employment with the Company (including its Subsidiaries) before the vesting of the Restricted Share Unit by reason of death, disability, retirement or divestiture, each as described in paragraph 4, payment of the Restricted Share Unit will be based on the extent to which the performance objectives established by the Committee have been attained following the end of the performance period.
- In the event of a Change in Control, the performance feature of the Award will cease to apply and the Award will be converted into a time-based award in accordance with the formula set forth in Section 12(a)(v) of the Plan. The vesting and payment of such Award will then be governed in accordance with paragraph 4.

**APPENDIX A**  
**TO THE HOWMET AEROSPACE INC.**  
**2013 Howmet Aerospace Stock Incentive Plan**  
**Terms and Conditions for Restricted Share Units**  
**For Non-U.S. Participants**

This Appendix A contains additional (or, if so indicated, different) terms and conditions that govern the Restricted Share Units if the Participant resides and/or works outside of the United States. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Terms and Conditions for Restricted Share Units (the “Terms and Conditions”).

A. *Termination.* This provision supplements paragraph 3 of the Terms and Conditions.

The Company will determine when the Participant is no longer providing services for purposes of the Restricted Share Units (including whether the Participant may still be considered to be providing services while on a leave of absence).

B. *Responsibility for Taxes.* This provision replaces paragraph 6 of the Terms and Conditions (except 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 Participant acknowledges that, regardless of any action taken by the Company or, if different, the Subsidiary that employs the Participant (the “Employer”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant’s participation in the Plan and legally applicable to the Participant (“Tax-Related Items”) is and remains the Participant’s responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of these Restricted Shares Units, including, but not limited to, the grant, vesting or settlement of Restricted Shares Units, the subsequent sale of Shares acquired pursuant to the Restricted Share Unit and the receipt of any dividends or dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Restricted Share Units or any aspect of the Restricted Share Units to reduce or eliminate the Participant’s liability for Tax-Related Items or achieve any particular tax result. The Participant shall not make any claim against the Company, the Employer or any other Subsidiary, or their respective board, officers or employees related to Tax-Related Items arising from this Award. Furthermore, if the Participant has become subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following: (i) requiring a cash payment from the Participant; (ii) withholding from the Participant’s wages or other cash compensation paid to the Participant by the Company and/or the Employer, (iii) withholding from the proceeds of the sale of Shares acquired pursuant to the Restricted Share Units, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant’s behalf pursuant to this authorization without further consent); (iv) withholding from the Shares subject to Restricted Share Units; and/or (v) any other method of withholding determined by the Company and permitted by applicable law.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash (with no entitlement to the Share equivalent) or, if not refunded, the Participant may seek a refund from the local tax



authorities. If the obligation for Tax-Related Items is satisfied by withholding in Shares, the Participant is deemed, for tax purposes, to have been issued the full number of Shares subject to the vested Restricted Shares Units, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

Finally, the Participant shall pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

C. *Nature of Award.* In accepting the Restricted Share Units, the Participant acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;
- b. this Award of Restricted Share Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been granted in the past;
- c. all decisions with respect to future Restricted Share Units or other Awards, if any, will be at the sole discretion of the Company;
- d. this Award of Restricted Share Units and the Participant's participation in the Plan shall not create a right to, or be interpreted as forming or amending an employment or service contract with the Company and shall not interfere with the ability of the Employer to terminate the Participant's employment contract (if any) at any time;
- e. the Participant's participation in the Plan is voluntary;
- f. this Award of Restricted Share Units and the Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;
- g. this Award of Restricted Share Units and the Shares acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- h. the future value of the Shares subject to the Restricted Share Units is unknown, indeterminable and cannot be predicted with certainty;
- i. unless otherwise agreed with the Company, Restricted Share Units and the Shares acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Subsidiary;
- j. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award of Restricted Share Units resulting from termination of the Participant's employment and/or service relationship (for any reason whatsoever and regardless of whether later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);
- k. unless otherwise provided in the Plan or by the Company in its discretion, this Award of Restricted Share Units and the benefits under the Plan evidenced by these Award Terms do not create any entitlement to have this Award of Restricted Share Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

I. neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Restricted Share Units or of any amounts due to the Participant pursuant to the Restricted Share Units or the subsequent sale of any Shares acquired under the Plan.

D. *Data Privacy.* Howmet's Employee Data Protection/Privacy Notice applies to the processing and transfer of the Participant's personal data. The notice may be found here: [Howmet Employee Data Protection/Privacy Notice](#). The Participant can also request a copy of the notice via email at [privacy@howmet.com](mailto:privacy@howmet.com).

E. *Retirement.* Notwithstanding paragraph 4 of the Terms and Conditions, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in the Participant's jurisdiction that would likely result in the favorable treatment applicable to the Restricted Share Units pursuant to paragraph 4 being deemed unlawful and/or discriminatory, then the Company will not apply the favorable treatment at the time of the Participant's retirement, and the Restricted Share Units will be treated as set forth in the remaining provisions of paragraph 4 of the Terms and Conditions.

F. *Language.* The Participant acknowledges that he or she is sufficiently proficient in English to understand the terms and conditions of the Award Terms. Furthermore, if the Participant has received these Award Terms, or any other document related to this Award of Restricted Share Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

G. *Insider Trading Restrictions/Market Abuse Laws.* The Participant acknowledges that, depending on his or her country, the broker's country, or the country in which the Shares are listed, the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, which may affect his or her ability to accept, acquire, sell, or attempt to sell or otherwise dispose of Shares or rights to Shares (e.g., Restricted Share Units), or rights linked to the value of Shares, during such times as he or she is considered to have "inside information" regarding the Company (as defined by applicable laws or regulations in the applicable jurisdictions, including the United States and the Participant's country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders the Participant placed before possessing inside information. Furthermore, the Participant may be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them to otherwise buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should consult his or her personal advisor on this matter.

H. *Foreign Asset/Account Reporting Requirements, Exchange Controls and Tax Requirements.* The Participant acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside his or her country. The Participant understands that he or she may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. The Participant acknowledges that it is his or her responsibility to be compliant with all such requirements, and that the Participant should consult his or her personal legal and tax advisors, as applicable, to ensure the Participant's compliance.

**APPENDIX B**  
**TO THE HOWMET AEROSPACE INC.**  
**2013 Howmet Aerospace Stock Incentive Plan**  
**Terms and Conditions for Restricted Share Units**  
**For Non-U.S. Participants**

Capitalized terms used but not defined in this Appendix B have the meanings set forth in the Plan and the Terms and Conditions for Restricted Share Units (the “Terms and Conditions”).

*Terms and Conditions*

This Appendix B includes special terms and conditions that govern Restricted Share Units if the Participant resides and/or works in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the country in which the Participant is currently residing and/or working, or if the Participant transfers to another country after the grant of Restricted Share Units or is considered a resident of another country for local law purposes, the Committee shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Participant.

*Notifications*

This Appendix B also includes information regarding exchange controls, tax and certain other issues of which the Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Participant sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant’s particular situation and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant’s country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the country in which the Participant currently works and/or resides, or if the Participant transfers to another country after the grant of the Restricted Share Unit, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to the Participant in the same manner.

**AUSTRALIA**

*Terms and Conditions*

Australia Offer Document. The grant of Restricted Share Units is intended to comply with the provisions of the Corporations Act, 2001, Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document to Australian resident employees, which is being provided to the Participant with the Award Terms.

*Notifications*

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on the Participant’s behalf. If there is no Australian bank involved in the transfer, the Participant will be responsible for filing the report.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

## **AUSTRIA**

### *Notifications*

Exchange Control Information. If the Participant holds Shares obtained through the Plan outside of Austria, the Participant must submit a report to the Austrian National Bank. An exemption applies if the value of the Shares as of any given quarter does not meet or exceed €30,000,000 or as of December 31 does not meet or exceed €5,000,000. If the former threshold is exceeded, quarterly obligations are imposed, whereas if the latter threshold is exceeded, annual reports must be given.

When Shares are sold or cash dividends or dividend equivalent payments are received, there may be exchange control obligations if the cash received is held outside Austria. If the transaction volume of all the Participant's accounts abroad meets or exceeds a certain threshold, the movements and balances of all accounts must be reported monthly, as of the last day of the month, on or before the fifteenth of the following month.

## **BELGIUM**

### *Notifications*

Foreign Asset/Account Reporting Information. If the Participant is a Belgian resident, the Participant is required to report any bank accounts opened and maintained outside of Belgium (e.g., brokerage accounts opened in connection with the Plan) on his or her annual tax return. In a separate report, the Participant is required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, [www.nbb.be](http://www.nbb.be), under *Kredietcentrales / Centrales des crédits* caption. The Participant should consult with his or her personal tax advisor to determine his or her personal reporting obligations.

## **BRAZIL**

### *Terms and Conditions*

Compliance with Law. By accepting the Restricted Share Units, the Participant acknowledges that he or she agrees to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the Restricted Share Units, the sale of the Shares acquired under the Plan and the receipt of any dividends.

Acknowledgement of Nature of the Grant. This provision supplements paragraph C "Nature of Award" of Appendix A:

By accepting the Restricted Share Units, the Participant agrees that he or she is making an investment decision, the Shares will be issued to the Participant only if the vesting conditions are met and any necessary services are rendered by the Participant over the vesting period, and the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to the Participant.

### *Notifications*

Exchange Control Information. If the Participant is a resident of or domiciled in Brazil, he or she will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of the assets and rights is equal to or greater than US\$100,000. If such amount exceeds US\$100,000,000, the declaration must be submitted quarterly. Assets and rights that must be reported include Shares acquired under the Plan.

Tax on Financial Transactions (IOF). Repatriation of funds (e.g., sale proceeds) into Brazil and the conversion of USD into BRL associated with such fund transfers may be subject to the Tax on Financial Transactions. It is the Participant's responsibility to comply with any applicable Tax on Financial Transactions arising from the Participant's participation in the Plan. The Participant should consult with his or her personal tax advisor for additional details.

## CANADA

### *Terms and Conditions*

Award Settled Only in Shares. Notwithstanding any discretion in the Plan, the Award of Restricted Share Units shall be settled in Shares only. The Participant is not entitled to receive a cash payment pursuant to the Award.

Termination of Service. The following provision replaces paragraph A "Termination" of Appendix A:

For purposes of the Restricted Share Units, in the event of termination of the Participant's employment relationship (whether or not in breach of local labor laws), except as otherwise expressly set forth in the Award Terms, the Participant's right to vest in the Restricted Share Unit award under the Plan, if any, will terminate effective as of the earlier of (i) the date upon which the Participant is no longer actively employed or (ii) the date upon which the Participant receives written notice of termination from the Company or the Employer. The Company shall have the exclusive discretion to determine when the Participant is no longer actively employed or when the Participant has received notice of such termination for purposes of the Restricted Share Unit award. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, the Participant's right to vest in the Restricted Share Unit award under the Plan, if any, will terminate effective as of the last day of the Participant's minimum statutory notice period, but the Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of the Participant's statutory notice period, nor will the Participant be entitled to any compensation for lost vesting.

*The Following Provisions Apply for Participants Resident in Quebec:*

Consent to Receive Information in English. The Participant acknowledges that it is the express wish of the parties that these Award Terms, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.

*Les parties reconnaissent avoir exigé la rédaction en anglais de Conditions d'attribution, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.*

Authorization to Release and Transfer Necessary Personal Information. The following provision supplements paragraph D "Data Privacy" of Appendix A:

The Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company, any Subsidiary and the administrator of the Plan to disclose and discuss the Plan with their advisors. The Participant further authorizes the Company and any Subsidiary to record such information and to keep such information in the Participant's Employee file.

### *Notifications*

Securities Law Information. The Participant acknowledges that he or she is permitted to sell the Shares acquired under the Plan through the designated broker appointed by the Company, provided the sale of the Shares takes place outside of Canada through facilities of a stock exchange on which the Shares are listed (i.e., the NYSE).

Foreign Asset/Account Reporting Information. Canadian residents are required to report to the tax authorities certain foreign property (included Restricted Share Units) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time in the year. The form must be filed by April 30 of the following year. Restricted Share Units must be reported—generally at a nil cost—if the C\$100,000 cost threshold is exceeded because of other foreign property the Participant holds. If Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB would normally equal the fair market value of the Shares at vesting, but if the Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares. The Participant should consult with his or her personal legal advisor to ensure compliance with applicable reporting obligations.

## **CHINA**

### ***Terms and Conditions***

*The following terms and conditions will apply to Participants who are subject to exchange control restrictions and regulations in the People’s Republic of China (“the PRC”), including the requirements imposed by the State Administration of Foreign Exchange (“SAFE”), as determined by the Company in its sole discretion:*

Award Conditioned on Satisfaction of Regulatory Obligations. Notwithstanding anything to the contrary in the Award Terms, settlement of the Restricted Share Units is conditioned on the Company’s obtaining a registration of the Plan with SAFE and on the continued effectiveness of such registration (the “SAFE Registration Requirement”). If or to the extent the Company is unable to complete the registration or maintain the registration, no Shares subject to the Restricted Shares Units for which a registration cannot be completed or maintained shall be issued. In this case, the Company retains the discretion to settle any Restricted Share Units for which the vesting conditions, but not the SAFE Registration Requirement, have been met in cash paid through local payroll in an amount equal to the market value of the Shares subject to the Restricted Share Units less any Tax-Related Items.

Shares Must Remain With Company’s Designated Broker. The Participant agrees to hold any Shares received upon settlement of the Restricted Share Units with the Company’s designated broker until the Shares are sold. The limitation shall apply to all Shares issued to the Participant under the Plan, whether or not the Participant remains employed with the Company or its Subsidiaries.

Forced Sale of Shares. The Company has the discretion to arrange for the sale of the Shares issued upon settlement of the Restricted Share Units, either immediately upon settlement or at any time thereafter. In any event, if the Participant’s employment is terminated, the Participant will be required to sell all Shares acquired upon settlement of the Restricted Share Units within such time period as required by the Company in accordance with SAFE requirements. Any Shares remaining in the brokerage account at the end of this period shall be sold by the broker (on behalf of the Participant and the Participant hereby authorizes such sale). The Participant agrees to sign any additional agreements, forms and/or consents that reasonably may be requested by the Company (or the Company’s designated broker) to effectuate the sale of Shares (including, without limitation, as to the transfer of the sale proceeds and other exchange control matters noted below) and shall otherwise cooperate with the Company with respect to such matters. The Participant acknowledges that neither the Company nor the designated broker is under any obligation to arrange for the sale of Shares at any particular price (it being understood that the sale will occur in the market) and that broker’s fees and similar expenses may be incurred in any such sale. In any event, when the Shares are sold, the sale proceeds, less any tax withholding, any broker’s fees or commissions, and any similar expenses of the sale will be remitted to the Participant in accordance with applicable exchange control laws and regulations.

Exchange Control Restrictions. The Participant understands and agrees that the Participant will be required to immediately repatriate to China the proceeds from the sale of any Shares acquired under the Plan and any cash dividends paid on such Shares. The Participant further understands that such repatriation of proceeds may need to be effected through a special bank account established by the Company (or a Subsidiary), and the Participant hereby consents and agrees that any sale proceeds and cash dividends may be transferred to such special account by the

Company (or a Subsidiary) on the Participant's behalf prior to being delivered to the Participant and that no interest shall be paid with respect to funds held in such account.

The proceeds may be paid to the Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to the Participant in U.S. dollars, Participant understands that a U.S. dollar bank account in China must be established and maintained so that the proceeds may be deposited into such account. If the proceeds are paid to the Participant in local currency, the Participant acknowledges that the Company (or its Subsidiaries) are under no obligation to secure any particular exchange conversion rate and that the Company (or its Subsidiaries) may face delays in converting the proceeds to local currency due to exchange control restrictions. The Participant agrees to bear any currency fluctuation risk between the time the Shares are sold and the net proceeds are converted into local currency and distributed to the Participant. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Administration. The Company (or its Subsidiaries) shall not be liable for any costs, fees, lost interest or dividends or other losses that the Participant may incur or suffer resulting from the enforcement of the terms of this Appendix or otherwise from the Company's operation and enforcement of the Plan, the Award Terms, the Award in accordance with any applicable laws, rules, regulations and requirements.

### ***Notifications***

Exchange Control Information. Chinese residents may be required to report to SAFE all details of their foreign financial assets and liabilities (including Shares acquired under the Plan), as well as details of any economic transactions conducted with non-Chinese residents.

## **CZECH REPUBLIC**

### ***Notifications***

Exchange Control Information. Upon request of the Czech National Bank (the "CNB"), the Participant may be required to report the following to the CNB: foreign direct investments, financial credits from abroad, investment in foreign securities and associated collection of payments (Shares and proceeds from the sale of Shares may be included in this reporting requirement). The Participant may need to report the following even in the absence of a request from the CNB: foreign direct investments with a value of CZK 2,500,000 or more in the aggregate or other foreign financial assets with a value of CZK 200,000,000 or more.

Because exchange control regulations change frequently and without notice, the Participant should consult his or her personal legal advisor prior to the sale of Shares to ensure compliance with current regulations. It is the Participant's responsibility to comply with Czech exchange control laws, and neither the Company nor any Subsidiary will be liable for any resulting fines or penalties.

## **FRANCE**

### ***Terms and Conditions***

Language Consent. By accepting the Restricted Share Units and the Award Terms, which provides for the terms and conditions of the Restricted Share Units, the Participant confirms having read and understood the documents relating to this Award (the Plan and the Award Terms, including the Appendices) which were provided to the Participant in English. The Participant accepts the terms of those documents accordingly.

*En acceptant l'Attribution d'Actions Attribuées et ce Contrat d'Attribution qui contient les termes et conditions des Actions Attribuées, le Participant confirme avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d'Attribution, ainsi que les Annexes) qui ont été transmis au Participant en langue anglaise. Le Participant accepte ainsi les conditions et termes de ces documents.*

## ***Notifications***

**Tax Information.** The Restricted Share Units are not intended to be French tax-qualified awards.

**Foreign Asset/Account Reporting Information.** French residents are required to report all foreign accounts (whether open, current or closed) to the French tax authorities when filing their annual tax returns. Further, French residents with foreign account balances exceeding prescribed amounts may have additional monthly reporting requirements. The Participant should consult his or her personal advisor to ensure compliance with applicable reporting obligations. Failure to complete this reporting triggers penalties for the resident.

## **GERMANY**

### ***Notifications***

**Exchange Control Information.** If the Participant receives cross-border payments in excess of €12,500 in connection with the sale of securities (including Shares acquired under the Plan) or the receipt of any dividends or dividend equivalent payments, such payment must be reported monthly to the German Federal Bank (*Bundesbank*). The Participant is responsible for the reporting obligation and should file the report electronically by the fifth day of the month following the month in which the payment is made. A copy of the report ("*Allgemeines Meldeportal Statistik*") can be accessed via Bundesbank's website ([www.bundesbank.de](http://www.bundesbank.de)) and is available in both German and English.

**Foreign Asset/Account Reporting Information.** If the Participant's acquisition of Shares under the Plan leads to a so-called qualified participation at any point during the calendar year, the Participant will need to report the acquisition when he or she files a tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds €150,000, or (ii) in the unlikely event the Participant holds Shares exceeding 10% of the Company's total common stock.

## **HONG KONG**

### ***Terms and Conditions***

**Securities Law Information.** *Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Participant is advised to exercise caution in relation to the offer. The Restricted Share Units and Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, its Subsidiary or affiliates. The Award Terms, including this Appendix B, the Plan and other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, and (ii) are intended only for the personal use of each eligible employee of the Employer, the Company or any Subsidiary or affiliate and may not be distributed to any other person. If the Participant is in any doubt about any of the contents of the Award Terms, including this Appendix B, the Plan or any other incidental communication materials, he or she should obtain independent professional advice.*

**Form of Settlement.** Restricted Share Units granted to employees resident in Hong Kong shall be paid in Shares only. In no event shall any of such Restricted Share Units be paid in cash, notwithstanding any discretion contained in the Plan to the contrary.

**Settlement of Restricted Share Units and Sale of Shares.** This provision supplements paragraph 5 of the Award Terms.

Shares received under the Plan are accepted as a personal investment. In the event the Participant's Restricted Share Units vest and Shares are issued to the Participant within six months of the grant date, the Participant agrees that he or she will not offer to the public or otherwise dispose of any Shares acquired prior to the six-month anniversary of the grant date.



## HUNGARY

There are no country-specific provisions.

## INDIA

### *Notifications*

Exchange Control Information. Indian residents are required to repatriate to India all proceeds received from the sale of Shares within 90 days of receipt and any dividends or dividend equivalent payments within 180 days of receipt, or within such other period of time as may be required under applicable regulations and to convert the proceeds into local currency. The Participant must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Company requests proof of repatriation. It is the Participant's responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. The Participant is required to declare any foreign bank accounts and any foreign financial assets (including Shares held outside India) in the Participant's annual tax return. The Participant is responsible for complying with this reporting obligation and should confer with his or her personal tax advisor in this regard as significant penalties may apply in the case of non-compliance with foreign asset/account reporting requirements and because such requirements may change.

## ITALY

### *Terms and Conditions*

Plan Document Acknowledgment. In accepting the Award, the Participant acknowledges that he or she has received a copy of the Plan and the Award Terms and has reviewed the Plan and the Award Terms, including this Appendix B, in their entirety and fully understands and accepts all provisions of the Plan and the Award Terms, including this Appendix B.

The Participant further acknowledges that he or she has read and specifically and expressly approves the following paragraphs of the Award Terms: paragraph 27 ("Governing Law and Venue") of the Award Terms; paragraph B ("Responsibility for Taxes"), paragraph C ("Nature of Award"), paragraph D ("Data Privacy"), and paragraph F ("Language") of Appendix A to the Award Terms.

### *Notifications*

Foreign Asset/Account Reporting Information. If the Participant is an Italian resident and, during any fiscal year, holds investments or financial assets outside of Italy (e.g., cash, Shares) which may generate income taxable in Italy (or if the Participant is the beneficial owner of such an investment or asset even if the Participant does not directly hold the investment or asset), the Participant is required to report such investments or assets on his or her annual tax return for such fiscal year (on UNICO Form, RW Schedule, or on a special form if the Participant is not required to file a tax return).

## JAPAN

### *Notifications*

Foreign Asset/Account Reporting Information. The Participant will be required to report details of any assets held outside of Japan as of December 31 (including any Shares acquired under the Plan) to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15 of the following year. The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to the

Participant and whether the Participant will be required to report details of any outstanding Restricted Share Units, Shares or cash held by the Participant in the report.

## **KOREA**

### *Notifications*

Foreign Asset/Account Reporting Information. If the Participant is a Korean resident, the Participant must declare all of his or her foreign financial accounts (including any brokerage account) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 500 million (or an equivalent amount in foreign currency). The Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies.

## **MEXICO**

### *Terms and Conditions*

Policy Statement. The Award of Restricted Share Units is a unilateral and discretionary award and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with offices at 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, United States of America, is solely responsible for the administration of the Plan, and participation in the Plan and the Award of the Restricted Share Units does not, in any way, establish an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis and the Participant's sole employer is one of the following companies: COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. or Howmet Wheel Services Mexico S de RL de CV, a Mexican Subsidiary, nor does it establish any rights between the Participant and the Employer.

Plan Document Acknowledgment. By accepting the Restricted Share Units, the Participant acknowledges that he or she has received copies of the Plan, has reviewed the Plan and the Award Terms in their entirety, and fully understands and accepts all provisions of the Plan and the Award Terms, including the Appendices.

In addition, the Participant expressly approves that: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) neither the Company nor any Subsidiary is responsible for any decrease in the value of the Shares acquired upon vesting of the Restricted Share Units.

Finally, the Participant hereby declares that he or she does not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of his or her participation in the Plan and therefore grant a full and broad release to the Employer, the Company and its other Subsidiaries with respect to any claim that may arise under the Plan.

### **Spanish Translation**

#### Declaración de Política.

*El Otorgamiento de Unidades de Acciones Restringidas es un otorgamiento unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el Plan en cualquier tiempo, sin responsabilidad alguna.*

*La Compañía, con oficinas registradas ubicadas en 201 Isabella Street, Suite 200, Pittsburgh, Pennsylvania 15212-5872, United States of America, es únicamente responsable de la administración del Plan, y la participación en el Plan y el Otorgamiento de Unidades de Acciones Restringidas no establecen, de forma alguna, una relación*

de trabajo entre el Participante y la Compañía, ya que el Participante está participando en el Plan sobre una base comercial y el único patrón es COMERCIALIZADORA ALUMAX EXTRUSIONS MEXICO S.A. DE C.V., Howmet Fastening Systems Mexico II S de RL de CV, Howmet Mexico Casting Center Services S de RL de CV, HOWMET SERVICES DE MEXICO, S. DE R.L. DE C.V. o Howmet Wheel Services Mexico S de RL de CV, una Afiliada Mexicana, y tampoco establece ningún derecho entre usted y el Patrón.

#### Reconocimiento del Documento del Plan.

Al aceptar el Otorgamiento de las Unidades de Acciones Restringidas, el Participante reconoce que ha recibido copias del Plan, ha revisado el Plan y los Términos del Otorgamiento en su totalidad y que entiende y acepta completamente todas las disposiciones contenidas en el Plan y en los Términos del Otorgamiento, incluyendo los Apéndices.

Adicionalmente, el Participante aprueba expresamente que (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan se ofrecen por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, cualquier Filial y el Patrón no son responsables por cualquier disminución en el valor de las Acciones adquiridas al momento de tener derecho en relación con las Unidades de Acciones Restringidas.

Finalmente, el Participante declara que no se reserva ninguna acción o derecho para interponer una reclamación o demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio y total finiquito al Patrón, la Compañía y sus Filiales en relación con cualquier reclamación demanda que pudiera surgir de conformidad con el Plan.

### **MOROCCO**

#### **Terms and Conditions**

Settlement. The following provision replaces paragraph 5 of the Award Terms:

Due to exchange control restrictions in Morocco, the Company will settle the Restricted Share Units by delivering to the Participant, through local payroll, the cash equivalent of Shares upon vesting of the Restricted Share Units. The cash payment will equal the number of vested Restricted Share Units multiplied by the value of one Share on the vesting date, subject to the satisfaction of any applicable withholding obligations for Tax-Related Items. References in this Award Terms to Shares issuable in connection with the Restricted Share Units will include the issuance of its cash equivalent pursuant to this provision.

### **NETHERLANDS**

There are no country-specific provisions.

### **POLAND**

#### **Notifications**

Exchange Control Information. The Participant acknowledges that any transfer of funds in excess of PLN 15,000 into or out of Poland must be affected through a bank account in Poland. The Participant understands that he or she is required to store all documents connected with any foreign exchange transactions the Participant engages in for a period of five years, as measured from the end of the year in which such transaction occurred.

Foreign Asset/Account Reporting Information. If the Participant maintains bank or brokerage accounts holding cash and foreign securities (including Shares) outside of Poland, he or she will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds PLN 7 million. If required, such reports must be filed on special forms available on the website of the

National Bank of Poland. The Participant should consult with his or her personal legal advisor to determine whether he or she will be required to submit reports to the National Bank of Poland.

## **SINGAPORE**

### ***Terms and Conditions***

**Sale Restriction.** The Participant agrees that any Shares acquired pursuant to the Restricted Share Units will not be offered for sale in Singapore prior to the six-month anniversary of the grant date unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”).

### ***Notifications***

**Securities Law Information.** The grant of Restricted Share Units is being made to the Participant in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

**Director Notification Obligation.** If the Participant is a director, associate director or shadow director of the Company’s Singapore Subsidiary or affiliate, the Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Subsidiary or affiliate in writing when the Participant receives an interest (e.g., a grant of Restricted Share Units, the acquisition of Shares under the Plan, etc.) in the Company or any Subsidiary or affiliate. In addition, the Participant must notify the Company’s Singapore Subsidiary or affiliate when the Participant sells Shares or shares of the Company or its Subsidiary or affiliate (including when the Participant sells Shares issued upon vesting and settlement of the Restricted Share Units). These notifications must be made within two business days of (i) acquiring or disposing of any interest in the Company or any Subsidiary or affiliate or (ii) any change in a previously-disclosed interest (e.g., upon vesting of the Restricted Share Units or when Shares acquired under the Plan are subsequently sold). In addition, a notification of the Participant’s interests in the Company or any Subsidiary or affiliate must be made within two business days of becoming a director, associate director or shadow director.

## **SOUTH AFRICA**

### ***Terms and Conditions***

**Responsibility for Taxes.** The following supplements paragraph B “Responsibility for Taxes” of Appendix A:

By accepting the grant of Restricted Share Units, the Participant agrees that, immediately upon vesting and settlement of the Restricted Share Units, the Participant will notify the Employer of the amount of any gain realized. If the Participant fails to advise the Employer of the gain realized upon vesting and settlement, the Participant may be liable for a fine. The Participant will be solely responsible for paying any difference between the actual tax liability and the amount withheld by the Employer.

### ***Notifications***

**Exchange Control Information.** Because no transfer of funds from South Africa is required in connection with the Restricted Share Units, no filing or reporting requirements should apply when the Restricted Share Units are granted or when Shares are issued upon vesting and settlement of the Restricted Share Units. However, because the exchange control regulations are subject to change, the Participant should consult the Participant’s personal advisor prior to vesting and settlement of the Restricted Share Units to ensure compliance with current regulations. The Participant is responsible for ensuring compliance with all exchange control laws in South Africa.

Securities Law Acknowledgement. In compliance with South African Securities Law, the Participant acknowledges that the Participant has been notified that the documents related to the Plan are available for the Participant's review on the Company's public site or intranet site, as applicable.

## **SPAIN**

### ***Terms and Conditions***

No Entitlement for Claims or Compensation. The following provisions supplement paragraph A "Termination" of Appendix A.

By accepting the Restricted Share Units, the Participant consents to participation in the Plan and acknowledges that Participant has received a copy of the Plan acknowledges that the Participant has read and specifically accepts the vesting and termination conditions in the Award Terms.

The Participant understands and agrees that, as a condition of the grant of the Restricted Share Units, if the Participant's employment terminates, unless otherwise provided in the Award Terms or by the Company, that the Participant will not be entitled to continue vesting in any RSUs upon cessation of the Participant's employment or service and any unvested Restricted Share Units shall be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause, individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

The Participant understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Restricted Share Units under the Plan to individuals who may be Employees of the Company or a Subsidiary. The decision is limited and entered into based upon the express assumption and condition that any Restricted Share Units will not economically or otherwise bind the Company or any Subsidiary, including the Employer, on an ongoing basis, other than as expressly set forth in the Award Terms. Consequently, the Participant understands that the Restricted Share Units are granted on the assumption and condition that the Restricted Share Units shall not become part of any employment or service agreement (whether with the Company or any Subsidiary, including the Employer) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Participant understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the grant of Restricted Share Units, which is gratuitous and discretionary, since the future value of the Restricted Share Units and the underlying Shares is unknown and unpredictable. The Participant also understands that the grant of Restricted Share Units would not be made but for the assumptions and conditions set forth hereinabove; thus, the Participant understands, acknowledges and freely accepts that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the Restricted Share Unit and any right to the underlying Shares shall be null and void.

### ***Notifications***

Securities Law Information. A Restricted Share Unit is not considered to be a security under Spanish law. No "offer of securities to the public", as defined under Spanish law, has taken place or will take place in the Spanish territory with respect to the Restricted Share Units. No public offering prospectus has been nor will be registered with the Comisión Nacional del Mercado de Valores (Spanish Securities Exchange Commission) ("CNMV"). Neither the Plan nor the Award Terms constitute a public offering prospectus and they have not been, nor will they be, registered with the CNMV.

Exchange Control Information. To participate in the Plan, the Participant must comply with exchange control regulations in Spain. The acquisition of Shares upon vesting of the Restricted Share Units and subsequent sales of Shares must be declared for statistical purposes to the *Dirección General de Comercio e Inversiones* (the "DGCI").

Because the Participant will not purchase or sell the Shares through the use of a Spanish financial institution, the Participant must make the declaration himself or herself by filing a Form D-6 with the DGCI. Generally, the Form D-6 must be filed each January while the Shares are owned. In addition, the sale of Shares must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold, in which case, the filing is due within one month after the sale.

In addition, the Participant may be required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including any Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Shares made to the Participant by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year.

Foreign Asset/Account Reporting Information. The Participant is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed €1,000,000.

Further, to the extent that the Participant holds Shares and/or has bank accounts outside Spain with a value in excess of €50,000 (for each type of asset) as of December 31, the Participant will be required to report information on such assets on his or her tax return (tax form 720) for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously-reported Shares or accounts increases by more than €20,000 or if the Participant sells or otherwise disposes of any previously-reported Shares or accounts.

## **SWITZERLAND**

### *Notifications*

Securities Law Information. Because the offer of the Restricted Share Units is considered a private offering in Switzerland; it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Restricted Share Units (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

## **UNITED KINGDOM**

### *Terms and Conditions*

Responsibility for Taxes. The following supplements paragraph B “Responsibility for Taxes” of Appendix A:

Without limitation to paragraph B “Responsibility for Taxes” of Appendix A, the Participant agrees that the Participant is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items as and when requested by the Company or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will have to pay to HMRC (or any other tax authority or any other relevant authority) on the Participant’s behalf.

Notwithstanding the foregoing, if the Participant is a Director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934), the Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant, as it may be considered a loan. In this case, the amount of any uncollected income tax may constitute a benefit to the Participant on which additional income tax and employee National Insurance contributions (“NICs”) may be

payable. The Participant agrees to report and pay any income tax due on this additional benefit directly to HMRC under the self-assessment regime and to pay the Employer for the value of the employee NICs due on this additional benefit, which the Company or the Employer may recover from the Participant by any of the means referred to in the Award Terms, including the Appendices.

## 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 officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ John C. Plant

John C. Plant

Executive Chairman and Co-Chief Executive Officer



I, Tolga Oal, 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 officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ Tolga Oal  
Tolga Oal  
Co-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 officers 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 officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ Ken Giacobbe

Ken Giacobbe

Executive Vice President and Chief Financial Officer

**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 September 30, 2020 (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:	November 9, 2020	/s/ John C. Plant
		John C. Plant
		Executive Chairman and Co-Chief Executive Officer

Dated:	November 9, 2020	/s/ Tolga Oal
		Tolga Oal
		Co-Chief Executive Officer

Dated:	November 9, 2020	/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.