REFINITIV

DELTA REPORT

10-Q

HOWMET AEROSPACE INC.

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

The following comparison report has been automatically generated

TOTAL DELTAS	1126
CHANGES	240
DELETIONS	474
ADDITIONS	412

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, 2023 March 31, 2024

OR

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

Commission File Number 1-3610

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

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

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

Investor Relations 412-553-1950
Office of the Secretary 412-553-1940
(Registrant's telephone number numbers, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $1.00 per share	**HWM**	**New York Stock Exchange**
$3.75 Cumulative Preferred Stock, par value $100.00 per share	**HWM PR**	**NYSE American**

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

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

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

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

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

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

As of October 31, 2023 April 29, 2024, there were 411,744,354 408,183,459 shares of common stock, par value $1.00 per share, of the registrant outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data.

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

First quarter ended

First quarter ended

First quarter ended

		Third quarter ended		**Nine months ended**	
		September 30,		**September 30,**	
		2023	**2022**	**2023**	**2022**
Sales (C)	Sales (C)	$1,658	$1,433	$4,909	$4,150

Sales (C)

Sales (C)

Cost of goods sold (exclusive of expenses below)

Cost of goods sold (exclusive of expenses below)

Cost of goods sold (exclusive of expenses below)	Cost of goods sold (exclusive of expenses below)	1,183	1,056	3,543	2,993
Selling, general administrative, and other expenses	Selling, general administrative, and other expenses	87	73	250	225

Selling, general administrative, and other expenses

Selling, general administrative, and other expenses

Research and development expenses

Research and development expenses

Research and development expenses	Research and development expenses	9	7	27	23
Provision for depreciation and amortization	Provision for depreciation and amortization	68	65	204	198

Provision for depreciation and amortization

Provision for depreciation and amortization

Restructuring and other charges (D)					
Restructuring and other charges (D)					
Restructuring and other charges (D)	Restructuring and other charges (D)	4	4	8	12
Operating income	Operating income	307	228	877	699
Operating income					
Operating income					
Loss on debt redemption (N)					
Loss on debt redemption (N)					
Loss on debt redemption (N)	Loss on debt redemption (N)	—	—	1	2
Interest expense, net	Interest expense, net	54	57	166	172
Interest expense, net					
Interest expense, net					
Other expense, net (F)					
Other expense, net (F)					
Other expense, net (F)	Other expense, net (F)	11	67	5	67
Income before income taxes	Income before income taxes	242	104	705	458
Income before income taxes					
Income before income taxes					
Provision for income taxes (G)					
Provision for income taxes (G)					
Provision for income taxes (G)	Provision for income taxes (G)	54	24	176	100
Net income	Net income	$ 188	$ 80	$ 529	$ 358
Net income					
Net income					
Amounts Attributable to Howmet Aerospace Common Shareholders (H):					
Amounts Attributable to Howmet Aerospace Common Shareholders (H):					

Amounts Attributable to Howmet Aerospace Common Shareholders (H):	**Amounts Attributable to Howmet Aerospace Common Shareholders (H):**				
Net income	Net income	$ 187	$ 79	$ 527	$ 356
Net income					
Net income					
Earnings per share:	Earnings per share:				
Earnings per share:					
Earnings per share:					
Basic					
Basic					
Basic	Basic	$ 0.45	$ 0.19	$ 1.28	$ 0.86
Diluted	Diluted	$ 0.45	$ 0.19	$ 1.27	$ 0.84
Diluted					
Diluted					
Average Shares Outstanding (H):					
Average Shares Outstanding (H):					
Average Shares Outstanding (H):	**Average Shares Outstanding (H):**				
Basic	Basic	412	415	412	417
Basic					
Basic					
Diluted	Diluted	415	420	417	422
Diluted					
Diluted					

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

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

	First quarter ended	
	First quarter ended	
	First quarter ended	
	Third quarter ended September 30,	**Nine months ended September 30,**

		2023	2022	2023	2022
		2024			
		2024			
		2024			
Net income					
Net income					
Net income	Net income	$ 188	$ 80	$ 529	$ 358
Other comprehensive income (loss), net of tax (I):	Other comprehensive income (loss), net of tax (I):				
Other comprehensive income (loss), net of tax (I):					
Other comprehensive income (loss), net of tax (I):					
Change in unrecognized net actuarial loss and prior service cost related to pension and other postretirement benefits	Change in unrecognized net actuarial loss and prior service cost related to pension and other postretirement benefits	10	7	19	39
Change in unrecognized net actuarial loss and prior service cost related to pension and other postretirement benefits					
Change in unrecognized net actuarial loss and prior service cost related to pension and other postretirement benefits					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Foreign currency translation adjustments	Foreign currency translation adjustments	(56)	(128)	(18)	(273)
Net change in unrecognized gains (losses) on cash flow hedges	Net change in unrecognized gains (losses) on cash flow hedges	4	2	(10)	(14)
Total Other comprehensive loss, net of tax		(42)	(119)	(9)	(248)
Comprehensive income (loss)		$ 146	$ (39)	$ 520	$ 110
Net change in unrecognized gains (losses) on cash flow hedges					
Net change in unrecognized gains (losses) on cash flow hedges					
Total Other comprehensive (loss) income, net of tax					
Total Other comprehensive (loss) income, net of tax					

Total Other comprehensive (loss) income, net of tax
Comprehensive income
Comprehensive income
Comprehensive income

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

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

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Assets	**Assets**				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Cash and cash equivalents	Cash and cash equivalents	$ 424	$ 791		
Receivables from customers, less allowances of $1 in both 2023 and 2022 (J)		714	506		
Cash and cash equivalents					
Cash and cash equivalents					
Receivables from customers, less allowances of $— in both 2024 and 2023 (J)					
Other receivables	Other receivables	13	31		
Inventories (K)	Inventories (K)	1,748	1,609		
Prepaid expenses and other current assets	Prepaid expenses and other current assets	212	206		
Total current assets					
Total current assets					
Total current assets	Total current assets	3,111	3,143		

Properties, plants, and equipment, net (L)	Properties, plants, and equipment, net (L)	2,296	2,332
Goodwill	Goodwill	4,007	4,013
Deferred income taxes	Deferred income taxes	45	54
Intangibles, net	Intangibles, net	507	521
Other noncurrent assets (M)	Other noncurrent assets (M)	200	192
Total assets	**Total assets**	$ 10,166	$ 10,255
Total assets			
Total assets			
Liabilities	**Liabilities**		
Current liabilities:	Current liabilities:		
Accounts payable, trade (B)		$ 894	$ 962
Current liabilities:			
Current liabilities:			
Accounts payable, trade (P)			
Accounts payable, trade (P)			
Accounts payable, trade (P)			
Accrued compensation and retirement costs	Accrued compensation and retirement costs	240	195
Taxes, including income taxes (G)	Taxes, including income taxes (G)	73	48
Accrued interest payable	Accrued interest payable	58	75
Other current liabilities (M) (P)	Other current liabilities (M) (P)	189	202
Long-term debt due within one year (N)			
Total current liabilities			
Total current liabilities			
Total current liabilities	Total current liabilities	1,454	1,482
Long-term debt (N)(O)	Long-term debt (N)(O)	3,794	4,162

Accrued pension benefits (E)	Accrued pension benefits (E)	618	633	
Accrued other postretirement benefits (E)	Accrued other postretirement benefits (E)	98	109	
Other noncurrent liabilities and deferred credits (M)	Other noncurrent liabilities and deferred credits (M)	330	268	
Total liabilities	Total liabilities	6,294	6,654	
Total liabilities				
Total liabilities				
Contingencies and commitments (P)	Contingencies and commitments (P)			Contingencies and commitments (P)
Equity	**Equity**			
Howmet Aerospace shareholders' equity:	Howmet Aerospace shareholders' equity:			
Howmet Aerospace shareholders' equity:				
Howmet Aerospace shareholders' equity:				
Preferred stock				
Preferred stock				
Preferred stock	Preferred stock	55	55	
Common stock	Common stock	412	412	
Additional capital	Additional capital	3,770	3,947	
Retained earnings	Retained earnings	1,485	1,028	
Accumulated other comprehensive loss (I)	Accumulated other comprehensive loss (I)	(1,850)	(1,841)	
Total equity	Total equity	3,872	3,601	
Total equity				
Total equity				
Total liabilities and equity	**Total liabilities and equity**	$ 10,166	$ 10,255	

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

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

		Nine months ended			
Three months ended					**Three months ended**
		September 30,		**March 31,**	
		2023	**2022**	**2024**	**2023**
Operating activities	**Operating activities**				
Net income	Net income	$529	$358		
Net income					
Net income					
Adjustments to reconcile net income to cash provided from operations:	Adjustments to reconcile net income to cash provided from operations:				
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	204	198		
Deferred income taxes	Deferred income taxes	92	58		
Restructuring and other charges	Restructuring and other charges	8	12		
Net realized and unrealized losses	Net realized and unrealized losses	17	12		
Net periodic pension cost (E)	Net periodic pension cost (E)	28	17		
Stock-based compensation	Stock-based compensation	39	43		
Loss on debt redemption (N)	Loss on debt redemption (N)	1	2		
Other	Other	2	26		

Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:	Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:		
Increase in receivables (J)	Increase in receivables (J)	(211)	(246)
Increase in receivables (J)			
Increase in receivables (J)			
Increase in inventories	Increase in inventories	(148)	(271)
(Increase) decrease in prepaid expenses and other current assets		(12)	5
(Decrease) increase in accounts payable, trade		(57)	130
(Decrease) increase in accrued expenses		(18)	18
Increase (decrease) in taxes, including income taxes		17	(1)
Decrease in prepaid expenses and other current assets			
Increase (decrease) in accounts payable, trade			
Decrease in accrued expenses			
Increase in taxes, including income taxes			
Pension contributions	Pension contributions	(19)	(34)
Increase in noncurrent assets		(2)	(5)
(Increase) decrease in noncurrent assets			
Decrease in noncurrent liabilities	Decrease in noncurrent liabilities	(27)	(44)

Cash provided from operations	**Cash provided from operations**	443	278
Financing Activities	**Financing Activities**		
Net change in short-term borrowings		—	(4)
Repurchases and payments on debt (N)	Repurchases and payments on debt (N)	(376)	(60)
Repurchases and payments on debt (N)			
Repurchases and payments on debt (N)			
Premiums paid on early redemption of debt (N)			
Premiums paid on early redemption of debt (N)			
Premiums paid on early redemption of debt (N)	Premiums paid on early redemption of debt (N)	(1)	(2)
Repurchases of common stock	Repurchases of common stock	(150)	(335)
Proceeds from exercise of employee stock options	Proceeds from exercise of employee stock options	10	14
Dividends paid to shareholders	Dividends paid to shareholders	(52)	(27)
Taxes paid for net share settlement of equity awards	Taxes paid for net share settlement of equity awards	(77)	(23)
Taxes paid for net share settlement of equity awards			
Taxes paid for net share settlement of equity awards			
Cash used for financing activities	**Cash used for financing activities**	(646)	(437)
Investing Activities	**Investing Activities**		
Capital expenditures (C)	Capital expenditures (C)	(164)	(148)
Proceeds from the sale of assets and businesses (L)		1	42

Capital expenditures (C)			
Capital expenditures (C)			
Proceeds from the sale of assets and businesses (D)			
Cash used for investing activities			
Cash used for investing activities			
Cash used for investing activities	**Cash used for investing activities**	(163)	(106)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**Effect of exchange rate changes on cash, cash equivalents and restricted cash**	(1)	(3)
Net change in cash, cash equivalents and restricted cash	Net change in cash, cash equivalents and restricted cash	(367)	(268)
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	792	722
Cash, cash equivalents and restricted cash at end of period	**Cash, cash equivalents and restricted cash at end of period**	$425	$454

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

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

		Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at June 30, 2022		$ 55	$ 416	$ 4,079	$ 863	$ (1,992)	$ 3,421

		Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at December 31, 2022							
Net income	Net income	—	—	—	80	—	80
Other comprehensive loss (I)		—	—	—	—	(119)	(119)
Net income							
Net income							
Other comprehensive income (I)							
Cash dividends declared:	Cash dividends declared:						
Preferred-Class A @ $0.9375 per share	Preferred-Class A @ $0.9375 per share	—	—	—	(1)	—	(1)
Common @ $0.06 per share		—	—	—	(25)	—	(25)
Preferred-Class A @ $0.9375 per share							
Preferred-Class A @ $0.9375 per share							
Common @ $0.04 per share							
Repurchase and retirement of common stock (H)	Repurchase and retirement of common stock (H)	—	(3)	(97)	—	—	(100)
Stock-based compensation	Stock-based compensation	—	—	14	—	—	14
Common stock issued: compensation plans	Common stock issued: compensation plans	—	1	2	—	—	3
Balance at September 30, 2022		$ 55	$ 414	$ 3,998	$ 917	$ (2,111)	$ 3,273
Balance at March 31, 2023							
Balance at March 31, 2023							
Balance at March 31, 2023							

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at June 30, 2023	$ 55	$ 412	$ 3,782	$ 1,334	$ (1,808)	$ 3,775
Net income	—	—	—	188	—	188
Other comprehensive loss (I)	—	—	—	—	(42)	(42)
Cash dividends declared:						
Preferred-Class A @ $0.9375 per share	—	—	—	(1)	—	(1)
Common @ $0.09 per share	—	—	—	(36)	—	(36)
Repurchase and retirement of common stock (H)	—	—	(25)	—	—	(25)
Stock-based compensation	—	—	13	—	—	13
Balance at September 30, 2023	$ 55	$ 412	$ 3,770	$ 1,485	$ (1,850)	$ 3,872

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

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

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at December 31, 2021	$ 55	$ 422	$ 4,291	$ 603	$ (1,863)	$ 3,508
Net income	—	—	—	358	—	358
Other comprehensive loss (I)	—	—	—	—	(248)	(248)
Cash dividends declared:						
Preferred-Class A @ $2.8125 per share	—	—	—	(2)	—	(2)
Common @ $0.10 per share	—	—	—	(42)	—	(42)
Repurchase and retirement of common stock (H)	—	(10)	(325)	—	—	(335)
Stock-based compensation	—	—	43	—	—	43
Common stock issued: compensation plans	—	2	(11)	—	—	(9)
Balance at September 30, 2022	$ 55	$ 414	$ 3,998	$ 917	$ (2,111)	$ 3,273

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at December 31, 2022	$ 55	$ 412	$ 3,947	$ 1,028	$ (1,841)	$ 3,601

	Preferred stock	Common stock	Additional capital	Retained earnings	Accumulated other comprehensive loss	Total Equity
Balance at December 31, 2023						
Net income						

Net income							
Net income	Net income	—	—	—	529	—	529
Other comprehensive loss (I)	Other comprehensive loss (I)	—	—	—	—	(9)	(9)
Cash dividends declared:	Cash dividends declared:						
Preferred-Class A @ $2.8125 per share		—	—	—	(2)	—	(2)
Common @ $0.17 per share		—	—	—	(70)	—	(70)
Preferred-Class A @ $0.9375 per share							
Preferred-Class A @ $0.9375 per share							
Preferred-Class A @ $0.9375 per share							
Common @ $0.05 per share							
Repurchase and retirement of common stock (H)	Repurchase and retirement of common stock (H)	—	(3)	(147)	—	—	(150)
Stock-based compensation	Stock-based compensation	—	—	39	—	—	39
Common stock issued: compensation plans	Common stock issued: compensation plans	—	3	(69)	—	—	(66)
Balance at September 30, 2023		$ 55	$ 412	$ 3,770	$ 1,485	$ (1,850)	$ 3,872
Balance at March 31, 2024							
Balance at March 31, 2024							
Balance at March 31, 2024							

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 share and per-share amounts)

A. Basis of Presentation

The interim Consolidated Financial Statements of Howmet Aerospace Inc. and its subsidiaries (“Howmet” or the “Company” or “we” or “our”) are unaudited. These Consolidated Financial Statements include all adjustments, consisting only of normal recurring adjustments, considered necessary by management to fairly state the Company’s results of operations, financial position, and cash flows. The results reported in these Consolidated Financial Statements are not necessarily indicative of the results that may be expected for the entire year. The 2022 2023 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (“GAAP”). This Form 10-Q report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the “Form 10-K”), which includes all disclosures required by GAAP. Certain amounts in previously issued financial statements were reclassified to conform to the current period presentation.

In the third first quarter of 2023, 2024, the Company derived approximately 49% 51% of its revenue from products sold to the commercial aerospace market which is substantially less than the pre-pandemic 2019 annual rate of approximately 60%. During the global COVID-19 pandemic and its impact on Aircraft production in the commercial aerospace industry continues to date, there was a decrease recover based on increases in domestic and international air travel, which in turn adversely affected demand for narrow body and wide body aircraft. Domestic air travel has rebounded and exceeds 2019 levels. International air travel continues to recover and is approximately 90% of 2019 levels. We expect commercial aerospace growth to continue. The commercial wide body aircraft market is emerging but the mix of demand to grow faster than narrow body demand on a production percentage basis. Quality control issues at The Boeing Company ("Boeing") are expected to negatively impact narrow body and wide body to narrow body aircraft remains below 2019 production rates in the near term. For instance, the Federal Aviation Administration stated that it will not approve production rate increases or additional production lines for the Boeing 737 MAX until it is satisfied that Boeing is in full compliance with required quality control procedures. Boeing production levels which is creating have a shift in our product mix compared to 2019 conditions. In addition to material impact on the impact from the pandemic, the financial performance of Howmet. The timing and level of future aircraft builds by original equipment manufacturers are subject to changes and uncertainties, which may cause our future results to differ from prior periods due to changes in product mix in certain segments.

The preparation of the Consolidated Financial Statements of the Company in conformity with GAAP requires management to make certain judgments, estimates, and assumptions. These estimates are based on historical experience and, in some cases, assumptions based on current and future market experience, including considerations related relating to COVID-19 and changes in the aerospace industry. The impact of these changes, including the macroeconomic considerations, remains highly uncertain. Management has made its best estimates using all relevant information available at the time, but it is possible that our estimates will differ from our actual results and affect the Consolidated Financial Statements in future periods and potentially require adverse adjustments to the recoverability of goodwill, intangible and long-lived assets, the realizability of deferred tax assets and other judgments and estimations and assumptions.

B. Recently Adopted and Recently Issued Accounting Guidance

Adopted

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

On January 1, 2023, the Company adopted the changes issued by the FASB related to disclosure requirements of supplier finance program obligations. We offer voluntary supplier finance programs to suppliers who may elect to sell their receivables to third parties at the sole discretion of both the suppliers and the third parties. The program is at no cost to the Company and provides additional liquidity to our suppliers, if they desire, at their cost. Under these programs, the Company pays the third party bank rather than the supplier, the stated amount of the confirmed invoices on the original maturity date of the invoices. The Company or the third party bank may terminate a program upon at least 30 days' notice. Supplier invoices under the program require payment in full no more than 120 days of the invoice date. As of September 30, 2023 and December 31, 2022, supplier invoices that are subject to future payment under these programs were $254 and $240, respectively, and are included in Accounts payable, trade in the Consolidated Balance Sheet.

Issued

In March 2020, December 2023, the FASB issued amendments that provide optional expedients guidance to enhance the transparency of income tax disclosures including additional details on the rate reconciliation and exceptions taxes paid by jurisdiction. These changes become effective 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 London Inter-bank Offered Rate ("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 fiscal years beginning after December 15, 2024. In December 2022, the FASB deferred the sunset date to December 31, 2024. The Company has amended its agreements in accordance with the new guidance (See Note J and Note N).Management has concluded that is currently evaluating the impact of these changes is not expected to have a material impact on the Consolidated Financial Statements.

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

C. Segment Information

Howmet is a global leader in lightweight metals engineering and manufacturing. Howmet's innovative, multi-material products, which include nickel, titanium, aluminum, and cobalt, are used worldwide in the aerospace (commercial and defense), commercial transportation, and industrial and other markets. Segment performance under Howmet's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment Adjusted EBITDA. Howmet's definition of Segment Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation and amortization. Net margin is equivalent to Sales minus the following items:

Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Special items, including Restructuring and other charges, are excluded from net margin and Segment Adjusted EBITDA. Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Differences between the total segment and consolidated totals are in Corporate.

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

Engine Products

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

Fastening Systems

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

Engineered Structures

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

Forged Wheels

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

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

		Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Third quarter ended September 30, 2023						
	Engine Products					
First quarter ended March 31, 2024		**Engine Products**	**Fastening Systems**	**Engineered Structures**	**Forged Wheels**	**Total Segment**
Sales:	Sales:					
Sales:						
Sales:						
Third-party sales						
Third-party sales						
Third-party sales	Third-party sales	$ 798	$ 348	$ 227	$ 285	$ 1,658
Inter-segment sales	Inter-segment sales	5	—	—	—	5
Total sales	Total sales	$ 803	$ 348	$ 227	$ 285	$ 1,663

Profit and loss:	Profit and loss:					
Provision for depreciation and amortization	Provision for depreciation and amortization	$ 33	$ 12	$ 12	$ 10	$ 67
Provision for depreciation and amortization						
Provision for depreciation and amortization						
Segment Adjusted EBITDA	Segment Adjusted EBITDA	219	76	30	77	402
Restructuring and other charges		—	1	1	—	2
Capital expenditures						
Capital expenditures						
Capital expenditures	Capital expenditures	30	9	6	9	54
Third quarter ended September 30, 2022						
First quarter ended March 31, 2023						
First quarter ended March 31, 2023						
First quarter ended March 31, 2023						
Sales:	Sales:					
Sales:						
Sales:						
Third-party sales						
Third-party sales						
Third-party sales	Third-party sales	$ 683	$ 291	$ 193	$ 266	$ 1,433
Inter-segment sales	Inter-segment sales	1	—	3	—	4
Total sales	Total sales	$ 684	$ 291	$ 196	$ 266	$ 1,437
Profit and loss:	Profit and loss:					
Provision for depreciation and amortization						
Provision for depreciation and amortization						
Provision for depreciation and amortization	Provision for depreciation and amortization	$ 31	$ 11	$ 12	$ 10	$ 64

Segment Adjusted EBITDA	Segment Adjusted EBITDA	186	64	28	64	342
Restructuring and other charges	Restructuring and other charges	2	—	1	—	3
Capital expenditures	Capital expenditures	23	7	3	6	39

	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Nine months ended September 30, 2023					
Sales:					
Third-party sales	$ 2,414	$ 989	$ 634	$ 872	$ 4,909
Inter-segment sales	12	—	1	—	13
Total sales	$ 2,426	$ 989	$ 635	$ 872	$ 4,922
Profit and loss:					
Provision for depreciation and amortization	$ 97	$ 35	$ 36	$ 29	$ 197
Segment Adjusted EBITDA	654	198	80	237	1,169
Restructuring and other (credits) charges	(1)	1	7	—	7
Capital expenditures	84	23	21	25	153
Nine months ended September 30, 2022					
Sales:					
Third-party sales	$ 1,966	$ 832	$ 560	$ 792	$ 4,150
Inter-segment sales	3	—	5	—	8
Total sales	$ 1,969	$ 832	$ 565	$ 792	$ 4,158
Profit and loss:					
Provision for depreciation and amortization	$ 93	$ 34	$ 36	$ 30	$ 193
Segment Adjusted EBITDA	538	176	77	206	997
Restructuring and other charges (credits)	9	(3)	4	—	10
Capital expenditures	74	30	12	20	136

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

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
	First quarter ended			
	First quarter ended			

		First quarter ended March 31, March 31, March 31,			
		2024 2024 2024			
Total Segment Adjusted EBITDA					
Total Segment Adjusted EBITDA					
Total Segment Adjusted EBITDA	Total Segment Adjusted EBITDA	$ 402	$ 342	$ 1,169	$ 997
Segment provision for depreciation and amortization	Segment provision for depreciation and amortization	(67)	(64)	(197)	(193)
Segment provision for depreciation and amortization					
Segment provision for depreciation and amortization					
Unallocated amounts:					
Unallocated amounts:					
Unallocated amounts:	Unallocated amounts:				
Restructuring and other charges	Restructuring and other charges	(4)	(4)	(8)	(12)
Restructuring and other charges					
Restructuring and other charges					
Corporate expense					
Corporate expense					
Corporate expense	Corporate expense	(24)	(46)	(87)	(93)
Operating income	Operating income	$ 307	$ 228	$ 877	$ 699
Operating income					
Operating income					
Loss on debt redemption					
Loss on debt redemption					
Loss on debt redemption	Loss on debt redemption	—	—	(1)	(2)
Interest expense, net	Interest expense, net	(54)	(57)	(166)	(172)
Interest expense, net					
Interest expense, net					
Other expense, net					
Other expense, net					
Other expense, net	Other expense, net	(11)	(67)	(5)	(67)
Income before income taxes	Income before income taxes	$ 242	$ 104	$ 705	$ 458

Income before income taxes

Income before income taxes

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

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Total segment capital expenditures	$ 54	$ 39	$ 153	$ 136
Corporate	5	3	11	12
Capital expenditures	$ 59	$ 42	$ 164	$ 148

	First quarter ended March 31,	
	2024	2023
Total segment capital expenditures	$ 80	$ 61
Corporate	2	3
Capital expenditures	$ 82	$ 64

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

	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Third quarter ended September 30, 2023					
First quarter ended March 31, 2024					
Aerospace - Commercial					
Aerospace - Commercial	$ 446	$ 209	$ 165	$ —	$ 820
Aerospace - Defense	165	41	45	—	251
Commercial Transportation	—	67	—	285	352
Industrial and Other	187	31	17	—	235
Total end-market revenue	$ 798	$ 348	$ 227	$ 285	$ 1,658
Third quarter ended September 30, 2022					
First quarter ended March 31, 2023					

First quarter ended March 31, 2023						
First quarter ended March 31, 2023						
Aerospace - Commercial						
Aerospace - Commercial						
Aerospace - Commercial	Aerospace - Commercial	$ 388	$ 156	$ 124	$ —	$ 668
Aerospace - Defense	Aerospace - Defense	124	43	56	—	223
Commercial Transportation	Commercial Transportation	—	63	—	266	329
Industrial and Other	Industrial and Other	171	29	13	—	213
Total end-market revenue	Total end-market revenue	$ 683	$ 291	$ 193	$ 266	$ 1,433
Nine months ended September 30, 2023						
Aerospace - Commercial		$ 1,324	$ 563	$ 458	$ —	$ 2,345
Aerospace - Defense		502	131	131	—	764
Commercial Transportation		—	192	—	872	1,064
Industrial and Other		588	103	45	—	736
Total end-market revenue		$ 2,414	$ 989	$ 634	$ 872	$ 4,909
Nine months ended September 30, 2022						
Aerospace - Commercial		$ 1,079	$ 459	$ 341	$ —	$ 1,879
Aerospace - Defense		384	112	176	—	672
Commercial Transportation		—	169	—	792	961
Industrial and Other		503	92	43	—	638
Total end-market revenue		$ 1,966	$ 832	$ 560	$ 792	$ 4,150

The Company derived 63% 66% and 61% 63% of its revenue from the aerospace (commercial and defense) markets for the nine months first quarter ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

General Electric Company and RTX Corporation represented approximately 12% and 9%, respectively, of the Company's third-party sales in the first quarter ended March 31, 2024. General Electric Company and RTX Corporation represented approximately 13% and 10%, respectively, of the Company's third-party sales for in the firstthe nine months quarter ended September 30, 2023. General Electric Company and RTX Corporation represented approximately 13% and 9%, respectively, of the Company's third-party sales for the nine months ended September 30, 2022 March 31, 2023. These sales were primarily from the Engine Products segment.

D. Restructuring and Other Charges

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**

Layoff costs	$ 1	$ —	$ 1	$ —
Reversals of previously recorded layoff reserves	—	—	(1)	(1)
Pension and Other post-retirement benefits - net settlements (E)	2	3	5	7
Other	1	1	3	6
Total restructuring and other charges	$ 4	$ 4	$ 8	$ 12

	First quarter ended March 31,	
	2024	2023
Reversals of previously recorded layoff reserves	$ —	$ (1)
Net gain related to divestitures of assets and businesses	(1)	—
Other	1	2
Total restructuring and other charges	$ —	$ 1

In the third first quarter of 2024, the Company recorded Restructuring and other charges of less than $1, which were primarily due to a gain on the sale of assets at a small U.K. manufacturing facility in Engines Products of $1, partially offset by exit related costs, including accelerated depreciation, of $1.

In the first quarter of 2023, the Company recorded Restructuring and other charges of $4, $1, which were primarily due to charges for a Canadian pension plan settlement of $2, layoff charges of $1, and exit related costs, including accelerated depreciation, of $1.

In the nine months ended September 30, 2023, the Company recorded Restructuring and other charges of $8, which were primarily due to charges for U.S. and Canadian pension plan settlements of $5, exit related costs, including accelerated depreciation, of $3, and layoff charges of $1, $2, partially offset by a reversal of $1 for a layoff reserve related to a prior period.

In the third quarter of 2022, the Company recorded Restructuring and other charges of $4, which were primarily due to charges for U.S. and Canadian pension plan settlements of $3 and exit related costs, including accelerated depreciation, of $1.

In the nine months ended September 30, 2022, the Company recorded Restructuring and other charges of $12, which were primarily due to charges for U.S. pension plan settlements of $7 and exit related costs, including accelerated depreciation, of $6, partially offset by a reversal of $1 for a layoff reserve related to a prior period.

	Layoff costs	Other exit costs	Total
Reserve balances at December 31, 2022	$ 6	$ 2	$ 8
Cash payments	(2)	(2)	(4)
Restructuring charges	5	3	8
Other(1)	(5)	(1)	(6)
Reserve balances at September 30, 2023	$ 4	$ 2	$ 6

(1) In the nine months ended September 30, 2023, other for layoff costs included $5 of charges for U.S. and Canadian pension plan settlements and for other exit costs included a $1 charge for accelerated depreciation.

	Layoff costs	Other exit costs	Total
Reserve balances at December 31, 2023	$ 5	$ 2	$ 7
Cash payments	(1)	—	(1)
Reserve balances at March 31, 2024	$ 4	$ 2	$ 6

The remaining reserves as of September 30, 2023 March 31, 2024 are expected to be paid in cash during the remainder of 2023 2024 and 2024. 2025.

E. Pension and Other Postretirement Benefits

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

First quarter ended

First quarter ended

First quarter ended

2024

2024

2024

Pension benefits

Pension benefits

Pension benefits

Service cost

Service cost

Service cost

Interest cost

Interest cost

Interest cost

Expected return on plan assets

Expected return on plan assets

Expected return on plan assets

Recognized net actuarial loss

Recognized net actuarial loss

Recognized net actuarial loss

		Third quarter ended September 30,		Nine months ended September 30,	
		2023	**2022**	**2023**	**2022**
Pension benefits					
Service cost		$ —	$ 1	$ 2	$ 3
Interest cost		20	13	60	38
Expected return on plan assets		(18)	(20)	(55)	(61)
Recognized net actuarial loss		7	12	21	37
Net periodic cost(1)					
Settlements		2	3	5	7
Net periodic cost(1)					
Net periodic cost(1)	Net periodic cost(1)	$ 11	$ 9	$ 33	$ 24
Other postretirement benefits	**Other postretirement benefits**				
Other postretirement benefits					
Other postretirement benefits					
Service cost					
Service cost					
Service cost	Service cost	$ 1	$ —	$ 1	$ 1
Interest cost	Interest cost	2	1	5	3
Recognized net actuarial (gain) loss		(1)	—	(2)	1

Interest cost

Interest cost

Recognized net actuarial gain

Recognized net actuarial gain

Recognized net actuarial gain					
Amortization of prior service benefit	Amortization of prior service benefit	(3)	(2)	(7)	(7)
Amortization of prior service benefit					
Amortization of prior service benefit					
Net periodic benefit(1)					
Net periodic benefit(1)					
Net periodic benefit(1)	Net periodic benefit(1)	$ (1)	$ (1)	$ (3)	$ (2)

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

Pension benefits

In the third quarter and nine months ended September 30, 2023, the Company applied settlement accounting to its Canadian pension plan due to lump sum payments made to participants, reducing gross pension obligations by $12. In June 2023, the Company also undertook additional actions to reduce gross pension obligations by $19 by purchasing group annuity contracts from a third-party carrier to pay and administer future annuity payments of a U.S. pension plan. Settlement charges of $2 and

$5 were recognized in the third quarter and nine months ended September 30, 2023, respectively. In the third quarter and nine months ended September 30, 2022, the Company applied settlement accounting to certain small U.S. and Canadian pension plans due to lump sum payments made to participants, which resulted in settlement charges of $3 and $7, respectively. All settlement charges were recorded in Restructuring and other charges in the Statement of Consolidated Operations.

For the third first quarter of 2024 and nine months ended September 30, 2023, 2023, Howmet's combined pension contributions and other postretirement benefit payments were approximately $9 $5 and $28, respectively. For the third quarter and nine months ended September 30, 2022, Howmet's combined pension contributions and other postretirement benefit payments were approximately $18 and $43, $12, respectively.

F. Other Expense, Net

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
Non-service costs - pension and other postretirement benefits (E)	$ 7	$ 4	$ 22	$ 11
Interest income	(5)	(2)	(15)	(3)
Foreign currency losses (gains), net	5	(3)	3	(7)
Net realized and unrealized losses	6	5	17	12
Deferred compensation	(1)	(2)	5	(11)
Other, net	(1)	65	(27)	65
Total other expense, net	$ 11	$ 67	$ 5	$ 67

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

	First quarter ended

	March 31,	
	2024	2023
Non-service costs - pension and other postretirement benefits (E)	$ 7	$ 7
Interest income	(5)	(5)
Foreign currency losses (gains), net	3	(2)
Net realized and unrealized losses	7	4
Deferred compensation	5	3
Total other expense, net	$ 17	$ 7

G. Income Taxes

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

The estimated annual effective tax rate, before discrete items, applied to ordinary income was 23.0% 21.7% in both the third first quarter of 2024 and nine months ended September 30, 2023 23.4% in the first quarter of 2023. The 2024 and 24.3% in both the third quarter and nine months ended September 30, 2022. The 2023 and 2022 rates were higher than the U.S. federal statutory rate of 21% primarily due to additional estimated U.S. tax on Global Intangible Low-Taxed Income ("GILTI") and other foreign earnings, incremental state tax and foreign taxes on earnings also subject to U.S. federal income tax, and nondeductible expenses. Foreign foreign earnings subject to tax in higher rate jurisdictions also contributed to the 2023 rate being higher than the U.S. federal statutory rate of 21%. , and nondeductible expenses. The 2024 rate was lower than the 2023 rate primarily due to a U.S. tax benefit recognized for foreign tax credits in 2024 and lower net U.S. tax on GILTI and other foreign earnings.

For the third first quarter of 2023 2024 and 2022, 2023, the tax rate including discrete items was 22.3% 19.8% and 23.1% 32.7%, respectively. In the third first quarter of 2023, 2024, the Company recorded a discrete net tax benefit of $7 attributable to a $6 benefit to release a valuation allowance related to U.S. foreign tax credits and a net tax benefit of $1 for other small items. In the third first quarter of 2022, the Company recorded a discrete tax benefit of $2 for other small items.

For the nine months ended September 30, 2023 and 2022, the tax rate including discrete items was 25.0% and 21.8%, respectively. In the nine months ended September 30, 2023, 2023, the Company recorded a discrete net tax charge of $13 $21 attributable to a $20 charge for a tax reserve established in France (See Note P) and a discrete net tax charge of $1 for other small items, reduced by an $8 excess tax benefit for stock compensation. In the nine months ended September 30, 2022, the Company recorded a discrete tax benefit of $11 attributable to a $6 benefit to release a valuation allowance related to an interest carryforward tax attribute in the U.K. and a $5 excess benefit for stock compensation. items.

The tax provision was comprised of the following:

		First quarter ended First quarter ended First quarter ended			
		Third quarter ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Pre-tax income at estimated annual effective income tax rate before discrete items	Pre-tax income at estimated annual effective income tax rate before discrete items	$ 55	$ 24	$ 162	$ 111

Impact of change in estimated annual effective tax rate on previous quarter's pre-tax income	—	2	—	—
Pre-tax income at estimated annual effective income tax rate before discrete items				
Pre-tax income at estimated annual effective income tax rate before discrete items				
Interim period treatment of operational losses in foreign jurisdictions for which no tax benefit is recognized				
Interim period treatment of operational losses in foreign jurisdictions for which no tax benefit is recognized				
Interim period treatment of operational losses in foreign jurisdictions for which no tax benefit is recognized Interim period treatment of operational losses in foreign jurisdictions for which no tax benefit is recognized	—	—	1	—
Tax reserve (P) Tax reserve (P)	—	—	20	—
Tax reserve (P)				
Tax reserve (P)				
Other discrete items				
Other discrete items				
Other discrete items Other discrete items	(1)	(2)	(7)	(11)
Provision for income taxes Provision for income taxes	$ 54	$ 24	$ 176	$ 100
Provision for income taxes				
Provision for income taxes				

H. Earnings Per Share and Common Stock

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

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

First quarter ended

First quarter ended

First quarter ended

		Third quarter ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Net income attributable to common shareholders	Net income attributable to common shareholders	$ 188	$ 80	$ 529	$ 358
Net income attributable to common shareholders					
Net income attributable to common shareholders					
Less: preferred stock dividends declared	Less: preferred stock dividends declared	1	1	2	2
Less: preferred stock dividends declared					
Less: preferred stock dividends declared					
Net income available to Howmet Aerospace common shareholders - basic and diluted					
Net income available to Howmet Aerospace common shareholders - basic and diluted					
Net income available to Howmet Aerospace common shareholders - basic and diluted	Net income available to Howmet Aerospace common shareholders - basic and diluted	$ 187	$ 79	$ 527	$ 356
Average shares outstanding - basic	Average shares outstanding - basic	412	415	412	417
Average shares outstanding - basic					
Average shares outstanding - basic					
Effect of dilutive securities:	Effect of dilutive securities:				
Effect of dilutive securities:					
Effect of dilutive securities:					
Stock and performance awards					
Stock and performance awards					
Stock and performance awards	Stock and performance awards	3	5	5	5
Average shares outstanding - diluted	Average shares outstanding - diluted	415	420	417	422
Average shares outstanding - diluted					

Average shares outstanding - diluted

Common stock outstanding as of September 30, 2023 March 31, 2024 and 2022 2023 was approximately 412 million 408,169,673 and 414 million, 411,810,073, respectively.

On August 18, 2021, the Company announced that its Board of Directors authorized a share repurchase program of up to $1,500 of the Company's outstanding common stock. After giving effect to the share repurchases made through September 30, 2023 March 31, 2024, approximately $797 $547 Board authorization remains available.

The following table provides details In the quarter ended March 31, 2024, the Company repurchased approximately 2.2 million shares of its common stock at an average price of $66.87 per share (excluding commissions cost) for approximately $150 in cash. In the quarter ended March 31, 2023, the Company repurchased approximately 0.6 million shares of its common stock at an average price of $43.36 per share repurchases made (excluding commissions costs) for approximately $25 in cash. All of the periods presented:

	Number of shares	Average price per share(1)	Total
Q1 2023 open market repurchase	576,629	$ 43.36	$ 25
Q2 2023 open market repurchase	2,246,294	$ 44.52	$ 100
Q3 2023 open market repurchase	506,800	$ 49.32	$ 25
2023 Share repurchases as of September 30, 2023	3,329,723	$ 45.05	$ 150
Q1 2022 open market repurchase	5,147,307	$ 34.00	$ 175
Q2 2022 open market repurchase	1,770,271	$ 33.89	$ 60
Q3 2022 open market repurchase	2,764,846	$ 36.17	$ 100
2022 Share repurchases as of September 30, 2022	9,682,424	$ 34.60	$ 335

(1) Excludes commissions cost.shares repurchased have been retired.

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

The approximately 3 million 2 million decrease in average shares outstanding (basic) for in the third first quarter of 2024 compared to the first quarter of 2023 compared to the third quarter of 2022 was primarily due to the approximately 5 million 7 million shares repurchased, partially offset by approximately 3 million shares issued for compensation plans, between October 1, 2022 April 1, 2023 and September 30, 2023 March 31, 2024. As average shares outstanding are used in the calculation for both basic and diluted EPS, the full impact of share repurchases was not fully realized in EPS in the period of repurchase since share repurchases may occur at varying points during a period.

There were no shares relating to outstanding stock options excluded from the calculation of average shares outstanding - diluted for the third first quarter ended March 31, 2024 and nine months ended September 30, 2023 and 2022.

Common stock dividends declared were $0.09 per share in the third quarter of 2023 (of which $0.04 per share was paid) and $0.17 per share in the nine months ended September 30, 2023 (of which $0.12 per share was paid). Common stock dividends declared were $0.06 per share in the third quarter of 2022 (of which $0.02 per share was paid) and $0.10 per share in the nine months ended September 30, 2022 (of which $0.06 per share was paid). 2023.

I. Accumulated Other Comprehensive Loss

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

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	First quarter ended			
	First quarter ended			
	First quarter ended			
	March 31,			
	March 31,			
	March 31,			
	2024			
	2024			
	2024			
Pension and other postretirement benefits (E)				
Pension and other postretirement benefits (E)				
Pension and other postretirement benefits (E) **Pension and other postretirement benefits (E)**				
Balance at beginning of period Balance at beginning of period	$ (644)	$ (767)	$ (653)	$ (799)
Balance at beginning of period				
Balance at beginning of period				
Other comprehensive income (loss): Other comprehensive income (loss):				
Unrecognized net actuarial gain (loss) and prior service cost/benefit	7	(3)	7	13
Other comprehensive income (loss):				
Other comprehensive income (loss):				
Unrecognized net actuarial (loss) gain and prior service cost/benefit				
Unrecognized net actuarial (loss) gain and prior service cost/benefit				
Unrecognized net actuarial (loss) gain and prior service cost/benefit				
Tax expense Tax expense	(1)	—	(1)	(3)
Total Other comprehensive income (loss) before reclassifications, net of tax	6	(3)	6	10
Tax expense				
Tax expense				
Total Other comprehensive (loss) income before reclassifications, net of tax				
Total Other comprehensive (loss) income before reclassifications, net of tax				

Total Other comprehensive (loss) income before reclassifications, net of tax					
Amortization of net actuarial loss and prior service cost(1)					
Amortization of net actuarial loss and prior service cost(1)					
Amortization of net actuarial loss and prior service cost(1)	Amortization of net actuarial loss and prior service cost(1)	5	13	17	38
Tax expense(2)	Tax expense(2)	(1)	(3)	(4)	(9)
Tax expense(2)					
Tax expense(2)					
Total amount reclassified from Accumulated other comprehensive income, net of tax(3)	Total amount reclassified from Accumulated other comprehensive income, net of tax(3)	4	10	13	29
Total amount reclassified from Accumulated other comprehensive income, net of tax(3)					
Total amount reclassified from Accumulated other comprehensive income, net of tax(3)					
Total Other comprehensive income					
Total Other comprehensive income					
Total Other comprehensive income	Total Other comprehensive income	10	7	19	39
Balance at end of period	Balance at end of period	$ (634)	$ (760)	$ (634)	$ (760)
Balance at end of period					
Balance at end of period					
Foreign currency translation	**Foreign currency translation**				
Foreign currency translation					
Foreign currency translation					
Balance at beginning of period					
Balance at beginning of period					
Balance at beginning of period	Balance at beginning of period	$ (1,155)	$ (1,207)	$ (1,193)	$ (1,062)
Other comprehensive loss(4)		(56)	(128)	(18)	(273)
Other comprehensive (loss) income(4)					
Other comprehensive (loss) income(4)					
Other comprehensive (loss) income(4)					
Balance at end of period					
Balance at end of period					

Balance at end of period	Balance at end of period	$	(1,211)	$	(1,335)	$	(1,211)	$	(1,335)
Cash flow hedges	**Cash flow hedges**								
Cash flow hedges									
Cash flow hedges									
Balance at beginning of period									
Balance at beginning of period									
Balance at beginning of period	Balance at beginning of period	$	(9)	$	(18)	$	5	$	(2)
Other comprehensive income (loss):									
Other comprehensive (loss) income:									
Other comprehensive (loss) income:									
Other comprehensive (loss) income:									
Net change from periodic revaluations	Net change from periodic revaluations		1		(6)		(13)		(17)
Tax income			—		2		3		4
Total Other comprehensive income (loss) before reclassifications, net of tax			1		(4)		(10)		(13)
Net change from periodic revaluations									
Net change from periodic revaluations									
Tax benefit									
Tax benefit									
Tax benefit									
Total Other comprehensive loss before reclassifications, net of tax									
Total Other comprehensive loss before reclassifications, net of tax									
Total Other comprehensive loss before reclassifications, net of tax									
Net amount reclassified to earnings									
Net amount reclassified to earnings									
Net amount reclassified to earnings	Net amount reclassified to earnings		4		9		—		(1)
Tax expense(2)	Tax expense(2)		(1)		(3)		—		—
Tax expense(2)									
Tax expense(2)									
Total amount reclassified from Accumulated other comprehensive income (loss), net of tax(3)									
Total amount reclassified from Accumulated other comprehensive income (loss), net of tax(3)									

Total amount reclassified from Accumulated other comprehensive income (loss), net of tax(3)	Total amount reclassified from Accumulated other comprehensive income (loss), net of tax(3)	3	6	—	(1)
Total Other comprehensive income (loss)	Total Other comprehensive income (loss)	4	2	(10)	(14)
Total Other comprehensive income (loss)					
Total Other comprehensive income (loss)					
Balance at end of period					
Balance at end of period					
Balance at end of period	Balance at end of period	$ (5)	$ (16)	$ (5)	$ (16)
Accumulated other comprehensive loss	**Accumulated other comprehensive loss**	$ (1,850)	$ (2,111)	$ (1,850)	$ (2,111)
Accumulated other comprehensive loss					
Accumulated other comprehensive loss					

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

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

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

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

J. Receivables

Sale of Receivables Programs

The Company maintains an accounts receivables securitization arrangement through a wholly-owned special purpose entity (“SPE”). The net cash funding from the sale of accounts receivable through the SPE was neither a use of cash nor a source of cash for the third first quarter of 2023 2024 or 2022. 2023.

The accounts receivables securitization arrangement is one in which the Company, through an SPE, has a receivables purchase agreement (the “Receivables Purchase Agreement”) pursuant to which the SPE may sell certain receivables to financial institutions until the earlier of August 30, 2024 January 2, 2026 or a termination event. The Receivables Purchase Agreement contains customary representations and warranties, as well as affirmative and negative covenants. Pursuant to the Receivables Purchase Agreement, the Company does not maintain effective control over the transferred receivables, and therefore accounts for these transfers as sales of receivables. The Receivables Purchase Agreement was amended on February 17, 2023 to update also contains a provision that allows the reference rate and reduce the facility limit to $250 from $325, with a provision Company to increase the limit to $325.

The facility limit under the Receivables Purchase Agreement was $250 and $325 as of September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, respectively. A total of which $250 was drawn as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. As collateral against the sold receivables, the SPE maintains a certain level of unsold receivables, which were $164 $264 and $190 $197 as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The Company sold $439 $413 and $1,158 $337 of its receivables without recourse and received cash funding under this program during the third first quarter of 2024 and nine months ended September 30, 2023, respectively, resulting in derecognition of the receivables from the Company’s Consolidated Balance Sheet. The Company sold $453 and $1,354 of its receivables without recourse and received cash funding under the program during the third quarter and nine months ended September 30, 2022, 2023, respectively, resulting in derecognition of the receivables from the Company’s Consolidated

Balance Sheet. Costs associated with the sales of receivables are reflected in the Company's Statement of Consolidated Operations for the periods in which the sales occur. Cash receipts from sold receivables under the Receivables Purchase Agreement are presented within operating activities in the Statement of Consolidated Cash Flows.

Other Customer Receivable Sales

In the third first quarter and nine months ended September 30, 2023, of 2024, the Company sold $140 and $429, respectively, $171 of certain customers' receivables in exchange for cash (($169 $134 was outstanding from customers as of September 30, 2023 March 31, 2024), the proceeds from which are presented in changes in receivables within operating activities in the Statement of Consolidated Cash Flows. In the third first quarter and nine months ended September 30, 2022, of 2023, the Company sold $127 and $350 $138 of certain customers' receivables in exchange for cash, the proceeds from which are presented in changes in receivables within operating activities in the Statement of Consolidated Cash Flows.

K. Inventories

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Finished goods	Finished goods	$ 446	$ 490		
Work-in-process	Work-in-process	857	748		
Purchased raw materials	Purchased raw materials	378	317		
Operating supplies	Operating supplies	67	54		
Total inventories	Total inventories	$ 1,748	$ 1,609		

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the portion of inventories valued on a last-in, first-out ("LIFO") basis was $423 $464 and $441, $446, respectively. If valued on an average-cost basis, total inventories would have been $237 and $220 $236 higher as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

L. Properties, Plants, and Equipment, net

	September 30, 2023	December 31, 2022
Land and land rights	$ 86	$ 84
Structures	1,000	986
Machinery and equipment	4,002	3,941
	5,088	5,011
Less: accumulated depreciation and amortization	2,993	2,858
	2,095	2,153
Construction work-in-progress	201	179
Properties, plants, and equipment, net	$ 2,296	$ 2,332

The proceeds from the sale of the corporate headquarters in Pittsburgh, PA in June 2022 were $44, excluding $3 of transaction costs, and the carrying value at the time of sale was $41. A loss of less than $1 was recorded in Restructuring and other charges in the Statement of Consolidated Operations upon finalization of the sale in the second quarter of 2022. The Company entered into a 12-year lease with the purchaser for a portion of the property.

	March 31, 2024	December 31, 2023

Land and land rights	$ 84	$ 88
Structures	1,017	1,018
Machinery and equipment	4,080	4,079
	5,181	5,185
Less: accumulated depreciation and amortization	3,105	3,081
	2,076	2,104
Construction work-in-progress	218	224
Properties, plants, and equipment, net	$ 2,294	$ 2,328

The Company incurred capital expenditures which remained unpaid as of September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 of $44 $38 and $30, $32, respectively, and will result in cash outflows within investing activities in the Statement of Consolidated Cash Flows in subsequent periods.

M. Leases

Operating lease cost, which includes short-term leases and variable lease payments and approximates cash paid. Operating lease cost paid, was $16 in both the third first quarter of 2023 2024 and 2022, and $48 and $46 in the nine months ended September 30, 2023 and 2022, respectively. 2023.

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

		September 30, 2023		December 31, 2022
		March 31, 2024		
		March 31, 2024		
		March 31, 2024		
Right-of-use assets classified in Other noncurrent assets				
Right-of-use assets classified in Other noncurrent assets				
Right-of-use assets classified in Other noncurrent assets	Right-of-use assets classified in Other noncurrent assets	$	112	$ 111
Current portion of lease liabilities classified in Other current liabilities	Current portion of lease liabilities classified in Other current liabilities	$	32	$ 32
Current portion of lease liabilities classified in Other current liabilities				
Current portion of lease liabilities classified in Other current liabilities				
Long-term portion of lease liabilities classified in Other noncurrent liabilities and deferred credits				
Long-term portion of lease liabilities classified in Other noncurrent liabilities and deferred credits				
Long-term portion of lease liabilities classified in Other noncurrent liabilities and deferred credits	Long-term portion of lease liabilities classified in Other noncurrent liabilities and deferred credits		83	83
Total lease liabilities	Total lease liabilities	$	115	$ 115

Total lease liabilities

Total lease liabilities

N. Debt

		September 30, 2023	**December 31, 2022**		
	March 31, 2024			**March 31, 2024**	**December 31, 2023**
5.125% Notes, due 2024(1)	5.125% Notes, due 2024(1)	$ 705	$ 1,081		
5.125% Notes, due 2024(1)					
5.125% Notes, due 2024(1)					
6.875% Notes, due 2025(1)	6.875% Notes, due 2025(1)	600	600		
USD Term Loan Facility, due 2026					
JPY Term Loan Facility, due 2026					
5.900% Notes, due 2027	5.900% Notes, due 2027	625	625		
6.750% Bonds, due 2028	6.750% Bonds, due 2028	300	300		
3.000% Notes, due 2029	3.000% Notes, due 2029	700	700		
5.950% Notes, due 2037	5.950% Notes, due 2037	625	625		

4.750% Iowa Finance Authority Loan, due 2042	4.750% Iowa Finance Authority Loan, due 2042	250	250
Other(2)		(11)	(19)
Other, net(2)	3,692		
Less: amount due within one year			
Total long-term debt	Total long-term debt	$ 3,794	$ 4,162

(1) The 5.125% Notes, due 2024 (the “5.125% Notes”) are due in October 2024 and the 6.875% Notes, due 2025 are due in May 2025.

(2) 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. above and various financing arrangements related to subsidiaries.

Public Debt

In the second quarter of 2022, the Company repurchased in the open market approximately $60 aggregate principal amount of its 5.125% Notes and paid approximately $62, including an early termination premium of approximately $2, which was recorded in Loss on debt redemption in the Statement of Consolidated Operations.

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

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

On September 28, 2023, the Term Loan Facilities

The Company completed an early partial redemption of its outstanding 5.125% Notes in the aggregate principal amount of $200. Such 5.125% Notes were redeemed at par with cash on hand at an aggregate redemption price of approximately $205, including accrued interest of approximately $5.

Credit Facility

On July 27, 2023, the Company entered into the Second Amended and Restated Five-Year Revolving Credit Agreement (the “Credit Agreement”) by and among the Company, maintains (i) a syndicate of lenders and issuers named therein, Citibank, N.A., as administrative agent for the lenders and issuers, and JPMorgan Chase Bank, N.A., as syndication agent. The Credit Agreement amended and restated the Company’s Amended and Restated Five-Year Revolving Credit Agreement, dated as of September 28, 2021, as amended by Amendment No. 1 to Credit Agreement, dated as of February 13, 2023.

The Credit Agreement provides a $1,000 U.S. dollar-denominated, senior unsecured revolving credit term loan facility (the “Credit “USD Term Loan Facility”) that and (ii) a Japanese yen-denominated, senior unsecured term loan facility (the “JPY Term Loan Facility”), each of which matures on July 27, 2028, November 22, 2026 unless extended or earlier terminated in accordance with the provisions of the Credit Agreement. applicable term loan agreement. The Company may make two one-year extension requests during the term of the Credit Facility, with any extension being subject loan agreements relating to the lender consent requirements set forth in the Credit Agreement. Subject to the terms and conditions of the Credit Agreement, the

Company may from time to time request increases in commitments under the Credit Facility, not to exceed $500 in aggregate principal amount, and may also request the issuance of letters of credit, subject to a letter of credit sublimit of $500 of the Credit Facility. Under the provisions of the Credit Agreement, based on Howmet's current long-term debt ratings, Howmet pays an annual fee of 0.175% of the total commitment to maintain the Credit Facility.

The Credit Facility is unsecured and amounts payable under it will rank pari passu with all other unsecured, unsubordinated indebtedness of the Company. Borrowings under the Credit Facility may be denominated in U.S. dollars or Euros. Loans will bear interest at a base rate or, in the case of U.S. dollar-denominated loans, a rate equal to the Term Secured Overnight Financing Rate ("SOFR") plus adjustment or, in the case of euro-denominated loans, the Euro inter-bank offered rate ("EURIBOR"), plus, in each case, an applicable margin based on the credit ratings of the Company's outstanding senior unsecured long-term debt. Based on the Company's current long-term debt ratings, the applicable margin on base rate loans would be 0.325% per annum and the applicable margin on Term SOFR loans and EURIBOR loans would be 1.325% per annum. The applicable margin is subject to change based on the Company's long-term debt ratings. Loans may be prepaid without premium or penalty, subject to customary breakage costs.

The obligation of the Company to pay amounts outstanding under the Credit Facility may be accelerated upon the occurrence of an "Event of Default" as defined in the Credit Agreement. Such Events of Default include, among others, (a) non-payment of obligations; (b) breach of any representation or warranty in any material respect; (c) non-performance of covenants and obligations; (d) with respect to other indebtedness in a principal amount in excess of $100, a default thereunder that causes such indebtedness to become due prior to its stated maturity or a default in the payment at maturity of any principal of such indebtedness; (e) the bankruptcy or insolvency of the Company; and (f) a change in control of the Company.

The Credit Agreement contains these facilities contain respective covenants, including, among others, (a) limitations on the Company's ability to incur liens securing indebtedness for borrowed money; (b) limitations on the Company's ability to consummate a consolidation, merger or sale of all or substantially all of its assets; (c) limitations on the Company's ability to change the nature of its business; and (d) a limitation requiring the ratio of Consolidated Net Debt to Consolidated EBITDA (each (as defined in the agreements) as of the end of each fiscal quarter for the period of the four fiscal quarters most recently ended, to be less than or equal to 3.75 to 1.00. As of March 31, 2024 and December 31, 2023, the Company was in compliance with all covenants under the USD Term Loan Facility and JPY Term Loan Facility.

The amounts outstanding under the USD Term Loan Facility were $200 as of March 31, 2024 and December 31, 2023. The amounts outstanding under the JPY Term Loan Facility were ¥29,702 million ($196) and ¥29,702 million ($211) as of March 31, 2024 and December 31, 2023, respectively. The Company has entered into interest rate swaps to exchange the floating interest rates of the USD Term Loan Facility and JPY Term Loan Facility to fixed interest rates of 5.795% and 2.044%, respectively.

Credit Facility

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

There were no amounts outstanding under the Credit Agreement as of September 30, 2023 or December 31, 2022, and no amounts were borrowed during 2023 or 2022 under the Credit Agreement. As of September 30, 2023, March 31, 2024 and December 31, 2023, the Company was in compliance with all covenants under the Credit Agreement. Availability

There were no amounts outstanding under the Credit Agreement could be reduced in future periods if as of March 31, 2024 or December 31, 2023, and no amounts were borrowed during 2024 or 2023 under the Credit Agreement.

Commercial Paper

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

O. Fair Value of Financial Instruments

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

	September 30, 2023		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt	$ 3,794	$ 3,630	$ 4,162	$ 4,059

	March 31, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt	$ 3,486	$ 3,470	$ 3,500	$ 3,504

Restricted cash, which is included in Prepaid expenses and other current assets in the Consolidated Balance Sheet, was $1 and less than $1 as of both September 30, 2023 March 31, 2024 and December 31, 2022. December 31, 2023, respectively.

P. Contingencies, Commitments and Commitments Other Liabilities

Contingencies

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

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

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

The Company's remediation reserve balance was $17 and $16 as of September 30, 2023 both March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and was recorded in Other noncurrent liabilities and deferred credits in the Consolidated Balance Sheet (of which $6 $7 was classified as a current liability for both periods), and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Payments related to remediation expenses applied against the reserve were $2 $1 and less than $1 in the third first quarter of 2024 and 2023, and 2022, respectively, and $4 and $1 in the nine months ended September 30, 2023 and 2022, respectively, and included expenditures currently mandated, as well as those not required by any regulatory authority or third party.

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

Tax. In December 2013 and 2014, the Company received audit assessment notices from the French Tax Authority ("FTA") for the 2010 through 2012 tax years. In 2016, the Company appealed to the Committee of the Abuse of Tax Law, where it received a favorable nonbinding decision. The FTA disagreed with the Committee of the Abuse of Tax Law's opinion, and the Company appealed to the Montreuil Administrative Court, where in 2020 the Company prevailed on the merits. The FTA appealed this decision to the Paris Administrative Court of Appeal in 2021. On March 31, 2023, the Company received an adverse decision from the Paris Administrative Court of Appeal. The Company estimates the assessment amount to be $19 (€18), including interest and penalties. In the second quarter of 2023, the Company filed an appeal appealed this decision to the French Administrative Supreme Court. The assessment amount is $18 (€16 million), including interest up through 2017 and penalties. The Company estimates additional interest to be $2 (€2 million).

As a result of the adverse decision from the Paris Administrative Court of Appeal, the Company has concluded that it is no longer more likely than not to sustain its position. Through the third quarter of In 2023, the Company recorded an income tax reserve in Provision for income taxes in the Statement of Consolidated Operations of $20 $21 (€19), which includes estimated interest and penalties, for the 2010 through 2012 tax years, as well as the remaining tax years open for reassessment. reassessment (2020-2023). In accordance with FTA dispute resolution practices, the Company is expecting that a payment paid the assessment amount to the FTA will be necessary in December 2023 and is expecting to pay the additional interest assessment in 2024. The Company also paid the estimated tax related to the 2020-2023 tax years during 2023. If an appeal to the French Administrative Supreme Court is successful, any payment would be refunded with interest. The Company will continue to record an income tax reserve related to the current year until the uncertain tax position is settled.

Indemnified Matters. The Separation and Distribution Agreement, dated October 31, 2016, that the Company entered into with Alcoa Corporation in connection with its separation from Alcoa Corporation, provides for cross-indemnities between the Company and Alcoa Corporation for claims subject to indemnification. The Separation and Distribution Agreement, dated March 31, 2020, that the Company entered into with Arconic Corporation in connection with its separation from Arconic Corporation, provides for cross-indemnities between the Company and Arconic Corporation for claims subject to indemnification. Among other claims that are covered by these indemnities, Arconic Corporation indemnifies the Company (f/k/a (previously named Arconic Inc. and f/k/a previously named Alcoa Inc.) for all potential liabilities associated with the fire that occurred at the Grenfell Tower in London, U.K. on June 14, 2017, including the following legal proceedings, as updated from relating to which there are no updates since the filing of the Form 10-K:

United Kingdom Litigation (various claims on behalf of survivors and estates of decedents). The substantial majority of these suits were settled pursuant to the terms of a confidential settlement agreement and are now discontinued and closed. Those suits that have not been settled are stayed until the next case management conference, which will be heard on November 15, 2023. ;

Behrens et al. v. Arconic Inc. et al. (various claims on behalf of survivors and estates of decedents). On September 16, 2020, the court dismissed the U.S. case, determining that the U.K. is the appropriate jurisdiction for the case. On July 8, 2022, the Third Circuit Court of Appeals affirmed the dismissal, and, on October 7, 2022, the Third Circuit Court denied a petition for a rehearing. On January 5, 2023, the plaintiffs filed a petition for a writ of certiorari in the U.S. Supreme Court, which the Supreme Court denied on February 21, 2023. This case is dismissed and closed.

Howard v. Arconic Inc. et al. (securities law related claims). On February 3, 2023, the court issued an order referring the case to mediation. In March 2023, following successive mediation sessions, the parties reached a settlement in principle that was subject to court approval and, among other things, is in the amount of $74 and is to be covered by insurance proceeds, in exchange for the dismissal of the action and a release of all claims against the defendants. The settlement is without admission of fault or wrongdoing by the defendants. Plaintiffs filed the Stipulation of Settlement, a motion to preliminarily approve the settlement, and related papers with the court on April 21, 2023. On May 2, 2023, the court issued an order granting plaintiffs' motion to preliminarily approve the settlement. On August 9, 2023, the court granted final approval of the settlement. This case is dismissed and closed.

Raul v. Albaugh, et al. (derivative related claim). The *Raul* case had been stayed until the final resolution of the *Howard* case , and the regulatory investigations in the U.K. Following the final approval of the settlement and closure of the *Howard* case on August 9, 2023, the court in the *Raul* case ordered the parties to file joint status reports on September 12, 2023 and September 20, 2023. On September 19, 2023 and October 19, 2023, the parties filed joint status reports stating that they are exploring whether a resolution of the action may be possible and that if a resolution is not reached, defendants are prepared to move the court for an order lifting the stay so that they may move to dismiss the action.

With respect to the regulatory investigations and the stockholder demands specified in the Form 10-K, there are no updates.

Lehman Brothers International (Europe) ("LBIE") Legal Proceeding. On June 26, 2020, Lehman Brothers International (Europe) ("LBIE") filed proceedings in the High Court of Justice, Business and Property Courts of England and Wales (the "Court") against two subsidiaries of the Company, FR Acquisitions Corporation (Europe) Ltd and JFB Firth Rixson Inc. (collectively, the "Firth Rixson Entities"). The proceedings concerned two interest rate swap transactions that the Firth Rixson Entities entered into with LBIE in 2007 and 2008. As a result of the ruling issued by the Court in October 2022, the Company recorded $65 in Other current liabilities in the Consolidated Balance Sheet and took a pre-tax charge of this amount in Other expense, net in the Statement of Consolidated Operations in the third quarter of 2022. The Firth Rixson Entities appealed the Court's ruling, and the appeal was to be addressed at a hearing before the English Court of Appeal in June 2023 (the "Litigation"). On June 15, 2023, the Company, the Firth Rixson Entities, and LBIE reached a full and final settlement of all claims arising out of the Litigation (the "Settlement"). LBIE legal proceeding. The Settlement settlement provides for a payment of $40 to be paid to LBIE in two installments: $15 paid in July 2023 and $25 payable in July 2024. As

Lockheed Martin Corp v. Howmet Aerospace Inc. On November 30, 2023, Lockheed Martin Corporation ("Lockheed Martin") filed a result complaint in federal district court in the Northern District of Texas (the "District Court") against the Settlement, $25 of Company and its subsidiary RTI Advanced Forming, Inc. ("RTI") as defendants. The complaint alleged that the amount previously recorded Company and RTI breached a Master Purchase Order between Lockheed Martin and RTI related to the F-35 Joint Strike Fighter production program between Lockheed Martin and the United States government (the "F-35 Program") by seeking a fair market price adjustment for the Litigation as provision of titanium mill products under RTI's separate agreements with Lockheed Martin's subcontractors for the F-35 Program.

Following various claims and counterclaims and court-ordered mediation, the parties reached a pre-tax charge in Other expense, net was reversed as a credit confidential settlement agreement on April 2, 2024, to Other expense, net supply until December 31, 2026 subject to revised terms mutually agreed to by the parties. The settlement had no material impact on the results of operations in the Company's second quarter 2023 results. current year. The hearing before parties stipulated to the English Court dismissal of Appeal was accordingly vacated. all claims and counterclaims with prejudice on April 2, 2024.

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

Commitments

Guarantees

As of September 30, 2023 March 31, 2024, Howmet had outstanding bank guarantees related to a European energy supply contract, tax matters, outstanding debt, workers' compensation, environmental obligations, and customs duties, among others. The total amount committed under these guarantees, which expire at various dates between 2023 2024 and 2040, was $20 $25 as of September 30, 2023 March 31, 2024.

Pursuant to the Separation and Distribution Agreement, dated as of October 31, 2016, between Howmet and Alcoa Corporation, Howmet was required to provide certain guarantees for Alcoa Corporation, which had a fair value of $6 as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, and were included in Other noncurrent liabilities and deferred credits in the Consolidated Balance Sheet. The remaining guarantee, for which the Company and Arconic Corporation are secondarily liable in the event of a payment default by Alcoa Corporation, relates to a long-term energy supply agreement that expires in 2047 at an Alcoa Corporation facility. The Company currently views the risk of an Alcoa Corporation payment default on its obligations under the contract to be remote. The Company and Arconic Corporation are required to provide a guarantee up to an estimated present value amount of approximately $1,040 $1,131 as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 in the event of an Alcoa Corporation default. In December 2022 2023, a surety bond with a limit of $80 relating to this guarantee was obtained by Alcoa Corporation to protect Howmet's obligation. This surety bond will be renewed on an annual basis by Alcoa Corporation.

Letters of Credit

The Company has outstanding letters of credit primarily related to workers' compensation, environmental obligations, and insurance obligations, among others. The total amount committed under these letters of credit, which automatically renew or expire at various dates, primarily in 2023 2024 and 2024, 2025, was $116 $96 as of September 30, 2023 March 31, 2024.

Pursuant to the Separation and Distribution Agreements between the Company and Arconic Corporation and between the Company and Alcoa Corporation, the Company is required to retain letters of credit of $52 (which are included in the $116 $96 in the above paragraph) that had previously been provided related to the Company, Arconic Corporation, and Alcoa Corporation workers' compensation claims that occurred prior to the respective separation transactions of April 1, 2020 and November 1, 2016. Arconic Corporation and Alcoa Corporation workers' compensation and letters of credit fees paid by the Company are proportionally billed to, and are reimbursed by, Arconic Corporation and Alcoa Corporation, respectively. Also, the Company was required to provide letters of credit for certain Arconic Corporation environmental obligations and, as a result, the Company has $17 of outstanding letters of credit relating to such liabilities (which are also included in the $116 $96 in the above paragraph).

Surety Bonds

The Company has outstanding surety bonds primarily related to tax matters, contract performance, workers' compensation, environmental-related matters, energy contracts, and customs duties. The total amount committed under these annual surety bonds, which automatically renew or expire at various dates, primarily in 2023 2024 and 2024, 2025, was $42 $43 as of September 30, 2023 March 31, 2024.

Pursuant to the Separation and Distribution Agreements between the Company and Arconic Corporation and between the Company and Alcoa Corporation, the Company is required to provide surety bonds of $21 (which are included in the $42 $43 in the above paragraph) that had previously been provided related to the Company, Arconic Corporation, and Alcoa Corporation workers' compensation claims that occurred prior to the respective separation transactions of April 1, 2020 and November 1, 2016. Arconic Corporation and Alcoa Corporation workers' compensation claims and surety bond fees paid by the Company are proportionately billed to, and are reimbursed by, Arconic Corporation and Alcoa Corporation. Corporation, respectively.

Other Liabilities

Supplier Financing Arrangements.

On January 1, 2023, the Company adopted the changes issued by the FASB related to disclosure requirements of supplier finance program obligations. We offer voluntary supplier finance programs to suppliers who may elect to sell their receivables to third parties at the sole discretion of both the suppliers and the third parties. The program is at no cost to the Company and provides additional liquidity to our suppliers, if they desire, at their cost. Under these programs, the Company pays the third party bank rather than the supplier, the stated amount of the confirmed invoices on the original maturity date of the invoices. The Company or the third party bank may terminate a program upon at least 30 days' notice. Supplier invoices under the program require payment in full no more than 120 days of the invoice date. As of March 31, 2024 and December 31, 2023, supplier invoices that are subject to future payment under these programs were $269 and $258, respectively, and are included in Accounts payable, trade in the Consolidated Balance Sheet.

Q. Subsequent Events

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

See Note N for the establishment of the commercial paper program.

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

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

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

Overview

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

In the third first quarter of 2023, 2024, the Company derived approximately 49% 51% of its revenue from products sold to the commercial aerospace market which is substantially less than the pre-pandemic 2019 annual rate of approximately 60%. During the global COVID-19 pandemic and its impact on Aircraft production in the commercial aerospace industry continues to date, there was a decrease recover based on increases in domestic and international air travel, which in turn adversely affected demand for narrow body and wide body aircraft. Domestic air travel has rebounded and exceeds 2019 levels. International air travel continues to recover and is approximately 90% of 2019 levels. We expect commercial aerospace growth to continue. The commercial wide body aircraft market is emerging but the mix of demand to grow faster than narrow body demand on a production percentage basis. Quality control issues at The Boeing Company ("Boeing") are expected to negatively impact narrow body and wide body to narrow body aircraft remains below 2019 production rates in the near term. For instance, the Federal Aviation Administration stated that it will not approve production rate increases or additional production lines for the Boeing 737 MAX until it is satisfied that Boeing is in full compliance with required quality control procedures. Boeing production levels which is creating have a shift in our product mix compared to 2019 conditions. In addition to material impact on the impact from the pandemic, the financial performance of Howmet. The timing and level of future aircraft builds by original equipment manufacturers ("OEM") are subject to changes and uncertainties, which may cause our future results to differ from prior periods due to changes in product mix in certain segments.

For additional information regarding the ongoing risks related to our business, see section Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Results of Operations

Earnings Summary:

Sales. Sales were $1,658 $1,824 in the third first quarter of 2023 2024 compared to $1,433 $1,603 in the third first quarter of 2022 and $4,909 in the nine months ended September 30, 2023 compared to $4,150 in the nine months ended September 30, 2022. 2023. The increase of $225, $221, or 16% 14%, in the third first quarter of 2023 2024 was primarily due to higher sales volumes from the commercial aerospace, defense aerospace, commercial transportation, and industrial and other markets, an increase in inflationary cost pass through of approximately $15, and favorable product pricing of $28. The increase of $759, or 18%, in the nine months ended September 30, 2023 was primarily due to higher sales from the commercial aerospace, defense aerospace, commercial transportation, and industrial and other markets, an increase in inflationary cost pass through of approximately $75, and favorable product pricing of $65. Product price increases are in excess of inflationary cost pass through to our customers. pricing.

Cost of goods sold (“COGS”). COGS as a percentage of Sales was 71.4% 70.7% in the third first quarter of 2023 2024 compared to 73.7% 72.6% in the third first quarter of 2022 and 72.2% in the nine months ended September 30, 2023 compared to 72.1% in the nine months ended September 30, 2022. 2023. The decrease in the third first quarter of 2023 2024 was primarily due to total higher volumes and favorable product pricing, partially offset by increased net headcount in the Engine Products, Fastening Systems and Engineered Structures segments, in support of expected revenue increases. There were no COGS charges of $1 in the third first quarter of 2023 2024 related to fires that occurred at a Fastening Systems plant in France in 2019 (the “France Plant Fire”) and a mechanical failure resulting in substantial heat and fire-related damage to equipment at the Forged Wheel’s cast house in Barberton, Ohio in the third quarter of 2022 (the “Barberton Cast House Incident”), compared to total COGS charges of $25 $4 in the third first quarter of 2022, related to the France Plant Fire, Barberton Cast House Incident, and a fire that occurred at a Forged Wheels plant in Barberton, Ohio in mid-February 2020 (the “Barberton Plant Fire”), as well as higher volumes and favorable product pricing, partially offset by increased net headcount in the Engine Products and Engineered Structures segments, in support of expected revenue increases. The increase in COGS in the nine months ended September 30, 2023 was attributable to inflationary costs and increased net headcount, primarily in the Engine Products, Fastening Systems, and Engineered Structures segments, in support of expected revenue increases, resulting in unfavorable near-term recruiting, training and operational costs, as well as an increase of $9 of inventory impairment costs related to facilities closures, a supply chain disruption, and other items, costs primarily related to new collective bargaining agreements at two of our Engine Products and one of our Engineered Structures locations, and additional operating costs from production rate increases not realized due to production bottlenecks at a plant in the Engineered Structures segment. The increase in the nine months ended September 30, 2023 was partially offset by higher volumes and favorable product pricing, as well as total COGS net charges of $1 in the nine months ended September 30, 2023 2023, related to the France Plant Fire and Barberton Cast House Incident compared to total COGS charges of $32 in the nine months ended September 30, 2022 related to the France Plant Fire, Barberton Cast House Incident, and the Barberton Plant Fire. Incident. The Company has submitted is negotiating resolution of the insurance claims related to these plant fires. During the fourth quarter of 2022, the Company settled the insurance claim related to the Barberton Plant Fire. The Company anticipates additional charges of up to $2 in the fourth quarter of 2023 for the France Plant Fire and Barberton Cast House Incident.

Selling, general administrative, and other expenses (“SG&A”). SG&A expenses were $87 $88 in the third first quarter of 2023 2024 compared to $73 $75 in the third first quarter of 2022 and $250 in the nine months ended September 30, 2023 compared to $225 in the nine months ended September 30, 2022. 2023. The increase of $14, $13, or 19% 17%, in the third first quarter of 2023 2024 was primarily due to higher employment costs. The increase of $25, or 11%, in the nine months ended September 30, 2023 was primarily due to higher employment costs and legal fees related to the Lehman Brothers International (Europe) (“LBIE”) legal proceeding (See Note P to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference).

Research and development expenses (“R&D”). R&D expenses were $9 in the third quarter of 2023 compared to $7 in the third quarter of 2022, an increase of $2, or 29%. R&D expenses were $27 in the nine months ended September 30, 2023 compared to $23 in the nine months ended September 30, 2022, an increase of $4, or 17%. The increase in the third quarter and nine months ended September 30, 2023 was primarily due to higher spending on technology projects intended to support the aerospace business. costs.

Restructuring and other charges. Restructuring and other charges were $4 less than $1 in both the third first quarter of 2023 and 2022. Restructuring and other charges were $8 2024 compared to $1 in the nine months ended September 30, 2023 compared to $12 in the nine months ended September 30, 2022 or a decrease first quarter of $4. 2023. Restructuring and other charges for the third first quarter of 2024 were primarily due to a gain on the sale of assets at a small U.K. manufacturing facility in Engines Products of $1, partially offset by exit related costs, including accelerated depreciation, of $1. Restructuring and other charges for the first quarter of 2023 were primarily due to charges for a Canadian pension plan settlement of $2. Restructuring and other charges for the nine months ended September 30, 2023 were primarily due to charges for U.S. and Canadian pension plan settlements of $5 and exit related costs, including accelerated depreciation, of $3. Restructuring and other charges $2, partially offset by a reversal of $1 for the third quarter of 2022 were primarily due a layoff reserve related to charges for U.S. and Canadian pension plan settlements of $3. Restructuring and other charges for the nine months ended September 30, 2022 were primarily due to charges for U.S. pension plan settlements of $7 and exit related costs, including accelerated depreciation, of $6. a prior period.

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

Interest expense, net. Interest expense, net was $54 $49 in the third first quarter of 2023 2024 compared to $57 in the third first quarter of 2022 and $166 in the nine months ended September 30, 2023 compared to $172 in the nine months ended September 30, 2022. 2023. The decrease of $3, $8, or 5% 14%, in the third first quarter of 2023 and $6, or 3%, in the nine months ended September 30, 2023 2024 was primarily due to a reduced average level of long-term debt. As a result of the January 2023, March 2023, and September 2023 debt actions that collectively reduced the outstanding aggregate principal amount of the 5.125% Notes due October 2024 (the “5.125% Notes”) by $376 during the nine months ended September 30, 2023, Interest expense, net is expected to be reduced annually by $19.

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

Loss on debt redemption. Debt redemption or tender premiums include the cost to redeem or repurchase certain of the Company's notes at a price which may be equal to the greater of the principal amount or the sum of the present values of the

remaining scheduled payments, discounted using a defined treasury rate plus a spread, or a price based on the market price of its notes. Loss There was no loss on debt redemption was less than in the first quarter of 2024 compared to $1 in both the third first quarter of 2023, and 2022 and $1 in the nine months ended September 30, 2023 compared to $2 in the nine months ended September 30, 2022. The decrease of $1 in the nine months ended September 30, 2023 which was due to the higher debt premiums paid on the early partial redemption of the 5.125% Notes due October 2024 in the second first quarter of 2022. 2023.

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

Other expense, net. Other expense, net was $11 $17 in the third first quarter of 2023 2024 compared to Other expense, net of $67 $7 in the third first quarter of 2022 and Other expense, net was $5 2023. The increase of $10 in the nine months ended September 30, 2023 compared to Other expense, net of $67 in the nine months ended September 30, 2022. The decrease of $56 in the third first quarter of 2023 2024 was primarily due to the $65 pre-tax charge taken in the third quarter of 2022 related to the LBIE legal proceeding (See Note P to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference), and higher interest income of $3, partially offset by an a year over year increase in foreign currency losses of $8 and higher non-service related net periodic benefit costs related to pension and other postretirement benefit plans of $3. The decrease of $62 in the nine months ended September 30, 2023 was primarily due to the LBIE legal proceeding settled in the second quarter of 2023 (See Note P to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference), and higher interest income of $12, partially offset by the impacts of deferred compensation arrangements of $16, higher non-service related net periodic benefit costs related to pension and other postretirement benefit plans of $11, an increase in foreign currency losses of $10, $5 and an increase from net realized and unrealized losses of $5, primarily due to losses on sales of receivables. $3. Non-service related net periodic benefit costs related to defined benefit plans is expected to increase by approximately $15 $5 for the full year 2023 2024 versus 2022. 2023.

Provision for income taxes. The estimated annual effective tax rate, before discrete items, applied to ordinary income was 23.0% 21.7% in both the third first quarter and nine months ended September 30, 2023 of 2024 compared to 24.3% 23.4% in both the third first quarter and nine months ended September 30, 2022. of 2023. The tax rate including discrete items was 22.3% 19.8% in the third first quarter of 2023 2024 compared to 23.1% 32.7% in the third first quarter of 2022. 2023. A discrete net tax benefit of $1 $7 was recorded in the third first quarter of 2023 2024 compared to a discrete tax benefit of $2 in the third quarter of 2022. The tax rate including discrete items was 25.0% in the nine months ended September 30, 2023 compared to 21.8% in the nine months ended September 30, 2022. A discrete net tax charge of $13, $21, which included the income tax reserve recorded as a result of the French tax litigation (See Note P to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference), was recorded in the nine months ended September 30, 2023 compared to a discrete tax benefit first quarter of $11 in the nine months ended September 30, 2022. 2023. The 2024 estimated annual effective tax rate has decreased is lower than the 2023 rate primarily due to increased domestic deductions, a U.S. tax benefit recognized for foreign tax credits in 2024 and lower non-deductible expenses, net U.S. tax on Global Intangible Low-Taxed Income and a decrease in apportioned state tax rates, partially offset by increased earnings in high tax rate jurisdictions. other foreign earnings.

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

Net income. Net income was $188, $243, or $0.45 $0.59 per diluted share, in the third first quarter of 2023 2024 compared to $80, $148, or $0.19 $0.35 per diluted share, in the third first quarter of 2022 and $529, or $1.27 per diluted share, in the nine months ended September 30, 2023 compared to $358, or $0.84 per diluted share, in the nine months ended September 30, 2022. 2023. The increase of $108 $95 in the third first quarter of 2023 2024 was primarily due to higher volumes in the commercial aerospace and defense aerospace commercial transportation, and industrial and other markets, as well as the $65 pre-tax charge taken in the third quarter of 2022 related to the LBIE legal proceeding (See Note P to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference) that did not recur in 2023, and favorable product pricing, partially offset by an increase in Provision for income taxes. The increase of $171 in the nine months ended September 30, 2023 was primarily due to higher volumes in the commercial aerospace, defense aerospace, commercial transportation, and industrial and other markets, as well as favorable product pricing, and the settlement of the LBIE legal proceeding (See Note P a reduction in interest expense due to the Consolidated Financial Statements in Part I, Item I of this Form 10-Q for reference), partially offset by an increase in Provision for income taxes. lower long-term debt levels.

Segment Information

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

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

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

Engine Products

		First quarter ended										
		First quarter ended										
		First quarter ended										
		Third quarter ended September 30,						**Nine months ended September 30,**				
		2023			**2022**			**2023**			**2022**	
Third-party sales	Third-party sales	$	798		$	683		$	2,414		$	1,966
Third-party sales												
Third-party sales												
Segment Adjusted EBITDA												
Segment Adjusted EBITDA												
Segment Adjusted EBITDA	Segment Adjusted EBITDA		219			186			654			538
Segment Adjusted EBITDA Margin	Segment Adjusted EBITDA Margin		27.4	%		27.2	%		27.1	%		27.4 %
Segment Adjusted EBITDA Margin												
Segment Adjusted EBITDA Margin												

Third-party sales for the Engine Products segment increased $115, $90, or 17% 11%, in the third first quarter of 2023 2024 compared to the third first quarter of 2022, 2023, primarily due to higher volumes in the commercial aerospace, defense aerospace, and oil and gas and industrial gas turbine markets.

Third-party sales

Segment Adjusted EBITDA for the Engine Products segment increased $448, $37, or 23% 17%, in the nine months ended September 30, 2023 first quarter of 2024 compared to the nine months ended September 30, 2022, first quarter of 2023, primarily due to higher volumes in the commercial aerospace, defense aerospace, and oil and gas and industrial gas turbine markets.

Segment Adjusted EBITDA for the Engine Products segment increased $33, or 18%, in the third quarter of 2023 compared to the third quarter of 2022, primarily due to higher volumes in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets. The segment absorbed approximately 500 435 net headcount in the third first quarter of 2023, in support

of expected revenue increases, resulting in unfavorable near-term recruiting, training and operational costs.

Segment Adjusted EBITDA for the Engine Products segment increased $116, or 22%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to higher volumes in the commercial aerospace, defense aerospace, oil and gas, and industrial gas turbine markets. The segment absorbed approximately 850 net headcount in the nine months ended September 30, 2023, 2024, in support of expected revenue increases, resulting in unfavorable near-term recruiting, training and operational costs.

Segment Adjusted EBITDA Margin for the Engine Products segment increased approximately 20 140 basis points in the third first quarter of 2023 2024 compared to the third first quarter of 2022, 2023, primarily due to higher volumes in the commercial aerospace, defense aerospace, and oil and gas markets, partially offset by an increase in headcount and inflationary costs.

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

Fastening Systems

	First quarter ended March 31,			
	2024		2023	
Third-party sales	$	389	$	312
Segment Adjusted EBITDA		92		58
Segment Adjusted EBITDA Margin		23.7 %		18.6 %

Third-party sales for the Fastening Systems segment increased $77, or 25%, in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher volumes in the commercial aerospace market, including wide body recovery.

Segment Adjusted EBITDA for the Fastening Systems segment increased $34, or 59%, in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher volumes in the commercial aerospace market as well as productivity gains.

Segment Adjusted EBITDA Margin for the Engine Products Fastening Systems segment decreased increased approximately 30 510 basis points in the nine months ended September 30, 2023 first quarter of 2024 compared to the nine months ended September 30, 2022 first quarter of 2023, primarily due to higher volumes in the commercial aerospace market as well as productivity gains.

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

Engineered Structures

	First quarter ended March 31,			
	2024		2023	
Third-party sales	$	262	$	207
Segment Adjusted EBITDA		37		30
Segment Adjusted EBITDA Margin		14.1 %		14.5 %

Third-party sales for the Engineered Structures segment increased $55, or 27%, in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher volumes in the commercial aerospace market, including wide body recovery, and defense aerospace market.

Segment Adjusted EBITDA for the Engineered Structuressegment increased $7, or 23%, in the first quarter of 2024 compared to the first quarter of 2023, primarily due to higher volumes in the commercial aerospace and defense aerospace markets.

Segment Adjusted EBITDA Margin for the Engineered Structuressegment decreased approximately 40 basis points in the first quarter of 2024 compared to the first quarter of 2023, primarily due to an increase in headcount and inflationary costs, partially offset by higher volumes in the commercial aerospace and defense aerospace oil and gas, and industrial gas turbine markets.

On May 15, 2023, Howmet and the United Autoworkers at our Whitehall, Michigan location approved a new five-year collective bargaining agreement, covering approximately 1,300 employees, effective April 1, 2023. The previous agreement expired on March 31, 2023. The agreement positions our Whitehall location to offer market competitive wages and benefits and provide additional operational flexibility in support of expected revenue increases.

For the full year 2023 In 2024, as compared to 2022, 2023, demand in the commercial aerospace and defense aerospace oil and gas, and industrial gas turbine markets is expected to increase.

Fastening Systems

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Third-party sales	$ 348	$ 291	$ 989	$ 832
Segment Adjusted EBITDA	76	64	198	176
Segment Adjusted EBITDA Margin	21.8 %	22.0 %	20.0 %	21.2 %

Third-party sales for the Fastening Systems segment increased $57, or 20%, However, quality control issues at Boeing are expected to negatively impact narrow body and wide body production rates in the third quarter of 2023 compared to the third quarter of 2022, primarily due to higher volumes in the commercial aerospace market, including the emerging wide body recovery, and commercial transportation market.

Third-party sales for the Fastening Systems segment increased $157, or 19%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to higher volumes in the commercial aerospace, including the emerging wide body recovery, defense aerospace, commercial transportation, and industrial markets.

Segment Adjusted EBITDA for the Fastening Systems segment increased $12, or 19%, in the third quarter of 2023 compared to the third quarter of 2022, primarily due to higher volumes in the commercial aerospace and commercial transportation markets.

Segment Adjusted EBITDA for the Fastening Systems segment increased $22, or 13%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to higher volumes in the commercial aerospace, defense aerospace, commercial transportation, and industrial markets. The segment absorbed approximately 385 net headcount in the nine months ended September 30, 2023, in support of expected revenue increases, resulting in unfavorable near-term recruiting, training and operational costs.

Segment Adjusted EBITDA Margin for the Fastening Systems segment decreased approximately 20 basis points in the third quarter of 2023 compared to the third quarter of 2022, primarily due to an increase in headcount and inflationary costs as well as unfavorable foreign currency movements, partially offset by higher volumes in the commercial aerospace and commercial transportation markets.

Segment Adjusted EBITDA Margin for the Fastening Systems segment decreased approximately 120 basis points in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to an increase in headcount and inflationary costs, partially offset by higher volumes in the commercial aerospace, defense aerospace, commercial transportation, and industrial markets.

For the full year 2023 compared to 2022, demand in the commercial aerospace, defense aerospace, commercial transportation, and industrial markets is expected to increase. near term.

Engineered Structures

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Third-party sales	$ 227	$ 193	$ 634	$ 560
Segment Adjusted EBITDA	30	28	80	77
Segment Adjusted EBITDA Margin	13.2 %	14.5 %	12.6 %	13.8 %

Third-party sales for the Engineered Structures segment increased $34, or 18%, in the third quarter of 2023 compared to the third quarter of 2022, primarily due to higher volumes in the commercial aerospace market, including Russian titanium share gains and the emerging wide body recovery, partially offset by lower volumes in the defense aerospace market associated with legacy fighter programs.

Third-party sales for the Engineered Structures segment increased $74, or 13%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to higher volumes in the commercial aerospace market, including Russian titanium share gains and the emerging wide body recovery, partially offset by lower volumes in the defense aerospace market associated with legacy fighter programs.

Segment Adjusted EBITDA for the Engineered Structuressegment increased $2, or 7%, in the third quarter of 2023 compared to the third quarter of 2022, primarily due to higher volumes in the commercial aerospace market, partially offset by lower volumes in the defense aerospace market. The segment absorbed approximately 145 net headcount in the third quarter of 2023, in support of expected revenue increases, resulting in unfavorable near-term recruiting, training and operational costs.

Segment Adjusted EBITDA for the Engineered Structuressegment increased $3, or 4%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to higher volumes in the commercial aerospace market, partially offset by lower volumes in the defense aerospace market. The segment absorbed approximately 195 net headcount in the nine months ended September 30, 2023, in support of expected revenue increases, resulting in unfavorable near-term recruiting, training and operational costs.

Segment Adjusted EBITDA Margin for the Engineered Structuressegment decreased approximately 130 basis points in the third quarter of 2023 compared to the third quarter of 2022, primarily due to lower volumes in the defense aerospace market, material and inflationary cost pass through, and an increase in headcount, partially offset by higher volumes in the commercial aerospace market.

Segment Adjusted EBITDA Margin for the Engineered Structuressegment decreased approximately 120 basis points in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to lower volumes in the defense aerospace market, material and inflationary cost pass through, and an increase in headcount, partially offset by higher volumes in the commercial aerospace market.

On July 10, 2023, Howmet and the United Steel Workers at our Niles, Ohio location entered into a new four-year collective bargaining agreement, covering approximately 370 employees, effective July 1, 2023. The previous agreement was to expire on April 20, 2024. The agreement positions our Niles location to offer market competitive wages and benefits, promote cost competitiveness, and provide additional operational flexibility in support of expected revenue increases.

For the full year 2023 compared to 2022, demand in the commercial aerospace market is expected to increase. However, demand in the defense aerospace market is expected to decrease.

Forged Wheels

	Third quarter ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Third-party sales	$ 285	$ 266	$ 872	$ 792
Segment Adjusted EBITDA	77	64	237	206
Segment Adjusted EBITDA Margin	27.0 %	24.1 %	27.2 %	26.0 %

	First quarter ended March 31,	
	2024	2023
Third-party sales	$ 288	$ 289
Segment Adjusted EBITDA	82	79
Segment Adjusted EBITDA Margin	28.5 %	27.3 %

Third-party sales for the Forged Wheels segment increased $19, or 7%, decreased $1 in the third first quarter of 2024 compared to the first quarter of 2023, compared to the third quarter of 2022, primarily due to higher volumes in the commercial transportation market, partially offset by a decrease in aluminum price and other inflationary cost pass through.

Third-party sales for the Forged Wheels segment increased $80, or 10%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to through, mostly offset by higher volumes in the commercial transportation market.

Segment Adjusted EBITDA for the Forged Wheels segment increased $13, $3, or 20% 4%, in the third first quarter of 2023 2024 compared to the third first quarter of 2022, 2023, primarily due to higher volumes in the commercial transportation market.

Segment Adjusted EBITDA for the Forged Wheels segment increased $31, or 15%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to higher volumes in the commercial transportation market, partially offset by a supply chain disruption and unfavorable foreign currency movements.

Segment Adjusted EBITDA Margin for the Forged Wheels segment increased approximately 290 basis points in the third quarter of 2023 compared to the third quarter of 2022, primarily due to higher volumes. The favorable impact of lower aluminum prices was partially offset by other inflationary cost pass through.

Segment Adjusted EBITDA Margin for the Forged Wheels segment increased approximately 120 basis points in the nine months ended September 30, 2023 first quarter of 2024 compared to the nine months ended September 30, 2022, first quarter of 2023, primarily due to higher volumes, partially offset by a supply chain disruption and unfavorable foreign currency movements. The favorable impact of lower aluminum prices was partially offset by and other inflationary cost pass through.

For the full year 2023 In 2024, as compared to 2022, 2023, demand in the commercial transportation markets served by Forged Wheels is expected to increase. decrease in most regions due to lower OEM builds.

Howmet Wheel Systems Mexico S. DE R.L. D.E. C.V. (“Howmet Mexico”) is working closely with Daimler Trucks North America (“DTNA”) to investigate two reports (involving four wheels) of potential rapid air loss associated with the steer axle applications for Part ULA18X Alcoa® Wheels that were manufactured by Howmet Mexico’s facility in Monterrey, Mexico between November 2022 and August 2023 (the “Affected Period”). None of the reported incidents resulted in fatalities or injuries. DTNA has filed a Defect Information Report with the National Highway Safety Transportation Administration (“NHTSA”) and a similar report with Transport Canada, which has initiated a recall of their units that utilize Part ULA18X Alcoa® Wheels manufactured during the Affected Period by Howmet Mexico that were sold in the United States and Canada. DTNA’s own filing states: “While the root cause investigation of these reports remains ongoing, out of an abundance of caution, on March 28, 2024, DTNA decided to initiate a recall to address this issue.” Howmet Mexico’s ongoing investigation to date has found that the rapid air loss reports submitted by DTNA are unsubstantiated. Howmet Mexico will continue to closely work with the NHTSA, Transport Canada, and DTNA regarding this matter. No other Alcoa Wheels are implicated. At this time, we do not expect the impacts to be material to the results of our operations.

Reconciliation of Total Segment Adjusted EBITDA to Income before income taxes

		Third quarter ended September 30,		Nine months ended September 30,	
		2023	**2022**	**2023**	**2022**
		First quarter ended			
		First quarter ended			
		First quarter ended			
		March 31,			
		March 31,			
		March 31,			
		2024			
		2024			
		2024			
Income before income taxes					
Income before income taxes					
Income before income taxes	Income before income taxes	$ 242	$ 104	$ 705	$ 458
Loss on debt redemption	Loss on debt redemption	—	—	1	2
Loss on debt redemption					
Loss on debt redemption					
Interest expense, net					
Interest expense, net					
Interest expense, net	Interest expense, net	54	57	166	172
Other expense, net	Other expense, net	11	67	5	67
Other expense, net					
Other expense, net					
Operating income					

Operating income					
Operating income	Operating income	$ 307	$ 228	$ 877	$ 699
Segment provision for depreciation and amortization	Segment provision for depreciation and amortization	67	64	197	193
Segment provision for depreciation and amortization					
Segment provision for depreciation and amortization					
Unallocated amounts:					
Unallocated amounts:					
Unallocated amounts:	Unallocated amounts:				
Restructuring and other charges	Restructuring and other charges	4	4	8	12
Restructuring and other charges					
Restructuring and other charges					
Corporate expense					
Corporate expense					
Corporate expense	Corporate expense	24	46	87	93
Total Segment Adjusted EBITDA	Total Segment Adjusted EBITDA	$ 402	$ 342	$ 1,169	$ 997
Total Segment Adjusted EBITDA					
Total Segment Adjusted EBITDA					

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

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

Corporate expense decreased $22, $3, or 48% 10%, in the third first quarter of 2023 2024 compared to the third first quarter of 2022, 2023, primarily due to lower net costs related to the France Plant Fire the Barberton Plant Fire, and the Barberton Cast House Incident of $24, $4, partially offset by higher employment and legal costs in 2023. 2024.

Corporate expense decreased $6, or 6%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to lower net costs related to the France Plant Fire, the Barberton Plant Fire, and the Barberton Cast House Incident of $31, partially offset by higher inventory impairment costs related to facilities closures, a supply chain disruption, and other items of $10, costs related to collective bargaining agreement negotiations in 2023 of $8, higher nonrecurring legal and other advisory reimbursements received in 2022 compared to 2023 of $3, and higher employment costs in 2023.

Environmental Matters

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

Subsequent Events

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

Liquidity and Capital Resources

Operating Activities

Cash provided from operations was $443 $177 in the nine three months ended September 30, 2023 March 31, 2024 compared to $278 $23 in the nine three months ended September 30, 2022 March 31, 2023. The increase of $165, or 59%, $154 was primarily due to higher operating results of $194, $93, lower payments on noncurrent liabilities working capital of $17, $55, and lower pension contributions of $15, partially offset by higher working capital of $64. $7. The components of the change in working capital primarily included unfavorable favorable changes in accounts payable of $187, accrued expenses $89, inventories of $36, and $14, prepaid expenses and other current assets of $17, $11, and receivables of $10, partially offset by inventories compensation related payments and other accrued expenses of $123, receivables of $35, and taxes, including income taxes, of $18. $68.

Management expects Howmet's estimated pension contributions and other postretirement benefit payments in 2023 2024 to be approximately $56. $65.

Financing Activities

Cash used for financing activities was $646 $178 in the nine three months ended September 30, 2023 March 31, 2024 compared to $437 $214 in the nine three months ended September 30, 2022 March 31, 2023. The increase decrease of $209, $36, or 48% 17%, was primarily due to higher payments made in 2023 in connection with the reduction of long-term debt of $316 $176 (See Note N to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for reference), higher partially offset by an increase in common stock repurchases of $125, taxes of $54 paid for the net share settlement of equity awards due to a significant amount of equity awards that vested and the impact of the Company's stock price on the vesting date, $11, and increased dividends paid to common stock shareholders of $25, partially offset by $4 due to a reduction $0.01 increase in dividends per common share. Future changes in common stock repurchases of $185. As a result dividends are subject to the approval of the January 2023, March 2023, and September 2023 debt actions that collectively reduced the outstanding aggregate principal amount Board of the 5.125% Notes by $376 during the nine months ended September 30, 2023, Interest expense, net is expected to be reduced annually by $19. Directors of Howmet.

The Company maintains a credit facility (the "Credit Facility) pursuant to its Five-Year Revolving Credit Agreement (the "Credit Agreement") with a syndicate of lenders and issuers named therein (See Note N to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for reference). There were no amounts outstanding under the Credit Agreement as of September 30, 2023 March 31, 2024 or December 31, 2022 December 31, 2023, and no amounts were borrowed during 2023 2024 or 2022 2023 under the Credit Agreement.

On July 27, 2023 April 4, 2024, the Company entered into established a commercial paper program under which the Second Amended Company may issue unsecured commercial paper from time to time up to a maximum aggregate face amount of $1,000. The Company's commercial paper will be sold on customary terms in the U.S. commercial paper market on a private placement basis. The proceeds of the commercial paper will be used for general corporate purposes. In conjunction with the commercial paper program, the Company was assigned short-term credit ratings by Moody's Investors Service, Inc., S&P Global Ratings, and Restated Five-Year Revolving Credit Agreement (See Fitch Ratings, Inc. Note N

The Company has an effective shelf registration statement on Form S-3, filed with the SEC, which allows for offerings of debt securities from time to the Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for reference).

time. The Company may opportunistically issue new debt securities in accordance with securities laws or utilize commercial paper in order to, but not limited to, refinance existing indebtedness. The Company continues to evaluate whether, when, and to what extent it may access capital markets, including any plans to refinance the 5.125% Notes due October 2024. 2024 and the 6.875% Notes due May 2025. Our ability to refinance our indebtedness or enter into alternative financings in adequate amounts on commercially reasonable terms, or terms acceptable to us, may be affected by circumstances and economic events outside of our control. In the event that a refinancing does not occur before the October 2024 maturity date dates of the Company's 5.125% Notes and the 6.875% Notes, respectively, the Company believes that its projected cash on hand, and/or availability under its the Credit Facility, and its commercial paper program will enable the Company to repay, as applicable, the 5.125% Notes and/or the 6.875% Notes.

The In the future, the Company may, in the future from time to time, redeem portions of its debt securities or repurchase portions of its debt or equity securities in either the open market or through privately negotiated transactions, in accordance with applicable SEC and other legal requirements. The timing, prices, and sizes of purchases depend upon prevailing trading prices, general economic and market conditions, and other factors, including applicable securities laws. Such purchases may be completed by means of trading plans established from time to time in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, block trades, private transactions, open market repurchases, tender offers, and/or accelerated share repurchase agreements or other derivative transactions.

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

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

	Issuer Rating Short-Term	Long-Term	Outlook	Date of Last Update
Standard and Poor's Ratings Service ("S&P")	BB+	Positive	April 25, 2023	
Moody's Investors Service, Inc. ("Moody's")	Ba1 P-3	Baa3	Positive	
S&P Global Ratings ("S&P")	September 18, 2023 A-3	BBB-	Stable	
Fitch Investors Service Ratings, Inc. ("Fitch")	F2	BBB	Stable	August 23, 2023

On September 18, 2023 February 29, 2024, Moody's upgraded Howmet's long-term debt rating from Ba1 to Baa3, citing demand in the markets served by Howmet along with the Company's improved financial leverage, and affirmed the current outlook at positive.

On December 15, 2023, S&P upgraded Howmet's long-term debt rating at Ba1 BBB- and upgraded updated the current outlook from positive to stable, to positive, citing strong demand in the commercial aerospace market and the Company's revenue and strong market position. improved financial leverage.

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

On April 25, 2023, S&P affirmed Howmet's long-term debt rating at BB+ and upgraded the current outlook from stable to positive, citing strong demand in the commercial aerospace market and the Company's improved financial leverage.

Investing Activities

Cash used for investing activities was $163 $75 in the nine three months ended September 30, 2023 March 31, 2024 compared to $106 $64 in the nine three months ended September 30, 2022 March 31, 2023. The increase of $57, $11, or 54% 17%, was primarily due to the net proceeds from the sale of the corporate center in the second quarter of 2022 of $41 that did not recur in 2023 and an increase in capital expenditures of $16 $18 primarily related to sustaining capital capacity expansion projects across all segments. in Engine Products and Forged Wheels and various automation projects, partially offset by proceeds from the sale of assets at a small U.K. manufacturing facility in Engines Products of $7.

Recently Adopted and Recently Issued Accounting Guidance

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

Forward-Looking Statements

This report contains (and oral communications made by Howmet Aerospace may contain) statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," "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 Aerospace's Howmet's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements, forecasts and outlook relating to the condition of end markets; future financial results or operating performance; future strategic actions; Howmet Aerospace's Howmet's strategies, outlook, and business and financial prospects; and any future debt redemptions or repurchases of its debt or equity securities. These statements reflect beliefs and assumptions that are based on Howmet Aerospace's Howmet's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements.

Such risks and uncertainties include, but are not limited to: (a) deterioration in global economic and financial market conditions generally; (b) unfavorable changes in the markets served by Howmet Aerospace; Howmet; (c) the impact of potential cyber attacks and information technology or data security breaches; (d) the loss of significant customers or adverse changes in customers' business or financial conditions; (e) manufacturing difficulties or other issues that impact product performance, quality or safety; (f) inability of suppliers to meet obligations due to supply chain disruptions or otherwise; (g) failure to attract and retain a qualified workforce and key personnel; personnel, labor disputes or other employee relations issues; (h) uncertainty of the residual impact of the COVID-19 pandemic on Howmet Aerospace's business, results of operations, and financial condition; (i) the inability to achieve revenue growth, cash generation, restructuring plans, cost reductions, improvement in profitability, or strengthening of competitiveness and operations anticipated or targeted; (j) (i) inability to meet increased demand, production targets or commitments; (k) (j) competition from new product offerings, disruptive technologies or other developments; (l) (k) geopolitical, economic, and regulatory risks relating to Howmet Aerospace's Howmet's global operations, including geopolitical and diplomatic tensions, instabilities, conflicts and wars, as well as compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (m) (l) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; (n) (m) failure to comply with government contracting regulations; (o) (n) adverse changes in discount rates or investment returns on pension assets; and (p) (o) the other risk factors summarized in Howmet Aerospace's Howmet's Form 10-K for the year ended December 31, 2022 December 31,

2023 and other reports filed with the U.S. Securities and Exchange Commission. Market projections are subject to the risks discussed above and other risks in the market. Credit ratings are not a recommendation to buy or hold any Howmet securities, and they may be revised or revoked at any time at the sole discretion of the credit rating organizations. The statements in this report are made as of the date of the filing of this report. Howmet Aerospace disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not material.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

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

(b) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the third first quarter of 2023 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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

The following table presents information with respect to the Company's repurchases of its common stock during the quarter ended September 30, 2023 March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)(1)(2)
July 1 - July 31, 2023	—	$ —	—	$ 822
August 1 - August 31, 2023	—	$ —	—	$ 822
September 1 - September 30, 2023	506,800	$ 49.32	506,800	$ 797
Total for quarter ended September 30, 2023	506,800	$ 49.32	506,800	

Period	Total Number of Shares Purchased	Average Price Paid Per Share(1)	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)(1)(2)
January 1 - January 31, 2024	—	$ —	—	$ 697
February 1 - February 29, 2024	463,137	$ 64.78	463,137	$ 667
March 1 - March 31, 2024	1,780,122	$ 67.41	1,780,122	$ 547
Total for quarter ended March 31, 2024	2,243,259	$ 66.87	2,243,259	

(1) Excludes commissions cost.

(2) On August 18, 2021, the Company announced that its Board of Directors authorized a share repurchase program of up to $1,500 million of the Company's outstanding common stock. After giving effect to the share repurchases made through September 30, 2023 March 31, 2024, approximately $797 million $547 million Board authorization remains available. Under the Company's share repurchase program (the "Share Repurchase Program"), the Company may repurchase shares by means of trading plans established from time to time in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, block trades, private transactions, open market repurchases and/or accelerated share repurchase agreements or other derivative transactions. There is no stated expiration for the Share Repurchase Program. Under its Share Repurchase Program, the Company may repurchase shares from time to time, in amounts, at prices, and at such times as the Company deems appropriate, subject to market conditions, legal requirements and other considerations. The Company is not obligated to repurchase any specific number of shares or to do so at any particular time, and the Share Repurchase Program may be suspended, modified or terminated at any time without prior notice.

Item 6. Exhibits.

31	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104.	Cover Page Interactive Data File - the cover page from this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL (included within the Exhibit 101 attachments).

SIGNATURES

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

	Howmet Aerospace Inc.
November May 2, 2023 2024	/s/ Ken Giacobbe
Date	Ken Giacobbe
	Executive Vice President and
	Chief Financial Officer
	(Principal Financial Officer)
November May 2, 2023 2024	/s/ Barbara L. Shultz
Date	Barbara L. Shultz
	Vice President and Controller
	(Principal Accounting Officer)

Exhibit 31

Certifications

I, John C. Plant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Howmet Aerospace Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such

evaluation; and

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

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

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

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

Date: November 2, 2023 May 2, 2024

/s/ John C. Plant
John C. Plant
Executive Chairman and Chief Executive Officer

I, Ken Giacobbe, certify that:

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

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

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

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

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

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

functions):

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

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

Date: November 2, 2023 May 2, 2024

/s/ Ken Giacobbe
Ken Giacobbe
Executive Vice President and Chief Financial Officer

Exhibit 32

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

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

The Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024 (the “Form 10-Q”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	November May 2, 2023 2024	/s/ John C. Plant
		John C. Plant
		Executive Chairman and Chief Executive Officer
Dated:	November May 2, 2023 2024	/s/ Ken Giacobbe
		Ken Giacobbe
		Executive Vice President and Chief Financial Officer

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

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

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.