

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

FORM 10-Q

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 1-14303

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

38-3161171

(I.R.S. Employer Identification No.)

One Dauch Drive, Detroit, Michigan

(Address of Principal Executive Offices)

48211-1198

(Zip Code)

(313) 758-2000

(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

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

As of April 30, 2024, the latest practicable date, the number of shares of the registrant's Common Stock, par value \$0.01 per share, outstanding was 117,553,022 shares.

Internet Website Access to Reports

The website for American Axle & Manufacturing Holdings, Inc. is www.aam.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2024
TABLE OF CONTENTS

	<u>Page Number</u>
<u>FORWARD-LOOKING STATEMENTS</u>	<u>1</u>
<u>Part I</u>	<u>FINANCIAL INFORMATION</u>
<u>Item 1</u>	<u>Financial Statements</u>
	<u>Condensed Consolidated Statements of Operations</u>
	<u>Condensed Consolidated Statements of Comprehensive Income</u>
	<u>Condensed Consolidated Balance Sheets</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>
	<u>Condensed Consolidated Statements of Stockholders' Equity</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
<u>Item 4</u>	<u>Controls and Procedures</u>
<u>Part II</u>	<u>OTHER INFORMATION</u>
<u>Item 1A</u>	<u>Risk Factors</u>
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
<u>Item 5</u>	<u>Other Information</u>
<u>Item 6</u>	<u>Exhibits</u>
	<u>Signatures</u>

FORWARD-LOOKING STATEMENTS

In this Quarterly Report on Form 10-Q (Quarterly Report), we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995 and relate to trends and events that may affect our future financial position and operating results. The terms such as “will,” “may,” “could,” “would,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “project,” “target,” and similar words or expressions, as well as statements in future tense, are intended to identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events and are subject to risks and may differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- global economic conditions, including the impact of inflation, recession or recessionary concerns, or slower growth in the markets in which we operate;
- reduced purchases of our products by General Motors Company (GM), Stellantis N.V. (Stellantis), Ford Motor Company (Ford) or other customers;
- our ability to respond to changes in technology, increased competition or pricing pressures;
- our ability to develop and produce new products that reflect market demand;
- lower-than-anticipated market acceptance of new or existing products;
- our ability to attract new customers and programs for new products;
- reduced demand for our customers' products (particularly light trucks and sport utility vehicles (SUVs) produced by GM, Stellantis and Ford);
- risks inherent in our global operations (including tariffs and the potential consequences thereof to us, our suppliers, and our customers and their suppliers, adverse changes in trade agreements, such as the United States-Mexico-Canada Agreement (USMCA), compliance with customs and trade regulations, immigration policies, political stability or geopolitical conflicts, taxes and other law changes, potential disruptions of production and supply, and currency rate fluctuations);
- supply shortages and the availability of natural gas or other fuel and utility sources in certain regions, labor shortages, including increased labor costs, or price increases in raw material and/or freight, utilities or other operating supplies for us or our customers as a result of pandemic or epidemic illness such as COVID-19, geopolitical conflicts, natural disasters or otherwise;
- a significant disruption in operations at one or more of our key manufacturing facilities;
- risks inherent in transitioning our business from internal combustion engine vehicle products to electric vehicle products;
- our ability to realize the expected revenues from our new and incremental business backlog;
- negative or unexpected tax consequences, including those resulting from tax litigation;
- risks related to a failure of our information technology systems and networks, including cloud-based applications, and risks associated with current and emerging technology threats and damage from computer viruses, unauthorized access, cyber attacks and other similar disruptions;
- our suppliers', our customers' and their suppliers' ability to maintain satisfactory labor relations and avoid or minimize work stoppages;
- cost or availability of financing for working capital, capital expenditures, research and development (R&D) or other general corporate purposes including acquisitions, as well as our ability to comply with financial covenants;
- our customers' and suppliers' availability of financing for working capital, capital expenditures, R&D or other general corporate purposes;
- an impairment of our goodwill, other intangible assets, or long-lived assets if our business or market conditions indicate that the carrying values of those assets exceed their fair values;
- liabilities arising from warranty claims, product recall or field actions, product liability and legal proceedings to which we are or may become a party, or the impact of product recall or field actions on our customers;
- our ability or our customers' and suppliers' ability to successfully launch new product programs on a timely basis;
- risks of environmental issues, including impacts of climate-related events, that could result in unforeseen issues or costs at our facilities, or risks of noncompliance with environmental laws and regulations, including reputational damage;
- our ability to maintain satisfactory labor relations and avoid work stoppages;
- our ability to consummate and successfully integrate acquisitions and joint ventures;
- our ability to achieve the level of cost reductions required to sustain global cost competitiveness or our ability to recover certain cost increases from our customers;
- price volatility in, or reduced availability of, fuel;
- our ability to protect our intellectual property and successfully defend against assertions made against us;
- adverse changes in laws, government regulations or market conditions affecting our products or our customers' products;
- our ability or our customers' and suppliers' ability to comply with regulatory requirements and the potential costs of such compliance;
- changes in liabilities arising from pension and other postretirement benefit obligations;
- our ability to attract and retain qualified personnel in key positions and functions; and
- other unanticipated events and conditions that may hinder our ability to compete.

It is not possible to foresee or identify all such factors and we make no commitment to update any forward-looking statement or to disclose any facts, events or circumstances after the date hereof that may affect the accuracy of any forward-looking statement.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions, except per share data)</i>	
Net sales	\$ 1,606.9	\$ 1,493.9
Cost of goods sold	1,408.4	1,333.3
Gross profit	198.5	160.6
Selling, general and administrative expenses	98.3	98.3
Amortization of intangible assets	20.7	21.4
Restructuring and acquisition-related costs	2.5	4.8
Operating income	77.0	36.1
Interest expense	(49.0)	(50.5)
Interest income	8.3	5.9
Other income (expense)		
Unrealized gain (loss) on equity securities	0.1	(0.3)
Other income (expense), net	—	3.7
Income (loss) before income taxes	36.4	(5.1)
Income tax expense	15.9	—
Net income (loss)	\$ 20.5	\$ (5.1)
Basic earnings (loss) per share	\$ 0.17	\$ (0.04)
Diluted earnings (loss) per share	\$ 0.17	\$ (0.04)

See accompanying notes to condensed consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions)</i>	
Net income (loss)	\$ 20.5	\$ (5.1)
Other comprehensive income (loss)		
Defined benefit plans, net of tax ^(a)	(0.6)	(0.7)
Foreign currency translation adjustments	(15.3)	8.8
Changes in cash flow hedges, net of tax ^(b)	10.8	2.5
Other comprehensive income (loss)	(5.1)	10.6
Comprehensive income	<u>\$ 15.4</u>	<u>\$ 5.5</u>

(a) Amounts are net of tax of \$0.3 million for the three months ended March 31, 2024 and \$0.5 million for the three months ended March 31, 2023.

(b) Amounts are net of tax of \$(3.0) million for the three months ended March 31, 2024 and \$1.8 million for the three months ended March 31, 2023.

See accompanying notes to condensed consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2024	December 31, 2023
	<i>(Unaudited)</i>	
	<i>(in millions)</i>	
Assets		
Current assets		
Cash and cash equivalents	\$ 469.8	\$ 519.9
Accounts receivable, net	960.5	818.5
Inventories, net	476.8	482.9
Prepaid expenses and other	186.1	185.3
Total current assets	<u>2,093.2</u>	<u>2,006.6</u>
Property, plant and equipment, net	1,700.3	1,760.9
Deferred income taxes	165.3	169.4
Goodwill	181.4	182.1
Other intangible assets, net	512.2	532.8
GM postretirement cost sharing asset	113.2	111.9
Operating lease right-of-use assets	111.2	115.6
Other assets and deferred charges	494.3	477.0
Total assets	<u>\$ 5,371.1</u>	<u>\$ 5,356.3</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 25.0	\$ 17.0
Accounts payable	830.1	773.9
Accrued compensation and benefits	174.9	200.1
Deferred revenue	15.0	16.6
Current portion of operating lease liabilities	22.3	21.9
Accrued expenses and other	168.3	172.1
Total current liabilities	<u>1,235.6</u>	<u>1,201.6</u>
Long-term debt, net	2,735.0	2,751.9
Deferred revenue	69.9	70.4
Deferred income taxes	16.1	16.5
Long-term portion of operating lease liabilities	91.2	95.5
Postretirement benefits and other long-term liabilities	601.9	615.5
Total liabilities	<u>4,749.7</u>	<u>4,751.4</u>
Stockholders' equity		
Common stock, par value \$0.01 per share; 150.0 million shares authorized; 128.2 million shares issued as of March 31, 2024 and 127.4 million shares issued as of December 31, 2023	1.3	1.3
Paid-in capital	1,386.4	1,382.6
Accumulated deficit	(262.7)	(283.2)
Treasury stock at cost, 10.7 million shares as of March 31, 2024 and 10.3 million shares as of December 31, 2023	(235.6)	(232.9)
Accumulated other comprehensive income (loss)		
Defined benefit plans, net of tax	(145.9)	(145.3)
Foreign currency translation adjustments	(157.6)	(142.3)
Unrecognized gain on cash flow hedges, net of tax	35.5	24.7
Total stockholders' equity	<u>621.4</u>	<u>604.9</u>
Total liabilities and stockholders' equity	<u>\$ 5,371.1</u>	<u>\$ 5,356.3</u>

See accompanying notes to condensed consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions)</i>	
Operating activities		
Net income (loss)	\$ 20.5	\$ (5.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	117.8	124.9
Deferred income taxes	2.4	(15.4)
Stock-based compensation	3.8	3.4
Pensions and other postretirement benefits, net of contributions	(1.0)	(4.0)
Loss on disposal of property, plant and equipment, net	2.7	0.5
Unrealized loss (gain) on equity securities	(0.1)	0.3
Changes in operating assets and liabilities		
Accounts receivable	(147.3)	(68.4)
Inventories	1.9	2.9
Accounts payable and accrued expenses	51.1	25.2
Deferred revenue	(0.8)	(6.9)
Other assets and liabilities	(33.2)	(25.3)
Net cash provided by operating activities	<u>17.8</u>	<u>32.1</u>
Investing activities		
Purchases of property, plant and equipment	(48.0)	(46.6)
Proceeds from sale of property, plant and equipment	3.1	0.4
Acquisition of business, net of cash acquired	(0.6)	(0.6)
Proceeds from insurance claim	—	17.0
Other investing activities	(2.7)	(0.7)
Net cash used in investing activities	<u>(48.2)</u>	<u>(30.5)</u>
Financing activities		
Payments of Revolving Credit Facility	—	(25.0)
Proceeds from issuance of long-term debt	—	5.4
Payments of long-term debt	(10.1)	(11.3)
Purchase of treasury stock	(2.7)	(14.5)
Other financing activities	(3.2)	(3.7)
Net cash used in financing activities	<u>(16.0)</u>	<u>(49.1)</u>
Effect of exchange rate changes on cash	(3.7)	1.7
Net decrease in cash and cash equivalents	<u>(50.1)</u>	<u>(45.8)</u>
Cash and cash equivalents at beginning of period	<u>519.9</u>	<u>511.5</u>
Cash and cash equivalents at end of period	<u>\$ 469.8</u>	<u>\$ 465.7</u>
Supplemental cash flow information		
Interest paid	\$ 47.8	\$ 41.6
Income taxes paid, net	\$ 11.5	\$ 26.0

See accompanying notes to condensed consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock					Accumulated Other Comprehensive Income (Loss)
	Shares Outstanding	Par Value	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	
	<i>(in millions)</i>					
Balance at January 1, 2023	114.6	\$ 1.3	\$ 1,369.2	\$ (249.6)	\$ (218.2)	\$ (275.4)
Net loss	—	—	—	(5.1)	—	—
Vesting of stock-based compensation	4.0	—	—	—	—	—
Stock-based compensation	—	—	3.4	—	—	—
Purchase of treasury stock	(1.6)	—	—	—	(14.5)	—
Changes in cash flow hedges	—	—	—	—	—	2.5
Foreign currency translation adjustments	—	—	—	—	—	8.8
Defined benefit plans, net	—	—	—	—	—	(0.7)
Balance at March 31, 2023	117.0	\$ 1.3	\$ 1,372.6	\$ (254.7)	\$ (232.7)	\$ (264.8)

	Common Stock					Accumulated Other Comprehensive Income (Loss)
	Shares Outstanding	Par Value	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	
	<i>(in millions)</i>					
Balance at January 1, 2024	117.1	\$ 1.3	\$ 1,382.6	\$ (283.2)	\$ (232.9)	\$ (262.9)
Net income	—	—	—	20.5	—	—
Vesting of stock-based compensation	0.8	—	—	—	—	—
Stock-based compensation	—	—	3.8	—	—	—
Purchase of treasury stock	(0.4)	—	—	—	(2.7)	—
Changes in cash flow hedges	—	—	—	—	—	10.8
Foreign currency translation adjustments	—	—	—	—	—	(15.3)
Defined benefit plans, net	—	—	—	—	—	(0.6)
Balance at March 31, 2024	117.5	\$ 1.3	\$ 1,386.4	\$ (262.7)	\$ (235.6)	\$ (268.0)

See accompanying notes to condensed consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024
(Unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization As a leading global tier 1 automotive and mobility supplier, AAM designs, engineers and manufactures Driveline and Metal Forming technologies to support electric, hybrid, and internal combustion vehicles. Headquartered in Detroit with over 80 facilities in 18 countries, AAM is bringing the future faster for a safer and more sustainable tomorrow.

Basis of Presentation We have prepared the accompanying interim condensed consolidated financial statements in accordance with the instructions to Form 10-Q under the Securities Exchange Act of 1934. These condensed consolidated financial statements are unaudited but include all normal recurring adjustments, which we consider necessary for a fair presentation of the information set forth herein. Results of operations for the periods presented are not necessarily indicative of the results for the full fiscal year.

The balance sheet at December 31, 2023 presented herein has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (GAAP) for complete consolidated financial statements.

In order to prepare the accompanying interim condensed consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts and disclosures in our interim condensed consolidated financial statements. Actual results could differ materially from those estimates.

For further information, refer to the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Effect of New Accounting Standards and Other Regulatory Pronouncements

Accounting Standards Update 2023-07

On November 27, 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2023-07 - *Improvements to Reportable Segment Disclosures (Topic 280)*. ASU 2023-07 enhances existing annual segment requirements to include disclosure of significant segment expenses and other segment items by reportable segment that are regularly used by the Chief Operating Decision Maker (CODM) to evaluate segment performance. This guidance also requires annual disclosure of the title and position of the CODM. ASU 2023-07 also expands interim segment disclosure requirements to include all existing annual segment disclosures in addition to the new disclosure requirements for significant segment expenses and other segment items. This guidance became effective at the beginning of our 2024 fiscal year for annual requirements, and will become effective at the beginning of our 2025 fiscal year for interim requirements, using a retrospective transition method. We adopted this guidance retrospectively on January 1, 2024 for the annual requirements and will adopt the interim requirements on January 1, 2025. We are currently assessing the impact that this standard will have on our consolidated financial statements.

Accounting Standards Update 2023-09

On December 14, 2023, the FASB issued ASU 2023-09 - *Improvements to Income Tax Disclosures (Topic 740)*. ASU 2023-09 expands the existing disclosure requirements for the annual rate reconciliation between the effective tax rate and the statutory federal tax rate by requiring reconciliation items to be disaggregated by defined categories and disclosed as both percentages and amounts. ASU 2023-09 also requires the disaggregation of income taxes paid by jurisdiction for each annual period presented. This guidance becomes effective at the beginning of our 2025 fiscal year, and may be applied either retrospectively or prospectively. We expect to adopt this guidance on January 1, 2025 and are currently assessing the impact that this standard will have on our consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Securities and Exchange Commission (SEC) Rule

In the first quarter of 2024, the SEC adopted "The Enhancement and Standardization of Climate-Related Disclosures for Investors," a rule that expands disclosure requirements, including climate-related risks and financial statement impacts, as well as disclosures related to greenhouse gas (GHG) emissions. The annual disclosures related to climate-related risks and financial statement impacts are required beginning with our 2025 fiscal year and the disclosures related to GHG emissions are required beginning with our 2026 fiscal year. The GHG emissions disclosures are also subject to limited assurance requirements by 2029 and reasonable assurance requirements by 2033. We are currently assessing the impact that this rule will have on our consolidated financial statements. In April 2024, the SEC issued an order staying the rule pending legal review of the petitions challenging the rule. This order does not amend the compliance dates required by the rule.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. INVENTORIES

We state our inventories at the lower of cost or net realizable value. The cost of our inventories is determined using the first-in first-out method. When we determine that our gross inventories exceed usage requirements, or if inventories become obsolete or otherwise not saleable, we record a provision for such loss as a component of our inventory accounts.

Inventories consist of the following:

	March 31, 2024	December 31, 2023
	<i>(in millions)</i>	
Raw materials and work-in-progress	\$ 413.2	\$ 411.5
Finished goods	96.6	103.5
Gross inventories	509.8	515.0
Inventory valuation reserves	(33.0)	(32.1)
Inventories, net	\$ 476.8	\$ 482.9

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill The following table provides a reconciliation of changes in goodwill for the three months ended March 31, 2024:

	Consolidated
	<i>(in millions)</i>
Balance at December 31, 2023	\$ 182.1
Foreign currency translation	(0.7)
Balance at March 31, 2024	\$ 181.4

We conduct our annual goodwill impairment test in the fourth quarter of each year, as well as whenever adverse events or changes in circumstances indicate a possible impairment. In performing this test, we utilize a third-party valuation specialist to assist management in determining the fair value of our reporting units. Fair value of each reporting unit is estimated based on a combination of discounted cash flows and the use of pricing multiples derived from an analysis of comparable public companies multiplied against historical and/or anticipated financial metrics of each reporting unit. These calculations contain uncertainties as they require management to make assumptions including, but not limited to, market comparables, future cash flows of the reporting units, and appropriate discount and long-term growth rates. This fair value determination is categorized as Level 3 within the fair value hierarchy.

At March 31, 2024, accumulated goodwill impairment losses were \$1,435.5 million. All remaining goodwill is attributable to our Driveline reporting unit.

Other Intangible Assets The following table provides a reconciliation of the gross carrying amount and associated accumulated amortization for AAM's other intangible assets, which are all subject to amortization:

	March 31,			December 31,		
	2024			2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	<i>(in millions)</i>					
Capitalized computer software	\$ 54.3	\$ (50.1)	\$ 4.2	\$ 54.2	\$ (49.2)	\$ 5.0
Customer platforms	856.2	(444.0)	412.2	856.2	(428.2)	428.0
Customer relationships	53.0	(23.9)	29.1	53.0	(23.1)	29.9
Technology and other	154.0	(87.3)	66.7	154.3	(84.4)	69.9
Total	\$ 1,117.5	\$ (605.3)	\$ 512.2	\$ 1,117.7	\$ (584.9)	\$ 532.8

Amortization expense for our intangible assets was \$20.7 million for the three months ended March 31, 2024 and \$21.4 million for the three months ended March 31, 2023. Estimated amortization expense for the years 2024 through 2028 is expected to be in the range of approximately \$80 million to \$85 million per year.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. LONG-TERM DEBT

Long-term debt consists of the following:

	March 31, 2024	December 31, 2023
	<i>(in millions)</i>	
Revolving Credit Facility	\$ —	\$ —
Term Loan A Facility	484.3	484.3
Term Loan B Facility	648.0	648.0
6.875% Notes due 2028	400.0	400.0
6.50% Notes due 2027	500.0	500.0
6.25% Notes due 2026	125.9	127.6
5.00% Notes due 2029	600.0	600.0
Foreign credit facilities and other	42.4	51.8
Total debt	2,800.6	2,811.7
Less: Current portion of long-term debt	25.0	17.0
Long-term debt	2,775.6	2,794.7
Less: Debt issuance costs	40.6	42.8
Long-term debt, net	\$ 2,735.0	\$ 2,751.9

Senior Secured Credit Facilities Our Senior Secured Credit Facilities are comprised of the Revolving Credit Facility, Term Loan A Facility and Term Loan B Facility. The Revolving Credit Facility and Term Loan A Facility mature in the first quarter of 2027 and the Term Loan B Facility matures in the fourth quarter of 2029. At March 31, 2024, we had \$892.3 million available under the Revolving Credit Facility. This availability reflects a reduction of \$32.7 million primarily for standby letters of credit issued against the facility. In the first quarter of 2023, we paid \$25.0 million on our Revolving Credit Facility that had been drawn in the fourth quarter of 2022.

As of March 31, 2024, we have prepaid \$19.5 million of the outstanding principal on our Term Loan A Facility and \$18.6 million of the outstanding principal on our Term Loan B Facility. These payments satisfy our obligation for principal payments under the Term Loan A Facility through the end of 2024 and under the Term Loan B Facility through the end of 2026.

The Senior Secured Credit Facilities provide back-up liquidity for our foreign credit facilities. We intend to use the availability of long-term financing under the Senior Secured Credit Facilities to refinance any current maturities related to such debt agreements that are not otherwise refinanced on a long-term basis in their local markets, except where otherwise reclassified to Current portion of long-term debt on our Condensed Consolidated Balance Sheet.

Redemption of 6.25% Notes Due 2026 In the first quarter of 2024, we completed an open market repurchase of our 6.25% Notes due 2026 of \$1.7 million.

Repayment of Tekfor Group Indebtedness In the first quarter of 2024, we repaid \$6.6 million of outstanding indebtedness that we assumed upon our acquisition of Tekfor in June 2022.

Foreign credit facilities and Other We utilize local currency credit facilities to finance the operations of certain foreign subsidiaries. At March 31, 2024, \$42.4 million was outstanding under our foreign credit facilities, as compared to \$51.8 million at December 31, 2023. At March 31, 2024, an additional \$83.4 million was available under our foreign credit facilities.

Weighted-Average Interest Rate The weighted-average interest rate of our long-term debt outstanding was 7.1% at both March 31, 2024 and December 31, 2023.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. DERIVATIVES

Our business and financial results are affected by fluctuations in global financial markets, including currency exchange rates and interest rates. Our hedging policy has been developed to manage these risks to an acceptable level based on management's judgment of the appropriate trade-off between risk, opportunity and cost. We do not hold financial instruments for trading or speculative purposes.

Currency derivative contracts From time to time, we use foreign currency forward contracts to reduce the effects of fluctuations in exchange rates relating to certain foreign currencies. As of March 31, 2024 and December 31, 2023, we had currency forward contracts outstanding with a total notional amount of \$227.3 million and \$206.9 million, respectively, that hedge our exposure to changes in foreign currency exchange rates for certain payroll expenses into the fourth quarter of 2026 and the purchase of certain direct and indirect inventory and other working capital items into the fourth quarter of 2024.

Fixed-to-fixed cross-currency swap In 2022, we entered into a fixed-to-fixed cross-currency swap to reduce the variability of functional currency equivalent cash flows associated with changes in exchange rates on certain Euro-based intercompany loans. We had notional amounts outstanding under fixed-to-fixed cross-currency swaps of €200.0 million at both March 31, 2024 and December 31, 2023, which were equivalent to \$215.8 million and \$220.7 million, respectively. The fixed-to-fixed cross-currency swap hedges our exposure to changes in exchange rates on the intercompany loans through the second quarter of 2024.

Variable-to-fixed interest rate swaps In 2023, we entered into variable-to-fixed interest rate swaps to reduce the variability of cash flows associated with interest payments on our variable rate debt. As of March 31, 2024, we have \$700.0 million notional amount hedged in relation to our variable-to-fixed interest rate swaps into the third quarter of 2027, \$200.0 million of which continues into the fourth quarter of 2029.

The following table summarizes the reclassification of pre-tax derivative gains and losses into net income (loss) from accumulated other comprehensive income (loss) for those derivative instruments designated as cash flow hedges under Accounting Standards Codification (ASC) 815 - *Derivatives and Hedging*:

	Location of Gain (Loss) Reclassified into Net Income	Gain (Loss) Reclassified During Three Months Ended March 31,		Total of Financial Statement Line Item	Gain Expected to be Reclassified During the
		2024	2023	2024	Next 12 Months
		<i>(in millions)</i>			
Currency forward contracts	Cost of Goods Sold	\$ 4.7	\$ 3.3	\$ 1,408.4	\$ 17.0
Fixed-to-fixed cross-currency swap	Other Income (Expense), net	5.0	(2.7)	—	0.4
Variable-to-fixed interest rate swap	Interest Expense	0.3	0.6	(49.0)	4.3

See Note 7 - Reclassifications out of Accumulated Other Comprehensive Income (Loss) (AOCI) for amounts recognized in other comprehensive income during the three months ended March 31, 2024 and 2023.

The following table summarizes the amount and location of gains and losses recognized in the Condensed Consolidated Statements of Operations for those derivative instruments not designated as hedging instruments under ASC 815:

	Location of Gain Recognized in Net Income	Gain Recognized During Three Months Ended March 31,		Total of Financial Statement Line Item
		2024	2023	2024
		<i>(in millions)</i>		
Currency forward contracts	Other Income (Expense), net	\$ 1.1	\$ 2.1	\$ —

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. FAIR VALUE

ASC 820 - *Fair Value Measurement* defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” The definition is based on an exit price rather than an entry price, regardless of whether the entity plans to hold or sell the asset. This guidance also establishes a fair value hierarchy to prioritize inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Financial instruments The estimated carrying value of our financial assets and liabilities that are recognized at fair value on a recurring basis, using available market information and other observable data, are as follows:

	Fair Value		Input
	March 31, 2024	December 31, 2023	
	<i>(in millions)</i>		
Balance Sheet Classification			
Cash equivalents	\$ 222.2	\$ 328.3	Level 1
Prepaid expenses and other			
Cash flow hedges - currency forward contracts	17.0	15.9	Level 2
Nondesignated - currency forward contracts	1.0	0.8	Level 2
Other assets and deferred charges			
Cash flow hedges - currency forward contracts	6.0	5.4	Level 2
Investment in equity securities	0.9	0.8	Level 1
Accrued expenses and other			
Cash flow hedges - fixed-to-fixed cross-currency swap	4.5	9.4	Level 2
Cash flow hedges - variable-to-fixed interest rate swap	2.0	5.0	Level 2
Postretirement benefits and other long-term liabilities			
Cash flow hedges - variable-to-fixed interest rate swap	5.9	16.5	Level 2

The carrying values of our cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these instruments. The carrying values of our borrowings under the foreign credit facilities approximate their fair value due to the frequent resetting of the interest rates.

We have an investment in the equity securities of REE Automotive, which are measured at fair value each reporting period with changes in fair value reported through an unrealized holding gain or loss within Other income (expense), net in our Condensed Consolidated Statement of Operations. As of March 31, 2024, our investment in REE shares was valued at \$0.9 million based on a closing price on that date of \$5.84 per share.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We estimated the fair value of the amounts outstanding on our debt using available market information and other observable data, to be as follows:

	March 31, 2024		December 31, 2023		Input
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
	<i>(in millions)</i>				
Revolving Credit Facility	\$ —	\$ —	\$ —	\$ —	Level 2
Term Loan A Facility	484.3	482.4	484.3	483.6	Level 2
Term Loan B Facility	648.0	648.8	648.0	649.6	Level 2
6.875% Notes due 2028	400.0	396.0	400.0	387.0	Level 2
6.50% Notes due 2027	500.0	495.0	500.0	501.9	Level 2
6.25% Notes due 2026	125.9	124.6	127.6	126.3	Level 2
5.00% Notes due 2029	600.0	538.5	600.0	529.5	Level 2

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (AOCI)

Reclassification adjustments and other activity impacting accumulated other comprehensive income (loss) during the three months ended March 31, 2024 and March 31, 2023 are as follows *(in millions)*:

	Defined Benefit Plans	Foreign Currency Translation Adjustments	Unrecognized Gain (Loss) on Cash Flow Hedges	Total
Balance at December 31, 2023	\$ (145.3)	\$ (142.3)	\$ 24.7	\$ (262.9)
Other comprehensive income (loss) before reclassifications	—	(15.3)	23.8	8.5
Income tax effect of other comprehensive income (loss) before reclassifications	—	—	(5.0)	(5.0)
Amounts reclassified from accumulated other comprehensive income (loss)	(0.9) (a)	—	(10.0) (b)	(10.9)
Income taxes reclassified into net income (loss)	0.3	—	2.0	2.3
Net change in accumulated other comprehensive income (loss)	(0.6)	(15.3)	10.8	(5.1)
Balance at March 31, 2024	<u>\$ (145.9)</u>	<u>\$ (157.6)</u>	<u>\$ 35.5</u>	<u>\$ (268.0)</u>

	Defined Benefit Plans	Foreign Currency Translation Adjustments	Unrecognized Gain (Loss) on Cash Flow Hedges	Total
Balance at December 31, 2022	\$ (146.9)	\$ (149.7)	\$ 21.2	\$ (275.4)
Other comprehensive income before reclassifications	—	8.8	1.9	10.7
Income tax effect of other comprehensive income before reclassifications	—	—	2.2	2.2
Amounts reclassified from accumulated other comprehensive income (loss)	(1.2) (a)	—	(1.2) (b)	(2.4)
Income taxes reclassified into net income (loss)	0.5	—	(0.4)	0.1
Net change in accumulated other comprehensive income (loss)	(0.7)	8.8	2.5	10.6
Balance at March 31, 2023	<u>\$ (147.6)</u>	<u>\$ (140.9)</u>	<u>\$ 23.7</u>	<u>\$ (264.8)</u>

(a) These amounts were reclassified from AOCI to Other income (expense), net for the three months ended March 31, 2024 and March 31, 2023.

(b) The amounts reclassified from AOCI included \$(4.7) million in cost of goods sold (COGS), \$(0.3) million in interest expense and \$(5.0) million in Other income (expense), net for the three months ended March 31, 2024 and \$(3.3) million in COGS, \$(0.6) million in interest expense and \$2.7 million in Other income (expense), net for the three months ended March 31, 2023.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. EMPLOYEE BENEFIT PLANS

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

	Pension Benefits	
	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions)</i>	
Service cost	\$ 0.3	\$ 0.3
Interest cost	5.8	6.0
Expected asset return	(7.2)	(7.2)
Amortized loss	1.7	1.0
Net periodic benefit cost	<u>\$ 0.6</u>	<u>\$ 0.1</u>
	Other Postretirement Benefits	
	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions)</i>	
Service cost	\$ —	\$ —
Interest cost	2.1	2.5
Amortized gain	(2.5)	(2.1)
Amortized prior service credit	(0.1)	(0.1)
Net periodic benefit cost (credit)	<u>\$ (0.5)</u>	<u>\$ 0.3</u>

The noncurrent liabilities associated with our pension and other postretirement benefit plans are classified as Postretirement benefits and other long-term liabilities on our Condensed Consolidated Balance Sheets. As of March 31, 2024 and December 31, 2023, we have a noncurrent pension liability of \$72.7 million and \$74.7 million, respectively. As of March 31, 2024 and December 31, 2023, we have a noncurrent other postretirement benefits liability of \$268.4 million and \$268.9 million, respectively.

Due to the availability of our pre-funded pension balances (previous contributions in excess of prior required pension contributions), we expect our regulatory pension funding requirements in 2024 to be less than \$1.0 million. We expect our cash payments for other postretirement benefit obligations in 2024, net of GM cost sharing, to be approximately \$11.0 million.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. PRODUCT WARRANTIES

We record a liability for estimated warranty obligations at the dates our products are sold. These estimates are established using sales volumes and internal and external warranty data where there is no payment history and historical information about the average cost of warranty claims for customers with prior claims. We estimate our costs based on the contractual arrangements with our customers, existing customer warranty terms and internal and external warranty data, which includes a determination of our warranty claims and actions taken to improve product quality and minimize warranty claims. We continuously evaluate these estimates and our customers' administration of their warranty programs. We monitor actual warranty claim data and adjust the liability, as necessary, on a quarterly basis.

The following table provides a reconciliation of changes in the product warranty liability:

	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions)</i>	
Beginning balance	\$ 66.3	\$ 54.1
Accruals	3.9	8.7
Payments	(2.2)	(1.8)
Foreign currency translation	(0.4)	0.4
Ending balance	<u>\$ 67.6</u>	<u>\$ 61.4</u>

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

Net sales recognized from contracts with customers, disaggregated by segment and geographical location, are presented in the following table for the three months ended March 31, 2024 and 2023. Net sales are attributed to regions based on the location of production. Intersegment sales have been excluded from the table.

Three Months Ended March 31, 2024			
<i>(in millions)</i>			
	Driveline	Metal Forming	Total
North America	\$ 828.0	\$ 345.9	\$ 1,173.9
Asia	142.7	8.0	150.7
Europe	121.5	124.3	245.8
South America	14.2	22.3	36.5
Total	\$ 1,106.4	\$ 500.5	\$ 1,606.9

Three Months Ended March 31, 2023			
	Driveline	Metal Forming	Total
North America	\$ 783.0	\$ 328.5	\$ 1,111.5
Asia	105.8	6.7	112.5
Europe	99.8	122.9	222.7
South America	25.2	22.0	47.2
Total	\$ 1,013.8	\$ 480.1	\$ 1,493.9

Contract Assets and Liabilities

The following table summarizes our beginning and ending balances for accounts receivable and contract liabilities associated with our contracts with customers *(in millions)*:

	Accounts Receivable, Net	Contract Liabilities (Current)	Contract Liabilities (Long-term)
December 31, 2023	\$ 818.5	\$ 16.6	\$ 70.4
March 31, 2024	960.5	15.0	69.9
Increase/(decrease)	\$ 142.0	\$ (1.6)	\$ (0.5)

Contract liabilities relate to deferred revenue associated with various settlements and commercial agreements for which we have a future performance obligation to the customer. We recognize this deferred revenue into revenue over the life of the associated program as we satisfy our performance obligations to the customer. We do not have contract assets as defined in ASC 606. We amortized previously recorded contract liabilities into revenue as we satisfied performance obligations with our customers of approximately \$4.0 million and \$7.6 million for the three months ended March 31, 2024 and 2023, respectively.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. RESTRUCTURING AND ACQUISITION-RELATED COSTS

In 2022, we completed our acquisition of Tekfor Group (Tekfor) and in 2023 initiated certain restructuring actions associated with the acquired entities. We expect to incur restructuring costs associated with the acquired entities throughout 2024.

In the first quarter of 2024, we initiated a global restructuring program (the 2024 Program) focused on optimizing our cost structure. We expect to incur costs under the 2024 Program into 2026.

A summary of our restructuring activity for the first three months of 2024 and 2023 is shown below:

	Severance Charges	Implementation Costs	Total
	<i>(in millions)</i>		
Accrual at December 31, 2022	\$ 2.4	\$ 1.4	\$ 3.8
Charges	0.3	3.7	4.0
Cash utilization	(0.7)	(2.5)	(3.2)
Accrual at March 31, 2023	<u>\$ 2.0</u>	<u>\$ 2.6</u>	<u>\$ 4.6</u>
Accrual at December 31, 2023	\$ 3.0	\$ 1.7	\$ 4.7
Charges	0.2	1.2	1.4
Cash utilization	(1.6)	(1.1)	(2.7)
Accrual at March 31, 2024	<u>\$ 1.6</u>	<u>\$ 1.8</u>	<u>\$ 3.4</u>

As part of our restructuring actions, we incurred total severance charges of approximately \$0.2 million and \$0.3 million during the three months ended March 31, 2024 and 2023, respectively. We also incurred total implementation costs of approximately \$1.2 million and \$3.7 million during the three months ended March 31, 2024 and 2023, respectively. Implementation costs consist primarily of plant exit costs. We incurred \$0.2 million of costs related to restructuring actions associated with Tekfor and \$1.2 million of costs under the 2024 Program in the three months ended March 31, 2024. We have incurred \$2.3 million of total restructuring costs related to restructuring actions associated with Tekfor. Approximately \$1.1 million of our total restructuring costs for the three months ended March 31, 2024 related to our Metal Forming segment, while the remainder were corporate costs. Substantially all of our total restructuring costs for the three months ended March 31, 2023 related to our Metal Forming segment. We expect to incur approximately \$10 million to \$20 million of total restructuring charges in 2024 associated with Tekfor and the 2024 Program.

The following table represents a summary of integration charges incurred primarily related to our acquisition of Tekfor:

	Integration Expenses
	<i>(in millions)</i>
Charges for the three months ended March 31, 2024	\$ 1.1
Charges for the three months ended March 31, 2023	0.8

Integration expenses primarily reflect costs incurred for information technology infrastructure and enterprise resource planning systems, and consulting fees incurred in conjunction with integration activities. Total restructuring charges and acquisition-related charges are presented on a separate line item titled Restructuring and acquisition-related costs in our Condensed Consolidated Statements of Operations and totaled \$2.5 million and \$4.8 million for the three months ended March 31, 2024 and March 31, 2023, respectively.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. INCOME TAXES

We adjust our effective tax rate each quarter based on our estimated annual effective tax rate. We also record the tax impact of certain discrete, unusual or infrequently occurring items, including changes in judgment about valuation allowances and the effects of changes in tax laws or rates on deferred tax balances, in the interim period in which they occur. In addition, jurisdictions with a projected loss for the year or a year-to-date loss where no tax benefit can be recognized are excluded from the estimated annual effective tax rate. The impact of such an exclusion could result in a higher or lower effective tax rate during a particular quarter, based upon the mix and timing of actual earnings versus annual projections.

Our income tax expense and effective income tax rate for the three months ended March 31, 2024 and 2023 are as follows:

	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions)</i>	
Income tax expense	\$ 15.9	\$ —
Effective income tax rate	43.7 %	— %

During the three months ended March 31, 2024 and 2023, in computing our estimated annual effective tax rate, we recorded a full valuation allowance against the deferred tax asset on the current year estimated disallowed interest expense in the U.S. In addition, during the three months ended March 31, 2023, we recorded a valuation allowance against a portion of the deferred tax asset on prior year disallowed interest expense in the U.S. and reduced our liability for unrecognized income tax benefits and related interest and penalties as a result of a change in estimate on previously recorded unrecognized tax benefits in certain jurisdictions, resulting in net tax expense of \$3.4 million during the three months ended March 31, 2023.

Our effective income tax rate for the three months ended March 31, 2024 varies from our effective income tax rate for the three months ended March 31, 2023 primarily as a result of the mix of earnings on a jurisdictional basis and the impact of the discrete items noted above.

For the three months ended March 31, 2024, our effective income tax rate varies from the U.S. federal statutory rate primarily due to the unfavorable impact related to the disallowed interest expense deductions in the U.S. and tax expense related to global intangible low-taxed income (GILTI), net of the favorable impact of certain foreign tax rates and the impact of tax credits. For the three months ended March 31, 2023, our effective income tax rate varies from the U.S. federal statutory rate primarily due to the unfavorable impact related to the disallowed interest expense deductions in the U.S. and tax expense related to GILTI, net of the impact of the reduction in unrecognized tax benefits, favorable foreign tax rates and the impact of tax credits.

In accordance with the guidance in ASC 740 - *Income Taxes*, we review the likelihood that we will realize the benefit of deferred tax assets and estimate whether recoverability of our deferred tax assets is "more likely than not" based on the available evidence. If we experience lower than projected earnings in certain jurisdictions in future periods, it is reasonably possible that changes in valuation allowances could be recognized and such changes could be material to our financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other Income Tax Matters

During their examination of our 2015 U.S. federal income tax return, the Internal Revenue Service (IRS) asserted that income earned by a Luxembourg subsidiary from its Mexican branch operations should be categorized as foreign base company sales income (FBCSI) under Section 954(d) of the Internal Revenue Code and recognized currently as taxable income on our 2015 U.S. federal income tax return. As a result of this assertion, the IRS issued a Notice of Proposed Adjustment (NOPA). AAM disagreed with the NOPA, believes that the proposed adjustment is without merit and contested the matter through the IRS's administrative appeals process. No resolution was reached in the appeals process and, in September 2022, the IRS issued a Notice of Deficiency. The IRS subsequently issued a Notice of Tax Due in December 2022 and AAM paid the assessed tax and interest of \$10.1 million in January 2023. We filed a claim for refund for the amount of tax and interest paid related to this matter for the 2015 tax year and, in December 2023, we filed suit in the U.S. Court of Federal Claims.

We believe, after consultation with tax and legal counsel, that it is more likely than not that our structure did not give rise to FBCSI, and it's likely that we will be successful in ultimately defending our position. As such, we have not recorded any impact of the IRS's proposed adjustment in our condensed consolidated financial statements as of, and for the three months ended, March 31, 2024 and March 31, 2023, with the exception of the cash payment and associated income tax receivable of \$10.1 million paid by AAM to the IRS in 2023. As of March 31, 2024, in the event AAM is not successful in defending its position, the potential additional income tax expense, including estimated interest charges, related to tax years 2015 through 2023, is estimated to be in the range of approximately \$300 million to \$350 million.

Negative or unexpected outcomes of tax examinations and audits, and any related litigation, could have a material adverse impact on our results of operations, financial condition and cash flows. We will continue to monitor the progress and conclusions of all ongoing audits and other communications with tax authorities and will adjust our estimated liability as necessary. As of March 31, 2024 and December 31, 2023, we have recorded a liability for unrecognized income tax benefits and related interest and penalties of \$30.4 million and \$38.1 million, respectively.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. EARNINGS (LOSS) PER SHARE (EPS)

We present EPS using the two-class method. This method allocates undistributed earnings between common shares and non-vested share-based payment awards that entitle the holder to non-forfeitable dividend rights. Our participating securities are our non-vested restricted stock units.

The following table sets forth the computation of our basic and diluted EPS available to shareholders of common stock (excluding participating securities):

	Three Months Ended	
	March 31,	
	2024	2023
	<i>(in millions, except per share data)</i>	
Numerator		
Net income (loss)	\$ 20.5	\$ (5.1)
Less: Net income attributable to participating securities	(0.6)	—
Net income (loss) attributable to common shareholders - Basic and Dilutive	<u>\$ 19.9</u>	<u>\$ (5.1)</u>
Denominators		
Basic common shares outstanding -		
Weighted-average shares outstanding	120.9	119.8
Less: Weighted-average participating securities	(3.7)	(4.6)
Weighted-average common shares outstanding	<u>117.2</u>	<u>115.2</u>
Effect of dilutive securities -		
Dilutive stock-based compensation	<u>0.1</u>	<u>—</u>
Diluted shares outstanding -		
Adjusted weighted-average shares after assumed conversions	<u>117.3</u>	<u>115.2</u>
Basic EPS	<u>\$ 0.17</u>	<u>\$ (0.04)</u>
Diluted EPS	<u>\$ 0.17</u>	<u>\$ (0.04)</u>

Basic and dilutive loss per share are the same for the three months ended March 31, 2023 because the effect of potentially dilutive stock-based compensation would have been antidilutive. Excluded potentially dilutive shares were 0.2 million for the three months ended March 31, 2023.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. SEGMENT REPORTING

Our business is organized into Driveline and Metal Forming segments, with each representing a reportable segment under ASC 280 - *Segment Reporting*. The results of each segment are regularly reviewed by the chief operating decision maker to assess the performance of the segment and make decisions regarding the allocation of resources to the segments.

Our product offerings by segment are as follows:

- Driveline products consist primarily of front and rear axles, driveshafts, differential assemblies, clutch modules, balance shaft systems, disconnecting driveline technology, and electric and hybrid driveline products and systems for light trucks, sport utility vehicles (SUVs), crossover vehicles, passenger cars and commercial vehicles; and
- Metal Forming products consist primarily of engine, transmission, driveline and safety-critical components for traditional internal combustion engine and electric vehicle architectures including light vehicles, commercial vehicles and off-highway vehicles, as well as products for industrial markets.

We use Segment Adjusted EBITDA as the measure of earnings to assess the performance of each segment and determine the resources to be allocated to the segments. We define EBITDA to be earnings before interest expense, income taxes, depreciation and amortization. Segment Adjusted EBITDA is defined as EBITDA for our reportable segments excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, unrealized gains or losses on equity securities, pension curtailment and settlement charges and non-recurring items.

The following tables represent information by reportable segment for the three months ended March 31, 2024 and 2023 (*in millions*):

	Three Months Ended March 31, 2024		
	Driveline	Metal Forming	Total
Sales	\$ 1,106.4	\$ 644.1	\$ 1,750.5
Less: Intersegment sales	—	143.6	143.6
Net external sales	\$ 1,106.4	\$ 500.5	\$ 1,606.9
Segment Adjusted EBITDA	\$ 157.4	\$ 48.2	\$ 205.6
	Three Months Ended March 31, 2023		
	Driveline	Metal Forming	Total
Sales	\$ 1,013.8	\$ 619.1	\$ 1,632.9
Less: Intersegment sales	—	139.0	139.0
Net external sales	\$ 1,013.8	\$ 480.1	\$ 1,493.9
Segment Adjusted EBITDA	\$ 114.1	\$ 61.3	\$ 175.4

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table represents a reconciliation of Total Segment Adjusted EBITDA to consolidated income (loss) before income taxes for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
	<i>(in millions)</i>	
Total segment adjusted EBITDA	\$ 205.6	\$ 175.4
Interest expense	(49.0)	(50.5)
Depreciation and amortization	(117.8)	(124.9)
Restructuring and acquisition-related costs	(2.5)	(4.8)
Unrealized gain (loss) on equity securities	0.1	(0.3)
Income (loss) before income taxes	<u>\$ 36.4</u>	<u>\$ (5.1)</u>

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

This management's discussion and analysis (MD&A) should be read in conjunction with the unaudited condensed consolidated financial statements and notes appearing elsewhere in this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2023.

Unless the context otherwise requires, references to "we," "our," "us" or "AAM" shall mean collectively (i) American Axle & Manufacturing Holdings, Inc. (Holdings), a Delaware corporation, (ii) American Axle & Manufacturing, Inc. (AAM, Inc.), a Delaware corporation, and its direct and indirect subsidiaries, and, (iii) Metaldyne Performance Group, Inc. (MPG) and its direct and indirect subsidiaries. AAM Inc. and MPG are wholly owned subsidiaries of Holdings.

COMPANY OVERVIEW

As a leading global tier 1 automotive and mobility supplier, AAM designs, engineers and manufactures Driveline and Metal Forming technologies to support electric, hybrid, and internal combustion vehicles. Headquartered in Detroit with over 80 facilities in 18 countries, AAM is bringing the future faster for a safer and more sustainable tomorrow.

Major Customers

We are a primary supplier of driveline components to General Motors Company (GM) for its full-size rear-wheel drive (RWD) light trucks, sport utility vehicles (SUVs), and crossover vehicles manufactured in North America, supplying a significant portion of GM's rear axle and four-wheel drive and all-wheel drive (4WD/AWD) axle requirements for these vehicle platforms. We also supply GM with various products from our Metal Forming segment. Sales to GM were approximately 40% of our consolidated net sales for the first three months of 2024 and 39% for both the first three months of 2023 and the full year 2023.

We also supply driveline system products to Stellantis N.V. (Stellantis) for programs including the heavy-duty Ram full-size pickup trucks and its derivatives. In addition, we sell various products to Stellantis from our Metal Forming segment. Sales to Stellantis were approximately 14% of our consolidated net sales for the first three months of 2024, 17% for the first three months of 2023 and 16% for the full year 2023.

We are also a supplier to Ford Motor Company (Ford) for driveline system products on certain vehicle programs including the Bronco Sport, Maverick, Edge, Escape and Lincoln Nautilus, and we also sell various products to Ford from our Metal Forming segment. Sales to Ford were approximately 13% of our consolidated net sales for the first three months of 2024, 11% for the first three months of 2023 and 12% for the full year 2023.

No other customer represented 10% or more of consolidated net sales during these periods.

Commercial Matters

In April 2024, one of our largest customers notified AAM that production purchase orders related to a previously announced contract to supply e-Beam axles for a future vehicle program were terminated. We believe that the termination of these purchase orders reflects, in part, the significant uncertainty currently underlying the electric vehicle environment, including volatility in estimated volumes and the timing of production. We have submitted a cancellation claim to recover certain costs incurred in connection with the terminated purchase orders. As of March 31, 2024, we have approximately \$70 million of assets in our Condensed Consolidated Balance Sheet associated with this program, consisting of capitalized engineering, design and development costs and other commercial amounts. As of the date of this filing, we believe we are entitled to claim and recover the full amount. However, due to the nature of the cancellation claim process, and the need to reach final resolution with the customer, the ultimate amount to be recovered is not determinable and could differ materially from the amount included in our Condensed Consolidated Balance Sheet.

RESULTS OF OPERATIONS — THREE MONTHS ENDED MARCH 31, 2024 AS COMPARED TO THREE MONTHS ENDED MARCH 31, 2023**Net Sales**

<i>(in millions)</i>	Three Months Ended March 31,			
	2024	2023	Change	Percent Change
Net sales	\$ 1,606.9	\$ 1,493.9	\$ 113.0	7.6 %

The increase in the first three months of 2024, as compared to the first three months of 2023, primarily reflects increased production volumes on certain vehicle programs that we support, as well as approximately \$6 million associated with the effect of metal market pass-throughs to our customers and the impact of foreign exchange related to translation adjustments.

Cost of Goods Sold

<i>(in millions)</i>	Three Months Ended March 31,			
	2024	2023	Change	Percent Change
Cost of goods sold	\$ 1,408.4	\$ 1,333.3	\$ 75.1	5.6 %

The change in cost of goods sold in the first three months of 2024, as compared to the first three months of 2023, primarily reflects increased production volumes on certain vehicle programs that we support, as well as an increase of approximately \$13 million associated with the effect of metal market pass-through costs and the impact of foreign exchange related to translation adjustments. For the three months ended March 31, 2024, material costs were approximately 58% of total costs of goods sold as compared to approximately 56% for the three months ended March 31, 2023.

Gross Profit

<i>(in millions)</i>	Three Months Ended March 31,			
	2024	2023	Change	Percent Change
Gross profit	\$ 198.5	\$ 160.6	\$ 37.9	23.6 %

Gross margin was 12.4% in the first three months of 2024 as compared to 10.8% in the first three months of 2023. Gross profit and gross margin were impacted by the factors discussed in Net Sales and Cost of Goods Sold above.

Selling, General and Administrative Expenses (SG&A)

<i>(in millions)</i>	Three Months Ended March 31,			
	2024	2023	Change	Percent Change
Selling, general & administrative expenses	\$ 98.3	\$ 98.3	\$ —	—%

SG&A as a percentage of net sales was 6.1% in the first three months of 2024 as compared to 6.6% of net sales in the first three months of 2023. Research and development (R&D) expense, net of customer engineering, design and development recoveries, was approximately \$36.7 million in the first three months of 2024, as compared to \$42.8 million in the first three months of 2023. The decrease in R&D expense in the first quarter of 2024, as compared to the first quarter of 2023, was offset by increased compensation-related expense.

Amortization of Intangible Assets Amortization expense related to intangible assets was \$20.7 million for the three months ended March 31, 2024 as compared to \$21.4 million for the three months ended March 31, 2023.

Restructuring and Acquisition-Related Costs Restructuring and acquisition-related costs were \$2.5 million for the three months ended March 31, 2024, as compared to \$4.8 million for the three months ended March 31, 2023. In 2024, we expect to incur approximately \$10 million to \$20 million of total restructuring charges. In addition, we expect to incur up to \$5 million of integration costs in 2024 associated with our acquisition of Tekfor. See Note 11 - Restructuring and Acquisition-Related Costs for additional detail regarding our restructuring, acquisition and integration activity.

Operating Income Operating income was \$77.0 million in the first three months of 2024 as compared to \$36.1 million in the first three months of 2023. Operating margin was 4.8% in the first three months of 2024, as compared to 2.4% in the first three months of 2023. The changes in operating income and operating margin were due primarily to the factors discussed in Net Sales and Cost of Goods Sold.

Interest Expense and Interest Income Interest expense was \$49.0 million in the first three months of 2024 as compared to \$50.5 million in the first three months of 2023. The weighted-average interest rate of our long-term debt outstanding was 7.1% for the three months ended March 31, 2024 and 6.6% for the three months ended March 31, 2023. We expect our interest expense for the full year 2024 to be approximately \$190 million to \$200 million.

Interest income was \$8.3 million in the first three months of 2024 as compared to \$5.9 million in the first three months of 2023.

Unrealized Gain (Loss) on Equity Securities We have an investment in the equity securities of REE Automotive, which are measured at fair value each reporting period with changes in fair value reported through an unrealized holding gain or loss within Other income (expense), net in our Condensed Consolidated Statement of Operations. We recognized an unrealized gain on our investment in REE Automotive of \$0.1 million in the first quarter of 2024, as compared to an unrealized loss of \$0.3 million in the first quarter of 2023.

Other Income (Expense), Net Other income (expense), net includes the net effect of foreign exchange gains and losses, our proportionate share of earnings from equity in unconsolidated subsidiaries, and all components of net periodic pension and postretirement benefit costs other than service cost. Other income (expense), net was de minimis in the first three months of 2024, and was income of \$3.7 million in the first three months of 2023.

Income Tax Expense Income tax expense was \$15.9 million for the three months ended March 31, 2024, and we had no income tax expense for the three months ended March 31, 2023. Our effective income tax rate was 43.7% in the first three months of 2024 as compared to 0.0% in the first three months of 2023.

During the three months ended March 31, 2024 and 2023, in computing our estimated annual effective tax rate, we recorded a full valuation allowance against the deferred tax asset on the current year estimated disallowed interest expense in the U.S. In addition, during the three months ended March 31, 2023, we recorded a valuation allowance against a portion of the deferred tax asset on prior year disallowed interest expense in the U.S. and reduced our liability for unrecognized income tax benefits and related interest and penalties as a result of a change in estimate on previously recorded unrecognized tax benefits in certain jurisdictions, resulting in net tax expense of \$3.4 million during the three months ended March 31, 2023.

Our effective income tax rate for the three months ended March 31, 2024 varies from our effective income tax rate for the three months ended March 31, 2023 primarily as a result of the mix of earnings on a jurisdictional basis and the impact of the discrete items noted above.

For the three months ended March 31, 2024, our effective income tax rate varies from the U.S. federal statutory rate primarily due to the unfavorable impact related to the disallowed interest expense deductions in the U.S. and tax expense related to global intangible low-taxed income (GILTI), net of the favorable impact of certain foreign tax rates and the impact of tax credits. For the three months ended March 31, 2023, our effective income tax rate varies from the U.S. federal statutory rate primarily due to the unfavorable impact related to the disallowed interest expense deductions in the U.S. and tax expense related to GILTI, net of the impact of the reduction in unrecognized tax benefits, favorable foreign tax rates and the impact of tax credits.

Net Income (Loss) and Earnings (Loss) Per Share (EPS) Our net income was \$20.5 million in the first three months of 2024, as compared to a net loss of \$5.1 million in the first three months of 2023. Diluted EPS was earnings of \$0.17 per share in the first three months of 2024, as compared to a loss of \$0.04 per share in the first three months of 2023. Net income (loss) and EPS for the first three months of 2024 and 2023 were primarily impacted by the factors discussed above.

SEGMENT REPORTING

Our business is organized into Driveline and Metal Forming segments, with each representing a reportable segment under ASC 280 - *Segment Reporting*. The results of each segment are regularly reviewed by the chief operating decision maker to assess the performance of the segment and make decisions regarding the allocation of resources to the segments.

Our product offerings by segment are as follows:

- Driveline products consist primarily of front and rear axles, driveshafts, differential assemblies, clutch modules, balance shaft systems, disconnecting driveline technology, and electric and hybrid driveline products and systems for light trucks, SUVs, crossover vehicles, passenger cars and commercial vehicles; and
- Metal Forming products consist primarily of engine, transmission, driveline and safety-critical components for traditional internal combustion engine and electric vehicle architectures including light vehicles, commercial vehicles and off-highway vehicles, as well as products for industrial markets.

The following table represents sales by reportable segment for the three months ended March 31, 2024 and 2023 (*in millions*):

	Three Months Ended March 31,	
	2024	2023
Driveline	\$ 1,106.4	\$ 1,013.8
Metal Forming	644.1	619.1
Eliminations	(143.6)	(139.0)
Net sales	<u>\$ 1,606.9</u>	<u>\$ 1,493.9</u>

The increase in both Driveline and Metal Forming sales for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, is primarily the result of increased production volumes on certain vehicle programs that we support. Metal Forming sales also increased by approximately \$6 million in the first three months of 2024, as compared to the first three months of 2023, as a result of the effect of metal market pass-throughs to our customers and the impact of foreign exchange translation.

We use Segment Adjusted EBITDA as the measure of earnings to assess the performance of each segment and determine the resources to be allocated to the segments. The amounts for Segment Adjusted EBITDA for the three months ended March 31, 2024 and 2023 are as follows (*in millions*):

	Three Months Ended March 31,	
	2024	2023
Driveline	\$ 157.4	\$ 114.1
Metal Forming	48.2	61.3
Total segment adjusted EBITDA	<u>\$ 205.6</u>	<u>\$ 175.4</u>

For the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, the increase in Segment Adjusted EBITDA for the Driveline segment primarily reflects approximately \$24 million attributable to the impact of increased production volumes on certain vehicle programs that we support, with the remainder primarily related to improved operating performance and lower program launch costs.

For the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, Segment Adjusted EBITDA for the Metal Forming segment was impacted by increased manufacturing costs, primarily labor costs, as well as the impact of production inefficiencies at certain of our locations due, in part, to labor shortages. These cost increases were partially offset by the favorable impact of increased production volumes on certain vehicle programs that we support.

Reconciliation of Non-GAAP and GAAP Information

In addition to results reported in accordance with accounting principles generally accepted in the United States of America (GAAP) in this MD&A, we have provided certain non-GAAP financial measures such as EBITDA and Total Segment Adjusted EBITDA. Such information is reconciled to its closest GAAP measure in accordance with Securities and Exchange Commission rules below.

We define EBITDA to be earnings before interest expense, income taxes, depreciation and amortization. Total Segment Adjusted EBITDA is defined as EBITDA for our reportable segments excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, unrealized gains or losses on equity securities, pension curtailment and settlement charges and non-recurring items. We believe that EBITDA and Total Segment Adjusted EBITDA are meaningful measures of performance as they are commonly utilized by management and investors to analyze operating performance and entity valuation. Our management, the investment community and the banking institutions routinely use EBITDA and Total Segment Adjusted EBITDA, together with other measures, to measure our operating performance relative to other Tier 1 automotive suppliers and to assess the relative mix of Adjusted EBITDA by segment. We also believe that Total Segment Adjusted EBITDA is a meaningful measure as it is used for operational planning and decision-making purposes. EBITDA and Total Segment Adjusted EBITDA are also key metrics used in our calculation of incentive compensation. These non-GAAP financial measures are not and should not be considered a substitute for any GAAP measure. Additionally, non-GAAP financial measures as presented by AAM may not be comparable to similarly titled measures reported by other companies.

	Three Months Ended March 31,	
	2024	2023
Net income (loss)	\$ 20.5	\$ (5.1)
Interest expense	49.0	50.5
Income tax expense	15.9	—
Depreciation and amortization	117.8	124.9
EBITDA	\$ 203.2	\$ 170.3
Restructuring and acquisition-related costs	2.5	4.8
Unrealized (gain) loss on equity securities	(0.1)	0.3
Total segment adjusted EBITDA	\$ 205.6	\$ 175.4

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund debt service obligations, capital expenditures, R&D spending, including further development of our electrification product portfolio, and working capital requirements, in addition to advancing our strategic initiatives. We believe that operating cash flow, available cash and cash equivalent balances and available borrowing capacity under our Senior Secured Credit Facilities and foreign credit facilities will be sufficient to meet these needs.

At March 31, 2024, we had over \$1.4 billion of liquidity consisting of approximately \$470 million of cash and cash equivalents, approximately \$892 million of available borrowings under our Revolving Credit Facility and approximately \$83 million of available borrowings under foreign credit facilities. We have no significant debt maturities before 2026.

Operating Activities In the first three months of 2024, net cash provided by operating activities was \$17.8 million as compared to \$32.1 million in the first three months of 2023. The following factors impacted cash from operating activities in the first three months of 2024, as compared to the first three months of 2023:

Accounts receivable For the three months ended March 31, 2024, we experienced a decrease in cash flow from operating activities of approximately \$79 million related to the change in our accounts receivable balance from December 31, 2023 to March 31, 2024, as compared to the change in our accounts receivable balance from December 31, 2022 to March 31, 2023. This change was primarily attributable to the timing of sales to customers in the applicable periods. The change was also the result of timing of collections on customer receivables as we participate in an early payment program offered by our largest customer, which allows us to sell certain of our North American receivables from this customer to a third party at our discretion. We utilize this program from time to time.

Accounts payable and accrued expenses For the three months ended March 31, 2024, we experienced an increase in cash flow from operating activities of approximately \$26 million related to the change in our accounts payable and accrued expenses balance from December 31, 2023 to March 31, 2024, as compared to the change in our accounts payable and accrued expenses balance from December 31, 2022 to March 31, 2023. This change was primarily attributable to the timing of production and the associated purchases from suppliers within the applicable periods.

Income taxes Income taxes paid, net was \$11.5 million in the first three months of 2024, as compared to \$26.0 million in the first three months of 2023. During the first three months of 2023, we paid \$10.1 million as a result of the Notice of Tax Due that was received from the Internal Revenue Service in the fourth quarter of 2022. See Note 12 - Income Taxes for additional detail regarding the Notice of Tax Due.

Interest paid Interest paid was \$47.8 million for the three months ended March 31, 2024, as compared to \$41.6 million for the three months ended March 31, 2023. The change in interest paid was primarily the result of increased interest rates on our variable rate debt.

Restructuring and acquisition-related costs For the full year 2024, we expect restructuring and acquisition-related payments in cash flows from operating activities to be between \$15 million and \$25 million, and we expect the timing of cash payments to approximate the timing of charges incurred.

Pension and other postretirement benefits Due to the availability of our pre-funded pension balances (previous contributions in excess of prior required pension contributions), we expect our regulatory pension funding requirements in 2024 to be less than \$1 million. We expect our cash payments for other postretirement benefit obligations in 2024, net of GM cost sharing, to be approximately \$11.0 million.

Investing Activities In the first three months of 2024, net cash used in investing activities was \$48.2 million as compared to \$30.5 million for the three months ended March 31, 2023. Capital expenditures were \$48.0 million in the first three months of 2024 as compared to \$46.6 million in the first three months of 2023. We expect our capital spending in 2024 to be 4.0% to 4.5% of sales.

In the first three months of 2023, we received \$17.0 million of cash reimbursements under our insurance policies associated with machinery and equipment that was damaged or destroyed as a result of the Malvern Fire that occurred in 2020. This cash received has been classified as an investing cash flow based on the nature of the associated loss incurred.

Financing Activities In the first three months of 2024, net cash used in financing activities was \$16.0 million, as compared to \$49.1 million in the first three months of 2023. The following factors impacted cash from financing activities in the first three months of 2024, as compared to the first three months of 2023:

Senior Secured Credit Facilities Our Senior Secured Credit Facilities are comprised of the Revolving Credit Facility, Term Loan A Facility and Term Loan B Facility. The Revolving Credit Facility and Term Loan A Facility mature in the first quarter of 2027 and the Term Loan B Facility matures in the fourth quarter of 2029. At March 31, 2024, we had \$892.3 million available under the Revolving Credit Facility. This availability reflects a reduction of \$32.7 million primarily for standby letters of credit issued against the facility. In the first quarter of 2023, we paid \$25.0 million on our Revolving Credit Facility that had been drawn in the fourth quarter of 2022.

As of March 31, 2024, we have prepaid \$19.5 million of the outstanding principal on our Term Loan A Facility and \$18.6 million of the outstanding principal on our Term Loan B Facility. These payments satisfy our obligation for principal payments under the Term Loan A Facility through the end of 2024 and under the Term Loan B Facility through the end of 2026.

Redemption of 6.25% Notes Due 2026 In the first quarter of 2024, we completed an open market repurchase of our 6.25% Notes due 2026 of \$1.7 million.

Repayment of Tekfor Group Indebtedness In the first quarter of 2024, we repaid \$6.6 million of the outstanding indebtedness that we assumed upon our acquisition of Tekfor in June 2022.

Foreign credit facilities We utilize local currency credit facilities to finance the operations of certain foreign subsidiaries. At March 31, 2024, \$42.4 million was outstanding under our foreign credit facilities, as compared to \$51.8 million at December 31, 2023. At March 31, 2024, an additional \$83.4 million was available under our foreign credit facilities.

Treasury stock Treasury stock increased by \$2.7 million in the first three months of 2024 to \$235.6 million as compared to \$232.9 million at year-end 2023, due to the withholding and repurchase of shares of AAM stock to satisfy employee tax withholding obligations due upon the vesting of stock-based compensation.

Subsidiary Guarantees of Registered Debt Securities Our 6.875% Notes, 6.50% Notes, 6.25% Notes, and 5.00% Notes (collectively, the Notes) are senior unsecured obligations of AAM, Inc. (Issuer); all of which are fully and unconditionally guaranteed, on a joint and several basis, by Holdings and substantially all domestic subsidiaries of AAM, Inc. and MPG Inc (Subsidiary Guarantors). Holdings has no significant assets other than its 100% ownership in AAM, Inc. and MPG Inc., and no direct subsidiaries other than AAM, Inc. and MPG Inc.

Each guarantee by Holdings and/or any of the Subsidiary Guarantors is:

- a senior obligation of the relevant Subsidiary Guarantors;
- the unsecured and unsubordinated obligation of the relevant Subsidiary Guarantors; and
- of equal rank with all other existing and future unsubordinated and unsecured indebtedness of the relevant Subsidiary Guarantors.

Each guarantee by a Subsidiary Guarantor provides by its terms that it will be automatically, fully and unconditionally released and discharged upon:

- any sale, exchange or transfer (by merger or otherwise) of the capital stock of such Subsidiary Guarantor, or the sale or disposition of all the assets of such Subsidiary Guarantor, which sale, exchange, transfer or disposition is made in compliance with the applicable provisions of the indentures;
- the exercise by the issuer of its legal defeasance option or covenant defeasance option or the discharge of the issuer's obligations under the indentures in accordance with the terms of the indentures; or
- the election of the issuer to affect such a release following the date that such guaranteed Notes have an investment grade rating from both Standard & Poor's Ratings Group, Inc. and Moody's Investors Service, Inc.

The following represents summarized financial information of AAM Holdings, AAM Inc. and the Subsidiary Guarantors (collectively, the Combined Entities). The information has been prepared on a combined basis and excludes any investments of AAM Holdings, AAM Inc., or the Subsidiary Guarantors in non-guarantor subsidiaries. Intercompany transactions and amounts between Combined Entities have been eliminated.

Statement of Operations Information

	<i>(in millions)</i>	
	Three Months Ended March 31, 2024	Year Ended December 31, 2023
Net sales	\$ 1,129.3	\$ 4,376.7
Gross profit	143.5	339.2
Income (loss) from operations	31.5	(91.4)
Net loss	(7.3)	(182.4)

Balance Sheet Information

	<i>(in millions)</i>	
	March 31, 2024	December 31, 2023
Current assets	\$ 1,242.6	\$ 1,009.2
Noncurrent assets	2,571.1	2,723.4
Current liabilities	590.2	1,512.2
Noncurrent liabilities	3,254.7	3,252.2
Redeemable preferred stock	—	—
Noncontrolling interest	—	—

At March 31, 2024 and December 31, 2023, amounts owed by the Combined Entities to non-guarantor entities totaled approximately \$20 million and \$1,090 million, respectively, and amounts owed to the Combined Entities from non-guarantor entities totaled approximately \$465 million and \$580 million, respectively. The reduction in the amounts owed by the Combined Entities to non-guarantor entities, and the associated reduction in Current liabilities at March 31, 2024, as compared to December 31, 2023, was the result of the implementation of certain actions to reorganize our global operating structure effective at the end of 2023 and a corresponding change to our Subsidiary Guarantors effective in the first quarter of 2024.

CYCLICALITY AND SEASONALITY

Our operations are cyclical because they are directly related to worldwide automotive production, which is itself cyclical and dependent on general economic conditions and other factors. Typically, our business is also moderately seasonal as our major OEM customers historically have an extended shutdown of operations (normally 1-2 weeks) in conjunction with their model year changeover and an approximate one-week shutdown in the month of December. Our major OEM customers also occasionally have longer shutdowns of operations (up to six weeks) for program changeovers. Accordingly, our quarterly results may reflect these trends.

LITIGATION AND ENVIRONMENTAL MATTERS

We are involved in, or potentially subject to, various legal proceedings or claims incidental to our business. These include, but are not limited to, matters arising out of product warranties, contractual matters, and environmental obligations. Although the outcome of these matters cannot be predicted with certainty, at this time we do not believe that any of these matters, individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

We file U.S. federal, state and local income tax returns, as well as foreign income tax returns in jurisdictions throughout the world. We are also subject to examinations of these tax returns by the relevant tax authorities. Negative or unexpected outcomes of these examinations and audits, and any related litigation, could have a material adverse impact on our results of operations, financial condition and cash flows. See Note 12 - Income Taxes for additional discussion regarding examinations and audits of our tax returns and pending litigation.

We are subject to various federal, state, local and foreign environmental and occupational safety and health laws, regulations and ordinances, including those regulating air emissions, water discharge, waste management and environmental cleanup. We will continue to closely monitor our environmental conditions to ensure that we are in compliance with all laws, regulations and ordinances. We have made, and anticipate continuing to make, capital and other expenditures (including recurring administrative costs) to comply with environmental requirements at our current and former facilities. Such expenditures were not significant in the first quarter of 2024.

We are subject to risks of environmental issues, including impacts of climate-related events, that could result in unforeseen disruptions or costs to our operations. We did not experience any climate-related events in the first quarter of 2024 that we believe could have a material adverse impact on our results of operations, financial condition and cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

MARKET RISK

Our business and financial results are affected by fluctuations in global financial markets, including currency exchange rates and interest rates. Our hedging policy has been developed to manage these risks to an acceptable level based on management's judgment of the appropriate trade-off between risk, opportunity and cost. We do not hold financial instruments for trading or speculative purposes.

Currency Exchange Risk From time to time, we use foreign currency forward contracts to reduce the effects of fluctuations in exchange rates relating to certain foreign currencies. As of March 31, 2024 and December 31, 2023, we had currency forward contracts outstanding with a total notional amount of \$227.3 million and \$206.9 million, respectively. The potential decrease in fair value of foreign exchange contracts, assuming a 10% adverse change in the foreign currency exchange rates, would be approximately \$20.7 million at March 31, 2024 and was \$18.8 million at December 31, 2023.

In 2022, we entered into a fixed-to-fixed cross-currency swap to reduce the variability of functional currency equivalent cash flows associated with changes in exchange rates on certain Euro-based intercompany loans. We had notional amounts outstanding under fixed-to-fixed cross-currency swaps of €200.0 million at both March 31, 2024 and December 31, 2023, which were equivalent to \$215.8 million and \$220.7 million, respectively. The fixed-to-fixed cross-currency swap hedges our exposure to changes in exchange rates on the intercompany loans through the second quarter of 2024. The potential decrease in fair value of the fixed-to-fixed cross-currency swap, assuming a 10% adverse change in the foreign currency exchange rates, would be approximately \$21.6 million at March 31, 2024 and was approximately \$22.1 million at December 31, 2023.

Future business operations and opportunities, including the expansion of our business outside North America, may further increase the risk that cash flows resulting from these global operations may be adversely affected by changes in currency exchange rates. If and when appropriate, we intend to manage these risks by creating natural hedges in the structure of our global operations, utilizing local currency funding of these expansions and various types of foreign exchange contracts.

Interest Rate Risk We are exposed to variable interest rates on certain credit facilities. From time to time, we have used interest rate hedging to reduce the effects of fluctuations in market interest rates. In 2023, we entered into variable-to-fixed interest rate swaps to reduce the variability of cash flows associated with interest payments on our variable rate debt. As of March 31, 2024, we have \$700.0 million notional amount hedged in relation to our variable-to-fixed interest rate swaps into the third quarter of 2027, \$200.0 million of which continues into the fourth quarter of 2029.

The pre-tax earnings and cash flow impact of a one-percentage-point increase in interest rates (approximately 14% of our weighted-average interest rate at March 31, 2024) on our long-term debt outstanding, would be approximately \$4.3 million at March 31, 2024 and was approximately \$4.4 million at December 31, 2023, on an annualized basis.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) were effective as of March 31, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting for the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

There were no material changes from the risk factors previously disclosed in our December 31, 2023 Form 10-K.

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

The following table provides information about our equity security purchases during the quarter ended March 31, 2024:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31, 2024	5,076	\$ 8.02	—	—
February 1 - February 29, 2024	—	—	—	—
March 1 - March 31, 2024	384,781	6.87	—	—
Total	<u>389,857</u>	<u>\$ 6.88</u>	<u>—</u>	<u>—</u>

Item 5. Other Information

During the quarterly period ended March 31, 2024, our directors and officers (as defined in Rule 16a-1(f) of the Exchange Act) did not adopt, terminate or modify Rule 10b5-1 or non-Rule 10b5-1 trading arrangements (as defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Number	Description of Exhibit
<u>*10.1</u>	<u>Form of Performance Share Award (Free Cash Flow) for Executive Officers</u>
<u>*10.2</u>	<u>Form of Performance Unit Award (Free Cash Flow) for Executive Officers</u>
<u>*22</u>	<u>Subsidiary Guarantors and Issuers of Guaranteed Securities</u>
<u>*31.1</u>	<u>Certification of David C. Dauch, Chairman of the Board & Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act</u>
<u>*31.2</u>	<u>Certification of Christopher J. May, Executive Vice President & Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act</u>
<u>*32</u>	<u>Certifications of David C. Dauch, Chairman of the Board & Chief Executive Officer and Christopher J. May, Executive Vice President & Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
**101.SCH	XBRL Taxonomy Extension Schema Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
** 104	Cover Page Interactive Data File (formatted in Inline XBRL contained in Exhibit 101)

* Filed herewith

** Submitted electronically with this Report.

SIGNATURES

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

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
(Registrant)

/s/ James G. Zaliwski
James G. Zaliwski
Chief Accounting Officer
May 3, 2024

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
Amended and Restated 2018 Omnibus Incentive Plan

Performance Share Award Agreement: Free Cash Flow

You have been selected to receive a grant of Performance Shares under the American Axle & Manufacturing Holdings, Inc. Amended and Restated 2018 Omnibus Incentive Plan as stated below:

Participant:

Grant Date:

Number of Performance Shares (Target Award Opportunity):

Performance Period: January 1, 2024 – December 31, 2026

Final Acceptance Date:

THIS AWARD AGREEMENT (the "Agreement"), is made effective as of the Grant Date (shown above) between American Axle & Manufacturing Holdings, Inc., a Delaware corporation (the "Company"), and the Participant.

RECITALS:

- A. The Company has adopted the American Axle & Manufacturing Holdings, Inc. Amended and Restated 2018 Omnibus Incentive Plan (the "Plan"). The Plan is incorporated in and made a part of this Agreement. Capitalized terms not defined in this Agreement have the same meanings as in the Plan;
- B. The Compensation Committee of the Board of Directors (the "Committee") determined that it is in the best interests of the Company and its shareholders to grant an Award to the Participant under the terms of this Agreement and the Plan; and
- C. The Participant shall have no rights related to this Award unless he or she accepts this Award before the close of business on the Final Acceptance Date (shown above). A Participant who receives this Agreement in paper format shall indicate acceptance by signing and delivering a copy of this Agreement to the Company. A Participant who receives this Agreement electronically through the Merrill website shall indicate acceptance as instructed at www.benefits.ml.com. The Final Acceptance Date may be modified, in the sole discretion of the Company, upon written request of the Participant. The parties agree as follows:

1. Grant of the Award and Performance Period. The Company grants to the Participant, on the terms and conditions of this Agreement, a Performance Share award (the "Award") with a target opportunity as specified above (the "Target Award Opportunity"), with each Performance Share corresponding to one Share (subject to adjustment pursuant to the Plan) for the Performance Period specified above.

2. Performance Measure and Performance Goals. The performance measure for this Award shall be the Company's Free Cash Flow ("FCF"). FCF is defined as net cash provided by operating activities less capital expenditures net of proceeds from the sale of property, plant and equipment, subject to adjustment by the Committee. FCF performance shall be based on the 2024, 2025 and 2026 calendar years and the three-year cumulative FCF over the Performance Period.

3. Payout Matrix.

The Participant shall earn the percentage of the Target Award Opportunity that corresponds to the achieved performance goal for the Performance Period as set forth below:

(a) 15% of the Participant's Target Award Opportunity shall be determined based on annual FCF performance for each of the 2024, 2025 and 2026 calendar years (for a total of 45% of the Participant's Target Award Opportunity), as set forth in the chart below:

Calendar Year	Threshold	Annual Free Cash Flow	
		Target	Maximum
2024	[\$]	[\$]	[\$]
2025	[\$]	[\$]	[\$]
2026	[\$]	[\$]	[\$]
% Earned	0%	100%	200% (capped)

(b) 55% of the Participant's Target Award Opportunity shall be determined based on the three-year cumulative FCF performance as set forth in the chart below:

	Threshold	3-Year Cumulative Free Cash Flow	
		Target	Maximum
% Earned	0%	100%	200% (capped)

Linear interpolation shall be used to determine the percent of the Target Award Opportunity earned above the Threshold or below the Maximum, in the event that the Company's FCF for any annual period or the three-year cumulative period falls between the percentages listed in the charts above.

4. Determination of the Award.

(a) Subject to the Plan and this Agreement, the number of Performance Shares earned by the Participant for the Performance Period shall equal the "FCF Earned Amount" as modified by Section 4(b) below. FCF Earned Amount is defined as the sum of the following: (i) the product of 15% of the Participant's Target Award Opportunity and the percent earned for the 2024 calendar year; *plus* (ii) the product of 15% of the Participant's Target Award Opportunity and the percent earned for the 2025 calendar year; *plus* (iii) the product of 15% of the Participant's Target Award Opportunity and the percent earned for the 2026 calendar year; *plus* (iv) the product of 55% of the Participant's Target Award Opportunity and the percent earned for the three-year cumulative period, in each case as determined in Section 3 above. Performance below Threshold for an annual period or the three-year cumulative period shall result in no payout to the Participant for such period. Performance above

Maximum for an annual period or the three-year cumulative period shall result in a payout for such period capped at the Maximum. This cap shall apply solely to the FCF Earned Amount. The Committee shall have the sole authority to calculate the Participant's earned Award.

(b) The FCF Earned Amount shall be modified, as set forth below, based on the three-year total shareholder return ("TSR") of the Company and each company ("Competitor Company") that is identified as a member of the Company's TSR competitor peer group in the Company's annual report to shareholders for the fiscal year of the Grant Date shown above, or as elsewhere disclosed by the Company pursuant to Regulation S-K of the Securities Exchange Act of 1934 (the "Competitor Peer Group"). The modification of the FCF Earned Amount shall be based on the percentile rank of the Company's three-year TSR relative to the distribution of the Competitor Companies' three-year TSRs (the "Percentile Rank") without linear interpolation as set forth below:

3-Year Relative TSR Percentile Rank	Modification of FCF Earned Amount
Below 25 th percentile	FCF Earned Amount multiplied by 85%
Between and including 25 th percentile and 74 th percentile	No modification to FCF Earned Amount
75 th percentile and above	FCF Earned Amount multiplied by 115%

5. Determination of TSR.

(a) TSR for each Competitor Company and the Company shall be determined in accordance with the following formula. TSR shall be equal to the quotient of (i) divided by (ii), where:

(i) is equal to the sum of (x) and (y) where (x) is the difference between the "Beginning Stock Price" and the "Ending Stock Price" and (y) is the sum of all dividends paid on one (1) Share during the Performance Period, provided that dividends shall be treated as reinvested at the end of each calendar quarter; and

(ii) is equal to the "Beginning Stock Price."

(b) Definitions for purposes of determining TSR under paragraph 3(a) above include:

(i) "Beginning Stock Price" shall mean the average closing price on the applicable stock exchange of one (1) Share for the thirty (30) trading days immediately prior to the first day of the Performance Period; and

(ii) "Ending Stock Price" shall mean the average closing price on the applicable stock exchange of one (1) Share for the thirty (30) trading days immediately prior to the last day of the Performance Period.

6. Determination of Percentile Rank. The Company's Percentile Rank shall be determined in accordance with the following rules:

(a) The Competitor Companies and the Company shall be ranked in descending order based on their respective TSRs.

(b) For purposes of developing the ordering provided in paragraph (a) above, (i) any Competitor Company that filed for bankruptcy protection under the United States Bankruptcy Code during the Performance Period shall be assigned the lowest order, (ii) any Competitor Company that is acquired during the Performance Period shall be removed from the Competitor Peer Group and shall not be included in the ordering of Competitor Companies, and (iii) any Competitor Company that, during the Performance Period, has entered into and publicly disclosed the entrance into a definitive agreement for the acquisition of such Competitor Company shall not be included in the ordering of Competitor Companies even if the acquisition has not yet closed as of the time the ordering is compiled for performance assessment.

(c) The Company's Percentile Rank shall be calculated as follows:

$$\text{Percentile Rank} = \frac{\text{Company Rank}}{\text{Total Number of Competitor Companies including the Company}}$$

7. Form and Timing of Award. Subject to the approval of the Committee, payment of the Participant's earned Award, if any, shall be made in the following manner:

(a) **Timing:** The Performance Shares earned by the Participant pursuant to Section 4 shall be settled in Shares (with each Performance Share entitling the Participant to one Share); provided, however, that the Committee may, in its sole discretion, elect to pay cash or part cash and part Shares in lieu of delivering only Shares in respect of any Performance Shares that are earned in excess of the Target Award Opportunity if it determines that it is advisable or there is not sufficient Share capacity under the Plan at the time of settlement. If a cash payment is made in lieu of delivering Shares, the amount of such payment shall be equal to the Fair Market Value of the Shares as of the Payment Date, less an amount equal to any required tax withholdings. The Participant shall receive payment of his or her earned Performance Shares no later than the fifteenth (15th) day of the third month following the end of the Performance Period (the "Payment Date"), provided that the Participant has been continuously employed by the Company through the Payment Date.

(b) **Impact of Employment Termination:** If the Participant's employment is terminated during the Performance Period due to death, Retirement, or by the Company for Disability or another reason other than for Cause, then the Participant shall be entitled to be paid a pro rata Award, as determined under this subparagraph (b). The pro rata Award shall equal the product of (x) and (y) where (x) is the Target Award Opportunity and (y) is a fraction, the numerator of which is the number of calendar months that the Participant was employed by the Company during the Performance Period (with any partial month counting as a full month for this purpose) and the denominator of which is the number of months in the Performance Period. Any modification of the FCF Earned Amount made pursuant to Section 4(b) shall not apply to the pro rata Award amount as determined in this paragraph. Any payments shall be made as soon as is practical following such payment determination but no later than the fifteenth (15th) day of the third month following the end of the quarterly reporting period that includes the date of termination of the Participant's employment. If the Participant's employment is terminated on the last day of the Performance Period due to death, Retirement, or by the Company for Disability or another reason other than for Cause, or for such reasons after the Performance Period but

before the Payment Date, the pro-rata formulation above shall not apply and the Award shall be calculated and paid (in accordance with Section 7(a)) based on actual performance during the Performance Period.

(c) **Impact of a Change in Control:** Subject to Section 23.1 of the Plan, if a Participant (x) has in effect an employment, retention, Change in Control, severance or similar agreement with the Company or any Subsidiary or (y) is subject to a policy or plan of the Company or any Subsidiary that, in the case of either (x) or (y), discusses the effect of a Change in Control on a Participant's Awards, then such agreement, plan or policy shall control. In all other cases, unless provided otherwise by the Committee prior to the date of the Change in Control, in the event of a Change in Control:

(i) If the Change in Control occurs prior to the end of the Performance Period, the Performance Shares shall be deemed earned as if the Target performance goal was achieved. If the Change in Control occurs after the end of the Performance Period but prior to payment of the Award, the Performance Shares will be earned based on actual performance during the Performance Period.

(ii) If a Successor so agrees, some or all outstanding Awards shall be assumed, or replaced with the same type of award with similar terms and conditions, by a Successor in the Change in Control transaction. If applicable, each Award that is assumed by a Successor shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities that would have been issuable to a Participant upon the consummation of such Change in Control had the Award been earned immediately prior to such Change in Control, and other appropriate adjustments in the terms and conditions of the Award shall be made. Upon the termination of a Participant's employment with a Successor in connection with or within twenty-four (24) months following the Change in Control for any reason other than an involuntary termination by a Successor for cause or a voluntary termination by the Participant without good reason (as cause and good reason (or analogous terms) are defined by an applicable employment agreement or a change in control plan or policy (including, without limitation, the AAM Change in Control Plan) or, if not applicable, the policies generally applicable to employees of a Successor), all of the Participant's Awards that are in effect as of the date of such termination shall vest in full as provided in Section 7(c)(i) effective on the date of termination.

(iii) To the extent a Successor in the Change in Control transaction does not assume the Awards or issue replacement awards as provided in Section 7(c)(ii), then, unless provided otherwise by the Committee, immediately prior to the date of the Change in Control all Awards that are then held by Participants shall be cancelled in exchange for the right to receive a cash payment equal to:

(A) the product of (x) and (y) where (x) is the number of Performance Shares earned as provided in Section 7(c)(i) and (y) is a fraction, the numerator of which is the number of calendar months that the Participant was employed by the Company during the Performance Period (with any partial month counting as a full month for this purpose) and the denominator of which is the number of months in the Performance Period *multiplied by* the per share Change in Control price.

Any modification of the FCF Earned Amount made pursuant to Section 4(b) shall not apply to the determination of the Award in the event of a Change in Control. The Committee shall determine the per share Change in Control price paid or deemed paid in the Change in Control transaction. Any payments shall be made as soon as is practical following such payment determination but no later than the fifteenth (15th) day of the third month following the end of the quarterly reporting period that includes the date of the occurrence of a Change in Control.

(d) **Forfeiture.** Except as otherwise expressly stated in Sections 7(b) and 7(c), if the Participant's employment with the Company terminates for any reason prior to the Payment Date, then the Participant shall not be entitled to the payment of any Award hereunder.

(e) **Definitions**

(i) **"Change in Control:"** For purposes of this Agreement, "Change in Control" means any one of the following:

(A) Any person or entity, including a "group" as defined in Section 13(d)(3) of the Exchange Act other than the Company or a wholly owned Subsidiary thereof or any employee benefit plan of the Company or any of its Subsidiaries, becomes the beneficial owner of the Company's securities having 30% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of Directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or

(B) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the Directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of Directors of the Company immediately prior to such transaction; or

(C) During any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each Director of the Company first elected during such period was approved by a vote of at least two-thirds of the Directors of the Company then still in office who were Directors of the Company at the beginning of any such period; or

(D) The stockholders of the Company approve a plan of complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets, other than a liquidation of the Company into a wholly owned subsidiary.

Notwithstanding the foregoing, to the extent that any Award constitutes a deferral of compensation subject to Section 409A (as defined in Section 20 below), and if that Award provides for a change in the time or form of payment upon a Change in Control, then no Change in Control shall be deemed to have occurred upon an event described in subsections (A), (B), (C) and (D) above, unless

such event shall constitute a “change in ownership” or “change in effective control” of, or a change in the ownership of a substantial portion of the assets of the Company under Section 409A.

(ii) **“Disability:”** For purposes of this Agreement, “Disability” means either of the following: (a) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering Employees.

(iii) **“Cause:”** For purposes of this Agreement, “Cause” means (a) neglect of or willful and continuing refusal of the Participant to perform his or her duties with the Company (other than due to Disability), (b) a breach of any non-competition or “no raid” covenants to which the Participant is subject, (c) engaging in conduct which is demonstrably injurious to the Company, the Company’s subsidiaries or affiliates (including, without limitation, a breach of any confidentiality covenant to which the Participant is subject), or (d) a conviction or plea of guilty or *nolo contendere* to a felony or a misdemeanor involving moral turpitude, dishonesty or theft, in each case as determined in the sole discretion of the Company. If an employment agreement between the Company and the Participant is in effect or a change in control plan or policy is in effect in which the Participant participates or to which such Participant is subject (including, without limitation, the AAM Change in Control Plan), “Cause” has the meaning, if any, defined therein.

(iv) **“Retirement:”** For purposes of this Agreement, “Retirement” means the Participant’s voluntary resignation at any time (i) after attaining age 65, (ii) after attaining age 55 but prior to age 65 with ten or more years of continuous service with the Company or a Subsidiary or (iii) after attaining age 60 but prior to age 65 with five or more years of continuous service with the Company or a Subsidiary.

8. Share Delivery. Delivery of any Shares in settlement of the Award shall be by book-entry credit to an account in the Participant’s name established by the Company with its transfer agent.

9. Recapitalization. In the event of any change in the capitalization of the Company such as a stock split or a corporate transaction such as any merger, consolidation, separation, or otherwise, the number of Performance Shares subject to this Agreement shall be equitably adjusted by the Committee, in its sole discretion, to prevent dilution or enlargement of rights.

10. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when delivered by the Participant in writing to the Corporate Human Resources Department of the Company during the Participant’s lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant’s death shall be paid to the Participant’s estate.

11. Shareholder Rights. Prior to the Payment Date, the Participant shall not have any rights as a shareholder of the Company in connection with this Award, unless and until the Shares are

distributed to Participant. For the avoidance of doubt, if cash is delivered in lieu of Shares, the Participant shall have no rights as a shareholder with respect to the portion of the Award that was settled in cash. Following delivery of the Shares upon the Payment Date, the Participant shall have all rights as a shareholder with respect to such Shares.

12. Dividend Equivalents. The Participant shall not be entitled to any Dividend Equivalents with respect to the Performance Shares to reflect any dividends payable on Common Stock.

13. No Right to Continued Employment or Further Awards.

(a) Neither the Plan nor this Agreement shall be construed as (i) giving the Participant any right to continue in the employ of the Company and its Subsidiaries or (iii) giving the Participant any right to be reemployed by the Company and its Subsidiaries following any termination of employment. The termination of employment provisions in this Agreement only apply to the treatment of the Award as specified herein and shall not otherwise affect the Participant's employment relationship. Nothing contained in this Agreement shall be deemed to constitute or create a contract of employment.

(b) The Company has granted the Award to the Participant in its sole discretion. The Award does not form part of the Participant's employment contract, if any. Neither this Agreement nor the Plan confers on the Participant any right or entitlement to receive another Award, or any other similar award at any time in the future or in respect of any future period. The Award does not confer on the Participant any right or entitlement to receive compensation in any specific amount for any future fiscal year, and does not diminish in any way the Company's discretion to determine the amount, if any, of the Participant's compensation.

14. Transferability.

(a) The Award shall not be transferable other than by will, the laws of descent and distribution, pursuant to a domestic relations order entered by a court of competent jurisdiction or to a Permitted Transferee for no consideration pursuant to the Plan. Any Award transferred to a Permitted Transferee shall be further transferable only by will, the laws of descent and distribution, pursuant to a domestic relations order entered by a court of competent jurisdiction, or, for no consideration, to another Permitted Transferee of the Participant. The Shares delivered to the Participant on the Payment Date shall not be subject to transfer restrictions and shall be fully paid, non-assessable and registered in the Participant's name.

(b) Except as set forth in the Plan, a Participant's rights under the Plan shall be exercisable during the Participant's lifetime only by the Participant, or in the event of the Participant's legal incapacity, the Participant's legal guardian or representative.

15. Withholding.

(a) Except as provided in the following sentence, the Company or subsidiary (as applicable) shall have the power and right to deduct, withhold or collect such amounts from the Participant to satisfy any tax, social security contribution, payroll tax or other amount required by law or regulation to be withheld with respect to any taxable event arising in relation to the Performance Shares including by deducting from amounts due to the Participant at any time or by deducting a portion of the Shares having a Fair Market Value (measured as of the Payment Date) sufficient to cover the amount of any applicable federal, state, local and foreign tax withholding obligation from the total Shares earned from the Award. The Participant may elect to satisfy such withholding obligation with respect to the

Performance Shares by remitting in advance of the Payment Date an amount sufficient to satisfy such tax withholding obligations. The amount to be withheld may relate to amounts due in more than one jurisdiction and in all cases shall be as determined by the Company or subsidiary in its discretion.

(b) Regardless of any action by the Company with respect to any or all tax withholding (including social insurance contribution obligations, if any), the Participant acknowledges responsibility for payment of all such taxes and for filing any relevant documentation (including, without limitation, tax returns or reporting statements) that may be required in relation to the Award (including, without limitation, any such documentation related to the holding of shares or any bank or brokerage account, the subsequent sale of shares or the receipt of any dividends). The Company makes no representations regarding the treatment of any tax withholding in connection with the Award. The Company makes no commitment to structure the terms of the Award to reduce or eliminate the Participant's liability for such tax.

16. Securities Laws. This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required, or the Committee determines are advisable. The Participant agrees to take all steps the Company determines are necessary to comply with all applicable provisions of federal and state securities law in exercising Participant's rights under this Agreement. The Committee may impose such restrictions on any Shares acquired by a Participant pursuant to the Award as it may deem necessary or advisable, under applicable federal securities laws, the requirements of any stock exchange or market upon which such Shares are then listed or traded or any blue sky or state securities laws applicable to such Shares. In addition, the Shares shall be subject to any trading restrictions, stock holding requirements or other policies in effect from time to time as determined by the Committee. Notwithstanding anything to the contrary in this Agreement, the Company shall not be obligated to issue or transfer any Shares pursuant to this Award if to do so violates or is not in compliance with any laws, rules or regulations of the United States or any other state or country having applicable jurisdiction.

17. Notices. Notice under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive offices of the Company and to the Participant at the address appearing in the records of the Company for the Participant, or to either party at another address that the party designates in writing to the other. Notice shall be effective upon receipt.

18. Governing Law. The interpretation, performance and enforcement of the Award and this Agreement shall be governed by the laws of the State of Delaware without regard to principles of conflicts of law. To the extent any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall remain in full force and effect.

19. Award Subject to Plan.

(a) The Award is granted subject to the Plan and to such rules and regulations the Committee may adopt for administration of the Plan. The Committee is authorized to administer, construe, and make all determinations necessary or appropriate to administer the Plan and this Agreement, all of which shall be binding upon the Participant.

(b) To the extent of any inconsistencies between the Plan and this Agreement, the Plan shall govern. This Agreement and the Plan constitute the entire agreement between the parties regarding the subject matter hereof. They supersede all other agreements, representations or understandings (whether oral or written, express or implied) that relate to the subject matter hereof.

(c) The Committee may terminate, amend, or modify or suspend the Plan and amend or modify this Agreement; provided, however, that no termination, amendment, modification or suspension shall materially and adversely affect the Participant's rights under this Agreement, without the Participant's written consent.

20. Section 409A.

(a) The Award is not intended to provide for a "deferral of compensation" within the meaning of Section 409A of the U.S. Internal Revenue Code and the final rules promulgated thereunder ("Section 409A") and shall be interpreted and construed in a manner consistent with that intent. If any provision of this Agreement or the Plan causes the Award to be subject to the requirements of Section 409A, or could otherwise cause the Participant to recognize income or be subject to the interest and penalties under Section 409A, then the provision shall have no effect or, to the extent practicable, the Committee may, in its sole discretion and without the Participant's consent, modify the provision to (i) comply with, or avoid being subject to Section 409A, or to avoid the incurrence of any taxes, interest and penalties under Section 409A, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A. This Section 20 does not create an obligation of the Company to modify the Plan or this Agreement and does not guarantee that the Award will not be subject to taxes, interest and penalties under Section 409A.

(b) If a Participant is a "specified employee" as defined under Section 409A and the Participant's Award is to be settled on account of the Participant's separation from service (for reasons other than death) and such Award constitutes "deferred compensation" as defined under Section 409A, then any portion of the Participant's Award that would otherwise be settled during the six-month period commencing on the Participant's separation from service shall be settled as soon as practicable following the conclusion of the six-month period (or following the Participant's death if it occurs during such six-month period).

21. Recoupment. The Participant's earned Award shall be subject to any clawback, recoupment or similar policy as permitted or mandated by applicable law, rules, regulations or any Company policy as enacted, adopted or modified from time to time.

22. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. By accepting this Award, the Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including Merrill.

23. Personal Data Privacy. The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data by and among, as applicable, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title and number of Performance Shares for the purpose of implementing, administering and managing the Participant's Award (the "Data"). The Participant understands that the Data may be transferred to the Company or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant's country or elsewhere, and that any recipient's

country may have different data privacy laws and protections than the Participant's country. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company or to any third parties is necessary for the Participant's participation in the Plan. The Participant may view the Data, request information about the storage and processing of Data, request any corrections to Data, or withdraw the consents herein (in any case, without cost to the Participant) by contacting Corporate Human Resources in writing. The withdrawal of any consent by the Participant may affect the Participant's participation in the Plan. The Participant may contact Corporate Human Resources for further information about the consequences of any withdrawal of consents herein.

24. Headings. The headings of sections and subsections are included solely for convenience of reference and shall not affect the meaning of the provisions of this Agreement.

25. Successor. All obligations of the Company under the Plan and this Agreement, with respect to the Award, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

26. Signature in Counterparts. If delivered in paper format, this Agreement may be signed in counterparts. Each counterpart shall be an original, with the same effect as if the signatures were on the same instrument.

27. Enforceability. To the extent any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

28. Language. If the Participant has been provided with a copy of this Agreement, the Plan or any other document relating to this Award in a language other than English, the English language shall govern in the event of any inconsistency.

29. Waiver. No failure or delay by the Company to enforce any provision of this Agreement or exercise any right or remedy provided by law shall constitute a waiver of that or any other provision, right or remedy, nor shall it prevent or restrict the further exercise of that or any other provision, right or remedy. No single or partial exercise of such provision, right or remedy shall prevent or restrict the further exercise of that or any other provision, right or remedy.

30. Foreign Exchange Restrictions. The Participant understands and agrees that neither the Company or its subsidiaries are responsible or liable for (i) any foreign exchange fluctuations between the Participant's local currency (if applicable) and the United States Dollar (or the selection by the Company or a subsidiary of any applicable foreign exchange rate it may determine in its discretion to be appropriate) that may affect the value of this Award or the calculated income, taxes or other amounts thereunder or any related taxes or other amounts or (ii) any decrease in the value of Shares.

AMERICAN AXLE & MANUFACTURING
HOLDINGS, INC.

By: _____
Terri M. Kemp
Senior Vice President Human Resources & Sustainability

Agreed and acknowledged as of the date of grant:

Participant Name

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
Amended and Restated 2018 Omnibus Incentive Plan

Performance Unit Award Agreement: Free Cash Flow

You have been selected to receive a grant of Performance Units under the American Axle & Manufacturing Holdings, Inc. Amended and Restated 2018 Omnibus Incentive Plan as stated below:

Participant:

Grant Date:

Number of Performance Units (Target Award Opportunity):

Performance Period: January 1, 2024 – December 31, 2026

Final Acceptance Date:

THIS AWARD AGREEMENT (the “Agreement”), is made effective as of the Grant Date (shown above) between American Axle & Manufacturing Holdings, Inc., a Delaware corporation (the “Company”), and the Participant.

RECITALS:

- A. The Company has adopted the American Axle & Manufacturing Holdings, Inc. Amended and Restated 2018 Omnibus Incentive Plan (the “Plan”). The Plan is incorporated in and made a part of this Agreement. Capitalized terms not defined in this Agreement have the same meanings as in the Plan;
- B. The Compensation Committee of the Board of Directors (the “Committee”) determined that it is in the best interests of the Company and its shareholders to grant an Award to the Participant, under the terms of this Agreement and the Plan; and
- C. The Participant shall have no rights related to this Award unless he or she accepts this Award before the close of business on the Final Acceptance Date (shown above). A Participant who receives this Agreement in paper format shall indicate acceptance by signing and delivering a copy of this Agreement to the Company. A Participant who receives this Agreement electronically through the Merrill website shall indicate acceptance as instructed at www.benefits.ml.com. The Final Acceptance Date may be modified, in the sole discretion of the Company, upon written request of the Participant.

The parties agree as follows:

1. Grant of the Award and Performance Period. The Company grants to the Participant, on the terms and conditions of this Agreement, a Performance Unit award (the “Award”) with a target opportunity as specified above (the “Target Award Opportunity”), with each Performance Unit being equivalent to a fixed amount of \$1.00, for the Performance Period specified above.

2. Performance Measure and Performance Goals. The performance measure for this Award shall be the Company’s Free Cash Flow (“FCF”). FCF is defined as net cash provided by operating activities less capital expenditures net of proceeds from the sale of property, plant and equipment, subject to adjustment by the Committee. FCF performance shall be based on the 2024, 2025 and 2026 calendar years and the three-year cumulative FCF over the Performance Period.

3. Payout Matrix.

The Participant shall earn the percentage of the Target Award Opportunity that corresponds to the achieved performance goal for the Performance Period as set forth below.

(a) 15% of the Participant's Target Award Opportunity shall be determined based on annual FCF performance for each of the 2024, 2025 and 2026 calendar years (for a total of 45% of the Participant's Target Award Opportunity), as set forth in the chart below:

Calendar Year	Threshold	Annual Free Cash Flow	
		Target	Maximum
2024	[\$]	[\$]	[\$]
2025	[\$]	[\$]	[\$]
2026	[\$]	[\$]	[\$]
% Earned	0%	100%	200% (capped)

(b) 55% of the Participant's Target Award Opportunity shall be determined based on the three-year cumulative FCF performance as set forth in the chart below:

	Threshold	3-Year Cumulative Free Cash Flow	
		Target	Maximum
% Earned	0%	100%	200% (capped)

Linear interpolation shall be used to determine the percent of the Target Award Opportunity earned above the Threshold or below the Maximum, in the event that the Company's FCF for any annual period or the three-year cumulative period falls between the percentages listed in the charts above.

4. Determination of the Award.

(a) Subject to the Plan and this Agreement, the number of Performance Units earned by the Participant for the Performance Period shall equal the "FCF Earned Amount" as modified by Section 4(b) below. FCF Earned Amount is defined as the sum of the following: (i) the product of 15% of the Participant's Target Award Opportunity and the percent earned for the 2024 calendar year; *plus* (ii) the product of 15% of the Participant's Target Award Opportunity and the percent earned for the 2025 calendar year; *plus* (iii) the product of 15% of the Participant's Target Award Opportunity and the percent earned for the 2026 calendar year; *plus* (iv) the product of 55% of the Participant's Target Award Opportunity and the percent earned for the three-year cumulative period, in each case as determined in Section 3 above. Performance below Threshold for an annual period or the three-year cumulative period shall result in no payout to the Participant for such period. Performance above Maximum for an annual period or the three-year cumulative period shall result in a payout for such

period capped at the Maximum. This cap shall apply solely to the FCF Earned Amount. The Committee shall have the sole authority to calculate the Participant's earned Award.

(b) The FCF Earned Amount shall be modified, as set forth below, based on the three-year total shareholder return ("TSR") of the Company and each company ("Competitor Company") that is identified as a member of the Company's TSR competitor peer group in the Company's annual report to shareholders for the fiscal year of the Grant Date shown above, or as elsewhere disclosed by the Company pursuant to Regulation S-K of the Securities Exchange Act of 1934 (the "Competitor Peer Group"). The modification of the FCF Earned Amount shall be based on the percentile rank of the Company's three-year TSR relative to the distribution of the Competitor Companies' three-year TSRs (the "Percentile Rank") without linear interpolation as set forth below:

3-Year Relative TSR Percentile Rank	Modification of FCF Earned Amount
Below 25 th percentile	FCF Earned Amount multiplied by 85%
Between and including 25 th percentile and 74 th percentile	No modification to FCF Earned Amount
75 th percentile and above	FCF Earned Amount multiplied by 115%

5. Determination of TSR.

(a) TSR for each Competitor Company and the Company shall be determined in accordance with the following formula. TSR shall be equal to the quotient of (i) divided by (ii), where:

(i) is equal to the sum of (x) and (y) where (x) is the difference between the "Beginning Stock Price" and the "Ending Stock Price" and (y) is the sum of all dividends paid on one (1) Share during the Performance Period, provided that dividends shall be treated as reinvested at the end of each calendar quarter; and

(ii) is equal to the "Beginning Stock Price".

(b) Definitions for purposes of determining TSR under paragraph 3(a) above include:

(i) "Beginning Stock Price" shall mean the average closing price on the applicable stock exchange of one (1) Share for the thirty (30) trading days immediately prior to the first day of the Performance Period; and

(ii) "Ending Stock Price" shall mean the average closing price on the applicable stock exchange of one (1) Share for the thirty (30) trading days immediately prior to the last day of the Performance Period.

6. Determination of Percentile Rank. The Company's Percentile Rank shall be determined in accordance with the following rules:

(a) The Competitor Companies and the Company shall be ranked in descending order based on their respective TSRs.

(b) For purposes of developing the ordering provided in paragraph (a) above, (i) any Competitor Company that filed for bankruptcy protection under the United States Bankruptcy Code during the Performance Period shall be assigned the lowest order, (ii) any Competitor Company that is acquired during the Performance Period shall be removed from the Competitor Peer Group and shall not be included in the ordering of Competitor Companies, and (iii) any Competitor Company that, during the Performance Period, has entered into and publicly disclosed the entrance into a definitive agreement for the acquisition of such Competitor Company shall not be included in the ordering of Competitor Companies even if the acquisition has not yet closed as of the time the ordering is compiled for performance assessment.

(c) The Company's Percentile Rank shall be calculated as follows:

$$\text{Percentile Rank} = \frac{\text{Company Rank}}{\text{Total Number of Competitor Companies including the Company}}$$

7. Form and Timing of Award. Subject to the approval of the Committee, payment of the Participant's earned Award, if any, shall be made in cash, in a single lump sum, in the following manner:

(a) **Timing:** Each Performance Unit earned (a) by the Participant pursuant to Section 4 shall be settled by payment of \$1.00. The Participant shall receive payment of his or her earned Performance Units no later than the fifteenth (15th) day of the third month following the end of the Performance Period (the "Payment Date"), provided that the Participant has been continuously employed by the Company through the Payment Date.

(b) **Impact of Employment Termination:** If the Participant's employment is terminated during the Performance Period due to death, Retirement, or by the Company for Disability or another reason other than for Cause, then the Participant shall be entitled to be paid a pro rata Award, as determined under this subparagraph (b). The pro rata Award shall equal the product of (x) and (y) where (x) is the Target Award Opportunity and (y) is a fraction, the numerator of which is the number of calendar months that the Participant was employed by the Company during the Performance Period (with any partial month counting as a full month for this purpose) and the denominator of which is the number of months in the Performance Period. Any modification of the FCF Earned Amount made pursuant to Section 4(b) shall not apply to the pro rata Award amount as determined in this paragraph. Any payments shall be made as soon as is practical following such payment determination but no later than the fifteenth (15th) day of the third month following the end of the quarterly reporting period that includes the date of termination of the Participant's employment. If the Participant's employment is terminated on the last day of the Performance Period due to death, Retirement, or by the Company for Disability or another reason other than for Cause, or for such reasons after the Performance Period but before the Payment Date, the pro-rata formulation above shall not apply and the Award shall be calculated and paid (in accordance with Section 7(a)) based on actual performance during the Performance Period.

(c) **Impact of a Change in Control:** Subject to Section 23.1 of the Plan, if a Participant (x) has in effect an employment, retention, Change in Control, severance or similar agreement with the Company or any Subsidiary or (y) is subject to a policy or plan of the Company or any Subsidiary that, in the case of either (x) or (y), discusses the effect of a Change in Control on a Participant's Awards, then such agreement, plan or policy shall control. In all other cases, unless provided otherwise by the Committee prior to the date of the Change in Control, in the event of a Change in Control:

(i) If the Change in Control occurs prior to the end of the Performance Period, the Performance Units shall be deemed earned as if the Target performance goal was achieved. If the Change in Control occurs after the end of the Performance Period but prior to payment of the Award, the Performance Units will be earned based on actual performance during the Performance Period.

(ii) If a Successor so agrees, some or all outstanding Awards shall be assumed, or replaced with the same type of award with similar terms and conditions, by a Successor in the Change in Control transaction. If applicable, each Award that is assumed by a Successor shall be appropriately adjusted, immediately after such Change in Control, to apply to the Award that would have been issuable to a Participant upon the consummation of such Change in Control had the Award been earned immediately prior to such Change in Control, and other appropriate adjustments in the terms and conditions of the Award shall be made. Upon the termination of a Participant's employment with a Successor in connection with or within twenty-four (24) months following the Change in Control for any reason other than an involuntary termination by a Successor for cause or a voluntary termination by the Participant without good reason (as cause and good reason (or analogous terms) are defined by an applicable employment agreement or a change in control plan or policy (including, without limitation, the AAM Change in Control Plan) or, if not applicable, the policies generally applicable to employees of a Successor), all of the Participant's Awards that are in effect as of the date of such termination shall vest in full as provided in Section 7(c)(i) effective on the date of termination.

(iii) To the extent a Successor in the Change in Control transaction does not assume the Awards or issue replacement awards as provided in Section 7(c)(ii), then, unless provided otherwise by the Committee, immediately prior to the date of the Change in Control all Awards that are then held by Participants shall be cancelled in exchange for the right to receive a cash payment equal to the product of (x) and (y) where (x) is the number of Performance Units earned as provided in Section 7(c)(i) and (y) is a fraction, the numerator of which is the number of calendar months that the Participant was employed by the Company during the Performance Period (with any partial month counting as a full month for this purpose) and the denominator of which is the number of months in the Performance Period *multiplied by* \$1.00.

Any modification of the FCF Earned Amount made pursuant to Section 4(b) shall not apply to the determination of the Award in the event of a Change in Control. Any payments shall be made as soon as is practical following such payment determination but no later than the fifteenth (15th) day of the third month following the end of the quarterly reporting period that includes the date of the occurrence of a Change in Control.

(d) **Forfeiture.** Except as otherwise expressly stated in Sections 7(b) and 7(c), if the Participant's employment with the Company terminates for any reason prior to the Payment Date, then the Participant shall not be entitled to the payment of any Award hereunder.

(e) **Definitions**

(i) **"Change in Control:"** For purposes of this Agreement, "Change in Control" means any one of the following:

(A) Any person or entity, including a "group" as defined in Section 13(d)(3) of the Exchange Act other than the Company or a wholly owned Subsidiary thereof or any employee benefit plan of the Company or any of its Subsidiaries, becomes the beneficial owner of the Company's securities having 30% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of Directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or

(B) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the Directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of Directors of the Company immediately prior to such transaction; or

(C) During any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each Director of the Company first elected during such period was approved by a vote of at least two-thirds of the Directors of the Company then still in office who were Directors of the Company at the beginning of any such period; or

(D) The stockholders of the Company approve a plan of complete liquidation of the Company or the sale or disposition by the Company of all or substantially all of the Company's assets, other than a liquidation of the Company into a wholly owned subsidiary.

Notwithstanding the foregoing, to the extent that any Award constitutes a deferral of compensation subject to Section 409A (as defined in Section 15 below), and if that Award provides for a change in the time or form of payment upon a Change in Control, then no Change in Control shall be deemed to have occurred upon an event described in subsections (A), (B), (C) and (D) above, unless such event shall constitute a "change in ownership" or "change in effective control" of, or a change in the ownership of a substantial portion of the assets of the Company under Section 409A.

(ii) **"Disability:"** For purposes of this Agreement, "Disability" means either of the following: (a) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (b) by reason of any

medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering Employees.

(iii) **“Cause:”** For purposes of this Agreement, "Cause" means (i) neglect of or willful and continuing refusal of the Participant to perform his or her duties with the Company (other than due to Disability), (ii) a breach of any non-competition or "no raid" covenants to which the Participant is subject, (iii) engaging in conduct which is demonstrably injurious to the Company, the Company's subsidiaries or affiliates (including, without limitation, a breach of any confidentiality covenant to which the Participant is subject), or (iv) a conviction or plea of guilty or nolo contendere to a felony or a misdemeanor involving moral turpitude, dishonesty or theft, in each case as determined in the sole discretion of the Company. If an employment agreement between the Company and the Participant is in effect or a change in control plan or policy is in effect in which the Participant participates or to which such Participant is subject (including, without limitation, the AAM Change in Control Plan), "Cause" has the meaning, if any, defined therein.

(iv) **“Retirement:”** For purposes of this Agreement, "Retirement" means the Participant's voluntary resignation at any time (i) after attaining age 65, (ii) after attaining age 55 but prior to age 65 with ten or more years of continuous service with the Company or a Subsidiary or (iii) after attaining age 60 but prior to age 65 with five or more years of continuous service with the Company or a Subsidiary.

8. Beneficiary Designation. The Participant may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under this Agreement is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the Participant, shall be in a form prescribed by the Company, and will be effective only when delivered by the Participant in writing to the Corporate Human Resources Department of the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

9. No Right to Continued Employment or Further Awards.

(a) Neither the Plan nor this Agreement shall be construed as (i) giving the Participant any right to continue in the employ of the Company and its Subsidiaries or (iii) giving the Participant any right to be reemployed by the Company and its Subsidiaries following any termination of employment. The termination of employment provisions in this Agreement only apply to the treatment of the Award as specified herein and shall not otherwise affect the Participant's employment relationship. Nothing contained in this Agreement shall be deemed to constitute or create a contract of employment.

(b) The Company has granted the Award to the Participant in its sole discretion. The Award does not form part of the Participant's employment contract, if any. Neither this Agreement nor the Plan confers on the Participant any right or entitlement to receive another Award, or any other similar award at any time in the future or in respect of any future period. The Award does not confer on the Participant any right or entitlement to receive compensation in any specific amount for any future fiscal year, and does not diminish in any way the Company's discretion to determine the amount, if any, of the Participant's compensation.

10. Transferability.

(a) The Award shall not be transferable other than by will, the laws of descent and distribution, pursuant to a domestic relations order entered by a court of competent jurisdiction or to a Permitted Transferee for no consideration pursuant to the Plan. Any Award transferred to a Permitted Transferee shall be further transferable only by will, the laws of descent and distribution, pursuant to a domestic relations order entered by a court of competent jurisdiction, or, for no consideration, to another Permitted Transferee of the Participant.

(b) Except as set forth in the Plan, a Participant's rights under the Plan shall be exercisable during the Participant's lifetime only by the Participant, or in the event of the Participant's legal incapacity, the Participant's legal guardian or representative.

11. Withholding. Subject to the Plan, the Company may require any individual entitled to receive a payment of an Award to remit to the Company prior to payment, an amount sufficient to satisfy any applicable federal, state, local and foreign tax withholding requirements. The Company shall also have the right to deduct from all cash payments made to a Participant (whether or not such payment is made in connection with an Award) any applicable taxes required to be withheld with respect to such Award.

12. Notices. Notice under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive offices of the Company and to the Participant at the address appearing in the records of the Company for the Participant, or to either party at another address that the party designates in writing to the other. Notice shall be effective upon receipt.

13. Governing Law. The interpretation, performance and enforcement of the Award and this Agreement shall be governed by the laws of the State of Delaware without regard to principles of conflicts of law. To the extent any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall remain in full force and effect.

14. Award Subject to Plan.

(a) The Award is granted subject to the Plan and to such rules and regulations the Committee may adopt for administration of the Plan. The Committee is authorized to administer, construe, and make all determinations necessary or appropriate to administer the Plan and this Agreement, all of which shall be binding upon the Participant.

(b) To the extent of any inconsistencies between the Plan and this Agreement, the Plan shall govern. This Agreement and the Plan constitute the entire agreement between the parties regarding the subject matter hereof. They supersede all other agreements, representations or understandings (whether oral or written, express or implied) that relate to the subject matter hereof.

(c) The Committee may terminate, amend, or modify or suspend the Plan and amend or modify this Agreement; *provided, however*, that no termination, amendment, modification or suspension shall materially and adversely affect the Participant's rights under this Agreement, without the Participant's written consent.

15. Section 409A.

(a) The Award is not intended to provide for a “deferral of compensation” within the meaning of Section 409A of the U.S. Internal Revenue Code and the final rules promulgated thereunder (“Section 409A”) and shall be interpreted and construed in a manner consistent with that intent. If any provision of this Agreement or the Plan causes the Award to be subject to the requirements of Section 409A, or could otherwise cause the Participant to recognize income or be subject to the interest and penalties under Section 409A, then the provision shall have no effect or, to the extent practicable, the Committee may, in its sole discretion and without the Participant’s consent, modify the provision to (i) comply with, or avoid being subject to Section 409A, or to avoid the incurrence of any taxes, interest and penalties under Section 409A, and/or (ii) maintain, to the maximum extent practicable, the original intent and economic benefit to the Participant of the applicable provision without materially increasing the cost to the Company or contravening the provisions of Section 409A. This Section 15 does not create an obligation of the Company to modify the Plan or this Agreement and does not guarantee that the Award will not be subject to taxes, interest and penalties under Section 409A.

(b) If a Participant is a “specified employee” as defined under Section 409A and the Participant’s Award is to be settled on account of the Participant’s separation from service (for reasons other than death) and such Award constitutes “deferred compensation” as defined under Section 409A, then any portion of the Participant’s Award that would otherwise be settled during the six-month period commencing on the Participant’s separation from service shall be settled as soon as practicable following the conclusion of the six-month period (or following the Participant’s death if it occurs during such six-month period).

16. Recoupment. The Participant’s earned Award shall be subject to any clawback, recoupment or similar policy as permitted or mandated by applicable law, rules, regulations or any Company policy as enacted, adopted or modified from time to time.

17. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. By accepting this Award, the Participant consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company, including Merrill.

18. Personal Data Privacy. The Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant’s personal data by and among, as applicable, the Company and its subsidiaries for the exclusive purpose of implementing, administering and managing the Participant’s participation in the Plan. The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant’s name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title and number of Performance Units for the purpose of implementing, administering and managing the Participant’s Award (the “Data”). The Participant understands that the Data may be transferred to the Company or to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Participant’s country or elsewhere, and that any recipient’s country may have different data privacy laws and protections than the Participant’s country. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant’s participation in the Plan. Furthermore, the Participant acknowledges and understands that the transfer of the Data to the Company or to any third parties is necessary for the Participant’s participation in the

Plan. The Participant may view the Data, request information about the storage and processing of Data, request any corrections to Data, or withdraw the consents herein (in any case, without cost to the Participant) by contacting Corporate Human Resources in writing. The withdrawal of any consent by the Participant may affect the Participant's participation in the Plan. The Participant may contact Corporate Human Resources for further information about the consequences of any withdrawal of consents herein.

19. Headings. The headings of sections and subsections are included solely for convenience of reference and shall not affect the meaning of the provisions of this Agreement.

20. Successor. All obligations of the Company under the Plan and this Agreement, with respect to the Award, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

21. Signature in Counterparts. If delivered in paper format, this Agreement may be signed in counterparts. Each counterpart shall be an original, with the same effect as if the signatures were on the same instrument.

22. Enforceability. To the extent any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

23. Language. If the Participant has been provided with a copy of this Agreement, the Plan or any other document relating to this Award in a language other than English, the English language shall govern in the event of any inconsistency.

24. Waiver. No failure or delay by the Company to enforce any provision of this Agreement or exercise any right or remedy provided by law shall constitute a waiver of that or any other provision, right or remedy, nor shall it prevent or restrict the further exercise of that or any other provision, right or remedy. No single or partial exercise of such provision, right or remedy shall prevent or restrict the further exercise of that or any other provision, right or remedy.

25. Foreign Exchange Restrictions. The Participant understands and agrees that neither the Company or its subsidiaries are responsible or liable for any foreign exchange fluctuations between the Participant's local currency (if applicable) and the United States Dollar (or the selection by the Company or a subsidiary of any applicable foreign exchange rate it may determine in its discretion to be appropriate) that may affect the value of this Award or the calculated income, taxes or other amounts thereunder or any related taxes or other amounts.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

By: _____
Terri M. Kemp
Senior Vice President Human Resources & Sustainability

Agreed and acknowledged as of the date of grant:

Participant Name

**EXHIBIT 22 - SUBSIDIARY GUARANTORS AND ISSUERS OF GUARANTEED SECURITIES
AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.**

Our 6.875% Notes, 6.50% Notes, 6.25% Notes and 5.00% Notes are senior unsecured obligations of American Axle & Manufacturing, Inc., all of which are fully and unconditionally guaranteed, on a joint and several basis, by American Axle & Manufacturing Holdings, Inc. and substantially all domestic subsidiaries of American Axle & Manufacturing, Inc. and Metaldyne Performance Group, Inc. The table below defines these entities.

Entity	Organized Under Laws of
Parent Entity	
American Axle & Manufacturing Holdings, Inc.	Delaware
Issuing Entity	
American Axle & Manufacturing, Inc.	Delaware
Guarantor Entities	
AAM International Holdings, Inc.	Delaware
Auburn Hills Manufacturing, Inc.	Delaware
Oxford Forge, Inc.	Delaware
MSP Industries Corporation	Michigan
Colfor Manufacturing, Inc.	Delaware
AccuGear, Inc.	Delaware
Metaldyne Performance Group, Inc.	Delaware
Metaldyne M&A Bluffton, LLC	Delaware
Metaldyne Powertrain Components, Inc.	Delaware
Metaldyne Sintered Ridgway, LLC	Delaware
Metaldyne SinterForged Products, LLC	Delaware
Punchcraft Machining and Tooling, LLC	Delaware
HHI FormTech, LLC	Delaware
Jernberg Industries, LLC	Delaware
Impact Forge Group, LLC	Delaware
ASP HHI Holdings, Inc.	Delaware
MD Investors Corporation	Delaware
AAM Powder Metal Components, Inc.	Ohio
ASP Grede Intermediate Holdings LLC	Delaware
AAM Casting Corp.	Delaware
Tekfor, Inc.	Delaware
AAM North America, Inc.	Delaware
AAM Mexico Holdings, LLC	Delaware

**EXHIBIT 31.1 - CERTIFICATION PURSUANT TO RULE 13a-14(a)
OF THE SECURITIES EXCHANGE ACT**

I, David C. Dauch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Axle & Manufacturing Holdings, 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 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: May 3, 2024

/s/ David C. Dauch

David C. Dauch

Chairman of the Board & Chief Executive Officer

(Principal Executive Officer)

**EXHIBIT 31.2 - CERTIFICATION PURSUANT TO RULE 13a-14(a)
OF THE SECURITIES EXCHANGE ACT**

I, Christopher J. May, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Axle & Manufacturing Holdings, 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 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: May 3, 2024

/s/ Christopher J. May

Christopher J. May

Executive Vice President & Chief Financial Officer

(Principal Financial Officer)

**EXHIBIT 32 - CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of American Axle & Manufacturing Holdings, Inc. (Issuer) on Form 10-Q for the period ending March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (Report), I, David C. Dauch, Chairman of the Board & Chief Executive Officer of the Issuer, and I, Christopher J. May, Executive Vice President & Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

/s/ David C. Dauch

David C. Dauch
Chairman of the Board &
Chief Executive Officer
May 3, 2024

/s/ Christopher J. May

Christopher J. May
Executive Vice President &
Chief Financial Officer
May 3, 2024