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 June 30, 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	**38-3161171**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
One Dauch Drive, Detroit, Michigan	**48211-1198**
(Address of Principal Executive Offices)	(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 August 6, 2024, the latest practicable date, the number of shares of the registrant's Common Stock, par value $0.01 per share, outstanding was 117,581,028 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 JUNE 30, 2024
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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 hybrid and 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 INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(in millions, except per share data)			
Net sales	**$ 1,632.3**	$ 1,570.7	**$ 3,239.2**	$ 3,064.6
Cost of goods sold	**1,415.0**	1,392.5	**2,823.4**	2,725.8
Gross profit	**217.3**	178.2	**415.8**	338.8
Selling, general and administrative expenses	**105.2**	91.1	**203.5**	189.4
Amortization of intangible assets	**20.6**	21.4	**41.3**	42.8
Restructuring and acquisition-related costs	**5.0**	7.9	**7.5**	12.7
Operating income	**86.5**	57.8	**163.5**	93.9
Interest expense	**(47.9)**	(50.2)	**(96.9)**	(100.7)
Interest income	**6.1**	5.9	**14.4**	11.8
Other income (expense)				
Debt refinancing and redemption costs	**(0.3)**	—	**(0.3)**	—
Gain (loss) on equity securities	**(0.2)**	0.3	**(0.1)**	—
Other income (expense), net	**(8.8)**	(0.5)	**(8.8)**	3.2
Income before income taxes	**35.4**	13.3	**71.8**	8.2
Income tax expense	**17.2**	5.3	**33.1**	5.3
Net income	**$ 18.2**	$ 8.0	**$ 38.7**	$ 2.9
Basic earnings per share	**$ 0.15**	$ 0.07	**$ 0.32**	$ 0.02
Diluted earnings per share	**$ 0.15**	$ 0.07	**$ 0.32**	$ 0.02

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
		(in millions)		
Net income	**$ 18.2**	$ 8.0	**$ 38.7**	$ 2.9
Other comprehensive income (loss)				
Defined benefit plans, net of tax [(a)]	**(0.6)**	(0.7)	**(1.2)**	(1.4)
Foreign currency translation adjustments	**(14.3)**	(4.7)	**(29.6)**	4.1
Changes in hedges, net of tax [(b)]	**(19.0)**	17.3	**(8.2)**	19.8
Other comprehensive income (loss)	**(33.9)**	11.9	**(39.0)**	22.5
Comprehensive income (loss)	**$ (15.7)**	$ 19.9	**$ (0.3)**	$ 25.4

(a) *Amounts are net of tax of $0.3 million and $0.6 million for the three and six months ended June 30, 2024 and $0.4 million and $0.9 million for the three and six months ended June 30, 2023.*

(b) *Amounts are net of tax of $2.6 million and $(0.4) million for the three and six months ended June 30, 2024 and $(3.5) million and $(1.7) million for the three and six months ended June 30, 2023.*

See accompanying notes to condensed consolidated financial statements.

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

	June 30, 2024	December 31, 2023
	(Unaudited)	
Assets	*(in millions)*	
Current assets		
Cash and cash equivalents	**$ 519.9**	$ 519.9
Accounts receivable, net	**935.4**	818.5
Inventories, net	**469.2**	482.9
Prepaid expenses and other	**180.9**	185.3
Total current assets	**2,105.4**	2,006.6
Property, plant and equipment, net	**1,681.5**	1,760.9
Deferred income taxes	**162.0**	169.4
Goodwill	**181.2**	182.1
Other intangible assets, net	**491.8**	532.8
GM postretirement cost sharing asset	**111.5**	111.9
Operating lease right-of-use assets	**112.0**	115.6
Other assets and deferred charges	**491.3**	477.0
Total assets	**$ 5,336.7**	$ 5,356.3
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	**$ 27.2**	$ 17.0
Accounts payable	**837.6**	773.9
Accrued compensation and benefits	**189.9**	200.1
Deferred revenue	**13.5**	16.6
Current portion of operating lease liabilities	**23.2**	21.9
Accrued expenses and other	**163.7**	172.1
Total current liabilities	**1,255.1**	1,201.6
Long-term debt, net	**2,694.8**	2,751.9
Deferred revenue	**67.2**	70.4
Deferred income taxes	**14.8**	16.5
Long-term portion of operating lease liabilities	**91.0**	95.5
Postretirement benefits and other long-term liabilities	**604.2**	615.5
Total liabilities	**4,727.1**	4,751.4
Stockholders' equity		
Common stock, par value $0.01 per share; 150.0 million shares authorized; 128.3 million shares issued as of June 30, 2024 and 127.4 million shares issued as of December 31, 2023	**1.3**	1.3
Paid-in capital	**1,390.4**	1,382.6
Accumulated deficit	**(244.5)**	(283.2)
Treasury stock at cost, 10.7 million shares as of June 30, 2024 and 10.3 million shares as of December 31, 2023	**(235.7)**	(232.9)
Accumulated other comprehensive income (loss)		
Defined benefit plans, net of tax	**(146.5)**	(145.3)
Foreign currency translation adjustments	**(171.9)**	(142.3)
Unrecognized gain on hedges, net of tax	**16.5**	24.7
Total stockholders' equity	**609.6**	604.9
Total liabilities and stockholders' equity	**$ 5,336.7**	$ 5,356.3

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2024	**2023**
	(in millions)	
Operating activities		
Net income	**$ 38.7**	$ 2.9
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	**237.4**	245.4
Deferred income taxes	**5.3**	(21.0)
Stock-based compensation	**7.8**	6.8
Pensions and other postretirement benefits, net of contributions	**(4.3)**	(7.0)
Loss on disposal of property, plant and equipment, net	**4.3**	3.2
Loss on equity securities	**0.1**	—
Debt refinancing and redemption costs	**0.3**	—
Changes in operating assets and liabilities		
Accounts receivable	**(127.3)**	(97.4)
Inventories	**6.0**	(7.9)
Accounts payable and accrued expenses	**45.0**	99.2
Deferred revenue	**(4.5)**	(17.2)
Other assets and liabilities	**(48.2)**	(42.1)
Net cash provided by operating activities	**160.6**	164.9
Investing activities		
Purchases of property, plant and equipment	**(96.8)**	(90.7)
Proceeds from sale of property, plant and equipment	**3.3**	0.4
Proceeds from government grants	**2.0**	—
Acquisition of business, net of cash acquired	**(1.3)**	(1.3)
Proceeds from sale of equity securities	**0.8**	—
Proceeds from insurance claim	—	17.0
Other investing activities	**(2.9)**	(3.3)
Net cash used in investing activities	**(94.9)**	(77.9)
Financing activities		
Payments of Revolving Credit Facility	—	(25.0)
Proceeds from issuance of long-term debt	—	33.9
Payments of long-term debt	**(47.7)**	(71.2)
Debt issuance costs	**(1.7)**	(3.1)
Purchase of treasury stock	**(2.8)**	(14.7)
Other financing activities	**(6.3)**	(7.3)
Net cash used in financing activities	**(58.5)**	(87.4)
Effect of exchange rate changes on cash	**(7.2)**	—
Net decrease in cash and cash equivalents	—	(0.4)
Cash and cash equivalents at beginning of period	**519.9**	511.5
Cash and cash equivalents at end of period	**$ 519.9**	$ 511.1
Supplemental cash flow information		
Interest paid	**$ 101.7**	$ 88.8
Income taxes paid, net	**$ 22.8**	$ 40.6

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock					Accumulated
	Shares Outstanding	Par Value	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Other Comprehensive Income (Loss)
	(in millions)					
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 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)
Net income	—	—	—	8.0	—	—
Vesting of stock based compensation	0.1	—	—	—	—	—
Stock-based compensation	—	—	3.4	—	—	—
Purchase of treasury stock	—	—	—	—	(0.2)	—
Changes in hedges	—	—	—	—	—	17.3
Foreign currency translation adjustments	—	—	—	—	—	(4.7)
Defined benefit plans, net	—	—	—	—	—	(0.7)
Balance at June 30, 2023	117.1	$ 1.3	$ 1,376.0	$ (246.7)	$ (232.9)	$ (252.9)

	Common Stock					Accumulated
	Shares Outstanding	Par Value	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Other Comprehensive Income (Loss)
	(in millions)					
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 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)**
Net income	—	—	—	**18.2**	—	—
Vesting of stock-based compensation	**0.1**	—	—	—	—	—
Stock-based compensation	—	—	**4.0**	—	—	—
Purchase of treasury stock	—	—	—	—	**(0.1)**	—
Changes in hedges	—	—	—	—	—	**(19.0)**
Foreign currency translation adjustments	—	—	—	—	—	**(14.3)**
Defined benefit plans, net	—	—	—	—	—	**(0.6)**
Balance at June 30, 2024	**117.6**	**$ 1.3**	**$ 1,390.4**	**$ (244.5)**	**$ (235.7)**	**$ (301.9)**

See accompanying notes to condensed consolidated financial statements.

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. 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 finalizing our assessment of the impact that this standard will have on our segment disclosures.

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 we are currently assessing the impact that this standard will have on our consolidated financial statements.

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.

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:

	June 30, 2024	December 31, 2023
	(in millions)	
Raw materials and work-in-progress	**$ 404.4**	$ 411.5
Finished goods	**97.8**	103.5
Gross inventories	**502.2**	515.0
Inventory valuation reserves	**(33.0)**	(32.1)
Inventories, net	**$ 469.2**	$ 482.9

3. GOODWILL AND INTANGIBLE ASSETS

Goodwill The following table provides a reconciliation of changes in goodwill for the six months ended June 30, 2024:

	Consolidated
	(in millions)
Balance at December 31, 2023	**$ 182.1**
Foreign currency translation	**(0.9)**
Balance at June 30, 2024	**$ 181.2**

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 June 30, 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:

	June 30, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in millions)					
Capitalized computer software	**$ 54.5**	**$ (50.8)**	**$ 3.7**	$ 54.2	$ (49.2)	$ 5.0
Customer platforms	**856.2**	**(459.9)**	**396.3**	856.2	(428.2)	428.0
Customer relationships	**53.0**	**(24.8)**	**28.2**	53.0	(23.1)	29.9
Technology and other	**154.0**	**(90.4)**	**63.6**	154.3	(84.4)	69.9
Total	**$ 1,117.7**	**$ (625.9)**	**$ 491.8**	$ 1,117.7	$ (584.9)	$ 532.8

Amortization expense for our intangible assets was $20.6 million for the three months ended June 30, 2024 and $21.4 million for the three months ended June 30, 2023, and was $41.3 million for the six months ended June 30, 2024 and $42.8 million for the six months ended June 30, 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.

4. LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 2024	December 31, 2023
	(in millions)	
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	**95.9**	127.6
5.00% Notes due 2029	**600.0**	600.0
Foreign credit facilities and other	**33.7**	51.8
Total debt	**2,761.9**	2,811.7
Less: Current portion of long-term debt	**27.2**	17.0
Long-term debt	**2,734.7**	2,794.7
Less: Debt issuance costs	**39.9**	42.8
Long-term debt, net	**$ 2,694.8**	$ 2,751.9

Senior Secured Credit Facilities American Axle & Manufacturing Holdings, Inc. (Holdings) and American Axle & Manufacturing, Inc. (AAM, Inc.) are parties to an amended and restated credit agreement that was entered into on March 11, 2022 and amended on December 13, 2022, June 28, 2023 and May 16, 2024 (as so amended, the Amended and Restated Credit Agreement) which provides for a term loan A facility (the Term Loan A Facility), term loan B facility (the Term Loan B Facility) and a multi-currency revolving credit facility (the Revolving Credit Facility and together with the Term Loan A Facility and the Term Loan B Facility, the Senior Secured Credit Facilities).

On May 16, 2024, Holdings and AAM, Inc. entered into a refinancing facility agreement (the Refinancing Facility Agreement), that established a new Term Loan B Facility of $648.0 million (the New Term Loan B Facility) and amended the Amended and Restated Credit Agreement to, among other things, update the applicable interest rate on the New Term Loan B Facility. The proceeds from the New Term Loan B Facility, together with $2.2 million cash on hand, were used to a) prepay the entire principal amount of the then-outstanding Term Loan B Facility, b) pay all accrued and unpaid interest due under the then-outstanding Term Loan B Facility and c) pay fees, costs and expenses payable in connection with the refinancing of the Term Loan B Facility. The New Term Loan B Facility will mature on December 13, 2029 (TLB Maturity), subject to a springing maturity that will apply if on any date prior to the TLB Maturity any of AAM's senior notes exceed $250 million outstanding within 91 days of the maturity date of such senior notes. In connection with the Refinancing Facility Agreement, we paid $1.7 million of debt refinancing costs and paid accrued interest of $0.5 million relating to the Term Loan B Facility. The terms of the Term Loan A Facility and the Revolving Credit Facility under the Amended and Restated Credit Agreement, including their respective interest rates and maturity dates in the first quarter of 2027, remain unchanged.

On June 28, 2023, Holdings and AAM, Inc. entered into the First Amendment to the Amended and Restated Credit Agreement (the First Amendment), which, among other things, increased the maximum levels of the total net leverage ratio covenant and reduced the minimum levels of cash interest expense coverage ratio covenant for the period from June 28, 2023 through the filing of our second quarter 2024 results, subject to certain conditions (the Amendment Period), modified certain categories of the applicable margin (determined based on the total net leverage ratio of Holdings) for the duration of the Amendment Period with respect to interest rates under the Term Loan A Facility and the Revolving Credit Facility, and modified certain covenants restricting the ability of Holdings, AAM, Inc. and certain subsidiaries of Holdings to create, incur, assume, or permit to exist certain additional indebtedness and liens and to make or agree to pay or make certain restricted payments, voluntary payments and distributions. As of the date of the First Amendment, the terms of the then-outstanding Term Loan B Facility under the Amended and Restated Credit Agreement, including maturity dates, interest rates and their applicable margins, remained unchanged. We paid debt issuance costs of $3.1 million in the three months ended June 30, 2023 related to the First Amendment.

At June 30, 2024, we had $892.2 million available under the Revolving Credit Facility. This availability reflects a reduction of $32.8 million primarily for standby letters of credit issued against the facility. In the six months ended June 30, 2023, we repaid $25.0 million on our Revolving Credit Facility that had been drawn in the fourth quarter of 2022.

As of June 30, 2024, we have prepaid $13.0 million of the outstanding principal on our Term Loan A Facility and $16.9 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 second quarter of 2024, we voluntarily redeemed a portion of our 6.25% Notes due 2026. This resulted in a principal payment of $30.0 million and $0.4 million in accrued interest. We also expensed approximately $0.1 million for the write-off of a portion of the unamortized debt issuance costs that we had been amortizing over the expected life of the borrowing. In the six months ended June 30, 2024, we also completed an open market repurchase of our 6.25% Notes due 2026 of $1.7 million.

Subsequent to June 30, 2024, we voluntarily redeemed an additional portion of our 6.25% Notes due 2026. In August 2024, this resulted in a principal payment of $50.0 million and $1.2 million in accrued interest. We also expensed approximately $0.2 million for the write-off of a portion of the unamortized debt issuance costs that we had been amortizing over the expected life of the borrowing.

Repayment of Tekfor Group Indebtedness In the six months ended June 30, 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 June 30, 2024, $33.7 million was outstanding under our foreign credit facilities, as compared to $51.8 million at December 31, 2023. At June 30, 2024, an additional $82.5 million was available under our foreign credit facilities.

Weighted-Average Interest Rate The weighted-average interest rate of our long-term debt outstanding was 7.0% at June 30, 2024 and 7.1% at December 31, 2023.

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 June 30, 2024 and December 31, 2023, we had currency forward contracts outstanding with a total notional amount of $281.7 million and $206.9 million, respectively, that hedge our exposure to changes in foreign currency exchange rates for certain payroll expenses into the first quarter of 2027 and the purchase of certain direct and indirect inventory and other working capital items into the fourth quarter of 2025.

Fixed-to-fixed cross-currency swap In the second quarter of 2024, we discontinued our existing €200.0 million fixed-to-fixed cross-currency swap that was designated as a cash flow hedge and entered into a new fixed-to-fixed cross-currency swap that is designated as a fair value hedge. The fixed-to-fixed cross currency swap reduces the variability of functional currency equivalent cash flows associated with changes in exchange rates on certain Euro-based intercompany loans. At June 30, 2024, we had a notional amount outstanding under the fixed-to-fixed cross-currency swap of €175.0 million, which was equivalent to $187.5 million. The fixed-to-fixed cross-currency swap hedges our exposure to changes in exchange rates on the intercompany loans through the second quarter of 2027.

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 June 30, 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 from accumulated other comprehensive income (loss) for those derivative instruments designated as cash flow and fair value 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 June 30, 2024	2023	Six Months Ended June 30, 2024	2023	Total of Financial Statement Line Item 2024	Gain Expected to be Reclassified During the Next 12 Months
		(in millions)					
Currency forward contracts	Cost of Goods Sold	**$ 5.7**	$ 5.5	**$ 10.4**	$ 8.8	**$ 2,823.4**	**$ 3.6**
Fixed-to-fixed cross-currency swap	Other Income (Expense), net	**2.0**	(1.3)	**7.0**	(4.0)	**(8.8)**	**—**
Variable-to-fixed interest rate swap	Interest Expense	**1.1**	0.2	**1.4**	0.8	**(96.9)**	**5.0**

See Note 7 - Reclassifications out of Accumulated Other Comprehensive Income (Loss) (AOCI) for amounts recognized in other comprehensive income during the three and six months ended June 30, 2024 and 2023.

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

	Location of Gain (Loss) Recognized in Net Income	Gain (Loss) Recognized During Three Months Ended June 30, 2024	2023	Six Months Ended June 30, 2024	2023	Total of Financial Statement Line Item 2024
		(in millions)				
Currency forward contracts	Other Income (Expense), net	**$ (2.8)**	$ 1.6	**$ (1.7)**	$ 3.7	**$ (8.8)**

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		
	June 30, 2024	**December 31, 2023**	**Input**
	(in millions)		
Balance Sheet Classification			
Cash equivalents	**$ 154.0**	$ 328.3	Level 1
Prepaid expenses and other			
Cash flow hedges - currency forward contracts	**6.9**	15.9	Level 2
Nondesignated - currency forward contracts	**—**	0.8	Level 2
Other assets and deferred charges			
Cash flow hedges - currency forward contracts	**1.2**	5.4	Level 2
Investment in equity securities	**—**	0.8	Level 1
Accrued expenses and other			
Cash flow hedges - currency forward contracts	**3.3**	—	Level 2
Cash flow hedges - fixed-to-fixed cross-currency swap	**—**	9.4	Level 2
Cash flow hedges - variable-to-fixed interest rate swap	**1.3**	5.0	Level 2
Nondesignated - currency forward contracts	**1.8**	—	Level 2
Postretirement benefits and other long-term liabilities			
Cash flow hedges - currency forward contracts	**3.8**	—	Level 2
Fair value hedges - fixed-to-fixed cross-currency swap	**3.4**	—	Level 2
Cash flow hedges - variable-to-fixed interest rate swap	**3.7**	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 had previously invested in the equity securities of REE Automotive, which were measured at fair value each reporting period, with changes in fair value reported as a gain or loss within Other income (expense), net in our Condensed Consolidated Statement of Income. During the three months ended June 30, 2024, we sold all of our remaining equity securities of REE Automotive.

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

	June 30, 2024		December 31, 2023		
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Input**
	(in millions)				
Revolving Credit Facility	**$ —**	**$ —**	$ —	$ —	Level 2
Term Loan A Facility	**484.3**	**483.0**	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**	**397.8**	400.0	387.0	Level 2
6.50% Notes due 2027	**500.0**	**498.1**	500.0	501.9	Level 2
6.25% Notes due 2026	**95.9**	**95.6**	127.6	126.3	Level 2
5.00% Notes due 2029	**600.0**	**547.5**	600.0	529.5	Level 2

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

Reclassification adjustments and other activity impacting accumulated other comprehensive income (loss) during the three and six months ended June 30, 2024 and June 30, 2023 are as follows *(in millions)*:

	Defined Benefit Plans	Foreign Currency Translation Adjustments	Unrecognized Gain (Loss) on Hedges	Total
Balance at March 31, 2024	**$ (145.9)**	**$ (157.6)**	**$ 35.5**	**$ (268.0)**
Other comprehensive loss before reclassifications	**—**	**(14.3)**	**(12.8)**	**(27.1)**
Income tax effect of other comprehensive loss before reclassifications	**—**	**—**	**2.6**	**2.6**
Amounts reclassified from accumulated other comprehensive income (loss)	**(0.9)** (a)	**—**	**(8.8)** (b)	**(9.7)**
Income taxes reclassified into net income	**0.3**	**—**	**—**	**0.3**
Net change in accumulated other comprehensive income (loss)	**(0.6)**	**(14.3)**	**(19.0)**	**(33.9)**
Balance at June 30, 2024	**$ (146.5)**	**$ (171.9)**	**$ 16.5**	**$ (301.9)**

	Defined Benefit Plans	Foreign Currency Translation Adjustments	Unrecognized Gain (Loss) on Hedges	Total
Balance at March 31, 2023	$ (147.6)	$ (140.9)	$ 23.7	$ (264.8)
Other comprehensive income (loss) before reclassifications	—	(4.7)	25.2	20.5
Income tax effect of other comprehensive income (loss) before reclassifications	—	—	(3.2)	(3.2)
Amounts reclassified from accumulated other comprehensive income (loss)	(1.1) (a)	—	(4.4) (b)	(5.5)
Income taxes reclassified into net income	0.4	—	(0.3)	0.1
Net change in accumulated other comprehensive income (loss)	(0.7)	(4.7)	17.3	11.9
Balance at June 30, 2023	$ (148.3)	$ (145.6)	$ 41.0	$ (252.9)

(a) These amounts were reclassified from AOCI to Other income (expense), net for the three months ended June 30, 2024 and June 30, 2023.

(b) The amounts reclassified from AOCI included $(5.7) million in cost of goods sold (COGS), $(1.1) million in interest expense and $(2.0) million in Other income (expense), net for the three months ended June 30, 2024 and $(5.5) million in COGS, $(0.2) million in interest expense and $1.3 million in Other income (expense), net for the three months ended June 30, 2023.

	Defined Benefit Plans	Foreign Currency Translation Adjustments	Unrecognized Gain (Loss) on Hedges	Total
Balance at December 31, 2023	**$ (145.3)**	**$ (142.3)**	**$ 24.7**	**$ (262.9)**
Other comprehensive income (loss) before reclassifications	**—**	**(29.6)**	**11.0**	**(18.6)**
Income tax effect of other comprehensive income (loss) before reclassifications	**—**	**—**	**(2.4)**	**(2.4)**
Amounts reclassified from accumulated other comprehensive income (loss)	**(1.8)** (a)	**—**	**(18.8)** (b)	**(20.6)**
Income taxes reclassified into net income	**0.6**	**—**	**2.0**	**2.6**
Net change in accumulated other comprehensive income (loss)	**(1.2)**	**(29.6)**	**(8.2)**	**(39.0)**
Balance at June 30, 2024	**$ (146.5)**	**$ (171.9)**	**$ 16.5**	**$ (301.9)**

	Defined Benefit Plans	Foreign Currency Translation Adjustments	Unrecognized Gain (Loss) on Hedges	Total
Balance at December 31, 2022	$ (146.9)	$ (149.7)	$ 21.2	$ (275.4)
Other comprehensive income before reclassifications	—	4.1	27.1	31.2
Income tax effect of other comprehensive income before reclassifications	—	—	(1.0)	(1.0)
Amounts reclassified from accumulated other comprehensive income (loss)	(2.3) (a)	—	(5.6) (b)	(7.9)
Income taxes reclassified into net income	0.9	—	(0.7)	0.2
Net change in accumulated other comprehensive income (loss)	(1.4)	4.1	19.8	22.5
Balance at June 30, 2023	$ (148.3)	$ (145.6)	$ 41.0	$ (252.9)

(a) These amounts were reclassified from AOCI to Other income (expense), net for the six months ended June 30, 2024 and June 30, 2023.

(b) The amounts reclassified from AOCI included $(10.4) million in cost of goods sold (COGS), $(1.4) million in interest expense and $(7.0) million in Other income (expense), net for the six months ended June 30, 2024 and $(8.8) million in COGS, $(0.8) million in interest expense and $4.0 million in Other income (expense), net for the six months ended June 30, 2023.

8. EMPLOYEE BENEFIT PLANS

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

	Pension Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)			
Service cost	**$ 0.2**	$ 0.2	**$ 0.5**	$ 0.5
Interest cost	**5.8**	6.1	**11.6**	12.1
Expected asset return	**(7.1)**	(7.3)	**(14.3)**	(14.5)
Amortized loss	**1.7**	1.1	**3.4**	2.1
Net periodic benefit cost	**$ 0.6**	$ 0.1	**$ 1.2**	$ 0.2

	Other Postretirement Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)			
Service cost	**$ 0.1**	$ 0.1	**$ 0.1**	$ 0.1
Interest cost	**2.1**	2.5	**4.2**	5.0
Amortized gain	**(2.5)**	(2.1)	**(5.0)**	(4.2)
Amortized prior service credit	**(0.1)**	(0.1)	**(0.2)**	(0.2)
Net periodic benefit cost (credit)	**$ (0.4)**	$ 0.4	**$ (0.9)**	$ 0.7

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 June 30, 2024 and December 31, 2023, we have a noncurrent pension liability of $70.5 million and $74.7 million, respectively. As of June 30, 2024 and December 31, 2023, we have a noncurrent other postretirement benefits liability of $267.1 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.

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 June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(in millions)			
Beginning balance	**$ 67.6**	$ 61.4	**$ 66.3**	$ 54.1
Accruals	**3.8**	3.6	**7.7**	12.3
Payments	**(2.9)**	(2.5)	**(5.1)**	(4.3)
Adjustment to prior period accruals	**(0.5)**	(0.4)	**(0.5)**	(0.4)
Foreign currency translation	**(0.3)**	(0.4)	**(0.7)**	—
Ending balance	**$ 67.7**	$ 61.7	**$ 67.7**	$ 61.7

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 and six months ended June 30, 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 June 30, 2024		
	(in millions)		
	Driveline	**Metal Forming**	**Total**
North America	**$ 849.2**	**$ 357.7**	**$ 1,206.9**
Asia	**143.9**	**5.2**	**149.1**
Europe	**110.5**	**123.1**	**233.6**
South America	**20.7**	**22.0**	**42.7**
Total	**$ 1,124.3**	**$ 508.0**	**$ 1,632.3**

	Three Months Ended June 30, 2023		
	(in millions)		
	Driveline	**Metal Forming**	**Total**
North America	$ 827.1	$ 332.6	$ 1,159.7
Asia	118.5	10.5	129.0
Europe	111.4	119.2	230.6
South America	29.4	22.0	51.4
Total	$ 1,086.4	$ 484.3	$ 1,570.7

	Six Months Ended June 30, 2024		
	(in millions)		
	Driveline	**Metal Forming**	**Total**
North America	**$ 1,677.2**	**$ 703.6**	**$ 2,380.8**
Asia	**286.6**	**13.2**	**299.8**
Europe	**232.0**	**247.4**	**479.4**
South America	**34.9**	**44.3**	**79.2**
Total	**$ 2,230.7**	**$ 1,008.5**	**$ 3,239.2**

	Six Months Ended June 30, 2023		
	(in millions)		
	Driveline	**Metal Forming**	**Total**
North America	$ 1,610.1	$ 661.1	$ 2,271.2
Asia	224.3	17.2	241.5
Europe	211.2	242.1	453.3
South America	54.6	44.0	98.6
Total	$ 2,100.2	$ 964.4	$ 3,064.6

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
June 30, 2024	**935.4**	**13.5**	**67.2**
Increase/(decrease)	$ 116.9	$ (3.1)	$ (3.2)

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 $8.1 million and $21.5 million for the six months ended June 30, 2024 and 2023, respectively.

11. RESTRUCTURING AND ACQUISITION-RELATED COSTS

In 2022, we completed our acquisition of Tekfor Group (Tekfor) and in 2023 we 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 six months of 2024 and 2023 is shown below:

	Severance Charges	Implementation Costs	Total
		(in millions)	
Accrual at December 31, 2022	$ 2.4	$ 1.4	$ 3.8
Charges	1.4	9.3	10.7
Cash utilization	(2.1)	(7.4)	(9.5)
Accrual at June 30, 2023	$ 1.7	$ 3.3	$ 5.0
Accrual at December 31, 2023	**$ 3.0**	**$ 1.7**	**$ 4.7**
Charges	**4.5**	**1.5**	**6.0**
Cash utilization	**(2.4)**	**(1.2)**	**(3.6)**
Accrual at June 30, 2024	**$ 5.1**	**$ 2.0**	**$ 7.1**

As part of our restructuring actions, we incurred total severance charges of approximately $4.5 million and $1.4 million during the six months ended June 30, 2024 and 2023, respectively. We also incurred total implementation costs of approximately $1.5 million and $9.3 million during the six months ended June 30, 2024 and 2023, respectively. Implementation costs consist primarily of plant exit costs.

We incurred $0.5 million of costs related to restructuring actions associated with Tekfor and $5.5 million of costs under the 2024 Program in the six months ended June 30, 2024. We have incurred $2.6 million of total costs related to restructuring actions associated with Tekfor. Approximately $3.9 million of our total restructuring costs for the six months ended June 30, 2024 related to our Driveline segment and these costs were primarily associated with the planned closure of our Glasgow Manufacturing Facility in Scotland, which is part of the 2024 Program. Approximately $1.7 million of our total restructuring costs for the six months ended June 30, 2024 related to our Metal Forming segment, while the remainder were corporate costs. Substantially all of our total restructuring costs for the six months ended June 30, 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
	(in millions)
Charges for the six months ended June 30, 2024	**$ 1.5**
Charges for the six months ended June 30, 2023	2.0

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 Income and totaled $5.0 million and $7.9 million for the three months ended June 30, 2024 and June 30, 2023, respectively, and $7.5 million and $12.7 million for the six months ended June 30, 2024 and June 30, 2023, respectively.

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 and six months ended June 30, 2024 and 2023 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(in millions)			
Income tax expense	**$ 17.2**	$ 5.3	**$ 33.1**	$ 5.3
Effective income tax rate	**48.6 %**	39.8 %	**46.1 %**	64.6 %

During the three and six months ended June 30, 2024 and 2023, in computing our estimated annual effective tax rate, we recorded a valuation allowance against substantially all of the deferred tax asset on the current year estimated disallowed interest expense in the U.S. During the three months ended June 30, 2023, we recognized an income tax benefit of approximately $3.2 million related to the release of a valuation allowance in a foreign jurisdiction. In addition, during the six months ended June 30, 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.

Our effective income tax rate for the three and six months ended June 30, 2024 varies from our effective income tax rate for the three and six months ended June 30, 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 and six months ended June 30, 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), the impact of certain foreign tax rates and the impact of tax credits. For the three and six months ended June 30, 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., net of the impact of a reduction in unrecognized tax benefits, as well as 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.

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 six months ended, June 30, 2024 and June 30, 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 June 30, 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.

In July 2024, the IRS issued to AAM additional NOPAs for this matter for each of the tax years 2016 through 2019. The issuance of these NOPAs does not impact the aforementioned estimated range of potential income tax expense and interest charges and does not alter AAM’s belief that it is more likely than not that our structure did not give rise to FBCSI and that it’s likely that we will be successful in ultimately defending our position.

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 June 30, 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.

13. EARNINGS 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 June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
	(in millions, except per share data)			
Numerator				
Net income	**$ 18.2**	$ 8.0	**$ 38.7**	$ 2.9
Less: Net income attributable to participating securities	**(0.7)**	(0.1)	**(1.3)**	(0.1)
Net income attributable to common shareholders - Basic and Dilutive	**$ 17.5**	$ 7.9	**$ 37.4**	$ 2.8
Denominators				
Basic common shares outstanding -				
Weighted-average shares outstanding	**121.9**	120.4	**121.4**	120.1
Less: Weighted-average participating securities	**(4.3)**	(3.4)	**(4.0)**	(4.0)
Weighted-average common shares outstanding	**117.6**	117.0	**117.4**	116.1
Effect of dilutive securities -				
Dilutive stock-based compensation	**0.1**	0.2	**0.1**	0.2
Diluted shares outstanding -				
Adjusted weighted-average shares after assumed conversions	**117.7**	117.2	**117.5**	116.3
Basic EPS	**$ 0.15**	$ 0.07	**$ 0.32**	$ 0.02
Diluted EPS	**$ 0.15**	$ 0.07	**$ 0.32**	$ 0.02

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, 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 and six months ended June 30, 2024 and 2023 *(in millions)*:

	Three Months Ended June 30, 2024		
	Driveline	**Metal Forming**	**Total**
Sales	**$ 1,124.5**	**$ 653.1**	**$ 1,777.6**
Less: Intersegment sales	**0.2**	**145.1**	**145.3**
Net external sales	**$ 1,124.3**	**$ 508.0**	**$ 1,632.3**
Segment Adjusted EBITDA	**$ 151.8**	**$ 56.6**	**$ 208.4**

	Three Months Ended June 30, 2023		
	Driveline	**Metal Forming**	**Total**
Sales	$ 1,086.5	$ 634.2	$ 1,720.7
Less: Intersegment sales	0.1	149.9	150.0
Net external sales	$ 1,086.4	$ 484.3	$ 1,570.7
Segment Adjusted EBITDA	$ 152.1	$ 39.5	$ 191.6

	Six Months Ended June 30, 2024		
	Driveline	Metal Forming	Total
Sales	$ 2,230.9	$ 1,297.2	$ 3,528.1
Less: Intersegment sales	0.2	288.7	288.9
Net external sales	$ 2,230.7	$ 1,008.5	$ 3,239.2
Segment Adjusted EBITDA	$ 309.2	$ 104.8	$ 414.0

	Six Months Ended June 30, 2023		
	Driveline	Metal Forming	Total
Sales	$ 2,100.3	$ 1,253.3	$ 3,353.6
Less: Intersegment sales	0.1	288.9	289.0
Net external sales	$ 2,100.2	$ 964.4	$ 3,064.6
Segment Adjusted EBITDA	$ 266.2	$ 100.8	$ 367.0

The following table represents a reconciliation of Total Segment Adjusted EBITDA to consolidated income before income taxes for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in millions)			
Total segment adjusted EBITDA	$ 208.4	$ 191.6	$ 414.0	$ 367.0
Interest expense	(47.9)	(50.2)	(96.9)	(100.7)
Depreciation and amortization	(119.6)	(120.5)	(237.4)	(245.4)
Restructuring and acquisition-related costs	(5.0)	(7.9)	(7.5)	(12.7)
Gain (loss) on equity securities	(0.2)	0.3	(0.1)	—
Debt refinancing and redemption costs	(0.3)	—	(0.3)	—
Income before income taxes	$ 35.4	$ 13.3	$ 71.8	$ 8.2

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 41% of our consolidated net sales for the first six months of 2024 and 39% for both the first six 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 six months of 2024, 17% for the first six 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 six months of 2024, 11% for the first six 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 June 30, 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 JUNE 30, 2024 AS COMPARED TO THREE MONTHS ENDED JUNE 30, 2023

Net Sales

	Three Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Net sales	**$ 1,632.3**	$ 1,570.7	$ 61.6	3.9 %

The increase in the second quarter of 2024, as compared to the second quarter of 2023, primarily reflects increased production volumes on certain vehicle programs that we support, including those associated with program launches in 2024 from our new and incremental business backlog. This increase was partially offset by a reduction of approximately $20 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

	Three Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Cost of goods sold	**$ 1,415.0**	$ 1,392.5	$ 22.5	1.6 %

The change in cost of goods sold in the second quarter of 2024, as compared to the second quarter of 2023, primarily reflects increased production volumes on certain vehicle programs that we support, partially offset by a reduction of approximately $18 million associated with the effect of metal market pass-through costs and the impact of foreign exchange related to translation adjustments. For both the three months ended June 30, 2024 and June 30, 2023, material costs were approximately 58% of total costs of goods sold.

Gross Profit

	Three Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Gross profit	**$ 217.3**	$ 178.2	$ 39.1	21.9 %

Gross margin was 13.3% in the second quarter of 2024, as compared to 11.3% in the second quarter 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)

	Three Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Selling, general & administrative expenses	**$ 105.2**	$ 91.1	$ 14.1	15.5 %

SG&A as a percentage of net sales was 6.4% in the second quarter of 2024, as compared to 5.8% of net sales in the second quarter of 2023. Research and development (R&D) expense, net of customer engineering, design and development (ED&D) recoveries, was approximately $44.5 million in the second quarter of 2024, as compared to $37.1 million in the second quarter of 2023. In addition to the increase in R&D expense in the second quarter of 2024, as compared to the second quarter of 2023, the change in SG&A primarily reflects increased compensation-related expense.

Amortization of Intangible Assets Amortization expense related to intangible assets was $20.6 million for the three months ended June 30, 2024 and $21.4 million for the three months ended June 30, 2023.

Restructuring and Acquisition-Related Costs Restructuring and acquisition-related costs were $5.0 million in the second quarter of 2024 and $7.9 million in the second quarter of 2023. See Note 11 - Restructuring and Acquisition-Related Costs for additional detail regarding our restructuring, acquisition and integration activity.

Operating Income Operating income was $86.5 million in the second quarter of 2024, as compared to $57.8 million in the second quarter of 2023. Operating margin was 5.3% in the second quarter of 2024, as compared to 3.7% in the second quarter of 2023. The changes in operating income and operating margin were primarily due to factors discussed in Net Sales, Cost of Goods Sold and SG&A above.

Interest Expense and Interest Income Interest expense was $47.9 million in the second quarter of 2024, as compared to $50.2 million in the second quarter of 2023. The weighted-average interest rate of our long-term debt outstanding was 7.0% in the second quarter of 2024 and 6.7% in the second quarter of 2023.

Interest income was $6.1 million in the second quarter of 2024, as compared to $5.9 million in the second quarter of 2023.

Debt Refinancing and Redemption Costs In the second quarter of 2024, we amended our existing Amended and Restated Credit Agreement and established the New Term Loan B Facility. See Note 4 - Long-Term Debt for further detail on the New Term Loan B Facility. As a result, we incurred approximately $0.2 million of debt refinancing and redemption costs during the second quarter of 2024.

In addition, in the second quarter of 2024, we voluntarily redeemed a portion of our 6.25% Notes due 2026. This resulted in a principal payment of $30.0 million and $0.4 million in accrued interest. We also expensed approximately $0.1 million for the write-off of a portion of the unamortized debt issuance costs that we had been amortizing over the expected life of the borrowing.

Gain (Loss) on Equity Securities We had previously invested in the equity securities of REE Automotive, which were measured at fair value each reporting period with changes in fair value reported as a gain or loss within Other income (expense), net in our Condensed Consolidated Statement of Income. During the second quarter of 2024, we sold all of our remaining equity securities of REE Automotive, resulting in a loss of $0.2 million for the three months ended June 30, 2024. During the second quarter of 2023, we recognized a gain of $0.3 million as a result of measuring the investment at fair value.

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 expense of $8.8 million in the second quarter of 2024, as compared to expense of $0.5 million in the second quarter of 2023. The change in other income (expense), net was primarily driven by changes in foreign exchange gains and losses in the second quarter of 2024, as compared to the second quarter of 2023.

Income Tax Expense Income tax expense was $17.2 million for the three months ended June 30, 2024, as compared to $5.3 million for the three months ended June 30, 2023. Our effective income tax rate was 48.6% in the second quarter of 2024, as compared to 39.8% in the second quarter of 2023.

During the three months ended June 30, 2024 and 2023, in computing our estimated annual effective tax rate, we recorded a valuation allowance against substantially all of the deferred tax asset on the current year estimated disallowed interest expense in the U.S. During the three months ended June 30, 2023, we recognized an income tax benefit of approximately $3.2 million related to the release of a valuation allowance in a foreign jurisdiction.

Our effective income tax rate for the three months ended June 30, 2024 varies from our effective income tax rate for the three months ended June 30, 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 June 30, 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), the impact of certain foreign tax rates and the impact of tax credits. For the three months ended June 30, 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., net of the impact of a reduction in unrecognized tax benefits, as well as favorable foreign tax rates and the impact of tax credits.

Net Income and Earnings Per Share (EPS) Net income was $18.2 million in the second quarter of 2024, as compared to $8.0 million in the second quarter of 2023. Diluted earnings per share was $0.15 per share in the second quarter of 2024, as compared to $0.07 per share in the second quarter of 2023. Net income and EPS for the second quarters of 2024 and 2023 were primarily impacted by the factors discussed above.

RESULTS OF OPERATIONS — SIX MONTHS ENDED JUNE 30, 2024 AS COMPARED TO SIX MONTHS ENDED JUNE 30, 2023

Net Sales

	Six Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Net sales	**$ 3,239.2**	$ 3,064.6	$ 174.6	5.7 %

The increase in the first six months of 2024, as compared to the first six months of 2023, primarily reflects increased production volumes on certain vehicle programs that we support, including those associated with program launches in 2024 from our new and incremental business backlog. This increase was partially offset by a reduction of approximately $14 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

	Six Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Cost of goods sold	**$ 2,823.4**	$ 2,725.8	$ 97.6	3.6 %

The change in cost of goods sold in the first six months of 2024, as compared to the first six months of 2023, primarily reflects increased production volumes on certain vehicle programs that we support. For the six months ended June 30, 2024, material costs were approximately 58% of total costs of goods sold as compared to approximately 57% for the six months ended June 30, 2023.

Gross Profit

	Six Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Gross profit	**$ 415.8**	$ 338.8	$ 77.0	22.7 %

Gross margin was 12.8% in the first six months of 2024 as compared to 11.1% in the first six 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)

	Six Months Ended June 30,			
(in millions)	**2024**	**2023**	**Change**	**Percent Change**
Selling, general & administrative expenses	**$ 203.5**	$ 189.4	$ 14.1	7.4 %

SG&A as a percentage of net sales was 6.3% in the first six months of 2024 as compared to 6.2% in the first six months of 2023. R&D expense, net of customer engineering, design and development recoveries, was approximately $81.2 million in the first six months of 2024, as compared to $79.9 million in the first six months of 2023. The change in SG&A expense in the first six months of 2024, as compared to the first six months of 2023, was primarily the result of increased compensation-related expense.

Amortization of Intangible Assets Amortization expense related to intangible assets was $41.3 million for the six months ended June 30, 2024 as compared to $42.8 million for the six months ended June 30, 2023.

Restructuring and Acquisition-Related Costs Restructuring and acquisition-related costs were $7.5 million for the six months ended June 30, 2024, as compared to $12.7 million for the six months ended June 30, 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 $163.5 million in the first six months of 2024 as compared to $93.9 million in the first six months of 2023. Operating margin was 5.0% in the first six months of 2024, as compared to 3.1% in the first six months of 2023. The changes in operating income and operating margin were due primarily to the factors discussed in Net Sales, Cost of Goods Sold and SG&A above.

Interest Expense and Interest Income Interest expense was $96.9 million in the first six months of 2024 as compared to $100.7 million in the first six months of 2023. The weighted-average interest rate of our long-term debt outstanding was 7.1% for the six months ended June 30, 2024 and 6.7% for the six months ended June 30, 2023. We expect our interest expense for the full year 2024 to be approximately $185 million to $195 million.

Interest income was $14.4 million in the first six months of 2024 as compared to $11.8 million in the first six months of 2023.

Debt Refinancing and Redemption Costs In the first six months of 2024, we amended our existing Amended and Restated Credit Agreement and established the New Term Loan B Facility. See Note 4 - Long-Term Debt for further detail on the New Term Loan B Facility. As a result, we incurred approximately $0.2 million of debt refinancing and redemption costs during the first six months of 2024.

In addition, in the first six months of 2024, we voluntarily redeemed a portion of our 6.25% Notes due 2026. This resulted in a principal payment of $30.0 million and $0.4 million in accrued interest. We also expensed approximately $0.1 million for the write-off of a portion of the unamortized debt issuance costs that we had been amortizing over the expected life of the borrowing.

Gain (Loss) on Equity Securities We had previously invested in the equity securities of REE Automotive, which were measured at fair value each reporting period with changes in fair value reported as a gain or loss within Other income (expense), net in our Condensed Consolidated Statement of Income. During the six months ended June 30, 2024, we sold all of our remaining equity securities of REE Automotive, resulting in a loss of $0.1 million. The fair value of the REE shares was principally unchanged during the six months ended June 30, 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 expense of $8.8 million in the first six months of 2024, and was income of $3.2 million in the first six months of 2023. The change in other income (expense), net was primarily driven by changes in foreign exchange gains and losses in the first six months of 2024, as compared to the first six months of 2023.

Income Tax Expense Income tax expense was $33.1 million for the six months ended June 30, 2024, as compared to $5.3 million for the six months ended June 30, 2023. Our effective income tax rate was 46.1% in the first six months of 2024 as compared to 64.6% in the first six months of 2023.

During the six months ended June 30, 2024 and 2023, in computing our estimated annual effective tax rate, we recorded a valuation allowance against substantially all of the deferred tax asset on the current year estimated disallowed interest expense in the U.S. During the six months ended June 30, 2023, we recognized an income tax benefit of approximately $3.2 million related to the release of a valuation allowance in a foreign jurisdiction. In addition, 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 six months ended June 30, 2023.

Our effective income tax rate for the six months ended June 30, 2024 varies from our effective income tax rate for the six months ended June 30, 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 six months ended June 30, 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), the impact of certain foreign tax rates and the impact of tax credits. For the six months ended June 30, 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., net of the impact of a reduction in unrecognized tax benefits, as well as favorable foreign tax rates and the impact of tax credits.

Net Income and Earnings Per Share (EPS) Our net income was $38.7 million in the first six months of 2024, as compared to $2.9 million in the first six months of 2023. Diluted EPS was $0.32 per share in the first six months of 2024, as compared to $0.02 per share in the first six months of 2023. Net income and EPS for the first six 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 and six months ended June 30, 2024 and 2023 *(in millions)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Driveline	**$ 1,124.5**	$ 1,086.5	**$ 2,230.9**	$ 2,100.3
Metal Forming	**653.1**	634.2	**1,297.2**	1,253.3
Eliminations	**(145.3)**	(150.0)	**(288.9)**	(289.0)
Net sales	**$ 1,632.3**	$ 1,570.7	**$ 3,239.2**	$ 3,064.6

The increase in Driveline sales for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, was primarily the result of increased production volumes on certain vehicle programs that we support, including those associated with program launches in 2024 from our new and incremental business backlog. For both the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, Driveline sales were reduced by approximately $14 million as a result of the effect of metal market pass-throughs to our customers and the impact of foreign exchange translation.

The increase in Metal Forming sales for the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, was primarily the result of the timing of commercial recoveries for inflationary costs. For the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, Metal Forming sales were reduced by approximately $6 million 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 and six months ended June 30, 2024 and 2023 are as follows *(in millions)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Driveline	**$ 151.8**	$ 152.1	**$ 309.2**	$ 266.2
Metal Forming	**56.6**	39.5	**104.8**	100.8
Total segment adjusted EBITDA	**$ 208.4**	$ 191.6	**$ 414.0**	$ 367.0

For the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, Segment Adjusted EBITDA for the Driveline segment primarily reflects an increase of approximately $9 million attributable to the impact of increased production volumes on certain vehicle programs that we support, which was offset by increased R&D expense. For the six months ended June 30, 2024, as compared to the six months ended June 30, 2023, the increase in Segment Adjusted EBITDA for the Driveline segment primarily reflects approximately $33 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 launch costs.

For the three and six months ended June 30, 2024, as compared to the three and six months ended June 30, 2023, the increase in Segment Adjusted EBITDA for the Metal Forming segment primarily reflects the impact of the timing of commercial recoveries for inflationary costs, partially offset 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.

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, 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 June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net income	**$ 18.2**	$ 8.0	**$ 38.7**	$ 2.9
Interest expense	**47.9**	50.2	**96.9**	100.7
Income tax expense	**17.2**	5.3	**33.1**	5.3
Depreciation and amortization	**119.6**	120.5	**237.4**	245.4
EBITDA	**$ 202.9**	$ 184.0	**$ 406.1**	$ 354.3
Restructuring and acquisition-related costs	**5.0**	7.9	**7.5**	12.7
Debt refinancing and redemption costs	**0.3**	—	**0.3**	—
Loss (gain) on equity securities	**0.2**	(0.3)	**0.1**	—
Total segment adjusted EBITDA	**$ 208.4**	$ 191.6	**$ 414.0**	$ 367.0

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 June 30, 2024, we had nearly $1.5 billion of liquidity consisting of approximately $520 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 six months of 2024, net cash provided by operating activities was $160.6 million as compared to $164.9 million in the first six months of 2023. The following factors impacted cash from operating activities in the first six months of 2024, as compared to the first six months of 2023:

Accounts receivable For the six months ended June 30, 2024, we experienced a decrease in cash flow from operating activities of approximately $30 million related to the change in our accounts receivable balance from December 31, 2023 to June 30, 2024, as compared to the change in our accounts receivable balance from December 31, 2022 to June 30, 2023. This change was primarily the result of timing of collections on customer receivables due, in part, to our participation 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 six months ended June 30, 2024, we experienced a decrease in cash flow from operating activities of approximately $54 million related to the change in our accounts payable and accrued expenses balance from December 31, 2023 to June 30, 2024, as compared to the change in our accounts payable and accrued expenses balance from December 31, 2022 to June 30, 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 $22.8 million in the first six months of 2024, as compared to $40.6 million in the first six months of 2023. During the first six 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 $101.7 million for the six months ended June 30, 2024, as compared to $88.8 million for the six months ended June 30, 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 six months of 2024, net cash used in investing activities was $94.9 million as compared to $77.9 million for the six months ended June 30, 2023. Capital expenditures were $96.8 million in the first six months of 2024 as compared to $90.7 million in the first six months of 2023. We expect our capital spending in 2024 to be approximately 4% of sales.

In the first six 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 six months of 2024, net cash used in financing activities was $58.5 million, as compared to $87.4 million in the first six months of 2023. The following factors impacted cash from financing activities in the first six months of 2024, as compared to the first six months of 2023:

Senior Secured Credit Facilities American Axle & Manufacturing Holdings, Inc. (Holdings) and American Axle & Manufacturing, Inc. (AAM, Inc.) are parties to an amended and restated credit agreement that was entered into on March 11, 2022 and amended on December 13, 2022, June 28, 2023 and May 16, 2024 (as so amended, the Amended and Restated Credit Agreement) which provides for a term loan A facility (the Term Loan A Facility), term loan B facility (the Term Loan B Facility) and a multi-currency revolving credit facility (the Revolving Credit Facility and together with the Term Loan A Facility and the Term Loan B Facility, the Senior Secured Credit Facilities).

On May 16, 2024, Holdings and AAM, Inc. entered into a refinancing facility agreement (the Refinancing Facility Agreement), that established a new Term Loan B Facility of $648.0 million (the New Term Loan B Facility) and amended the Amended and Restated Credit Agreement to, among other things, update the applicable interest rate on the New Term Loan B Facility. The proceeds from the New Term Loan B Facility, together with $2.2 million cash on hand, were used to a) prepay the entire principal amount of the then-outstanding Term Loan B Facility, b) pay all accrued and unpaid interest due under the then-outstanding Term Loan B Facility and c) pay fees, costs and expenses payable in connection with the refinancing of the Term Loan B Facility. The New Term Loan B Facility will mature on December 13, 2029 (TLB Maturity), subject to a springing maturity that will apply if on any date prior to the TLB Maturity any of AAM's senior notes exceed $250 million outstanding within 91 days of the maturity date of such senior notes. In connection with the Refinancing Facility Agreement, we paid $1.7 million of debt refinancing costs and paid accrued interest of $0.5 million relating to the Term Loan B Facility. The terms of the Term Loan A Facility and the Revolving Credit Facility under the Amended and Restated Credit Agreement, including their respective interest rates and maturity dates in the first quarter of 2027, remain unchanged.

On June 28, 2023, Holdings and AAM, Inc. entered into the First Amendment to the Amended and Restated Credit Agreement (the First Amendment), which, among other things, increased the maximum levels of the total net leverage ratio covenant and reduced the minimum levels of cash interest expense coverage ratio covenant for the period from June 28, 2023 through the filing of our second quarter 2024 results, subject to certain conditions (the Amendment Period), modified certain categories of the applicable margin (determined based on the total net leverage ratio of Holdings) for the duration of the Amendment Period with respect to interest rates under the Term Loan A Facility and the Revolving Credit Facility, and modified certain covenants restricting the ability of Holdings, AAM, Inc. and certain subsidiaries of Holdings to create, incur, assume, or permit to exist certain additional indebtedness and liens and to make or agree to pay or make certain restricted payments, voluntary payments and distributions. As of the date of the First Amendment, the terms of the then-outstanding Term Loan B Facility under the Amended and Restated Credit Agreement, including maturity dates, interest rates and their applicable margins, remained unchanged. We paid debt issuance costs of $3.1 million in the three months ended June 30, 2023 related to the First Amendment.

At June 30, 2024, we had $892.2 million available under the Revolving Credit Facility. This availability reflects a reduction of $32.8 million primarily for standby letters of credit issued against the facility. In the six months ended June 30, 2023, we repaid $25.0 million on our Revolving Credit Facility that had been drawn in the fourth quarter of 2022.

As of June 30, 2024, we have prepaid $13.0 million of the outstanding principal on our Term Loan A Facility and $16.9 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 second quarter of 2024, we voluntarily redeemed a portion of our 6.25% Notes due 2026. This resulted in a principal payment of $30.0 million and $0.4 million in accrued interest. We also expensed approximately $0.1 million for the write-off of a portion of the unamortized debt issuance costs that we had been amortizing over the expected life of the borrowing. In the six months ended June 30, 2024, we also completed an open market repurchase of our 6.25% Notes due 2026 of $1.7 million.

Subsequent to June 30, 2024, we voluntarily redeemed an additional portion of our 6.25% Notes due 2026. In August 2024, this resulted in a principal payment of $50.0 million and $1.2 million in accrued interest. We also expensed approximately $0.2 million for the write-off of a portion of the unamortized debt issuance costs that we had been amortizing over the expected life of the borrowing.

Repayment of Tekfor Group Indebtedness In the six months ended June 30, 2024, we repaid $6.6 million of 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 June 30, 2024, $33.7 million was outstanding under our foreign credit facilities, as compared to $51.8 million at December 31, 2023. At June 30, 2024, an additional $82.5 million was available under our foreign credit facilities.

Treasury stock Treasury stock increased by $2.8 million in the first six months of 2024 to $235.7 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	*(in millions)*	
	Six Months Ended June 30, 2024	**Year Ended December 31, 2023**
Net sales	**$ 2,285.9**	$ 4,376.7
Gross profit	**303.7**	339.2
Income (loss) from operations	**73.1**	(91.4)
Net income (loss)	**(5.7)**	(182.4)

Balance Sheet Information	*(in millions)*	
	June 30, 2024	**December 31, 2023**
Current assets	**$ 1,245.5**	$ 1,009.2
Noncurrent assets	**2,517.0**	2,723.4
Current liabilities	**577.6**	1,512.2
Noncurrent liabilities	**3,220.8**	3,252.2
Redeemable preferred stock	**—**	—
Noncontrolling interest	**—**	—

At June 30, 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 $390 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 June 30, 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 six months 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 second 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 second 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 June 30, 2024 and December 31, 2023, we had currency forward contracts outstanding with a total notional amount of $281.7 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 $25.6 million at June 30, 2024 and was $18.8 million at December 31, 2023.

In the second quarter of 2024, we discontinued our existing €200.0 million fixed-to-fixed cross-currency swap that was designated as a cash flow hedge and entered into a new fixed-to-fixed cross-currency swap that is designated as a fair value hedge. The fixed-to-fixed cross-currency swap reduces the variability of functional currency equivalent cash flows associated with changes in exchange rates on certain Euro-based intercompany loans. At June 30, 2024, we had a notional amount outstanding under the fixed-to-fixed cross-currency swap of €175.0 million which was equivalent to $187.5 million. The fixed-to-fixed cross-currency swap hedges our exposure to changes in exchange rates on the intercompany loans through the second quarter of 2027. The potential decrease in fair value of our new fixed-to-fixed cross-currency swap, assuming a 10% adverse change in the foreign currency exchange rates, would be approximately $18.7 million at June 30, 2024. At December 31, 2023, the potential decrease in fair value of our then-outstanding fixed-to-fixed cross-currency swap, assuming a 10% adverse change in the foreign currency exchange rates was approximately $22.1 million.

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 June 30, 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 June 30, 2024) on our long-term debt outstanding, would be approximately $4.3 million at June 30, 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 June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting for the quarter ended June 30, 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 June 30, 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
				(in millions)
April 1 - April 30, 2024	4,938	$ 7.24	—	$ —
May 1 - May 31, 2024	3,388	7.62	—	—
June 1 - June 30, 2024	—	—	—	—
Total	8,326	$ 7.39	—	$ —

Item 5. Other Information

During the quarterly period ended June 30, 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
*4.1	Fourth Supplemental Indenture, dated May 14, 2024, among American Axle & Manufacturing, Inc., American Axle & Manufacturing Holdings, Inc., certain subsidiary guarantors signatory thereto and U.S. Bank Trust Company, National Association, as trustee
10.1	Refinancing Facility Agreement No. 2, dated as of May 16, 2024, among American Axle & Manufacturing Holdings, Inc., American Axle & Manufacturing, Inc., certain subsidiaries of American Axle & Manufacturing Holdings, Inc. identified therein, each financial institution party thereto as a lender and JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to Exhibit 10.1 of Current Report on Form 8-K dated May 17, 2024)
*22	Subsidiary Guarantors and Issuers of Guaranteed Securities
*31.1	Certification of David C. Dauch, Chairman of the Board & Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act
*31.2	Certification of Christopher J. May, Executive Vice President & Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act
*32	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
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
August 9, 2024

FOURTH SUPPLEMENTAL INDENTURE

FOURTH SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of May 14, 2024, among American Axle & Manufacturing, Inc., a Delaware corporation (the "*Company*"), the entities listed on Schedule A hereto (the "*Guaranteeing Subsidiaries*"), American Axle & Manufacturing Holdings, Inc., a Delaware corporation ("*Holdings*"), the Subsidiary Guarantors party hereto (such Subsidiary Guarantors together with the Guaranteeing Subsidiaries are collectively referred herein as the "*Guarantors*") and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Company, Holdings and certain Subsidiary Guarantors have heretofore executed and delivered to the Trustee an indenture, dated as of November 3, 2011, as amended and supplemented by the First Supplemental Indenture, dated as of March 23, 2017, among Holdings, the Company, Alpha SPV I, Inc., certain Subsidiary Guarantors and the Trustee, the Second Supplemental Indenture, dated May 17, 2017, among Holdings, the Company, certain Subsidiary Guarantors and the Trustee, and the Third Supplemental Indenture, dated March 23, 2018, among Holdings, the Company, certain Subsidiary Guarantors and the Trustee (and as may be further amended and supplemented from time to time, the "*Indenture*"), providing for the issuance from time to time of its unsecured senior or subordinated debentures, notes or other evidences of indebtedness and guarantees thereof;

WHEREAS, the Company has issued under the Indenture its 6.875% Senior Notes due 2028, 6.50% Senior Notes due 2027, 6.25% Senior Notes due 2026 and 5.00% Senior Notes due 2029 (collectively, the "*Notes*");

WHEREAS, the Indenture and the terms of the Notes provide that under certain circumstances certain subsidiaries of Holdings and/or the Company may execute and deliver to the Trustee a supplemental indenture pursuant to which such subsidiary will guarantee the Notes on the terms and conditions set forth in Article Seventeen of the Indenture and in the Notes (the "*Note Guarantee*"), and the Guaranteeing Subsidiaries hereby are providing such a Note Guarantee; and

WHEREAS, pursuant to Section 901 of the Indenture, the parties hereto are authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each of the Guaranteeing Subsidiaries hereby agrees to provide a Guarantee on the terms and subject to the conditions set forth in the Note Guarantee.

3. NO RECOURSE AGAINST OTHERS. No director, officer, employee or stockholder of the Company, Holdings or any of the Guarantors will have any liability for any of the Company's, Holdings' or such Guarantor's obligations under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes and the Note Guarantees.

4. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THIS SUPPLEMENTAL INDENTURE IS SUBJECT TO THE PROVISIONS OF THE TRUST INDENTURE ACT THAT ARE REQUIRED TO BE PART OF THIS SUPPLEMENTAL INDENTURE AND SHALL, TO THE EXTENT APPLICABLE, BE GOVERNED BY SUCH PROVISIONS

5. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Transmission by telecopy, electronic mail, or other transmission method of an executed counterpart of this Supplemental Indenture will constitute due and sufficient delivery of such counterpart. The Trustee shall not have any duty to confirm that the person sending an executed counterpart of this Supplemental Indenture and/or any other documents delivered from time to time under the Indenture (the "Supplemental Documents") by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by the Trustee to comply with the ESIGN Act of 2000, the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309) or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider acceptable to the Trustee) shall be deemed original signatures for all purposes. Each other party assumes all risks arising out of the use of electronic signatures and electronic methods to send an executed counterpart of this Supplemental Indenture and any Supplemental Document to the Trustee, including without limitation the risk of the Trustee acting on an unauthorized executed counterpart of this Supplemental Indenture and such Supplemental Document, and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any such electronic executed counterpart of this Supplemental Indenture and such Supplemental Document.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiaries and the Company.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

THE GUARANTEEING SUBSIDIARIES:

TEKFOR, INC.
AAM NORTH AMERICA, INC.
AAM MEXICO HOLDINGS, LLC
AAM CASTING CORP.

By: /s/ Shannon J. Curry
Name: Shannon J. Curry
Title: Authorized Signatory

AMERICAN AXLE & MANUFACTURING, INC.

By: /s/ Shannon J. Curry
Name: Shannon J. Curry
Title: Vice President & Treasurer

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

By: /s/ Shannon J. Curry
Name: Shannon J. Curry
Title: Vice President & Treasurer

AAM INTERNATIONAL HOLDINGS, INC.
AUBURN HILLS MANUFACTURING, INC.
OXFORD FORGE, INC.
MSP INDUSTRIES CORPORATION
COLFOR MANUFACTURING, INC.
ACCUGEAR, INC.
METALDYNE PERFORMANCE GROUP, INC.
METALDYNE M&A BLUFFTON, LLC
METALDYNE POWERTRAIN COMPONENTS, INC.
METALDYNE SINTERED RIDGWAY, LLC
METALDYNE SINTERFORGED PRODUCTS, LLC
PUNCHCRAFT MACHINING AND TOOLING, LLC
HHI FORMTECH, LLC
JERNBERG INDUSTRIES, LLC
IMPACT FORGE GROUP, LLC
ASP HHI HOLDINGS, INC.
MD INVESTORS CORPORATION
AAM POWDER METAL COMPONENTS, INC.
ASP GREDE INTERMEDIATE HOLDINGS LLC

By: /s/ Shannon J. Curry
Name: Shannon J. Curry
Title: Authorized Signatory

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

By: /s/ James Kowalski
Authorized Signatory

Signature Page to Supplemental Indenture

SCHEDULE A

GUARANTEEING SUBSIDIARIES

Tekfor, Inc.
AAM North America, Inc.
AAM Mexico Holdings, LLC
AAM Casting Corp.

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: August 9, 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: August 9, 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 June 30, 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	/s/ Christopher J. May
David C. Dauch	Christopher J. May
Chairman of the Board &	Executive Vice President &
Chief Executive Officer	Chief Financial Officer
August 9, 2024	August 9, 2024