

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

FORM 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2025

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 001-41708

PHINIA INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

3000 University Drive, Auburn Hills, Michigan

(Address of Principal Executive Offices)

92-2483604

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

48326

(Zip Code)

Registrant's telephone number, including area code (248) 732-1900

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

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

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

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

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

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

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

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

As of July 18, 2025, the registrant had 38,904,475 shares of voting common stock outstanding.

PHINIA INC.
FORM 10-Q
THREE AND SIX MONTHS ENDED JUNE 30, 2025

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PHINIA INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions)	June 30, 2025	December 31, 2024
ASSETS		
Cash and cash equivalents	\$ 347	\$ 484
Receivables, net	905	817
Inventories	501	444
Prepayments and other current assets	119	96
Total current assets	1,872	1,841
Property, plant and equipment, net	871	843
Investments and long-term receivables	126	111
Goodwill	505	471
Other intangible assets, net	387	374
Other non-current assets	133	128
Total assets	\$ 3,894	\$ 3,768
LIABILITIES AND EQUITY		
Short-term borrowings and current portion of long-term debt	\$ 25	\$ 25
Accounts payable	571	522
Other current liabilities	409	422
Total current liabilities	1,005	969
Long-term debt	965	963
Retirement-related liabilities	124	112
Other non-current liabilities	173	150
Total liabilities	2,267	2,194
Commitments and contingencies (Note 17)		
Common stock	1	1
Additional paid-in capital	1,974	1,976
Retained earnings	95	44
Accumulated other comprehensive loss	(76)	(217)
Treasury stock	(367)	(230)
Total equity	1,627	1,574
Total liabilities and equity	\$ 3,894	\$ 3,768

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ 890	\$ 868	\$ 1,686	\$ 1,731
Cost of sales	693	680	1,317	1,351
Gross profit	197	188	369	380
Selling, general and administrative expenses	112	112	219	216
Other operating (income) expense, net	(4)	5	(1)	22
Operating income	89	71	151	142
Equity in affiliates' earnings, net of tax	(4)	(2)	(8)	(5)
Interest income	(4)	(4)	(8)	(8)
Interest expense	21	39	40	61
Other postretirement expense, net	1	1	2	1
Earnings before income taxes	75	37	125	93
Provision for income taxes	29	23	53	50
Net earnings	\$ 46	\$ 14	\$ 72	\$ 43
Earnings per share — basic	\$ 1.16	\$ 0.31	\$ 1.80	\$ 0.95
Earnings per share— diluted	\$ 1.14	\$ 0.31	\$ 1.76	\$ 0.93
Weighted average shares outstanding:				
Basic	39.5	44.8	40.1	45.5
Diluted	40.2	45.7	40.8	46.1

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)**

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net earnings	\$ 46	\$ 14	\$ 72	\$ 43
Other comprehensive income (loss)				
Foreign currency translation adjustments ⁽¹⁾	91	(18)	143	(39)
Defined benefit pension plans ⁽¹⁾	(2)	(1)	(3)	(2)
Hedge instruments ⁽¹⁾	1	—	1	—
Total other comprehensive income (loss)	90	(19)	141	(41)
Comprehensive income (loss)	<u>\$ 136</u>	<u>\$ (5)</u>	<u>\$ 213</u>	<u>\$ 2</u>

⁽¹⁾ Net of income taxes.

See accompanying Notes to Condensed Consolidated Financial Statements.

PHINIA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Six Months Ended June 30,	
	2025	2024
OPERATING		
Net cash provided by operating activities (see Note 20)	\$ 97	\$ 140
INVESTING		
Capital expenditures, including tooling outlays	(69)	(60)
Proceeds from asset disposals and other, net	1	1
Net cash used in investing activities	(68)	(59)
FINANCING		
Net decrease in notes payable	—	(75)
Proceeds from issuance of long-term debt, net of discount	—	525
Payments for debt issuance costs	—	(9)
Repayments of debt, including current portion	—	(428)
Dividends paid to PHINIA stockholders	(21)	(23)
Payments for purchase of treasury stock, including excise tax	(142)	(113)
Payments for stock-based compensation items	(6)	(3)
Net cash used in financing activities	(169)	(126)
Effect of exchange rate changes on cash	3	19
Net decrease in cash and cash equivalents	(137)	(26)
Cash and cash equivalents at beginning of year	484	365
Cash and cash equivalents at end of period	\$ 347	\$ 339

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

INTRODUCTION

The accompanying Condensed Consolidated Financial Statements and notes present the condensed consolidated statements of operations, balance sheets, and cash flows of PHINIA Inc. (PHINIA or the Company). PHINIA is a leader in the development, design and manufacture of integrated components and systems that are designed to optimize performance, increase efficiency and reduce emissions for combustion and hybrid propulsion systems for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and aerospace and defense), light commercial vehicles (vans and trucks) and light passenger vehicles (passenger cars, mini-vans, cross-overs and sport-utility vehicles). The Company is a global supplier to most major original equipment manufacturers (OEMs) seeking to meet evolving and increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, the Company offers a wide range of original equipment service (OES) solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

Transition to Standalone Company

On July 3, 2023, PHINIA became an independent publicly-traded company as a result of the legal and structural separation of the Fuel Systems and Aftermarket businesses from BorgWarner Inc. (BorgWarner or Former Parent). The separation was completed in the form of a distribution of the outstanding common stock of PHINIA to holders of record of common stock of BorgWarner on a pro rata basis (the Spin-Off). In connection with the Spin-Off, we entered into an agreement with the Former Parent which governs the Company's and the Former Parent's respective rights, responsibilities and obligations after the distribution with respect to taxes for any tax period ending on or before the distribution date, as well as tax periods beginning before and ending after the distribution date (Tax Matters Agreement).

NOTE 1 BASIS OF PRESENTATION

The Company's Condensed Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. Certain information and footnote disclosures normally included in annual financial statements were condensed or omitted as permitted by such rules and regulations. In the opinion of management, all normal recurring adjustments necessary for a fair statement of results have been included. Operating results for the three and six months ended June 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025. The balance sheet as of December 31, 2024 was derived from the audited financial statements as of that date. Certain amounts for the prior periods presented were reclassified to conform to the current period presentation.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and accompanying notes, as well as amounts of revenues and expenses reported during the periods covered by those financial statements and accompanying notes. The Condensed Consolidated Financial Statements may not be indicative of the Company's future performance.

New Accounting Pronouncements

Recently Adopted Accounting Standards

Accounting Standards Update (ASU) 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This update is intended to improve disclosures about a public entity's reportable segments and addresses requests from investors and other allocators of capital for additional, more detailed information about a reportable segment's expenses. This guidance was effective for annual reporting periods beginning after December 15, 2023 and interim reporting periods beginning after

December 15, 2024. The Company has adopted this guidance; refer to Note 19, "Reportable Segments and Related Information" to the Condensed Consolidated Financial Statements for more information.

Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance requires entities to disaggregate information related to the effective tax rate reconciliation and income taxes paid. This guidance is effective for annual reporting periods beginning after December 15, 2024. The Company will provide the incremental disclosures in its Annual Report on Form 10-K for the year ended December 31, 2025.

In November 2024, the FASB issued ASU 2024-03 and ASU 2025-01, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)." This guidance requires entities to disclose disaggregated information about certain income statement expense line items in the notes to the financial statements. This guidance is effective for annual reporting periods beginning after December 15, 2026. These ASUs will result in additional disclosures but will not have a material impact on the Company's Consolidated Financial Statements.

NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company manufactures and sells products and solutions, primarily to OEMs of commercial vehicle, industrial applications and light vehicles, to certain Tier One vehicle systems suppliers and into the aftermarket. The Company's payment terms are based on customary business practices and vary by customer type and products offered. The Company has evaluated the terms of its arrangements and determined that they do not contain significant financing components.

In limited instances, certain customers have provided payments in advance of receiving related products, typically at the onset of an arrangement prior to the beginning of production. As of June 30, 2025, the balance of contract liabilities was \$14 million, of which \$5 million was reflected in Other current liabilities and \$9 million was reflected in Other non-current liabilities. As of December 31, 2024, the balance of contract liabilities was \$7 million, of which \$3 million was reflected in Other current liabilities and \$4 million was reflected as Other non-current liabilities. These amounts are reflected as revenue over the term of the arrangement (typically three to seven years) as the underlying products are shipped and represent the Company's remaining performance obligations as of the end of the period.

The following table represents a disaggregation of revenue from contracts with customers by reportable segment and region for the three and six months ended June 30, 2025 and 2024. Refer to Note 19, "Reportable Segments and Related Information" to the Condensed Consolidated Financial Statements, for more information.

Three Months Ended June 30, 2025			
(In millions)	Fuel Systems	Aftermarket	Total
Americas	\$ 184	\$ 185	\$ 369
Europe	218	149	367
Asia	135	19	154
Total	\$ 537	\$ 353	\$ 890

Three Months Ended June 30, 2024			
(In millions)	Fuel Systems	Aftermarket	Total
Americas	\$ 177	\$ 192	\$ 369
Europe	227	137	364
Asia	114	21	135
Total	\$ 518	\$ 350	\$ 868

Six Months Ended June 30, 2025			
(In millions)	Fuel Systems	Aftermarket	Total
Americas	\$ 361	\$ 364	\$ 725
Europe	408	276	684
Asia	241	36	277
Total	\$ 1,010	\$ 676	\$ 1,686

Six Months Ended June 30, 2024			
(In millions)	Fuel Systems	Aftermarket	Total
Americas	\$ 364	\$ 384	\$ 748
Europe	454	262	716
Asia	227	40	267
Total	\$ 1,045	\$ 686	\$ 1,731

NOTE 3 RESEARCH AND DEVELOPMENT COSTS

The Company's net Research & Development (R&D) costs are primarily included in Selling, general and administrative expenses of the Condensed Consolidated Statements of Operations. Customer reimbursements are netted against gross R&D costs as they are considered a recovery of cost. Customer reimbursements for prototypes are recorded net of prototype costs based on customer contracts, typically either when the prototype is shipped or when it is accepted by the customer. Customer reimbursements for engineering services are recorded when performance obligations are satisfied in accordance with the contract. Financial risks and rewards transfer upon shipment, acceptance of a prototype component by the customer or upon completion of the performance obligation as stated in the respective customer agreement. The Company has various customer arrangements relating to R&D activities that it performs at its various R&D locations.

The following table presents the Company's gross and net costs on R&D activities:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Gross R&D costs	\$ 46	\$ 52	\$ 92	\$ 104
Customer reimbursements	(16)	(22)	(34)	(47)
Net R&D costs	\$ 30	\$ 30	\$ 58	\$ 57

Net R&D costs as a percentage of net sales were 3.4% for the three and six months ended June 30, 2025. Net R&D costs as a percentage of net sales were 3.5% and 3.3% for the three and six months ended June 30, 2024, respectively.

NOTE 4 OTHER OPERATING (INCOME) EXPENSE, NET

Items included in Other operating (income) expense, net consist of:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Restructuring	\$ 2	\$ 3	\$ 7	\$ 5
Transaction-related (benefits) costs	(4)	3	(5)	20
Other operating income, net	(2)	(1)	(3)	(3)
Other operating (income) expense, net	\$ (4)	\$ 5	\$ (1)	\$ 22

Transaction-related (benefits) costs: The Company classifies certain expenses and benefits related to the Spin-Off, acquisitions and divestitures as transaction-related (benefits) costs. Spin-Off costs and adjustments include professional fees and other costs associated with the separation of the Company, including the adjustment of certain historical liabilities allocated to the Company in connection with the Spin-Off, and indemnities related to the Tax Matters Agreement between the Company and Former Parent.

During the three and six months ended June 30, 2025, the Company recorded transaction-related benefits of \$4 million and \$5 million, respectively, which includes an \$11 million and \$18 million benefit related to indemnities under the Tax Matters Agreement during the three and six months ended June 30, 2025, respectively; \$5 million and \$8 million of costs related to the Spin-Off during the three and six months ended June 30, 2025, respectively; and \$2 million and \$5 million of costs related to the evaluation of strategic acquisition initiatives during the three and six months ended June 30, 2025, respectively, as further discussed below. During the three and six months ended June 30, 2024, the Company recorded transaction-related costs of \$3 million and \$20 million, respectively, which primarily related to Spin-Off costs.

On June 10, 2025, the Company announced that it entered into a definitive agreement to acquire all of the issued and outstanding shares of Swedish Electromagnet Invest AB (SEM), a prominent provider of advanced natural gas, hydrogen and other alternative fuel ignition systems, injector stators and linear position sensors for approximately \$47 million. The transaction is expected to close in the third quarter of 2025.

Restructuring: The Company recorded \$2 million and \$7 million in the three and six months ended June 30, 2025, respectively, and \$3 million and \$5 million in the three and six months ended June 30, 2024, respectively, of restructuring costs for individually approved restructuring actions that primarily related to reductions in headcount in the Fuel Systems segment.

NOTE 5 INCOME TAXES

The Company's provision for income taxes is based upon an estimated annual effective tax rate for the year applied to domestic and foreign income. On a quarterly basis, the annual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter.

The Company's effective tax rate for the three months ended June 30, 2025 and 2024 was 39% and 62%, respectively. The effective tax rate for the three months ended June 30, 2025 decreased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably a decrease in pre-tax losses where no benefit is recognized, partially offset by an increase in uncertain tax position reserves of \$11 million related to the periods prior to the Spin-Off.

The Company's effective tax rate for the six months ended June 30, 2025 and 2024 was 42% and 54%, respectively. The effective tax rate for the six months ended June 30, 2025 decreased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably a decrease in pre-tax losses where no benefit is recognized, partially offset by an increase in uncertain tax position reserves of \$18 million related to periods prior to the Spin-Off.

The annual effective tax rates differ from the U.S. statutory rate primarily due to foreign tax rates that vary from those in the U.S., jurisdictions with pretax losses for which no tax benefit could be realized, U.S. taxes on foreign earnings, and permanent differences between book and tax treatment for certain items including enhanced deduction of research and development expenses in certain jurisdictions.

The Organization for Economic Co-operation and Development (OECD) has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective January 1, 2024 and other aspects effective January 1, 2025. While it is uncertain whether the U.S. will enact legislation to adopt Pillar 2, certain countries in which the Company operates have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2. For the three and six months ended June 30, 2025 the Company has provisionally calculated additional top-up tax under the Pillar 2 Framework in certain jurisdictions where the effective tax rate fell below the minimum threshold of 15%. This amount is not significant to the total 2025 income tax provision for the Company.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the 2017 Tax Cuts and Jobs Act, modifications to the international tax framework, and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The Company is currently assessing its impact on the consolidated financial statements.

NOTE 6 RECEIVABLES, NET

The table below provides details of Receivables, net as of June 30, 2025 and December 31, 2024:

(in millions).	June 30, 2025	December 31, 2024
Receivables, net:		
Customers	\$ 666	\$ 574
Indirect taxes	110	119
Due from Former Parent	85	80
Other	52	53
Gross receivables	913	826
Allowance for credit losses	(8)	(9)
Total receivables, net	<u>\$ 905</u>	<u>\$ 817</u>

NOTE 7 INVENTORIES

A summary of Inventories is presented below:

(in millions).	June 30, 2025	December 31, 2024
Raw material and supplies	\$ 250	\$ 234
Work-in-progress	50	40
Finished goods	201	170
Inventories	<u>\$ 501</u>	<u>\$ 444</u>

NOTE 8 OTHER CURRENT AND NON-CURRENT ASSETS

(in millions)	June 30, 2025	December 31, 2024
Prepayments and other current assets:		
Prepaid taxes	\$ 37	\$ 32
Prepaid customer tooling	24	14
Prepaid engineering	20	19
Prepaid software	11	10
Customer return assets	7	8
Derivative instruments	5	—
Prepaid insurance	3	4
Other	12	9
Total prepayments and other current assets	<u>\$ 119</u>	<u>\$ 96</u>
Investments and long-term receivables:		
Long-term receivables	\$ 59	\$ 52
Investment in equity affiliates	59	51
Investment in equity securities	5	5
Due from Former Parent	3	3
Total investments and long-term receivables	<u>\$ 126</u>	<u>\$ 111</u>
Other non-current assets:		
Operating leases	\$ 50	\$ 54
Deferred income taxes	49	43
Customer incentive payments	10	9
Other	24	22
Total other non-current assets	<u>\$ 133</u>	<u>\$ 128</u>

NOTE 9 GOODWILL AND OTHER INTANGIBLES

During the fourth quarter of each year, the Company assesses its goodwill and indefinite-lived intangibles assigned to each of its reporting units for impairment by either performing a qualitative assessment or a quantitative analysis. No events or circumstances were noted in the first six months of 2025 requiring additional assessment or testing.

A summary of the components in the carrying amount of goodwill as of June 30, 2025 and December 31, 2024 is as follows:

(in millions)	Fuel Systems	Aftermarket	Total
Gross goodwill balance, December 31, 2024	\$ 60	\$ 524	\$ 584
Accumulated impairment losses	—	(113)	(113)
Net goodwill balance, December 31, 2024	<u>\$ 60</u>	<u>\$ 411</u>	<u>\$ 471</u>
Goodwill during the period:			
Translation adjustment	8	26	34
Net goodwill balance, June 30, 2025	<u>\$ 68</u>	<u>\$ 437</u>	<u>\$ 505</u>

The Company's other intangible assets from acquisitions consist of the following:

		June 30, 2025			December 31, 2024		
(in millions)	Estimated useful lives (years)	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:							
Patented and unpatented technology	14 - 15	\$ 155	\$ 60	\$ 95	\$ 144	\$ 51	\$ 93
Customer relationships	14 - 15	272	131	141	259	118	141
Total amortized intangible assets		427	191	236	403	169	234
Unamortized trade names		151	—	151	140	—	140
Total other intangible assets		\$ 578	\$ 191	\$ 387	\$ 543	\$ 169	\$ 374

NOTE 10 PRODUCT WARRANTY

The Company provides warranties on some, but not all, of its products. Provisions for estimated expenses related to product warranty are made at the time products are sold. These estimates are established using historical information about the nature, frequency and average cost of warranty claim settlements as well as product manufacturing and industry developments and recoveries from third parties. Management actively studies trends of warranty claims and takes action to improve product quality and minimize warranty claims. Costs of product recalls, which may include the cost of the product being replaced as well as the customer's cost of the recall, including labor to remove and replace the recalled part, are accrued as part of the Company's warranty accrual at the time the Company believes it is probable that a loss will be incurred and the amount can be reasonably estimated. See Note 17, "Contingencies", for further discussion on the Company's quarterly process for accruals relating to commercial and legal matters. Management believes that the warranty accrual is appropriate; however, in certain cases, initial customer claims exceed the amount accrued. Facts may become known related to these claims that may result in additional losses that could be material to the Company's results of operations or cash flows. The Company's warranty provisions are primarily included in Cost of sales in the Condensed Consolidated Statements of Operations. The product warranty accrual is allocated to current and non-current liabilities in the Condensed Consolidated Balance Sheets.

The following table summarizes the activity in the product warranty accrual accounts:

(in millions)	2025	2024
Beginning balance, January 1	\$ 61	\$ 56
Provisions for current period sales	24	18
Payments	(22)	(20)
Other, primarily translation adjustment	3	(1)
Ending balance, June 30	<u>\$ 66</u>	<u>\$ 53</u>

The product warranty liability is classified in the Condensed Consolidated Balance Sheets as follows:

(in millions)	June 30, 2025	December 31, 2024
Other current liabilities	\$ 34	\$ 36
Other non-current liabilities	32	25
Total product warranty liability	<u>\$ 66</u>	<u>\$ 61</u>

NOTE 11 NOTES PAYABLE AND DEBT

As of June 30, 2025 and December 31, 2024, the Company had debt outstanding as follows:

(in millions)	June 30, 2025	December 31, 2024
5.000% Senior Notes due 10/01/25 (\$24 million par value)	\$ 24	\$ 24
6.750% Senior Notes due 04/15/29 (\$525 million par value)	519	518
6.625% Senior Notes due 10/15/32 (\$450 million par value)	444	444
Finance leases	3	2
Total long-term debt	<u>\$ 990</u>	<u>\$ 988</u>
Less: current portion	<u>25</u>	<u>25</u>
Long-term debt, net of current portion	<u>\$ 965</u>	<u>\$ 963</u>

The Company's long-term debt includes various covenants, none of which are expected to restrict future operations. The Company was in compliance with all covenants as of June 30, 2025.

As of June 30, 2025, the estimated fair values of the Company's long-term debt totaled \$1,023 million, which is \$36 million higher than carrying value for the same period. As of December 31, 2024, the estimated fair value of the Company's long-term debt totaled \$1,007 million, which is \$21 million higher than carrying value for the same period. Fair market values of the long-term debt are developed using observable values for similar debt instruments, which are considered Level 2 inputs as defined by ASC Topic 820. The carrying values of the Company's finance leases approximate fair value. The fair value estimates do not necessarily reflect the values the Company could realize in the current markets.

The Company has a \$500 million revolving credit facility (the Revolving Facility) which matures in July 2028. The Revolving Facility contains customary events of default and various financial covenants including debt to EBITDA and interest coverage ratio. The Company was in compliance with the financial covenants as of June 30, 2025. As of June 30, 2025 and December 31, 2024, the Company had no outstanding borrowings under the Revolving Facility, and availability of \$499 million.

NOTE 12 OTHER CURRENT AND NON-CURRENT LIABILITIES

Additional detail related to liabilities is presented in the table below:

(in millions)	June 30, 2025	December 31, 2024
Other current liabilities:		
Payroll and employee related	\$ 86	\$ 106
Customer related	85	98
Product warranties (Note 10)	34	36
Income taxes payable	30	35
Operating leases	18	17
Accrued freight	17	17
Uncertain tax positions	16	7
Accrued interest	15	17
Supplier related	11	8
Refundable customer deposits	10	9
Deferred engineering	10	6
Other non-income taxes	10	3
Legal and professional fees	8	6
Deferred income	6	3
Employee termination benefits	4	4
Other	49	50
Total other current liabilities	<u>\$ 409</u>	<u>\$ 422</u>
Other non-current liabilities:		
Deferred income taxes	\$ 58	\$ 55
Operating leases	35	39
Product warranties (Note 10)	32	25
Uncertain tax positions	22	8
Deferred income	15	11
Other	11	12
Total other non-current liabilities	<u>\$ 173</u>	<u>\$ 150</u>

NOTE 13 FINANCIAL INSTRUMENTS

The Company's financial instruments may include long-term debt, interest rate and cross-currency swaps, commodity derivative contracts and foreign currency derivative contracts. All derivative contracts are placed with counterparties that have a Standard and Poor's (S&P), or equivalent, investment grade credit rating at the time of the contracts' placement. An adjustment for non-performance risk is considered in the estimate of fair value in derivative assets based on the counterparty credit default swap (CDS) rate. When the Company is in a net derivative liability position, the non-performance risk adjustment is based on its CDS rate. At June 30, 2025 and December 31, 2024, the Company had no derivative contracts that contained credit-risk-related contingent features.

The Company is exposed to certain market risks relating to our ongoing business operations, including foreign currency exchange rate risk, commodity price risk and interest rate risk. The Company, at times, may use certain financial instruments, primarily derivative contracts, to protect against these risks. The Company uses financial instruments to manage foreign currency exchange rate risk related to forecasted cash flows, including capital expenditures, purchases, operating expenses or sales transactions, and the remeasurement of monetary assets and liabilities denominated in currencies other than the functional currency of the operating unit, and the foreign currency risk exposure associated with our net investment in certain foreign operations.

At June 30, 2025 and December 31, 2024, the USD equivalent notional values of outstanding currency derivative instruments used for foreign currency cash flow hedging were \$97 million and \$85 million, respectively. These amounts were primarily related to Euro denominated forward contracts at British Pound functional currency locations.

Derivative instruments designated as foreign currency cash flow hedges, as defined by ASC Topic 815, "Derivatives and Hedging," had a \$1 million gain recognized in Accumulated other comprehensive loss (AOCI) at June 30, 2025, and a gain of \$1 million in Selling, general and administrative expenses in Net earnings for the three and six months ended June 30, 2025. Balances in AOCI are reclassified to earnings when transactions related to the underlying risk are settled. At June 30, 2025 and December 31, 2024, the following amounts were recorded in the Consolidated Balance Sheets as being payable to or receivable from counterparties under ASC Topic 815:

(in millions) Derivatives designated as hedging instruments Under Topic 815:	Assets			Liabilities		
	Balance Sheet Location	June 30, 2025	December 31, 2024	Balance Sheet Location	June 30, 2025	December 31, 2024
Foreign currency	Prepayments and other current assets	\$ 3	\$ —	Other current liabilities	\$ 1	\$ —

The table below shows deferred gains (losses) reported in AOCI as well as the amount expected to be reclassified to income in one year or less for designated net investment hedges.

(in millions) Net investment hedge	Deferred gain (loss) in AOCI at		Gain (loss) expected to be reclassified to income in one year or less
	June 30, 2025	December 31, 2024	
Foreign currency	\$ (8)	\$ (11)	\$ —

The gains and losses attributable to the financial instrument designated as a net investment hedge were recognized in other comprehensive income (loss) during the periods presented below.

(in millions) Net investment hedge	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Foreign currency	\$ 2	\$ (1)	\$ 3	\$ (3)

The Company utilizes foreign currency derivatives not designated as hedging instruments to mitigate the variability of the remeasurement of monetary assets and liabilities denominated in currencies other than the operating units' functional currency. In February 2025, the Company entered into a \$100 million notional value Chinese Yuan (CNY), United States Dollar (USD) fixed rate cross currency swap intended to mitigate the remeasurement of an intercompany loan. The cross-currency swap derivative resulted in a gain of \$2 million and \$1 million for the three and six months ended June 30, 2025, respectively, and is included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Operations. At June 30, 2025, the \$2 million fair value of the cross currency swap was recorded in Prepayments and other current assets in the Condensed Consolidated Balance Sheets.

NOTE 14 RETIREMENT BENEFIT PLANS

The Company sponsors various defined contribution savings plans, primarily in the U.S., that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. The Company also has a number of defined benefit pension plans. Under specified conditions, the Company will make contributions to the plans and/or match a percentage of the employee contributions up to certain limits. The estimated contributions to the defined benefit pension plans for 2025 range from \$5 million to \$9 million, of which \$2 million has been contributed through the first six months of the year.

The components of net periodic benefit income recorded in the Condensed Consolidated Statements of Operations are as follows:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Service cost	\$ 1	\$ 1	\$ 2	\$ 2
Interest cost	12	12	23	23
Expected return on plan assets	(11)	(11)	(21)	(21)
Amortization of unrecognized loss	—	—	—	(1)
Net periodic benefit cost	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 3</u>

The components of net periodic benefit cost other than the service cost component are included in Other postretirement expense, net in the Condensed Consolidated Statements of Operations.

NOTE 15 STOCKHOLDERS' EQUITY

The changes of the Stockholders' Equity items during the three and six months ended June 30, 2025 and 2024, are as follows:

(in millions)	Issued common stock	Additional paid-in-capital	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, March 31, 2025	\$ 1	\$ 1,970	\$ (327)	\$ 59	\$ (166)	\$ 1,537
Dividends declared (\$0.27 per share)	—	—	—	(10)	—	(10)
Stock-based compensation expense	—	4	—	—	—	4
Purchase of treasury stock	—	—	(40)	—	—	(40)
Net earnings	—	—	—	46	—	46
Other comprehensive income	—	—	—	—	90	90
Balance, June 30, 2025	<u>\$ 1</u>	<u>\$ 1,974</u>	<u>\$ (367)</u>	<u>\$ 95</u>	<u>\$ (76)</u>	<u>\$ 1,627</u>

(in millions)	Issued common stock	Additional paid-in-capital	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, March 31, 2024	\$ 1	\$ 2,018	\$ (42)	\$ 26	\$ (153)	\$ 1,850
Dividends declared (\$0.25 per share)	—	—	—	(11)	—	(11)
Stock-based compensation expense	—	4	—	—	—	4
Purchase of treasury stock	—	—	(90)	—	—	(90)
Net issuance of executive stock plan	—	(2)	2	—	—	—
Net earnings	—	—	—	14	—	14
Other comprehensive loss	—	—	—	—	(19)	(19)
Spin-Off related adjustments	—	(1)	—	—	—	(1)
Balance, June 30, 2024	<u>\$ 1</u>	<u>\$ 2,019</u>	<u>\$ (130)</u>	<u>\$ 29</u>	<u>\$ (172)</u>	<u>\$ 1,747</u>

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(in millions)	Issued common stock	Additional paid-in-capital	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2024	\$ 1	\$ 1,976	\$ (230)	\$ 44	\$ (217)	\$ 1,574
Dividends declared (0.54 per share)	—	—	—	(21)	—	(21)
Stock-based compensation expense	—	8	—	—	—	8
Purchase of treasury stock	—	—	(140)	—	—	(140)
Excise tax on purchase of treasury stock	—	—	(1)	—	—	(1)
Net issuance of executive stock plan	—	(10)	4	—	—	(6)
Net earnings	—	—	—	72	—	72
Other comprehensive income	—	—	—	—	141	141
Balance, June 30, 2025	<u>\$ 1</u>	<u>\$ 1,974</u>	<u>\$ (367)</u>	<u>\$ 95</u>	<u>\$ (76)</u>	<u>\$ 1,627</u>

(in millions)	Issued common stock	Additional paid-in-capital	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2023	\$ 1	\$ 2,031	\$ (23)	\$ 9	\$ (131)	\$ 1,887
Dividends declared (\$0.50 per share)	—	—	—	(23)	—	(23)
Stock-based compensation expense	—	8	—	—	—	8
Purchase of treasury stock	—	—	(113)	—	—	(113)
Net issuance of executive stock plan	—	(9)	6	—	—	(3)
Net earnings	—	—	—	43	—	43
Other comprehensive loss	—	—	—	—	(41)	(41)
Spin-Off related adjustments	—	(11)	—	—	—	(11)
Balance, June 30, 2024	<u>\$ 1</u>	<u>\$ 2,019</u>	<u>\$ (130)</u>	<u>\$ 29</u>	<u>\$ (172)</u>	<u>\$ 1,747</u>

NOTE 16 ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables summarize the activity within accumulated other comprehensive loss during the three and six months ended June 30, 2025 and 2024:

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning balance, March 31, 2025	\$ (141)	\$ (25)	\$ —	\$ (166)
Comprehensive income (loss) before reclassifications	91	(2)	1	90
Income taxes associated with comprehensive income	—	(1)	—	(1)
Reclassification from accumulated other comprehensive loss	—	1	—	1
Ending Balance, June 30, 2025	<u>\$ (50)</u>	<u>\$ (27)</u>	<u>\$ 1</u>	<u>\$ (76)</u>

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning balance, March 31, 2024	\$ (119)	\$ (34)	\$ —	\$ (153)
Comprehensive loss before reclassifications	(18)	(1)	—	(19)
Ending Balance, June 30, 2024	<u>\$ (137)</u>	<u>\$ (35)</u>	<u>\$ —</u>	<u>\$ (172)</u>

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, December 31, 2024	\$ (193)	\$ (24)	\$ —	\$ (217)
Comprehensive income (loss) before reclassifications	143	(3)	1	141
Income taxes associated with comprehensive income	—	(1)	—	(1)
Reclassification from accumulated other comprehensive loss	—	1	—	1
Ending Balance, June 30, 2025	<u>\$ (50)</u>	<u>\$ (27)</u>	<u>\$ 1</u>	<u>\$ (76)</u>

(in millions)	Foreign currency translation adjustments	Defined benefit pension plans	Hedge instruments	Total
Beginning Balance, December 31, 2023	\$ (98)	\$ (33)	\$ —	\$ (131)
Comprehensive loss	(39)	(3)	—	(42)
Reclassification from accumulated other comprehensive loss	—	1	—	1
Ending Balance, June 30, 2024	<u>\$ (137)</u>	<u>\$ (35)</u>	<u>\$ —</u>	<u>\$ (172)</u>

NOTE 17 CONTINGENCIES

In the normal course of business, the Company is party to various commercial and legal claims, actions and complaints, including matters involving warranty claims, intellectual property claims, governmental

investigations and related proceedings, including relating to alleged or actual violations of vehicle emissions standards, general liability and various other risks.

It is not possible to predict with certainty whether or not the Company will ultimately be successful in any of these commercial and legal matters or, if not, what the impact might be. The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in commercial and legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability. Except as set forth below, the Company's management does not expect that an adverse outcome in any of these commercial and legal claims, actions and complaints that are currently pending will have a material adverse effect on the Company's results of operations, financial position or cash flows. An adverse outcome could, nonetheless, be material to the results of operations, financial position or cash flows.

BorgWarner Dispute

In September 2024, the Former Parent filed a claim against the Company in Delaware Superior Court seeking, inter alia, a judicial declaration that the Company is obligated under the Tax Matters Agreement entered into by the Company and the Former Parent in connection with the Spin-Off to remit to the Former Parent monies refunded, or to be refunded, to the Company from tax authorities that relate to certain indirect tax payments made prior to the Spin-Off. In November 2024, the Company filed, in Delaware Superior Court, a response to the Former Parent's claim and asserted a number of counterclaims and, in December 2024, the Former Parent filed a motion to dismiss the Company's counterclaims, which the Company opposed. On April 10, 2025, the Delaware Superior Court denied the Former Parent's motion to dismiss the counterclaims. The Company believes it has meritorious arguments in response to the Former Parent's claim and with respect to its own claims, however, the Company is unable to determine the ultimate outcome of this matter or determine an estimate of potential losses. It is reasonably possible, but not probable, that the resolution of this matter could have a material adverse effect on the Company's financial position, results of operations and/or cash flows.

NOTE 18 EARNINGS PER SHARE

The Company presents both basic and diluted earnings per share of common stock (EPS) amounts. Basic EPS is calculated by dividing net earnings by the weighted average shares of common stock outstanding during the reporting period. Diluted EPS is calculated by dividing net earnings by the weighted average shares of common stock and common stock equivalents outstanding during the reporting period.

The dilutive impact of stock-based compensation is calculated using the treasury stock method. The treasury stock method assumes that the Company uses the assumed proceeds from the exercise of awards to repurchase common stock at the average market price during the period. The assumed proceeds under the treasury stock method include the purchase price that the grantee will pay in the future and compensation cost for future service that the Company has not yet recognized.

The following table reconciles the numerators and denominators used to calculate basic and diluted earnings per share of common stock:

(in millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Basic earnings per share:				
Net earnings	\$ 46	\$ 14	\$ 72	\$ 43
Weighted average shares of common stock outstanding	39.5	44.8	40.1	45.5
Basic earnings per share of common stock	\$ 1.16	\$ 0.31	\$ 1.80	\$ 0.95
Diluted earnings per share:				
Net earnings	\$ 46	\$ 14	\$ 72	\$ 43
Weighted average shares of common stock outstanding	39.5	44.8	40.1	45.5
Effect of stock-based compensation	0.7	0.9	0.7	0.6
Weighted average shares of common stock outstanding including dilutive shares	40.2	45.7	40.8	46.1
Diluted earnings per share of common stock	\$ 1.14	\$ 0.31	\$ 1.76	\$ 0.93
Anti-dilutive stock-based awards excluded from the calculation of diluted earnings per share	0.1	—	0.1	—

NOTE 19 REPORTABLE SEGMENTS AND RELATED INFORMATION

The Company's business is comprised of two reportable segments, which are further described below. These segments are strategic business groups, which are managed separately as each represents a specific grouping of related automotive components and systems.

- **Fuel Systems.** This segment provides advanced fuel injection systems, fuel delivery modules, canisters, sensors, electronic control modules and associated software. Our highly engineered fuel injection systems portfolio includes pumps, injectors, fuel rail assemblies, engine control modules, and complete systems, including software and calibration services, that reduce emissions and improve fuel economy for traditional and hybrid applications.
- **Aftermarket.** Through this segment, the Company sells products to independent aftermarket customers and OES customers. Its product portfolio includes a wide range of products as well as maintenance, test equipment and vehicle diagnostics solutions. The Aftermarket segment also includes sales of starters and alternators to OEMs.

Segment Adjusted Operating Income (AOI) is the measure of segment income or loss used by the Company. Segment AOI is comprised of segment operating income adjusted for restructuring, transaction-related costs, impairment charges and other items not reflective of ongoing operating income or loss, and acquisition-related intangibles amortization expense because it pertains to non-cash expenses that the Company does not use to evaluate core operating performance. Management believes Segment AOI is most reflective of the operational profitability or loss of its reportable segments. Segment AOI excludes certain corporate costs, which primarily represent corporate expenses not directly attributable to the individual segments.

The Company's chief operating decision maker (CODM) is the chief executive officer.

The CODM uses Segment AOI for the financial planning and review process. The CODM considers

actual-to-forecast and actual-to-actual variances on a quarterly basis for Segment AOI when making decisions about the allocation of operating and capital resources to each segment. The CODM also uses Segment AOI for evaluating pricing strategy and to assess the performance of each segment by comparing the results of each segment with one another and in determining the compensation of certain employees.

The following tables show segment revenues and significant expenses for the Company's reportable segments:

(in millions).	Three Months Ended June 30, 2025			
	Fuel Systems	Aftermarket	Inter-segment Eliminations	Consolidated
Net sales to external customers	\$ 537	\$ 353	\$ —	\$ 890
Inter-segment eliminations	\$ 55	\$ —	\$ (55)	\$ —
Net Sales	\$ 592	\$ 353	\$ (55)	\$ 890
Less:				
Cost of sales	487	261		
Selling, general and administrative expenses (excluding Net R&D costs shown separately below) ¹	17	32		
Net R&D costs	27	3		
Other segment items ²	(1)	—		
Segment AOI	\$ 62	\$ 57		

(in millions).	Three Months Ended June 30, 2024			
	Fuel Systems	Aftermarket	Inter-segment Eliminations	Consolidated
Net sales to external customers	\$ 518	\$ 350	\$ —	\$ 868
Inter-segment eliminations	\$ 69	\$ 5	\$ (74)	\$ —
Net Sales	\$ 587	\$ 355	\$ (74)	\$ 868
Less:				
Cost of sales	489	264		
Selling, general and administrative expenses (excluding Net R&D costs shown separately below) ¹	18	35		
Net R&D costs	28	2		
Other segment items ²	—	1		
Segment AOI	\$ 52	\$ 53		

	Six Months Ended June 30, 2025			
(in millions)	Fuel Systems	Aftermarket	Inter-segment Eliminations	Consolidated
Net sales to external customers	\$ 1,010	\$ 676	\$ —	\$ 1,686
Inter-segment eliminations	\$ 110	\$ —	\$ (110)	\$ —
Net Sales	\$ 1,120	\$ 676	\$ (110)	\$ 1,686
Less:				
Cost of sales	931	496		
Selling, general and administrative expenses (excluding Net R&D costs shown separately below) ¹	32	63		
Net R&D costs	52	6		
Other segment items ²	(2)	2		
Segment AOI	\$ 107	\$ 109		

	Six Months Ended June 30, 2024			
(in millions)	Fuel Systems	Aftermarket	Inter-segment Eliminations	Consolidated
Net sales to external customers	\$ 1,045	\$ 686	\$ —	\$ 1,731
Inter-segment eliminations	\$ 118	\$ 7	\$ (125)	\$ —
Net Sales	\$ 1,163	\$ 693	\$ (125)	\$ 1,731
Less:				
Cost of sales	971	504		
Selling, general and administrative expenses (excluding Net R&D costs shown separately below) ¹	34	69		
Net R&D costs	52	5		
Other segment items ²	(1)	2		
Segment AOI	\$ 107	\$ 113		

¹ Excludes acquisition-related intangible amortization.

² Other segment items include inter-segment fees and other income.

The following table shows a reconciliation of Segment AOI to Earnings before income taxes for the Company's reportable segments:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fuel Systems	\$ 62	\$ 52	\$ 107	\$ 107
Aftermarket	57	53	109	113
Segment AOI	119	105	216	220
Corporate, including stock-based compensation	25	21	49	39
Amortization of acquisition-related intangibles	7	7	14	14
Transaction-related (benefits) costs	(4)	3	(5)	20
Restructuring expense	2	3	7	5
Equity in affiliates' earnings, net of tax	(4)	(2)	(8)	(5)
Interest income	(4)	(4)	(8)	(8)
Interest expense	21	39	40	61
Other postretirement expense, net	1	1	2	1
Earnings before income taxes	\$ 75	\$ 37	\$ 125	\$ 93

Segment Information

Segment information as of June 30, 2025 and December 31, 2024 and for the three and six months ended June 30, 2025 and 2024 is presented in the tables below:

Assets

(in millions)	June 30, 2025	December 31, 2024
Fuel Systems	\$ 2,060	\$ 1,902
Aftermarket	1,421	1,332
Total	3,481	3,234
Corporate ¹	413	534
Consolidated	\$ 3,894	\$ 3,768

¹ Corporate assets include cash and cash equivalents, investments and long-term receivables, and deferred income taxes.

Depreciation and amortization

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fuel Systems	\$ 32	\$ 34	\$ 62	\$ 68
Aftermarket	7	6	13	12
Total	39	40	75	80
Corporate	—	—	1	1
Consolidated	\$ 39	\$ 40	\$ 76	\$ 81

Long-lived asset expenditures ¹ (in millions)	Six Months Ended June 30,	
	2025	2024
Fuel Systems	\$ 62	\$ 52
Aftermarket	5	6
Total	67	58
Corporate	2	2
Consolidated	\$ 69	\$ 60

¹ Long-lived asset expenditures include capital expenditures and tooling outlays.

NOTE 20 OPERATING CASH FLOW AND OTHER SUPPLEMENTAL FINANCIAL INFORMATION

(in millions).	Six Months Ended June 30,	
	2025	2024
OPERATING		
Net earnings	\$ 72	\$ 43
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and tooling amortization	62	67
Intangible asset amortization	14	14
Restructuring expense, net of cash paid	1	5
Loss on extinguishment of debt	—	20
Stock-based compensation expense	8	8
Deferred income tax (benefit) expense	(3)	7
Other non-cash adjustments, net	(7)	(2)
Changes in assets and liabilities, excluding foreign currency translation adjustments:		
Receivables	(39)	19
Inventories	(28)	4
Prepayments and other current assets	(7)	(11)
Accounts payable and other current liabilities	23	(23)
Prepaid taxes and income taxes payable	(11)	6
Other assets and liabilities	14	(16)
Retirement benefit plan contributions	(2)	(1)
Net cash provided by operating activities	<u>\$ 97</u>	<u>\$ 140</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest, net	\$ 29	\$ 17
Income taxes, net of refunds	\$ 40	\$ 27

Cautionary Statement Regarding Forward-Looking Information

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q (Form 10-Q) to “PHINIA,” the “Company,” “we,” “our” or “us” refer to PHINIA Inc. and its consolidated subsidiaries.

This Form 10-Q contains forward-looking statements within the meaning of the U.S. federal securities laws. Forward-looking statements are statements other than historical fact that provide current expectations or forecasts of future events based on certain assumptions and are not guarantees of future performance. Forward-looking statements use words such as “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “likely,” “may,” “outlook,” “plan,” “potential,” “predict,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” and other words of similar meaning. Forward-looking statements are subject to risks, uncertainties, and factors relating to our business and operations, all of which are difficult to predict and which could cause our actual results to differ materially from the expectations expressed in or implied by such forward-looking statements. Risks, uncertainties, and factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to:

- adverse changes in general business and economic conditions, including recessions, adverse market conditions or downturns impacting the vehicle and industrial equipment industries;
- our ability to deliver new products, services and technologies in response to changing consumer preferences, increased regulation of greenhouse gas emissions, and acceleration of the market for electric vehicles;
- competitive industry conditions;
- failure to identify, consummate, effectively integrate or realize the expected benefits from acquisitions or partnerships;
- pricing pressures from OEMs;
- inflation rates and volatility in the costs of commodities used in the production of our products;
- changes in U.S. and foreign administrative policy, including tariffs, changes to existing trade agreements and import or export licensing requirements, and any resulting changes in international trade relations;
- our ability to protect our intellectual property;
- failure of or disruption in our information technology infrastructure, including a disruption related to cybersecurity;
- our ability to identify, attract, retain and develop a qualified global workforce;
- difficulties launching new vehicle programs;
- failure to achieve the anticipated savings and benefits from restructuring and product portfolio optimization actions;
- extraordinary events, including natural disasters or extreme weather events, fires or similar catastrophic events, political disruptions, terrorist attacks, pandemics or other public health crises, and acts of war;
- risks related to our international operations;
- the impact of economic, political, social and market conditions on our business in China;
- our reliance on a limited number of OEM customers;

- supply chain disruptions, including due to U.S. and foreign government action;
- work stoppages, production shutdowns and similar events or conditions;
- governmental investigations and related proceedings regarding vehicle emissions standards, including related to diesel defeat devices;
- current and future environmental, health and safety, human rights and other laws and regulations;
- the impacts of climate change, regulations related to climate change and various stakeholders' emphasis on climate change and other related matters;
- compliance with and changes in other laws and regulations;
- liabilities related to product warranties, litigation and other claims;
- tax audits and changes in tax laws or tax rates taken by taxing authorities;
- impairment charges on goodwill and indefinite-lived intangible assets;
- the impact of changes in interest rates and asset returns on our pension funding obligations;
- the impact of restrictive covenants and other requirements on our financial and operating flexibility pursuant to the agreements governing our indebtedness;
- risks relating to the Spin-Off, including our ability to achieve some or all of the benefits that we expect to achieve from the Spin-Off, a determination that the Spin-Off does not qualify as tax-free for U.S. federal income tax purposes, and our or our Former Parent's failure to perform under, or additional disputes that may arise between the parties relating to, various transaction agreements executed in connection with the Spin-Off; and
- other risks and uncertainties described in Item 1A, "Risk Factors" of our annual Form 10-K and in our other reports filed from time to time with the Securities and Exchange Commission (the SEC).

We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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

INTRODUCTION

PHINIA is a leader in the development, design and manufacture of integrated components and systems that are designed to optimize performance, increase efficiency and reduce emissions for combustion and hybrid propulsion systems for commercial vehicles and industrial applications (medium-duty and heavy-duty trucks, buses and other off-highway construction, marine, agricultural and aerospace and defense), light commercial vehicles (vans and trucks) and light passenger vehicles (passenger cars, mini-vans, cross-overs and sport-utility vehicles). We are a global supplier to most major OEMs seeking to meet evolving and increasingly stringent global regulatory requirements and satisfy consumer demands for an enhanced user experience. Additionally, we offer a wide range of OES solutions and remanufactured products as well as an expanded range of products for the independent (non-OEM) aftermarket.

Transition to Standalone Company

On July 3, 2023, PHINIA became an independent publicly-traded company as a result of the legal and structural separation of the Fuel Systems and Aftermarket businesses from BorgWarner Inc. (BorgWarner or Former Parent). The separation was completed in the form of a distribution of the outstanding common stock of PHINIA to holders of record of common stock of BorgWarner on a pro rata basis (the Spin-Off). In connection with the Spin-Off, we entered into an agreement with the Former Parent which governs the Company's and the Former Parent's respective rights, responsibilities and obligations after the distribution with respect to taxes for any tax period ending on or before the distribution date, as well as tax periods beginning before and ending after the distribution date (Tax Matters Agreement).

Proposed Acquisition of Swedish Electromagnet Invest AB (SEM)

On June 10, 2025, the Company announced that it entered into a definitive agreement to acquire all of the issued and outstanding shares of Swedish Electromagnet Invest AB (SEM), a prominent provider of advanced natural gas, hydrogen and other alternative fuel ignition systems, injector stators and linear position sensors for approximately \$47 million. The acquisition is expected to generate approximately \$50 million of annual revenue and approximately \$10 million of annual adjusted EBITDA. The transaction is expected to close in the third quarter of 2025.

Key Trends and Economic Factors

Commodities and Other Inflationary Impacts. Prices for commodities remain volatile, and since the beginning of 2021, the Company's business has experienced price increases for base metals (e.g., steel, aluminum and copper) but have mostly stabilized in 2025 compared to 2024. New trade restrictions, including export controls, and/or increases in tariffs could have a material impact on our business, financial condition, or results of operations by increasing our input costs and decreasing demand in the commercial vehicle (CV) and light vehicle (LV) markets, although the nature of those trade restrictions and tariffs remains unclear. Additionally, these tariffs increase the risk for elevated inflation more generally, which may be driving an increase in other input costs. As a result, the Company may experience higher costs, especially with respect to products imported from certain regions subject to significant tariff increases, including, but not limited to, Mexico and China.

Outlook

We expect earnings and cash generation in 2025 to be challenged as we expect a softening of the original equipment markets to outpace our ability to drive operational efficiencies and grow our Aftermarket sales. Continued economic and political uncertainty has caused the CV and LV markets to soften. LV volumes in our key markets for 2025 are expected to decline by mid-single digit percentages. CV volumes in our key markets are expected to decline by low-single digit percentages. Assuming constant foreign exchange rates and excluding sales from acquisitions, we expect flat to a modest increase in sales. Additionally, we may be impacted by other macroeconomic challenges in 2025,

including but not limited to inflation, supply chain constraints, market volatility, higher tariffs relevant to our operations (particularly in Mexico and China) and changes in international trade relations.

The Company maintains a positive long-term outlook for its global business and is committed to new product development and strategic investments to enhance its product leadership strategy. There are several trends that are driving the Company's long-term growth that management expects to continue, including market share expansion in the CV market, growth in overall vehicle parc that supports aftermarket demand, increased consumer interest in hybrid and plug-in vehicles, and adoption of additional product offerings enabling zero- and lower-carbon fuel solutions for combustion vehicles. In addition, we believe we are well positioned to continue to expand our differentiated offerings and capabilities across electronics, software and complete systems.

Use of Non-GAAP Financial Measures

This Form 10-Q contains information about PHINIA's financial results that is not presented in accordance with accounting principles generally accepted in the United States (GAAP). Such non-GAAP financial measures are reconciled to their most directly comparable GAAP financial measures in this Form 10-Q. The reconciliations include all information reasonably available to the Company at the date of this Form 10-Q and the adjustments that management can reasonably predict.

Management believes that these non-GAAP financial measures are useful to management, investors, and banking institutions in their analysis of the Company's business and operating performance. Management also uses this information for operational planning and decision-making purposes.

Non-GAAP financial measures are not and should not be considered a substitute for any GAAP measure. Additionally, because not all companies use identical calculations, the non-GAAP financial measures as presented by PHINIA may not be comparable to similarly titled measures reported by other companies.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2025 vs. Three Months Ended June 30, 2024

The following table presents a summary of the Company's operating results:

(in millions)	Three Months Ended June 30,			
	2025		2024	
Net sales	% of net sales		% of net sales	
Fuel Systems	\$ 592	66.5 %	\$ 587	67.6 %
Aftermarket	353	39.7 %	355	40.9 %
Inter-segment eliminations	(55)	(6.2)%	(74)	(8.5)%
Total net sales	890	100.0 %	868	100.0 %
Cost of sales	693	77.9 %	680	78.3 %
Gross profit	197	22.1 %	188	21.7 %
Selling, general and administrative expenses	112	12.6 %	112	12.9 %
Other operating (income) expense, net	(4)	(0.4)%	5	0.6 %
Operating income	89	9.9 %	71	8.2 %
Equity in affiliates' earnings, net of tax	(4)	(0.4)%	(2)	(0.2)%
Interest income	(4)	(0.4)%	(4)	(0.5)%
Interest expense	21	2.4 %	39	4.5 %
Other postretirement expense, net	1	0.1 %	1	0.1 %
Earnings before income taxes	75	8.2 %	37	4.3 %
Provision for income taxes	29	3.3 %	23	2.6 %
Net earnings	\$ 46	4.9 %	\$ 14	1.7 %

Net sales and Cost of sales

Net sales for the three months ended June 30, 2025 totaled \$890 million, an increase of \$22 million, or 3%, compared to the three months ended June 30, 2024. Cost of sales and cost of sales as a percentage of net sales were \$693 million and 78%, respectively, during the three months ended June 30, 2025, compared to \$680 million and 78%, respectively, during the three months ended June 30, 2024. The change in net sales and cost of sales for the three months ended June 30, 2025 was primarily driven by positive impacts of foreign currency primarily due to the strengthening of the Euro and British Pound relative to the U.S. Dollar and supplier savings, partially offset by the end of the contract manufacturing agreements with the Former Parent in the second quarter of 2024. Gross profit was negatively impacted by unfavorable impacts from recent tariff changes, for which the Company continues to negotiate with customers to achieve full recovery.

(in millions)	Net Sales	Cost of Sales	Gross Profit
Three Months Ended June 30, 2024	\$ 868	\$ 680	\$ 188
Volume and mix	2	(4)	6
Customer pricing	(2)	—	(2)
Supplier costs	—	(6)	6
Tariff cost and recovery	9	11	(2)
Employee costs	—	5	(5)
Contract manufacturing agreements	(5)	(5)	—
Foreign currency and other	18	12	6
Three Months Ended June 30, 2025	\$ 890	\$ 693	\$ 197

Selling, general and administrative expenses (SG&A)

SG&A for the three months ended June 30, 2025 and 2024 was \$112 million, or 13% as a percentage of net sales. SG&A expenses remained flat period-over-period, attributable to favorable foreign currency impacts, offset primarily by increased employee costs, including stock-based compensation.

(in millions)	Three Months Ended June 30,		Change (\$)
	2025	2024	
Employee costs	\$ 40	\$ 36	\$ 4
Research & development	30	30	—
Information technology	7	6	1
Amortization of acquisition-related intangibles	7	7	—
Other	28	33	(5)
Selling, general and administrative expenses	\$ 112	\$ 112	\$ —

Other operating (income) expense, net

Other operating (income) expense, net was \$4 million of income and \$5 million of expense for the three months ended June 30, 2025 and 2024, respectively. The change in other operating (income) expense, net was primarily driven by a decrease in transaction-related costs, primarily related to adjustments under the Tax Matters Agreement. Other operating (income) expense, net was comprised of the following:

(in millions)	Three Months Ended June 30,		Change (\$)
	2025	2024	
Restructuring	\$ 2	\$ 3	\$ (1)
Transaction-related (benefits) costs	(4)	3	(7)
Other operating income, net	(2)	(1)	(1)
Other operating (income) expense, net	\$ (4)	\$ 5	\$ (9)

Equity in affiliates' earnings, net of tax

Equity in affiliates' earnings, net of tax was \$4 million and \$2 million in the three months ended June 30, 2025 and 2024, respectively. This line item is driven by the results of the Company's unconsolidated joint venture.

Interest income

Interest income was \$4 million in the three months ended June 30, 2025 and 2024. The interest income is primarily related to interest earned on funds held in money market, local overnight deposits, and short term investments.

Interest expense

Interest expense was \$21 million and \$39 million in the three months ended June 30, 2025 and 2024, respectively. The decrease was primarily due to the loss on extinguishment as a result of the restructuring of the Company's debt positions in the prior period. See Note 11, "Notes Payable and Debt", for further discussion.

Provision for income taxes

Provision for income taxes was \$29 million for the three months ended June 30, 2025, resulting in an effective tax rate of 39%, compared to \$23 million, or 62%, for the three months ended June 30, 2024. The effective tax rate for the three months ended June 30, 2025 decreased as compared to the prior year as result of a change in the jurisdictional mix of pre-tax earnings, partially offset by an increase in uncertain tax position reserves of \$11 million related to periods prior to the Spin-Off.

Excluding the impact of items not related to the Company's ongoing operations, the Company's effective tax rate associated with ongoing operations was 36% for the three months ended June 30, 2025 compared to 42% for the three months ended June 30, 2024.

For further details, see Note 5, "Income Taxes," to the Condensed Consolidated Financial Statements for the three months ended June 30, 2025 and 2024.

Net earnings per diluted share and adjusted net earnings per diluted share

The Company's net earnings per diluted share was \$1.14 and \$0.31 for the three months ended June 30, 2025 and 2024, respectively. The Company's adjusted net earnings per diluted share was \$1.27 and \$0.88 for the three months ended June 30, 2025 and 2024, respectively. The Company defines adjusted net earnings per diluted share, a non-GAAP measure, as net earnings per diluted share adjusted to exclude: (i) the impact of restructuring expense, transaction-related costs, impairment charges and other gains, losses and tax effects and adjustments not reflective of the Company's ongoing operations; and (ii) acquisition-related intangibles amortization expense because it pertains to non-cash expenses that the Company does not use to evaluate core operating performance. Management believes that adjusted net earnings per diluted share is useful to investors in assessing the Company's ongoing financial performance, as it provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the Company's core operating performance.

	Three Months Ended June 30,	
	2025	2024
Net earnings per diluted share	\$ 1.14	\$ 0.31
Amortization of acquisition-related intangibles	0.18	0.15
Restructuring expense	0.05	0.07
Transaction-related (benefits) costs	(0.10)	0.06
Loss on extinguishment of debt	—	0.44
Tax effects and adjustments	—	(0.15)
Adjusted net earnings per diluted share	\$ 1.27	\$ 0.88

Results by Reportable Segment for the three months ended June 30, 2025 and 2024

The Company's business is aggregated into two reportable segments: Fuel Systems and Aftermarket.

Segment Adjusted Operating Income (AOI) is the measure of segment income or loss used by the Company. Segment AOI is comprised of segment operating income adjusted for restructuring, transaction-related costs, acquisition-related intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or loss. The Company believes Segment AOI is most reflective of the operational profitability or loss of its reportable segments.

Segment AOI excludes certain corporate costs, which primarily represent corporate expenses not directly attributable to the individual segments. Corporate expenses not allocated to Segment AOI were \$25 million and \$21 million for the three months ended June 30, 2025 and 2024, respectively. The increase in corporate expenses was primarily related to foreign exchange losses and the addition of a second tranche of performance stock units under the Company's stock incentive plan.

Refer to Note 19, "Reportable Segments and Related Information" to the Condensed Consolidated Financial Statements, for more information.

The following table presents Net sales and Segment AOI for the Company's reportable segments:

(in millions)	Three Months Ended June 30,					
	2025			2024		
	Net Sales to Customers	Segment AOI	% Margin	Net Sales to Customers	Segment AOI	% Margin
Fuel Systems	\$ 537	\$ 62	11.5 %	\$ 518	\$ 52	10.0 %
Aftermarket	353	57	16.1 %	350	53	15.1 %
Totals	<u>\$ 890</u>	<u>\$ 119</u>		<u>\$ 868</u>	<u>\$ 105</u>	

The following table presents the year-over-year change in net sales and Segment AOI for the Company's reportable segments for the three months ended:

(in millions)	Fuel Systems		Aftermarket	
	Net sales	Segment AOI	Net sales	Segment AOI
June 30, 2024	\$ 518	\$ 52	\$ 350	\$ 53
Volume and mix	9	2	(7)	4
Customer pricing	(1)	(1)	(1)	(1)
Supplier costs	—	4	—	2
Tariff cost and recovery	4	(1)	5	(1)
Contract manufacturing agreements	(5)	—	—	—
Foreign currency and other	12	6	6	—
June 30, 2025	<u>\$ 537</u>	<u>\$ 62</u>	<u>\$ 353</u>	<u>\$ 57</u>

The **Fuel Systems** segment's Segment Adjusted Operating margin was 11.5% for the three months ended June 30, 2025, compared to 10.0% for the three months ended June 30, 2024. The Segment Adjusted Operating margin increase was primarily due to supply chain savings, other cost of sales improvements and favorable foreign currency impacts.

The **Aftermarket** segment's Segment Adjusted Operating margin was 16.1% for the three months ended June 30, 2025, compared to 15.1% for the three months ended June 30, 2024. The Segment Adjusted Operating margin increased primarily due to favorable product mix, supply chain efficiencies and favorable foreign currency impacts.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 vs. Six Months Ended June 30, 2024

The following table presents a summary of the Company's operating results:

(in millions)	Six Months Ended June 30,			
	2025		2024	
Net sales	% of net sales		% of net sales	
Fuel Systems	\$ 1,120	66.4 %	\$ 1,163	67.2 %
Aftermarket	676	40.1 %	693	40.0 %
Inter-segment eliminations	(110)	(6.5)%	(125)	(7.2)%
Total net sales	1,686	100.0 %	1,731	100.0 %
Cost of sales	1,317	78.1 %	1,351	78.0 %
Gross profit	369	21.9 %	380	22.0 %
Selling, general and administrative expenses	219	13.0 %	216	12.5 %
Other operating (income) expense, net	(1)	(0.1)%	22	1.3 %
Operating income	151	9.0 %	142	8.2 %
Equity in affiliates' earnings, net of tax	(8)	(0.5)%	(5)	(0.3)%
Interest income	(8)	(0.5)%	(8)	(0.5)%
Interest expense	40	2.4 %	61	3.5 %
Other postretirement expense, net	2	0.1 %	1	0.1 %
Earnings before income taxes	125	7.5 %	93	5.4 %
Provision for income taxes	53	3.1 %	50	2.9 %
Net earnings	\$ 72	4.4 %	\$ 43	2.5 %

Net sales and Cost of sales

Net sales for the six months ended June 30, 2025 totaled \$1,686 million, a decrease of \$45 million, or 3%, compared to the six months ended June 30, 2024. Cost of sales and cost of sales as a percentage of net sales were \$1,317 million and 78%, respectively, during the six months ended June 30, 2025, compared to \$1,351 million and 78%, respectively, during the six months ended June 30, 2024. The change in net sales and cost of sales for the six months ended June 30, 2025 was primarily driven by unfavorable volume and mix driven by lower OEM sales across all regions, and the end of the contract manufacturing agreements with the Former Parent in the second quarter of 2024. Cost of sales was also negatively impacted by a \$7 million nonrecurrence of a supplier settlement and unfavorable impacts from recent tariff changes, for which the Company continues to negotiate with customers to achieve full recovery.

(in millions)	Net Sales	Cost of Sales	Gross Profit
Six Months Ended June 30, 2024	\$ 1,731	\$ 1,351	\$ 380
Volume and mix	(32)	(25)	(7)
Customer pricing	(2)	—	(2)
Supplier costs	—	(4)	4
Tariff cost and recovery	9	15	(6)
Employee costs	—	3	(3)
Contract manufacturing agreements	(22)	(22)	—
Foreign currency and other	2	(1)	3
Six Months Ended June 30, 2025	\$ 1,686	\$ 1,317	\$ 369

Selling, general and administrative expenses (SG&A)

SG&A for the six months ended June 30, 2025 was \$219 million as compared to \$216 million for the six months ended June 30, 2024. SG&A as a percentage of net sales was 13% for the six months ended June 30, 2025 and 2024. The change in SG&A expenses was primarily attributable to increased employee costs, including stock-based compensation, offset by favorable foreign currency impacts.

(in millions)	Six Months Ended June 30, 2025		Change (\$)
	2025	2024	
Employee costs	\$ 75	\$ 66	\$ 9
Research & development	58	57	1
Information technology	15	14	1
Amortization of acquisition-related intangibles	14	14	—
Other	57	65	(8)
Selling, general and administrative expenses	\$ 219	\$ 216	\$ 3

Other operating (income) expense, net

Other operating (income) expense, net was \$1 million of income and \$22 million of expense for the six months ended June 30, 2025 and 2024, respectively. The change in other operating expense, net was mainly driven by a decrease in transaction-related costs, primarily related to adjustments under the Tax Matters Agreement. Other operating (income) expense, net was comprised of the following:

(in millions)	Six Months Ended June 30,		Change (\$)
	2025	2024	
Restructuring	\$ 7	\$ 5	\$ 2
Transaction-related (benefits) costs	(5)	20	(25)
Other operating income, net	(3)	(3)	—
Other operating (income) expense, net	\$ (1)	\$ 22	\$ (23)

Equity in affiliates' earnings, net of tax

Equity in affiliates' earnings, net of tax was \$8 million and \$5 million in the six months ended June 30, 2025 and 2024, respectively. This line item is driven by the results of the Company's unconsolidated joint venture.

Interest income

Interest income was \$8 million in the six months ended June 30, 2025 and 2024. The interest income is primarily related to interest earned on funds held in money market, local overnight deposits, and short term investments.

Interest expense

Interest expense was \$40 million and \$61 million in the six months ended June 30, 2025 and 2024, respectively. The decrease was primarily due to the loss on extinguishment as a result of the restructuring of the Company's debt positions in the prior period. See Note 11, "Notes Payable and Debt", for further discussion.

Provision for income taxes

Provision for income taxes was \$53 million for the six months ended June 30, 2025, resulting in an effective tax rate of 42%, compared to \$50 million, or 54%, for the six months ended June 30, 2024. The effective tax rate for the six months ended June 30, 2025 decreased as compared to the prior year as a result of a change in the jurisdictional mix of pre-tax earnings, most notably a decrease in pre-tax losses where no benefit is recognized, partially offset by an increase in pre-spin uncertain tax position reserves of \$18 million.

Excluding the impact of items not related to the Company's ongoing operations, the Company's effective tax rate associated with ongoing operations was 36% for the six months ended June 30, 2025 compared to 40% for the six months ended June 30, 2024.

For further details, see Note 5, "Income Taxes," to the Condensed Consolidated Financial Statements for the six months ended June 30, 2025 and 2024.

Net earnings per diluted share and adjusted net earnings per diluted share

The Company's net earnings per diluted share was \$1.76 and \$0.93 for the six months ended June 30, 2025 and 2024, respectively. The Company's adjusted net earnings per diluted share was \$2.21 and \$1.98 for the six months ended June 30, 2025 and 2024, respectively. The Company defines adjusted net earnings per diluted share, a non-GAAP measure, as net earnings per diluted share adjusted to exclude: (i) the impact of restructuring expense, transaction-related costs, impairment charges and other gains, losses and tax effects and adjustments not reflective of the Company's ongoing operations; and (ii) acquisition-related intangibles amortization expense because it pertains to non-cash expenses that the Company does not use to evaluate core operating performance. Management believes that adjusted net earnings per diluted share is useful to investors in assessing the Company's ongoing financial performance, as it provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of the Company's core operating performance.

	Six Months Ended June 30,	
	2025	2024
Net earnings per diluted share	\$ 1.76	\$ 0.93
Amortization of acquisition-related intangibles	0.35	0.30
Restructuring expense	0.17	0.11
Loss on extinguishment of debt	—	0.44
Transaction-related (benefits) costs	(0.12)	0.43
Tax effects and adjustments	0.05	(0.23)
Adjusted net earnings per diluted share	<u>\$ 2.21</u>	<u>\$ 1.98</u>

Results by Reportable Segment for the six months ended June 30, 2025 and 2024

The Company's business is aggregated into two reportable segments: Fuel Systems and Aftermarket.

Segment Adjusted Operating Income (AOI) is the measure of segment income or loss used by the Company. Segment AOI is comprised of segment operating income adjusted for restructuring, transaction-related costs, acquisition-related intangible asset amortization expense, impairment charges and other items not reflective of ongoing operating income or loss. The Company believes Segment AOI is most reflective of the operational profitability or loss of its reportable segments.

Segment AOI excludes certain corporate costs, which primarily represent corporate expenses not directly attributable to the individual segments. Corporate expenses not allocated to Segment AOI were \$49 million and \$39 million for the six months ended June 30, 2025 and 2024, respectively. The increase in corporate expenses was primarily related to additional costs resulting from moving to a fully staffed standalone company and exiting the transition service agreements with the Former Parent, foreign exchange losses and the addition of a second tranche of performance stock units under the Company's stock incentive plan.

Refer to Note 19, "Reportable Segments and Related Information" to the Condensed Consolidated Financial Statements, for more information.

The following table presents Net sales and Segment AOI for the Company's reportable segments:

(in millions)	Six Months Ended June 30,					
	2025			2024		
	Net Sales to Customers	Segment AOI	% Margin	Net Sales to Customers	Segment AOI	% Margin
Fuel Systems	\$ 1,010	\$ 107	10.6 %	\$ 1,045	\$ 107	10.2 %
Aftermarket	676	109	16.1 %	686	113	16.5 %
Totals	\$ 1,686	\$ 216		\$ 1,731	\$ 220	

The following table presents the year-over-year change in net sales and Segment AOI for the Company's reportable segments for the six months ended:

(in millions)	Fuel Systems		Aftermarket	
	Net sales	Segment AOI	Net sales	Segment AOI
June 30, 2024	\$ 1,045	\$ 107	\$ 686	\$ 113
Volume and mix	(16)	(5)	(16)	(2)
Customer pricing	(3)	(3)	1	1
Supplier costs	—	1	—	3
Tariff cost and recovery	4	(3)	5	(3)
Contract manufacturing agreements	(22)	—	—	—
Foreign currency and other	2	10	—	(3)
June 30, 2025	\$ 1,010	\$ 107	\$ 676	\$ 109

The **Fuel Systems** segment's Segment Adjusted Operating margin was 10.6% for the six months ended June 30, 2025, compared to 10.2% for the six months ended June 30, 2024. The Segment Adjusted Operating margin increase was primarily due to favorable foreign exchange impact and supply chain savings, partially offset by unfavorable mix, the nonrecurrence of a supplier settlement and the impacts of recent tariff changes.

The **Aftermarket** segment's Segment Adjusted Operating margin was 16.1% for the six months ended June 30, 2025, compared to 16.5% for the six months ended June 30, 2024. The Segment Adjusted Operating margin decreased primarily due to impacts of recent tariff changes on the segment's OEM sales and unfavorable mix, partially offset by favorable foreign exchange impacts and supply chain efficiencies.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Company maintains various liquidity sources, including cash and cash equivalents and the unused portion of its \$500 million revolving credit facility maturing in July 2028 (the Revolving Facility). As of June 30, 2025, the Company had liquidity of \$846 million, comprised of cash and cash equivalent balances of \$347 million and availability on the Revolving Facility of \$499 million. Given the Company's strong liquidity position, management believes that it will have sufficient liquidity and will maintain compliance with all covenants through at least the next 12 months.

At June 30, 2025 and December 31, 2024, the Company had \$347 million and \$484 million of cash and cash equivalents, respectively, of which \$290 million and \$409 million, respectively, was held by our subsidiaries outside of the United States. We believe our existing cash and cash flows generated from operations and indebtedness incurred in conjunction with the Spin-Off discussed below will be responsive

to the needs of our current and planned operations for at least the next 12 months and the foreseeable future thereafter.

We utilize certain arrangements with various financial institutions to sell eligible trade receivables from certain customers in North America and Europe. We may terminate any or all of these arrangements at any time subject to prior written notice. While we do not depend on these arrangements for our liquidity, if we elected to terminate these arrangements, there would be a one-time unfavorable timing impact on the collection of any outstanding receivables.

Cash Flows

Operating Activities

Net cash provided by operating activities was \$97 million and \$140 million in the six months ended June 30, 2025 and 2024, respectively. The decrease in cash from operating activities for the six months ended June 30, 2025 compared with the six months ended June 30, 2024 was primarily due to increased working capital demands as the Company navigates fluctuating volumes and other shifting industry conditions.

Investing Activities

Net cash used in investing activities was \$68 million and \$59 million in the six months ended June 30, 2025 and 2024, respectively, primarily related to capital expenditures. As a percentage of sales, capital expenditures were 4.1% and 3.5% for the six months ended June 30, 2025 and 2024, respectively.

Financing Activities

Net cash used in financing activities was \$169 million and \$126 million in the six months ended June 30, 2025 and 2024, respectively, primarily related to stock repurchases.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates disclosures appear in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies And Estimates,” in the Company’s Form 10-K filed on February 13, 2025. There were no material changes to this information during the quarter ended June 30, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk appear in “Item 7A - Quantitative and Qualitative Disclosures About Market Risk” and “Item 1A - Risk Factors” in the Company’s Form 10-K filed on February 13, 2025. Excluding the information discussed below, there were no material changes to this information during the quarter ended June 30, 2025.

Currency Exchange Rate Risk

Currency exchange rate risk refers to the possibility that the Company may incur economic losses due to adverse changes in currency exchange rates. The Company operates globally and transacts in multiple currencies in addition to its reporting currency, the U.S. dollar. Although the Company generally uses the national or regional currency as the functional currency of its local entities, the Company has a significant amount of transactions in non-functional currency denominations including U.S. Dollar, Euro, Chinese Renminbi, Great British Pound and Mexico Peso. The Company mitigates its currency exchange rate risk by establishing local production facilities and related supply chain participants in the markets it serves, by invoicing customers in the same currency as the source of the products. The Company at times will also

use derivative financial instruments to mitigate the risk of certain transactional foreign currency exposures.

In addition, the Company executed an intercompany loan designated as a net investment hedge to mitigate specific exchange rate translation risk. As of June 30, 2025 and December 31, 2024, the Company deferred a pre-tax loss of \$8 million and \$11 million, respectively, for the designated net investment hedge within the cumulative translation account within accumulated other comprehensive income, a component of total shareholders' equity.

Currency translation adjustments, including the impact of the net investment hedges discussed above, during the six months ended June 30, 2025 and 2024, are shown in the following tables, which provide the percentage change in U.S. Dollars against the respective currencies and the approximate impacts of these changes recorded within other comprehensive income (loss) for the respective periods.

(in millions, except for percentages)

	June 30, 2025	
Euro	14 %	\$ 84
Brazilian Real	14 %	\$ 19
British Pound	10 %	\$ 26
Chinese Renminbi	2 %	\$ 9

(in millions, except for percentages)

	June 30, 2024	
Brazilian Real	(13)%	\$ (23)
Chinese Renminbi	(2)%	\$ (10)
Euro	(3)%	\$ (3)
Korean Won	(6)%	\$ (2)

For additional information regarding the level of business outside the United States, which is subject to foreign currency exchange rate market risk, refer to Note 19, "Reportable Segments and Related Information," to the Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective.

There have been no changes in internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of its business, the Company is involved in a number of lawsuits and claims, both actual and potential. Proceedings that were previously disclosed may no longer be reported because, as a result of rulings in the case, settlements, changes in our business, or other developments, in our judgment, they are no longer material to the Company's business, financial position or results of operations. Refer to Note 17, "Contingencies," to the Condensed Consolidated Financial Statements of this Form 10-Q for additional information.

SEC regulations require disclosure of certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that the Company reasonably believes will exceed a specified threshold. Pursuant to these regulations, the Company uses a threshold of \$1 million for purposes of determining whether disclosure of any such proceedings is required.

Item 1A. Risk Factors

We face a number of risks and uncertainties that could materially and adversely affect our business, financial condition or results of operations. A discussion of our risk factors can be found in Part I, Item 1A. Risk Factors in the Company's Form 10-K filed on February 13, 2025. Readers should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. During the three months ended June 30, 2025, there were no material changes to our previously disclosed risk factors.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

In August 2024, the Company's Board of Directors increased the capacity under our previously announced share repurchase program by \$250 million. On February 12, 2025, an additional \$200 million of capacity was approved, for a total share repurchase program of \$600 million. As of June 30, 2025, the Company had repurchased \$376 million of common stock under its repurchase program, excluding the impact of Federal excise tax. Under the repurchase program, shares may be repurchased in open market transactions, privately negotiated transactions, or pursuant to one or more accelerated stock repurchase programs or Rule 10b5-1 plans in compliance with SEC requirements. The exact amount and timing of any purchases will depend on a number of factors, including trading price, trading volume, and general market conditions. The repurchase program has no expiration date and may be suspended, discontinued, or resumed at any time. Repurchased shares will be deemed common stock held in treasury and may subsequently be reissued.

Employee transactions include shares of the Company's common stock withheld by the Company in connection with employees' payment of taxes associated with the vesting of their restricted stock awards granted under the PHINIA Inc. 2023 Stock Incentive Plan.

The following table provides information about the Company's purchases of its equity securities that are registered pursuant to Section 12 of the Exchange Act during the quarter ended June 30, 2025:

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	Average price per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under plans or programs (in millions)
May 1, 2025 - May 31, 2025				
Common Stock Repurchase Program	445,611	\$ 43.50	445,611	\$ 245
June 1, 2025 - June 30, 2025				
Common Stock Repurchase Program	480,139	\$ 42.94	480,139	\$ 224

Item 5. Other Information

Second Amended and Restated By-Laws

On July 21, 2025, the Board approved the Second Amended and Restated By-Laws of PHINIA Inc., effective as of such date (the Amended and Restated By-Laws).

The Amended and Restated By-Laws include certain changes to the notice procedures by which shareholders may recommend nominees for election to the Board, among other updates, including:

- certain revisions to conform to the Delaware General Corporation Law (the DGCL), including giving the Company the ability to provide shareholders information regarding an adjourned meeting in any manner permitted by the DGCL;
- clarification of procedures, definitions and disclosure requirements set forth in the advance notice by-law provisions for director nominations made and business proposals submitted by shareholders (other than proposals submitted pursuant to Rule 14a-8 under the Exchange Act); and
- incorporation of certain administrative and modernizing changes.

The foregoing description of the Amended and Restated By-Laws does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended and Restated By-Laws, which is filed as Exhibit 3.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Trading Arrangements

During the six months ended June 30, 2025, none of the individuals serving as the Company's directors or "officers," as defined in Rule 16a-1(f) of the Exchange Act, at that time adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

3.1	<u>Second Amended and Restated By-Laws of PHINIA Inc.*</u>
10.1	<u>Amended and Restated PHINIA Inc. Transition Income Plan.*+</u>
31.1	<u>Rule 13a-(14a)/15d-(14a) Certification of Chief Executive Officer.*</u>
31.2	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer.*</u>
32	<u>Section 1350 Certification of Chief Executive Officer and Chief Financial Officer.**</u>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104.1	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

** Furnished herewith.

+ Indicates management contract or compensatory plan or arrangement.

SIGNATURES

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

PHINIA Inc.

By: /s/ Samantha M. Pombier
(Signature)

Samantha M. Pombier
Vice President and Controller (Principal Accounting
Officer and Duly Authorized Officer)

Date: July 24, 2025

**SECOND AMENDED AND RESTATED
BY-LAWS
OF
PHINIA INC.**

ARTICLE I

OFFICES

SECTION 1. REGISTERED OFFICE. The registered office of the Corporation shall be established and maintained at the office of The Corporation Trust Company, at 1209 West Orange Street in the City of Wilmington, County of New Castle, State of Delaware, and said corporation shall be the registered agent of this Corporation in charge thereof.

SECTION 2. OTHER OFFICES. The Corporation may have other offices, either within or outside the State of Delaware, at such place or places as the Board of Directors may from time to time appoint or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. Annual meetings of stockholders for the election of directors, and for such other business as may be stated in the notice of the meeting, shall be held at such place, either within or outside the State of Delaware, or by means of remote communication, and at such time and date as the Board of Directors, by resolution, shall determine and as set forth in the notice of the meeting. If the date of the annual meeting shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. At each annual meeting, the stockholders entitled to vote shall elect a Board of Directors and they may transact such other corporate business as shall be stated in the notice of the meeting.

SECTION 2. OTHER MEETINGS. Meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or outside the State of Delaware, or by means of remote communication, as shall be stated in the notice of the meeting.

SECTION 3. SPECIAL MEETINGS. Subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders for any purpose or purposes may be called by the Board of Directors by resolution of the Board of Directors adopted by the affirmative vote of not less than a majority of the total number of directors that the Corporation would have if there were no vacancies (the "Whole Board") or by any person or committee expressly so authorized by the Board of Directors by resolution of the Board of Directors adopted by the affirmative vote of not less than a majority of the Whole Board.

SECTION 4. VOTING. Each stockholder shall be entitled to vote in accordance with the terms of the Corporation's Amended and Restated Certificate of Incorporation ("Certificate of Incorporation") and in accordance with the provisions of these By-Laws, in person or by proxy, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

SECTION 5. A complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the address of each, and the number of shares held by each, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least 10 days prior to the meeting, at the Corporation's election, either (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation.

SECTION 6. QUORUM. Except as otherwise required by law, by the Certificate of Incorporation or by these By-Laws, the presence, in person or by proxy, of stockholders holding a majority of the stock of the Corporation entitled to vote shall constitute a quorum at all meetings of the stockholders.

SECTION 7. NOTICE OF MEETINGS; POSTPONEMENTS AND ADJOURNMENTS. Written notice, stating the place, if any, date and time of the meeting, and the nature of the business to be considered, shall be given by the Corporation to each stockholder entitled to vote at such meeting at his, her or its address as it appears on the records of the Corporation, not less than 10 nor more than 60 days before the date of the meeting, except as otherwise provided herein or required by law. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all the stockholders entitled to vote at such meeting. Any previously scheduled annual meeting of the stockholders may be postponed, and any previously scheduled special meeting of the stockholders may be postponed or cancelled, by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

Any annual meeting or special meeting may be adjourned from time to time, whether or not there is a quorum, (i) at any time, by a majority in interest of the stockholders entitled to vote at such meeting, present in person or by proxy, or (ii) at any time by the Chairman of the Board or pursuant to a resolution of the Board of Directors. When a meeting is adjourned to another time or place or means of remote communication, notice need not be given of the adjourned meeting if the time and place, if any, or means of remote communication, if any, of such adjourned meeting are provided in accordance with Section 222 of the General Corporation Law of the State of Delaware; provided, however, that if the adjournment is for more than 30 days, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, means of remote communication, if any, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted that might have been transacted at the original meeting.

SECTION 8. NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(A) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting delivered pursuant to Section 7 of this Article II, (b) by or at the direction of the Chairman or the Board of Directors, or (c) by any stockholder of the Corporation who is entitled to vote at the meeting, who complied with the notice procedures set forth in clauses (2) and (3) of this paragraph (A) and this Section 8 and who was a stockholder of record at the time such notice is delivered to the Secretary, this clause (c) shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 8, the stockholder must have given timely notice in writing to the Secretary and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to nor later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before, or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof

commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth:

(a) as to each person whom the stockholder proposes to nominate for election or reelection as a director:

(i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(ii) such person's written consent to being named in any proxy statement and applicable proxy cards as a nominee and to serving as a director if elected;

(iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if a proposal is being made on the behalf of such an owner, and their respective "affiliates" and "associates" (for purposes of these By-Laws, each as defined in Rule 12b-2 under the Exchange Act), or others knowingly acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates, associates, or others knowingly acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person they are knowingly acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant;

(iv) a statement whether such person, if elected, intends to tender, promptly following such person's election or re-election, an irrevocable resignation effective upon such person's failure to receive the required vote for re-election at the next meeting at which such person would face re-election and upon acceptance of such resignation by the Board of Directors, in accordance with the Corporation's Corporate Governance Guideline on Director Elections; and

(v) a completed and signed questionnaire, representation and agreement required by Article II, Section 8 of these By-Laws and any other information the Corporation may require to determine the eligibility of such person to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such person;

(b) as to any other business that the stockholder proposes to bring before the meeting, set forth:

(i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, any material interest in such business of such stockholder, the beneficial owner, if any, on whose behalf the proposal is made and

(ii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any and any other person or persons (including their names) in connection with the proposal of such business (including nominations) by such stockholder; and

(c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, if any,

(ii)

(1) the class and number of shares of the Corporation that are directly or indirectly owned beneficially and of record by such stockholder and such beneficial owner,

(2) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a “Derivative Instrument”) directly or indirectly owned beneficially by such stockholder or beneficial owner and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation,

(3) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder or beneficial owner has a right to vote any shares of any security of the Corporation,

(4) any short interest in any security of the Corporation (for purposes of this Section 8, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security),

(5) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder or beneficial owner that are separated or separable from the underlying shares of the Corporation,

(6) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or beneficial owner is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, and

(7) whether such stockholder or beneficial owner is entitled to any performance-related fees (other than an asset-based fee) based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder’s immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date),

(iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and

(iv) a written representation of the stockholder or beneficial owner that the stockholder or beneficial owner intends, or is part of a group that intends, to deliver a proxy statement and form of proxy to solicit the holders of, (A) in the case of a proposal, at least the percentage of the Corporation’s voting shares required under applicable law to carry the proposal or (B) in the case of a nomination or nominations, at least 67% of the voting power of shares entitled to vote on the election of directors in support of nominees other than the Board of Directors’ nominees in accordance with Rule 14a-19 under the Exchange Act (“Rule 14a-19”).

Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 8 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased by the Corporation and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year’s annual meeting, a stockholders notice required by this Section 8 shall also be considered timely, but only, with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 6 of this Article II. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the procedures set forth in these By-Laws and who is a stockholder of record at the time such notice is delivered to the Secretary. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice as required by paragraph (A)(2) of this Section 8 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(C) General.

(1) Only persons who are nominated in accordance with the procedures set forth in this Section 8 or in Section 11 of this Article II shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 8. In no event may a stockholder provide notice with respect to a greater number of director candidates (as alternates or otherwise) than are subject to election by stockholders at the applicable meeting. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the Board of Directors shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 8 and, if any proposed nomination or business is not in compliance with this Section 8, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this Article II, "close of business" means 6:00 p.m. local time at the principal executive offices of the Corporation on any calendar day, whether or not the day is a business day; and "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder.

(3) Notwithstanding the foregoing provisions of this Section 8, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law. Nothing in this By-Law shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or this By-Law.

(4) Notwithstanding the foregoing provisions of this Section 8, unless otherwise required by law, (a) no stockholder shall solicit proxies in support of director nominees other than the Corporation's nominees, and no nominee nominated by such a stockholder shall be eligible for election, unless such stockholder has complied with Rule 14a-19 in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder in a timely manner, and (b) if any stockholder provides notice pursuant to Rule 14a-19(b) and subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3), including the provision to the Corporation of related notices required under Rule 14a-19 in a timely manner, or fails to timely provide reasonable evidence sufficient to satisfy the Corporation that such stockholder has met the requirements of Rule 14a-19(a)(3) in accordance with clause (z) of the following sentence, then the Corporation shall disregard any proxies or votes solicited for such stockholder's candidates and such candidates shall not be eligible for election. If any stockholder provides notice pursuant to Rule 14a-19(b), then such stockholder shall (x)

promptly notify the Corporation if it subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3), (y) if Rule 14a-19(c) applies, comply with Rule 14a-19(c) by notifying the Secretary in writing at the principal executive offices of the Corporation within two business days of the change of intention and (z) if it has not provided a notice to the Corporation under clause (x) or (y), deliver to the Corporation, no later than seven business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3).

SECTION 9. SUBMISSION OF QUESTIONNAIRE, REPRESENTATION AND AGREEMENT. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 8 of this Article II of these By-Laws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request and substantially in the same form as the Corporation requests of the Board's nominees for director) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (C) a representation whether or not the nominee, if elected as a director of the Corporation, will comply with all publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation applicable to directors.

SECTION 10. PROCEDURE FOR ELECTION OF DIRECTORS; VOTE REQUIRED. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by written ballot. Except as otherwise set forth in the Certificate of Incorporation with respect to the right of the holders of any series of Preferred Stock or any other series or class of stock to elect directors under specified circumstances, a nominee for director shall be elected to the Board of Directors if the votes cast "for" such nominee's election exceed the votes cast "against" such nominee's election; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (a) the Secretary receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth in Article II, Section 8(A) of these By-Laws and (b) such nomination has not been withdrawn by such stockholder on or prior to the 10th day before the date the Corporation first mails its notice of meeting for such meeting to the stockholders. If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote "against" a nominee. The Corporate Governance Committee has established procedures for a director to tender his or her resignation to the Board of Directors following such director's failure to receive the required vote for re-election. The Corporate Governance Committee will make a recommendation to the Board of Directors on whether to accept or reject a resignation tendered pursuant to its procedures, or whether other action should be taken. The Board of Directors will act on the Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results.

Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, all matters other than the election of directors submitted to the stockholders at any meeting shall be decided by a majority of the votes cast affirmatively or negatively with respect thereto.

SECTION 11. INSPECTORS OF ELECTIONS; OPENING AND CLOSING THE POLLS.

(A) The Corporation shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers,

employees, agents or representatives of the Corporation, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware.

(B) The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

SECTION 12. INCLUSION OF DIRECTOR NOMINATIONS BY STOCKHOLDERS IN THE CORPORATION'S PROXY STATEMENT.

(A) Whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this Section 11, the Corporation shall include in its proxy statement for such annual meeting, in addition to any persons nominated for election by or at the direction of the Board of Directors, the name, together with the Required Information (as defined below), of any person nominated for election (a "Stockholder Nominee") to the Board of Directors by an Eligible Stockholder (as defined in Section 11(D)) who expressly elects at the time of providing the notice required by this Section 11 to have such nominee included in the Corporation's proxy statement pursuant to this Section 11. For purposes of this Section 11, the "Required Information" that the Corporation will include in its proxy statement is (i) the information provided to the Secretary concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation's proxy statement pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder, and (ii) if the Eligible Stockholder so elects and subject to Section 11(H), a Statement (as defined in Section 11(H)). For the avoidance of doubt, nothing in this Section 11 shall limit the Corporation's ability to solicit against any Stockholder Nominee or include in its proxy materials the Corporation's own statements or other information relating to any Eligible Stockholder or Stockholder Nominee, including any information provided to the Corporation pursuant to this Section 11. Subject to the provisions of this Section 11, the name of any Stockholder Nominee included in the Corporation's proxy statement for an annual meeting of stockholders shall also be set forth on the form of proxy distributed by the Corporation in connection with such annual meeting.

(B) To nominate a Stockholder Nominee, the Eligible Stockholder must provide a notice that expressly elects to have its Stockholder Nominee included in the Corporation's proxy statement pursuant to this Section 11 (the "Notice of Proxy Access Nomination"). To be timely, a Notice of Proxy Access Nomination must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not earlier than the one hundred fiftieth (150th) calendar day and no later than the close of business on the one hundred twentieth (120th) calendar day prior to the anniversary of the date the Corporation commenced mailing of its proxy materials in connection with the most recent annual meeting of stockholders (the last day on which a Notice of Proxy Access Nomination may be delivered, the "Final Proxy Access Nomination Date"). In no event shall the adjournment or postponement of the annual meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination pursuant to this Section 11. In addition to other requirements set forth in this Section 11, the Notice of Proxy Access Nomination must include the name and address of the Eligible Stockholder (including each Stockholder and/or beneficial owner whose stock ownership is counted for the purposes of qualifying as an Eligible Stockholder).

(C) The maximum number of Stockholder Nominees nominated by all Eligible Stockholders that will be included in the Corporation's proxy statement with respect to an annual meeting of stockholders shall not exceed the greater of (i) two or (ii) 20% of the number of directors in office as of the Final Proxy Access Nomination Date or, if such amount is not a whole number, the closest whole number below 20% (such number, as it may be adjusted pursuant to this Section 11(C), the "Permitted Number"). In the event that one or more vacancies for any reason occurs on the Board of Directors after the Final Proxy Access Nomination Date but before the date of

the annual meeting and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In addition, the Permitted Number shall be reduced by (i) the number of individuals who will be included in the Corporation's proxy statement as nominees recommended by the Board of Directors pursuant to an agreement, arrangement or other understanding with a stockholder or group of stockholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of stock from the Corporation by such stockholder or group of stockholders) and (ii) the number of directors in office as of the Final Proxy Access Nomination Date who were included in the Corporation's proxy statement as Stockholder Nominees for any of the two preceding annual meetings of stockholders (including any persons counted as Stockholder Nominees pursuant to the immediately succeeding sentence) and whom the Board of Directors decides to nominate for re-election to the Board of Directors. For purposes of determining when the Permitted Number has been reached, any individual nominated by an Eligible Stockholder for inclusion in the Corporation's proxy statement pursuant to this Section 11 whose nomination is subsequently withdrawn or whom the Board of Directors decides to nominate for election to the Board of Directors shall be counted as one of the Stockholder Nominees. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Corporation's proxy statement pursuant to this Section 11 shall rank such Stockholder Nominees based on the order in which the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation's proxy statement in the event that the total number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 11 exceeds the Permitted Number. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 11 exceeds the Permitted Number, the highest ranking Stockholder Nominee who meets the requirements of this Section 11 from each Eligible Stockholder will be selected for inclusion in the Corporation's proxy statement until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of stock of the Corporation each Eligible Stockholder disclosed as owned in its Notice of Proxy Access Nomination. If the Permitted Number is not reached after the highest ranking Stockholder Nominee who meets the requirements of this Section 11 from each Eligible Stockholder has been selected, then the next highest ranking Stockholder Nominee who meets the requirements of this Section 11 from each Eligible Stockholder will be selected for inclusion in the Corporation's proxy statement, and this process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached. Notwithstanding anything to the contrary contained in this Section 11, the Corporation shall not be required to include any Stockholder Nominees in its proxy statement pursuant to this Section 11 for or any meeting of stockholders for which the Secretary receives notice that a stockholder intends to nominate one or more persons for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees set forth in Section 8 of this Article II.

(D) An "Eligible Stockholder" is a stockholder or group of no more than twenty-five (25) stockholders (counting as one stockholder, for this purpose, any two or more funds that are part of the same Qualifying Fund Group (as defined below)) that (i) has owned (as defined in Section 11(E)) continuously for at least three years (the "Minimum Holding Period") a number of shares of stock of the Corporation that represents at least three (3) percent of the voting power of all shares of stock of the Corporation issued and outstanding and entitled to vote in the election of directors as of the date the Notice of Proxy Access Nomination is received by the Secretary at the principal executive offices of the Corporation in accordance with this Section 11 (the "Required Shares"), (ii) continues to own the Required Shares through the date of the annual meeting and (iii) satisfies all other requirements of, and complies with all applicable procedures set forth in, this Section 11. A "Qualifying Fund Group" means two or more funds that are (A) under common management and investment control, (B) under common management and funded primarily by the same employer or (C) a "group of investment companies" as such term is defined in Section 11(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended. Whenever the Eligible Stockholder consists of a group of stockholders (including a group of funds that are part of the same Qualifying Fund Group), (x) each provision in this Section 11 that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to meet any other conditions shall be deemed to require each stockholder (including each individual fund) that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (except that the members of such group may aggregate the shares that each member has owned continuously for the Minimum Holding Period in order to meet the three percent ownership requirement of the "Required Shares" definition) and (y) a breach of any obligation, agreement or representation under this Section 11 by any member of such group shall

be deemed a breach by the Eligible Stockholder. No person may be a member of more than one group of stockholders constituting an Eligible Stockholder with respect to any annual meeting.

(E) For purposes of calculating the Required Shares, “ownership” shall be deemed to consist of and include only the outstanding shares as to which a person possesses both (i) the full voting and investment rights pertaining to the Shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such Shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such stockholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or any of its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument or agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding stock of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such stockholder’s or its affiliates’ full right to vote or direct the voting of any such shares and/or (2) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such stockholder or affiliate. A stockholder shall “own” shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder’s ownership of shares shall be deemed to continue during any period in which (i) the stockholder has loaned such shares, provided that the stockholder has the power to recall such loaned shares on five business days’ notice and includes in the Notice of Proxy Access Nomination an agreement that it (A) will promptly recall such loaned shares upon being notified that any of its Stockholder Nominees will be included in the Corporation’s proxy statement and (B) will continue to hold such recalled shares through the date of the annual meeting or (ii) the stockholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement which is revocable at any time by the stockholder. The terms “owned,” “owning” and other variations of the word “own” shall have correlative meanings. Whether outstanding shares of stock of the Corporation are “owned” for these purposes shall be determined by the Board of Directors.

(F) To be in proper written form, the Notice of Proxy Access Nomination must include or be accompanied by the following:

(i) a written statement by the Eligible Stockholder certifying as to the number of shares it owns and has owned continuously for the Minimum Holding Period, and the Eligible Stockholder’s agreement to provide (A) within five business days following the later of the record date for the annual meeting or the date notice of the record date is first publicly disclosed, a written statement by the Eligible Stockholder certifying as to the number of shares it owns and has owned continuously through the record date and (B) immediate notice if the Eligible Stockholder ceases to own any of the Required Shares prior to the date of the annual meeting;

(ii) one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period) verifying that, as of a date within seven calendar days prior to the date the Notice of Proxy Access Nomination is delivered to or mailed and received by the Secretary, the Eligible Stockholder owns, and has owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Stockholder’s agreement to provide, within five business days following the later of the record date for the annual meeting or the date notice of the record date is first publicly disclosed, one or more written statements from the record holder and such intermediaries verifying the Eligible Stockholder’s continuous ownership of the Required Shares through the record date;

(iii) a copy of the Schedule 14N that has been or is concurrently being filed with the Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

(iv) the information, statements, representations (except for the representation required by Section 8(2)(c)(iv)(B)), agreements and other documents that would be required to be set forth in or included with a stockholder's notice of a nomination pursuant to Section 8 of this Article II, together with the written consent of each Stockholder Nominee to being named as a nominee and to serve as a director if elected;

(v) a representation that the Eligible Stockholder (A) will continue to hold the Required Shares through the date of the annual meeting, (B) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (C) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Stockholder Nominee(s) it is nominating pursuant to this Section 11, (D) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (E) has not distributed and will not distribute to any stockholder of the Corporation any form of proxy for the annual meeting other than the form distributed by the Corporation, (F) has complied and will comply with all laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting and (G) has provided and will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(vi) a statement indicating whether the Eligible Stockholder intends to continue to own the Required Shares for at least one year following the annual meeting;

(vii) an undertaking that the Eligible Stockholder agrees to (A) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation, (B) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 11 or any solicitation or other activity in connection therewith and (C) file with the Securities and Exchange Commission any solicitation or other communication with the stockholders of the Corporation relating to the meeting at which its Stockholder Nominee(s) will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act;

(viii) in the case of a nomination by a group of stockholders together constituting an Eligible Stockholder, the designation by all group members of one member of the group that is authorized to receive communications, notices and inquiries from the Corporation and to act on behalf of all members of the group with respect to all matters relating to the nomination under this Section 11 (including withdrawal of the nomination); and

(ix) in the case of a nomination by a group of stockholders that include funds that are part of the same Qualifying Fund Group counted as one stockholder for purposes of qualifying as an Eligible Stockholder, documentation reasonably satisfactory to the Corporation that demonstrates that the funds are part of the same Qualifying Fund Group.

(G) At the request of the Corporation, each Stockholder Nominee must:

(i) provide an executed agreement, in a form deemed satisfactory by the Board of Directors or its designee, that

(A) sets forth a representation whether or not the Stockholder Nominee agrees, if elected to serve as a member of the Board of Directors, to adhere to the Corporation's Guidelines on Corporate Governance Issues and Code of Conduct and any other Corporation policies and guidelines applicable to directors, and

(B) that the Stockholder Nominee is not and will not become a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with his or her nomination, service or action as a director of the Corporation, or any agreement, arrangement or understanding with any person or entity as to how the Stockholder Nominee would vote or act on any issue or question as a director, in each case that has not been disclosed to the Corporation;

(ii) submit all completed and signed questionnaires required of the Corporation's Board of Directors and the representation and agreement required by Article II, Section 8 of these By-Laws within five (5) business days of receipt of each such questionnaire from the Corporation; and

(iii) provide within five (5) business days of the Corporation's request such additional information as the Corporation determines may be necessary to permit the Board of Directors to determine

(A) if such Stockholder Nominee is independent under the listing standards of each principal U.S. exchange upon which the common stock of the Corporation is listed, any applicable rules of the Securities and Exchange Commission, and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors,

(B) if such Stockholder Nominee has any direct or indirect relationship with the Corporation, and

(C) if such Stockholder Nominee is not and has not been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule) of the Securities and Exchange Commission. In the event that any information or communications provided by the Eligible Stockholder or the Stockholder Nominee to the Corporation or its stockholders ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct.

(H) The Eligible Stockholder may provide to the Secretary, at the time the information required by this Section 11 is provided, a written statement for inclusion in the Corporation's proxy statement for the applicable annual meeting of stockholders, not to exceed 500 words, in support of the Eligible Stockholder's Stockholder Nominee (the "Statement"). Notwithstanding anything to the contrary contained in this Section 11, the Corporation may omit from its proxy statement any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law or regulation.

(I) Notwithstanding anything to the contrary set forth in this Section 11, the Corporation shall not be required to include, pursuant to this Section 11, a Stockholder Nominee in its proxy statement for any meeting of stockholders, or, if the proxy statement already has been filed, to allow the nomination of a Stockholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation:

(i) if the Stockholder Nominee or the Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a “participant” in another person’s “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than its Stockholder Nominee(s) or a nominee of the Board of Directors;

(ii) if another person is engaging in a “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the applicable annual meeting of stockholders other than a nominee of the Board of Directors;

(iii) who is not independent under the listing standards of each principal U.S. exchange upon which the common stock of the Corporation is listed, any applicable rules of the Securities and Exchange Commission, and any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Corporation’s directors, in each case as determined by the Board of Directors;

(iv) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these By-Laws, the Certificate of Incorporation, the rules and listing standards of the principal U.S. securities exchanges upon which the common stock of the Corporation is listed, or any applicable state or federal law, rule or regulation;

(v) who is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914;

(vi) whose then-current or within the preceding ten (10) years’ business or personal interests place such Stockholder Nominee in a conflict of interest with the Corporation or any of its subsidiaries that would cause such Stockholder Nominee to violate any fiduciary duties of directors established pursuant to the General Corporation Law of the State of Delaware, including but not limited to, the duty of loyalty and duty of care, as determined by the Board of Directors;

(vii) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten (10) years;

(viii) if such Stockholder Nominee or the applicable Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) shall have provided information to the Corporation in connection with such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make any statement made, in light of the circumstances under which it was made, not misleading, as determined by the Board of Directors or any committee thereof;

(ix) the Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) does not appear at the applicable annual meeting of stockholders to present the Stockholder Nominee for election;

(x) the Eligible Stockholder (or any member of any group of Stockholders that together is such Eligible Stockholder) or applicable Stockholder Nominee otherwise breaches or fails to comply with its representations or obligations pursuant to these By-Laws, including, without limitation, this Section 11; or

(xi) the Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including but not limited to not owning the Required Shares through the date of the applicable annual meeting.

For the purpose of this paragraph, clauses (iii) through (xi) will result in the exclusion from the proxy materials pursuant to this Section 11 of the specific Stockholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of the Stockholder Nominee; however, clauses (i) and (ii) will result in the exclusion from the proxy materials pursuant to this Section 11 of all Stockholder Nominees from the applicable annual meeting of stockholders, or, if the proxy statement already has been filed, the ineligibility of all Stockholder Nominees.

(J) This Section 11 provides the exclusive method for a stockholder to include nominees for election to the Board of Directors in the Corporation's proxy statement.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. Subject to the rights of the holders of any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by the affirmative vote of not less than a majority of the Whole Board, but shall consist of not more than 11 nor less than three directors. Each director shall hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, (i) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the next annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (ii) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

SECTION 3. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this By-Law as soon as practicable after each annual meeting of stockholders at such location as is convenient and established by the Board of Directors or by means of remote communication. The Board of Directors may, by resolution, provide the time and place, if any, or means of remote communication, if any, for the holding of additional regular meetings without other notice than such resolution.

Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in any meeting of the Board of Directors or any committee thereof by means of remote communication by which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board, the President or any three members of the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place, if any, or means of participation by conference telephone or other communications equipment, if any, and time of the meetings.

SECTION 5. NOTICE. Notice of any special meeting shall be given to each director at his or her business or residence in writing, by electronic transmission or by telephone. If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five days before such meeting. If by electronic transmission, such notice shall be transmitted at least 24 hours before such meeting. If by telephone, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be

specified in the notice of such meeting, except for amendments to these By-Laws as provided under Article VIII hereof. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in writing, either before or after such meeting.

SECTION 6. QUORUM. A majority of the directors shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the Certificate of Incorporation or these By-Laws require the vote of a greater number.

SECTION 7. VACANCIES. Subject to the rights of the holders of any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation, to elect directors under specified circumstances, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and any director so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

SECTION 8. REMOVAL. Subject to the rights of the holders of any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation, to elect directors under specified circumstances, any director, or the entire Board of Directors, may be removed from office at any time, with or without cause, by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, voting together as a single class, at an annual meeting or a special meeting called expressly for this purpose. For purposes of these By-Laws, "Voting Stock" shall mean the shares of capital stock of the Corporation entitled to vote generally in the election of directors.

SECTION 9. RESIGNATIONS. Any director, member of a committee or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 10. COMMITTEES. The Board of Directors may, by resolution or resolutions passed by a majority of the Whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors or in these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in subsection (a) of Section 151 of the General Corporation Law of the State of Delaware, fix the designation and any of the preferences and any of the rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of any shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the By-Laws of the Corporation; and, unless a

resolution of the Board of Directors, these By-Laws or the Certificate of Incorporation expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one third of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee.

If as a result of a catastrophe or other emergency condition a quorum of any committee of the Board of Directors having power to act in the premises cannot readily be convened and a quorum of the Board of Directors cannot readily be convened, then all the powers and duties of the Board of Directors shall automatically vest and continue, until a quorum of the Board of Directors can be convened, in an Emergency Management Committee, which shall consist of all readily available members of the Board of Directors and two of whose members shall constitute a quorum. The Emergency Management Committee shall call a meeting of the Board of Directors as soon as circumstances permit for the purpose of filling any vacancies on the Board of Directors and its committees and taking such other action as may be appropriate.

SECTION 11. INTENTIONALLY OMITTED.

SECTION 12. ACTION WITHOUT MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the board or of such committee consent to such action in writing or by electronic transmission. After an action is taken, the consent or consents shall be filed with the minutes of proceedings of the board or committee.

ARTICLE IV

OFFICERS

SECTION 1. OFFICERS. The officers of the Corporation shall be a Chief Executive Officer, a Chairman of the Board of Directors, a President, a Treasurer, and a Secretary, all of whom shall be elected by the Board of Directors and who shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect one or more Vice-Presidents and such Assistant Secretaries and Assistant Treasurers as they may deem proper. None of the officers of the Corporation need be directors. More than one office may be held by the same person.

SECTION 2. OTHER OFFICERS AND AGENTS. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

SECTION 3. CHAIRMAN. The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall have and perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

SECTION 4. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the head of the Corporation and shall have the general powers and duties of supervision and management usually vested in the office of Chief Executive Officer of a corporation. He or she shall preside at all meetings of the stockholders at which he or she is present, and in the absence or non-election of the Chairman of the Board of Directors, at all meetings of the Board of Directors, and shall have general supervision, direction and control of the business of the Corporation. Except as the Board of Directors shall authorize the execution thereof in some other manner, he or she shall execute bonds, mortgages and other contracts in behalf of the Corporation, and shall cause the seal to be affixed to any instrument requiring it and when so affixed the seal shall be attested by the signature of the Secretary

or the Treasurer or an Assistant Secretary or an Assistant Treasurer; and, except as otherwise provided by law or the Board of Directors, he or she may authorize the President or any Vice President or other officer or agent of the Corporation to execute such documents in his or her place and stead.

SECTION 5. PRESIDENT. The President shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

SECTION 6. VICE-PRESIDENT. Each Vice-President shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors.

SECTION 7. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. He or she shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, the Chief Executive Officer or the President, taking proper vouchers for such disbursements. He or she shall render to the Chief Executive Officer, the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, he or she shall give the Corporation a bond for the faithful discharge of his or her duties in such amount and with such surety as the Board shall prescribe.

SECTION 8. SECRETARY. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by law or by these By-Laws, and in case of his or her absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chief Executive Officer, the President, or by the directors, or stockholders, upon whose requisition the meeting is called as provided in these By-Laws. He or she shall record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him or her by the Board of Directors, the Chief Executive Officer or the President. He or she shall have custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors, the Chief Executive Officer or the President, and attest the same.

SECTION 9. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. Assistant Treasurers and Assistant Secretaries, if any, shall be elected by the Board of Directors or appointed by the Chief Executive Officer and shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the Board of Directors

SECTION 10. REMOVAL. Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

ARTICLE V

MISCELLANEOUS

SECTION 1. CERTIFICATES OF STOCK. A certificate of stock, signed by the Chief Executive Officer, or the President or a Vice-President, and the Secretary or an Assistant Secretary, shall be issued to each stockholder certifying the number and class or series of shares owned by him or her in the Corporation; provided that the Board of Directors may provide by resolution or resolutions that some or all of any class or series shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock. Any or all of the signatures may be facsimiles. Certificates of stock of the Corporation shall be of such form and device as the Board of Directors may from time to time determine.

SECTION 2. LOST CERTIFICATES. A new certificate of stock or uncertificated shares may be issued in the place of any certificate theretofore issued by the Corporation, alleged to have been lost or destroyed,

and the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate, or such owner's legal representatives, to give the Corporation a bond, in such sum as they may direct, not exceeding double the value of the stock, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any such certificate, or the issuance of any such new certificate or uncertificated shares.

SECTION 3. TRANSFER OF SHARES. The shares of stock of the Corporation shall be transferable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and in the case of certificated shares, upon such transfer the old certificates shall be surrendered to the Corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the directors may designate, by whom they shall be cancelled, and new certificates or uncertificated shares shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

SECTION 4. STOCKHOLDERS RECORD DATE. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or postponement of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned or postponed meeting.

SECTION 5. DIVIDENDS. Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the Corporation as and when they deem expedient. Before declaring any dividend there may be set apart, out of any funds of the Corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for such other purposes as the directors shall deem conducive to the interests of the Corporation.

SECTION 6. SEAL. The corporate seal shall be circular in form and shall contain the name of the Corporation, the year of its creation and the words "CORPORATE SEAL DELAWARE." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise imprinted upon the subject document or paper.

SECTION 7. FISCAL YEAR. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

SECTION 8. CHECKS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

SECTION 9. NOTICE AND WAIVER OF NOTICE. Whenever any notice is required by these By-Laws to be given to the stockholders of the Corporation, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in the United States mail, postage prepaid, addressed to the person entitled thereto at his, her or its address as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by law.

Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

SECTION 10. VOTING OF SHARES IN OTHER CORPORATIONS. Shares in other corporations that are held by the Corporation may be represented and voted by the Chairman, the Chief Executive Officer, the President, a Vice President or the Treasurer, or by proxy or proxies appointed by one of them. The Board of Directors may, however, appoint some other person to vote the shares.

ARTICLE VI

INDEMNIFICATION AND INSURANCE

SECTION 1. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, claim or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was, at any time during which these By-Laws are in effect (whether or not such person continues to serve in such capacity at the time any indemnification or payment of expenses pursuant hereto is sought or at the time any proceeding relating thereto exists or is brought), a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent, and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section 3 of this Article VI, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Article VI shall be a contract right that vests at the time of such person's service to or at the request of the Corporation and such rights shall continue as to an indemnitee who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. The right to indemnification shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within 20 days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article VI or otherwise.

SECTION 2. To obtain indemnification under this Article VI, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 2, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be

made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a "Change of Control" as defined in the PHINIA Inc. 2023 Stock Incentive Plan (as such plan existed as of the date of adoption of these Amended and Restated By-Laws), in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

SECTION 3. If a claim under Section 1 of this Article VI is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation (except in the case of a claim for expenses incurred in defending any proceeding in advance of its final disposition, in which case the applicable period shall be 20 days), the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct that makes it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

SECTION 4. If a determination shall have been made pursuant to Section 2 of this Article VI that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to Section 3 of this Article VI.

SECTION 5. The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 3 of this Article VI that the procedures and presumptions of this Article VI are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Article VI.

SECTION 6. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article VI shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Laws, agreement, vote of stockholders or Disinterested Directors or otherwise. No repeal or modification of this Article VI shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification, and such rights cannot be terminated by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a person's service prior to the date of such termination. Any amendment, modification, alteration or repeal of this Article VI that in any way diminishes, limits, restricts, adversely affects or eliminates any right of an indemnitee or his or her successors to indemnification, advancement of expenses or otherwise shall be prospective only and shall not in any way diminish, limit, restrict, adversely affect or eliminate any such right with respect to any actual or alleged state of facts, occurrence, action or omission then or

previously existing, or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such actual or alleged state of facts, occurrence, action or omission.

SECTION 7. The Corporation may maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in Section 8 of this Article VI, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

SECTION 8. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any current or former employee or agent or class of employees or agents of the Corporation (including the heirs, executors, administrators or estate of each such person) to the fullest extent of the provisions of this Article VI with respect to the indemnification and advancement of expenses of current or former directors and officers of the Corporation.

SECTION 9. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article VI (including, without limitation, each portion of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article VI (including, without limitation, each such portion of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 10. For purposes of this Article VI:

(A) “Disinterested Director” means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(B) “Independent Counsel” means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and which, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant’s rights under this Article VI.

SECTION 11. Any notice, request or other communication required or permitted to be given to the Corporation under this Article VI shall be in writing and either delivered in person or sent by facsimile, electronic mail or other electronic transmission, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

ARTICLE VII

FORUM FOR ADJUDICATION OF DISPUTES

SECTION 1. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for:

(A) any derivative action or proceeding brought on behalf of the Corporation;

(B) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, or stockholder of the Corporation to the Corporation or the Corporation's stockholders;

(C) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware, the Certificate of Incorporation, or these By-Laws or as to which the General Corporation Law of the State of Delaware confers jurisdiction on the Court of Chancery of the State of Delaware; or

(D) any action asserting a claim governed by the internal affairs doctrine.

If any action the subject matter of which is within the scope of this Section 1 is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to: (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce this Section 1 (an "Enforcement Action"); and (ii) having service of process made upon such stockholder in any such Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 1.

SECTION 2. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 2.

ARTICLE VIII AMENDMENTS

These By-Laws may be altered, amended or repealed, and any new By-Laws may be enacted, at any annual meeting of the stockholders or at any special meeting thereof if notice of the proposed alteration or repeal of the By-Laws, or of the By-Laws to be enacted, is contained in the notice of such meeting, by the affirmative vote of the holders of a majority of the voting power of the then outstanding Voting Stock, or by the affirmative vote of a majority of the Whole Board, at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration or repeal, or of the By-Laws to be enacted, is contained in the notice of such special meeting.

ARTICLE IX ELECTRONIC TRANSMISSIONS

When used in these By-Laws, the terms "written" and "in writing" shall include any "electronic transmission" (as defined in Section 232 of the General Corporation Law of the State of Delaware), including, without limitation, any facsimile transmission or communication by electronic mail.

PHINIA Inc.
Transition Income Plan

Effective as of January 1, 2024

(Amended and Restated effective May 20, 2025)

PHINIA Inc.
Transition Income Plan
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Article I. **ARTICLE I**

PURPOSE AND EFFECTIVE DATE

Section 1. **Purpose.**

- (a) The purpose of this Plan is to provide transitional income to a Participant whose employment with the Company is terminated in accordance with the terms and conditions hereunder.
- (b) The Plan complies with Section 2510.3-2(b) of the Department of Labor regulation because participant benefits are: (i) not contingent, directly or indirectly, on retirement; (ii) less than or equal to twice the participant's annual pay during the year immediately preceding the termination date; and (iii) payable within 24 months following the termination date. This Plan is intended to constitute an employee welfare benefit plan within the meaning of Section 3(1) of ERISA and is intended to be exempt from, or comply with, the requirements under Section 409A of the Code.
- (c) This Plan is a "Component Program" under the PHINIA Inc. Flexible Benefits Plan ("Flexible Benefits Plan") and is incorporated into the Flexible Benefits Plan.

Section 2. **Effective Date.** The Plan is adopted effective for Termination Dates on and after January 1, 2024.

Section 3. **Plan Year.** The Plan operates on the 12-month period ending each December 31st.

Article II.

DEFINITIONS

As used herein:

- 1. "Administrator" means the administrator described in Section 1 of Article VII.
- 2. "Annual Salary" means the Employee's base annual salary before (i) deductions for taxes or benefits and (ii) deferrals of compensation pursuant to any Company plan immediately prior to the Employee's Termination Date as reflected in the Company's. Annual Salary excludes amounts paid or payable as a Bonus or Variable Payment, overtime, commissions, shift differential pay, incentive pay, special award pay, the value of any employee benefits, or any payment determined by the Company to be similar thereto.
- 3. "Bonus or Variable Payment" means an amount payable under a profit sharing plan, the PHINIA Inc. Management Incentive Bonus Plan or any other bonus plan, or an equity-based incentive plan.
- 4. "Cause" means, as determined within the sole discretion of the Administrator, the following: (i) the Employee's intentional dishonest or illegal conduct which injures to the Company or which results in an improper substantial personal benefit; (ii) the Employee's breach of any provision of any employment, nondisclosure, non-competition, or similar agreement or Company policy to which the Employee is a party or is bound; (iii) the Employee's conviction of or plea of guilty to a felony or any crime involving moral turpitude; (iv) the Employee's nonperformance or dereliction of duty; (v) the Employee's poor performance; (vi) the Employee's insubordinate conduct; or (vii) the

Employee's failure to improve work performance in accordance with a written performance improvement plan.

5. "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.
6. "Company" means PHINIA Inc. or any successor thereto.
7. "Continuous Service" means the Employee's length of uninterrupted time of employment with the Company from the Employee's most recent date of hire as described in Article IV.
8. "Eligible Weeks" means the total number of Weeks used to calculate the Participant's Lump Sum Benefit.
9. "Employee" means a full-time U.S. payrolled salaried employee of the Company, but shall not include any employee who: (i) on his or her Termination Date had in effect an agreement or arrangement with the Company which provides termination or severance benefits or payments as a result of the Employee's termination of employment; (ii) is a temporary employee, (iii) is a summer internship employee, (iv) is an independent contractor (even if the Internal Revenue Service characterizes or re-characterizes such person as a common law employee); (v) is a leased employee within the meaning of Section 414(n)(2) or Section 414(o)(2) of the Code; or (vi) is covered by a collectively bargained agreement.
10. "Employer" means an employer other than the Company. The term "Employer" shall include, without limitation, proprietorships and partnerships, as determined by the Company for purposes of determining eligibility for a Transitional Benefit.
11. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.
12. "Group Insurance Benefit" means the amount of the premium that the Company will pay to provide coverage to the Participant, the Participant's spouse and eligible dependents, pursuant to the requirements COBRA, for medical and prescription insurance coverage and the supplemental group dental and vision coverage under the Company's group health insurance plan that the Participant had as of his or her Termination Date, less any amount which was then required to be paid by the Participant.
13. "Lump Sum Benefit" means the lump sum amount payable to a Participant under Section 1 of Article IV.
14. "Participant" means an Employee who satisfies the requirements of, and is eligible, to receive a Transitional Benefit under this Plan.
15. "Plan" means the PHINIA Inc. Transitional Income Plan as set forth herein, and as it may be amended from time to time.
16. "Release Agreement" means a written agreement in a form provided by the Administrator, in its sole discretion, by which a Participant agrees to waive and release the Company and other releases determined by the Company from all legal claims the Participant may have against the Company and other releases determined by the Company, and such other restrictive covenants or other terms, as may be required by the Company in exchange for payment of the Transitional Benefit.

17. "Return Date" means the date by which a Participant must sign and return a Release Agreement to obtain Transition Benefits. Except as otherwise determined by the Administrator in its sole discretion, or required by law, the Return Date shall be as follows:
- (a) If the Participants under 40, 14 calendar days following the Participant's Termination Date;
 - (b) If Participant is at least 40 years old, 21 calendar days following the Participant's Termination Date, so long it is not timely revoked;
 - (c) If Participant is at least 40 years old, and the same type of termination of employment affects two or more Participants, 45 calendar days following the Participant's Termination Date, so long as it is not timely revoked.
 - (d) Notwithstanding the above, if the WARN Act applies, the Return Date may be a later date determined by the Administrator.
18. "Termination Date" means the date a Participant's employment with the Company is terminated or the date a Participant is permanently released from active employment status.
19. "Transitional Benefit" means a Lump Sum Benefit and a Group Insurance Benefit.
20. "WARN Act" means the Workers Adjustment and Retraining Notification Act of 1988 or any other similar federal or state statute regarding notification requirements for termination of employment or mandated severance payments.
21. "Week" when used in connection with the computation of a Transitional Benefit with respect to a Participant means a calendar week beginning with Monday.
22. "Weekly Salary" means the Participant's Annual Salary divided by fifty-two (52).

Article III.

ELIGIBILITY

An Employee shall be eligible for a Transitional Benefit as set forth in Section 1 of Article V if he or she meets the following requirements, as determined within the sole discretion of the Administrator:

- (a) The Employee's termination from the employment of the Company resulted from (i) a restructuring or reduction in work force, or (ii) the permanent elimination of a job position;
- (b) The Employee's termination from employment of the Company was not caused by any of the following reasons:
 - (i) Voluntary resignation by the Employee;
 - (ii) Termination of employment for Cause;
 - (iii) Sabotage, riot or insurrection;

- (iv) Labor dispute of any kind involving Employees;
 - (v) Any war or hostile act of a foreign power (but not government regulations or controls connected therewith);
 - (vi) Disaster caused by fire, explosion or flood, or material shortage caused by a supplier's labor dispute, or any Act of God, or other circumstances beyond the control of the Company; or
 - (vii) The sale or transfer of the Company's operation or assets, or a portion thereof, that affects the Employee to an Employer which offers employment to the Employee;
- (c) The Employee was not on an unapproved leave of absence (except a leave benefit of a short duration that an Employee may take while working full-time or a leave benefit that is authorized by law);
 - (d) The Employee has not refused to accept re-employment with the Company;
 - (e) The Employee has not been re-employed by the Company;
 - (f) The individual was an Employee on his or her Termination Date; and
 - (g) The Employee who is eligible to receive severance benefits under any plan, program, or policy (other than the Plan) adopted or maintained by the Company or who is party to a separate contract or agreement with the Company with provision for the payment or non-payment of severance benefits.

Article IV.

AMOUNT OF BENEFITS

Section 1. **Transitional Benefit.** The Transitional Benefit payable to or for a Participant under this Plan, subject to Article V, shall be as follows:

- (a) A Lump Sum Benefit in an amount equal the Participant's Weekly Salary multiplied by the Participant's Eligible Weeks determined in Article V, Section 1; and
- (b) A Group Insurance Benefit for the duration of the Eligible Weeks as determined in Article V, Section 1.

Section 2. **Setoff for WARN and Other Legally Mandated Payments.** The Company shall setoff against the Transitional Benefit of a Participant, (a) any amount it pays to, or (b) any group insurance coverage period it extends to, such eligible Participant in order to satisfy the obligations which the Company incurs with respect to that person under the WARN Act.

Section 3. **Deduction for Withholding Tax.** The Company shall deduct from the Transitional Benefit of a Participant any amount required to be withheld by the Company by reason of any law or regulation of any Federal, state, or municipal government for payment of taxes or otherwise.

Article V.

ELIGIBLE WEEKS OF BENEFITS AND MANNER OF PAYMENT

Section 1. Eligible Weeks.

- (a) A Participant who is designated with a salary grade level of 15 or less on the Company's human resource information system as of his or her Termination Date shall be eligible for a Transitional Benefit of at least four (4) Eligible Weeks but not more than twenty-six (26) Eligible Weeks. Such Participant shall receive a Transitional Benefit determined as one (1) Eligible Week for each 12-month period of Continuous Service the Participant completed as of the Participant's Termination Date.
- (b) A Participant who is designated with a salary grade level of 16 or above on the Company's human resource information system as of his or her Termination Date shall be eligible for a Transitional Benefit of twenty-six (26) Eligible Weeks.

Section 2. Release Agreement Condition.

- (a) Notwithstanding anything in the Plan to the contrary, a Participant's eligibility to receive the Transitional Benefit is subject to and contingent on the following: (i) the Participant signs and returns Release Agreement to the Administrator by the Return Date; (ii) the Participant does not timely revoke the Release Agreement as provided in Article V, Section 2(c); and (iii) the Release Agreement becomes effective and irrevocable in accordance with its terms.
- (b) A Release Agreement returned to the Administrator that is signed and physically received by the Return Date, or, if mailed, is addressed properly for delivery, postmarked by the United States Postal Service no later than the Return Date, and actually received by the Administrator no later than 10 calendar days from the Return Date, will be considered timely. Release Agreements that are not timely signed and returned as provided herein will not be accepted by the Administrator and the Transitional Benefit shall not be paid.
- (c) To be effective, a written request to revoke must be received by the Administrator no later than 11:59 p.m. Eastern Time on the seventh calendar day (or other longer period required by law) from the date the Participant signed the Release Agreement or, if mailed, be postmarked no later than the seventh calendar day (or other longer period required by law) from the date the Participant signed the Release Agreement.

Section 3. Payment of the Lump Sum Benefit. The Lump Sum Benefit will be paid in a single cash lump sum payment as soon as practicable following the receipt of an effective and irrevocable Release Agreement, but no later than sixty (60) calendar days after the Participant's Termination Date.

Section 4. Payment of Group Insurance Coverage. Provided the Participant timely elects COBRA continuation coverage, the Company will pay the monthly COBRA Group Insurance premium that the Participant is eligible for, on behalf of such eligible Participant, less any amount which was then required to be paid by the Participant while an active employee, until the earliest of (a) the expiration of the total number of Eligible Weeks as determined in Article V, Section 1, subject to a maximum of twenty-six (26) Eligible Weeks, the date that the Participant becomes eligible for the group health plan of another employer, or (c) the date the Participant loses the right to COBRA continuation coverage under the Company's group health plan.

Article VI.

CONTINUOUS SERVICE

Continuous Service means a Participant's uninterrupted employment with the Company beginning on the Participant's latest hire date of employment and ending on Termination Date, determined and adjusted in accordance with the following provisions:

- (a) Authorized Leave of Absence. A Participant's Continuous Service shall include any leave of absence authorized by the Company under its standard personnel practices, provided the Participant returns to active employment with the Company at the expiration of such authorized leave of absence.
- (b) Military Service. Continuous Service shall include the period a Participant is in the Armed Forces provided they are eligible for re-employment upon their discharge pursuant to the Uniformed Services Employment and Reemployment Rights Act (or under any prior or subsequent corresponding federal law) ("USERRA") and the Participant makes application for re-employment within the period prescribed by USERRA.
- (c) Service with Division. Continuous Service for purposes of computing the amount of the Transitional Benefit shall include a Participant's employment with the Company.

Article VII.

PLAN ADMINISTRATION

Section 1. Administrator. The Administrator shall be the Company.

Section 2. Powers and Authority of the Administrator.

The Administrator shall have the powers under this Plan as set forth in the PHINIA Inc. Flexible Benefits Plan.

Section 3. Indemnification. The Administrator and any delegate or agent of the Company who is an Employee will be fully indemnified by the Company against all liabilities, costs, and expenses (including defense costs, but excluding any amount representing a settlement unless such settlement is approved by the Company) imposed upon it in connection with any action, suit, or proceeding to which it may be a party by reason of being the Administrator or having been assigned or delegated any of the powers or duties of the Administrator, and arising out of any act, or failure to act, that constitutes or is alleged to constitute a breach of such person's responsibilities in connection with the Plan, unless such act or failure to act is determined to be due to gross negligence or willful misconduct.

Section 4. Transitional Benefit Repayment.

- (a) If the Administrator determines that any Lump Sum Benefit under this Plan should not have been paid or should have been paid in a lesser amount, written notice thereof shall be mailed to the recipient and the recipient shall return the amount of overpayment to the Company. If such recipient shall fail to return such amount promptly, necessary action will be taken to recover the amount of overpayment.

- (b) The records of the Company shall be prima facie evidence as to all matters relating to the Plan and the calculation of the Transitional Benefit hereunder.

Section 5. Claim Procedure, Exhaustion, and Jurisdiction and Venue.

- (a) The claims and review procedures are described in detail in the Summary Plan Description of the Plan.
- (b) Any individual seeking judicial review of any adverse benefit determination under the Plan (a "claimant") must first exhaust all claims and review procedures in the Summary Plan Description of the Plan before filing suit in court. Claimants must file suit or bring legal action (including, without limitation, a civil action under Section 502(a) of ERISA) within 12 months of the date the final adverse benefit determination is issued. A claimant who fails to file such suit or legal action within this time period will lose any rights to bring any such suit or legal action thereafter.
- (c) Exclusive jurisdiction and venue of all disputes arising out of or relating to this Plan (including, but not limited to, any disputes arising out of a claim for benefits) will be the United States District Court for the Eastern District of Michigan and the appellate courts having jurisdiction of appeals in such court. The provisions of this section will survive and remain in effect until all obligations are satisfied, notwithstanding any termination of the Plan.

Section 6. Cost of Administering the Plan. All costs, charges and expenses reasonably incurred shall be paid by the Company. No compensation shall be paid to the Administrator.

Article VIII.

SECTION 409A

Section 1. Interpretation. The benefits or payments provided under this Plan are intended to comply with, or be exempt from, Section 409A of the Code, and all regulations, guidance, or other interpretive authority thereunder ("Section 409A"). To the extent that the benefits are subject to Section 409A, this Plan will be interpreted and construed to comply with Section 409A and the applicable guidance thereunder or, alternatively, to comply with an exemption from Section 409A and the applicable guidance thereunder. Each payment of compensation under this Plan will be treated as a "separate payment" of compensation for purposes of applying Section 409A and the short-term deferral exception.

Section 2. Separation from Service and Specified Employee. To the extent Section 409A applies, any reference herein to a termination of employment, retirement, separation from service or phrases of similar import will mean a "separation from service" as defined in Treasury Regulation § 1.409A-1(h). Notwithstanding anything to the contrary in the Plan, if a Participant is deemed on the date of termination of employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that constitutes "nonqualified deferred compensation" under Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Participant, and (ii) the date of the Participant's death, to the extent required under Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this paragraph shall be paid to the Participant in a lump sum, and any remaining payments and benefits due under the Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

Section 3. No Warranty or Guaranty of Tax Treatment. The tax treatment of the benefits or payments provided under this Plan or any other agreement between Company and a Participant is not warranted or guaranteed. Neither the Company represents or guarantees that any particular federal or state income, payroll or other tax treatment will result from the compensation or benefits payable under this Plan or any other agreement between the Company and the Participant. The Company does not represent that this Plan or any other agreement between the Company and the Participant complies with Section 409A and in no event shall the Company, nor their respective directors, officers, employees or advisers be liable for any additional tax, interest or penalty that may be imposed on the Participant pursuant to Section 409A or damages for failing to comply with Section 409A. The Participant is solely responsible for the proper tax reporting and timely payment of any tax or interest for which the Participant is liable as a result of the compensation or benefits payable pursuant to this Plan or any other agreement between the Company and the Participant.

Article IX.

MISCELLANEOUS

Section 1. No Vested Interest. No Employee, Participant, beneficiary, or other person shall have any right, title or interest in any benefit under the Plan prior to payment thereof, or in any property of the Company.

Section 2. Employment Rights. The Plan shall not confer upon any Participant any right to continue in the employment of the Company and shall not in any way affect the right of the Company to dismiss or otherwise terminate the employment of any Employee at any time and for any reason with or without cause.

Section 3. Non-Alienation of Transitional Benefit. Except as may be required by law in a particular circumstance, no Transitional Benefit shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind, and any attempt to accomplish the same shall be void.

Section 4. Amendment and Duration of the Plan. The Company hopes and expects to continue this Plan but necessarily reserves the right hereunder, by action of the Administrator or such person as the Administrator so designates, to from time to time alter, amend, modify, reduce, suspend or terminate the Plan or any payment hereunder at any time in whole or in part, without notice and for any reason.

Section 5. Construction. The captions contained herein are inserted only as a matter of convenience and reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way will affect the Plan or the construction of any provision thereof. Any terms expressed in the singular form will be construed as though they also include the plural, where applicable, and references to the masculine, feminine, and the neuter are interchangeable.

Section 6. Applicable Law. The Plan and all rights and duties hereunder shall be governed, construed and administered in accordance with the laws of the United States, and to the extent not preempted thereby, by the laws of the State of Michigan.

Section 7. Other Plans, Policies or Programs. This Plan contains the terms and conditions with respect to Transitional Benefits in connection with a termination of employment as set forth in Article III and supersedes any prior Plan document and any other plan, policy, program or practice of the Company with respect to such matters as set forth in Article I, Section 1.

IN WITNESS WHEREOF, PHINIA Inc. has caused this Plan to be executed by its duly authorized officer on the 20th day of May, 2025.

PHINIA Inc.

By: /s/ Alisa Di Beasi

Name: Alisa Di Beasi

Title: Chief Human Resource Officer

Certification

I, Brady D. Ericson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PHINIA Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2025

By: /s/ Brady D. Ericson

Brady D. Ericson

President and Chief Executive Officer

Certification

I, Chris P. Gropp, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PHINIA Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2025

By: /s/ Chris P. Gropp

Chris P. Gropp

Vice President and Chief Financial Officer

**CERTIFICATION 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 PHINIA Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

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

Date: July 24, 2025

By: /s/ Brady D. Ericson
Brady D. Ericson
President and Chief Executive Officer

By: /s/ Chris P. Gropp
Chris P. Gropp
Vice President and Chief Financial Officer

This certification accompanies the Report and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of such section.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to, and will be retained by, the Company and furnished to the Securities and Exchange Commission or its staff upon request.