

Investor Relations Presentation

Fourth Quarter 2021 (Published March 7, 2022)



Safe Harbor Statement

The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995). The words “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although forward-looking statements reflect management’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to: the duration and spread of the COVID-19 pandemic, including new variants of the virus and the pace and availability of vaccines and boosters, mitigating efforts deployed by government agencies and the public at large, and the overall impact from such outbreak on economic conditions, financial market volatility and our business, including but not limited to the operations of our manufacturing and other facilities, the availability of labor, our supply chain, our distribution processes and demand for our products and the corresponding impacts to our net sales and cash flow; increases in cost, disruption of supply or shortage of labor, freight, raw materials or components used to manufacture or transport our products or those of our customers or suppliers, including as a result of the COVID-19 pandemic; our participation in markets that are competitive; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments, competitive threats and changing customer needs, including with respect to electric hybrid and fully electric commercial vehicles; the highly cyclical industries in which certain of our end users operate; uncertainty in the global regulatory and business environments in which we operate; the concentration of our net sales in our top five customers and the loss of any one of these; the failure of markets outside North America to increase adoption of fully automatic transmissions; the success of our research and development efforts, the outcome of which is uncertain; U.S. and foreign defense spending; risks associated with our international operations, including increased trade protectionism; general economic and industry conditions; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to identify, consummate and effectively integrate acquisitions and collaborations; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers or suppliers; and risks related to our indebtedness.

Allison Transmission cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial goals will be realized. All forward-looking statements included in this presentation speak only as of the date made, and Allison Transmission undertakes no obligation to update or revise publicly any such forward-looking statements, whether as a result of new information, future events, or otherwise. In particular, Allison Transmission cautions you not to place undue weight on certain forward-looking statements pertaining to potential growth opportunities, long-term financial goals or the value we currently ascribe to certain tax attributes set forth herein. Actual results may vary significantly from these statements.

Allison Transmission’s business is subject to numerous risks and uncertainties, which may cause future results of operations to vary significantly from those presented herein. Important factors that could cause actual results to differ materially are discussed in Allison Transmission’s Annual Report on Form 10-K for the year ended December 31, 2021.

Business Overview

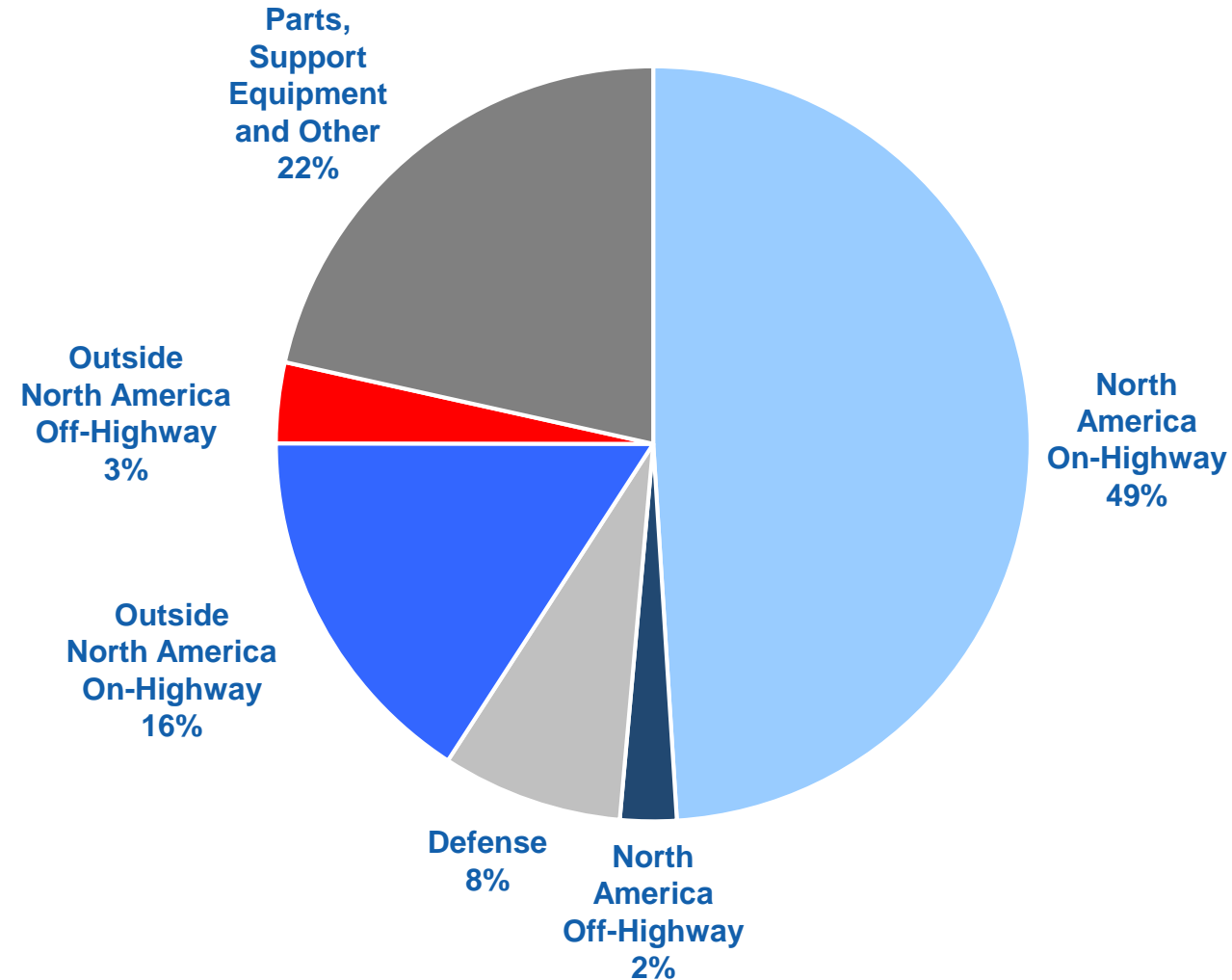


Allison Transmission at a Glance

- Leading designer and manufacturer of vehicle propulsion solutions for commercial and defense vehicles
 - World's largest manufacturer of medium- and heavy-duty fully-automatic transmissions
 - A leader and established supplier of commercial-duty electrified propulsion systems
- Premier brand, offering superior performance, frequently specified by end users
 - Premium price component
 - Differentiated technology
 - Lower total cost of ownership
- Well positioned for revenue and earnings growth
 - Further adoption outside North America
 - Expanding addressable market
 - Funded growth opportunities in asset light business model
- Strong cash flow generation and well-defined capital allocation policy









Allison Transmission at a Glance

2021 Net Sales by End Market



2021 Net Sales: \$2.4 billion

North America On-Highway End Market

	Class 1-3	Underserved	Core Addressable Market				Underserved	Class 8 Tractor (Linehaul)
		Class 4-5	Motor Home	School Bus	Class 6-7	Class 8 Straight	Class 8 Tractor Daycab	
Vehicles								
Weight (000s of lbs)	< 14 lbs	14 – 19 lbs	16 – 33 lbs	16 – 33 lbs	19 – 33 lbs	33 lbs+	33 lbs+	33 lbs+
Industry Units Produced (2021)	10,379,041	130,139	15,604	25,859	82,244	68,335	70,899	125,236
Allison Share 2021	0%	14%	50%	87%	77%	77%	4%	0%

- ~30-40% of Allison's North America On-Highway market volume is driven by municipal spending, reducing end-market volatility
- Multi-year opportunity to gain share in Class 4/5 with medium-duty commercial truck launches by Chevrolet, Navistar and Isuzu, exclusively with the Allison fully automatic transmission
- Opportunity to further grow share in Class 6/7 with the all-new Mack MD Series and new Isuzu F-Series medium-duty truck models, exclusively featuring Allison fully automatic transmissions
- Growing opportunity in Class 8 Tractor Daycab market with the award-winning Allison 3414 Regional Haul Series^{TM(1)} fully automatic transmission, with proprietary xFE and FuelSense[®] 2.0 technology, launched with Navistar in 2020, Daimler Trucks North America in 2021 and Volvo Trucks North America in 2021

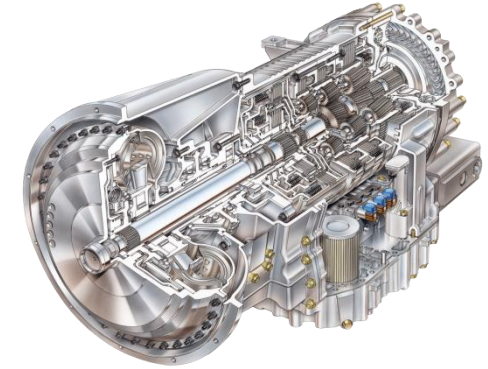
Note: Analysis excludes Allison's Transit/Coach Bus and Electric Hybrid Transit Bus volume.

Sources: Class 1-3 from WardsAuto North America Production (December 2021); Core Addressable Market and Class 8 Tractor from Allison and ACT Research *State of the Industry* (February 2022).

1. Market opportunity for the 3414 Regional Haul Series (RHS) is approximately 25,000 units within the Class 8 Tractor Daycab segment.

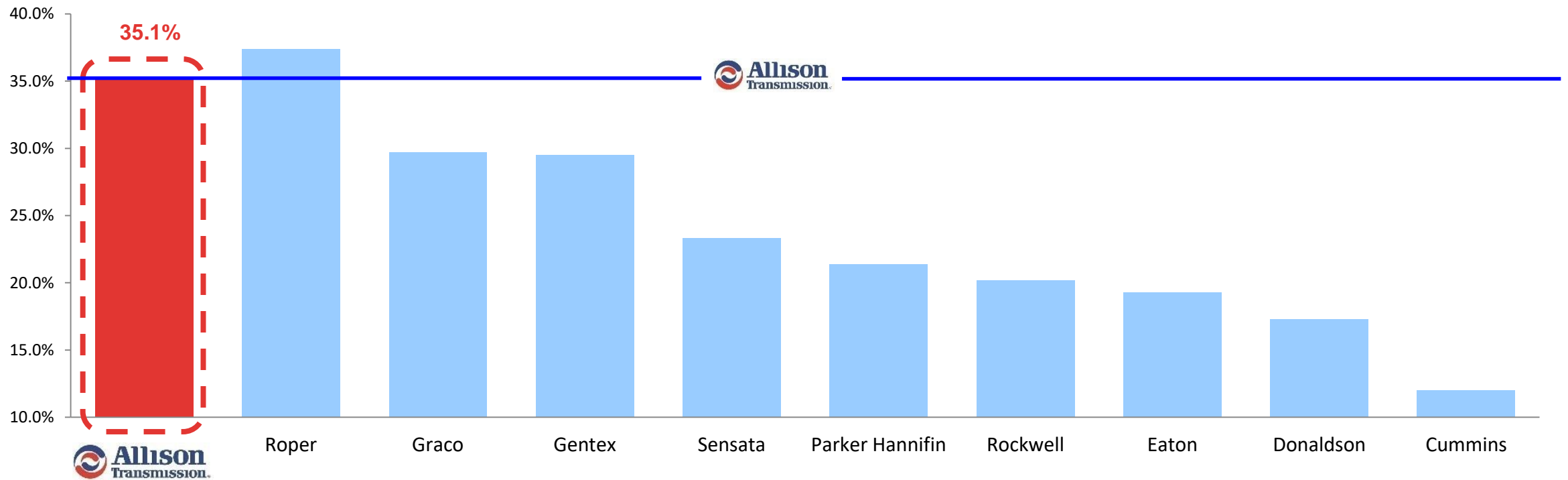
Strategic Priorities

- Expand global market leadership
 - Capitalize on improving developed markets demand
 - New vocational offerings to expand addressable market
 - Fully integrated electrified propulsion solutions
- Emerging markets penetration
 - Automaticity, fuel efficiency and safety trends
 - Lower total cost of ownership
 - Increasing number of vehicle releases
- Continued focus on new technologies and product development
 - Alternative fuels and electrified propulsion
 - Advanced fuel efficient and emissions reduction technologies
 - Enhancements to core technologies for new products and variants
- Deliver strong financial results
 - Exploit capacity availability and asset light business model
 - Earnings growth and cash flow generation
 - Focus on margin sustainment
 - Well-defined capital allocation policy



Elite EBITDA Margin

EBITDA Margin¹



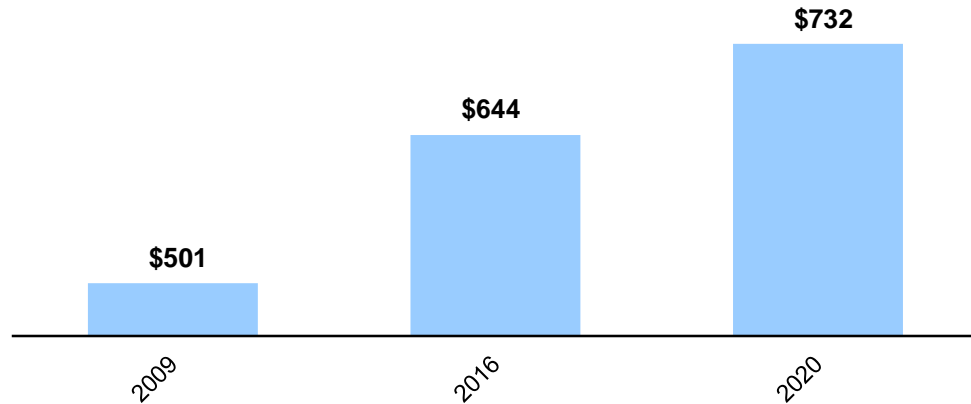
1. LTM 2021 peer EBITDA provided by FactSet. EBITDA included above may not be consistent with such entity's reported EBITDA or Adjusted EBITDA, if available.
EBITDA Margin: EBITDA or Adjusted EBITDA divided by net sales.

*See appendix for comments regarding the presentation of non-GAAP financial information.

Increasing Returns Over Successive Troughs

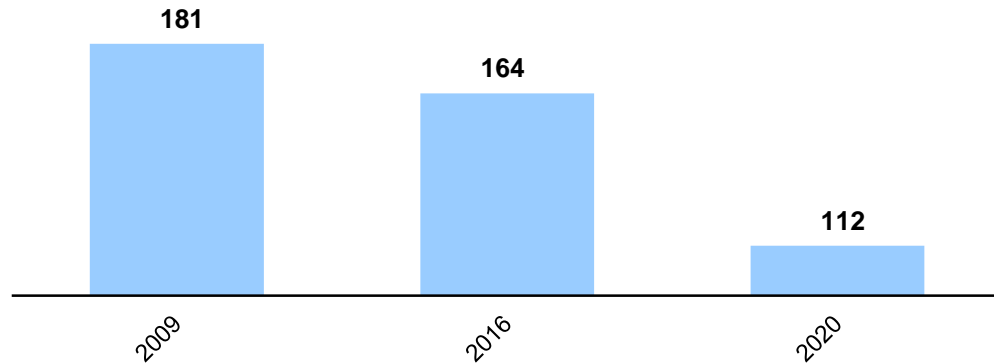
Adjusted EBITDA

(millions)



Common Shares Outstanding¹

(millions)

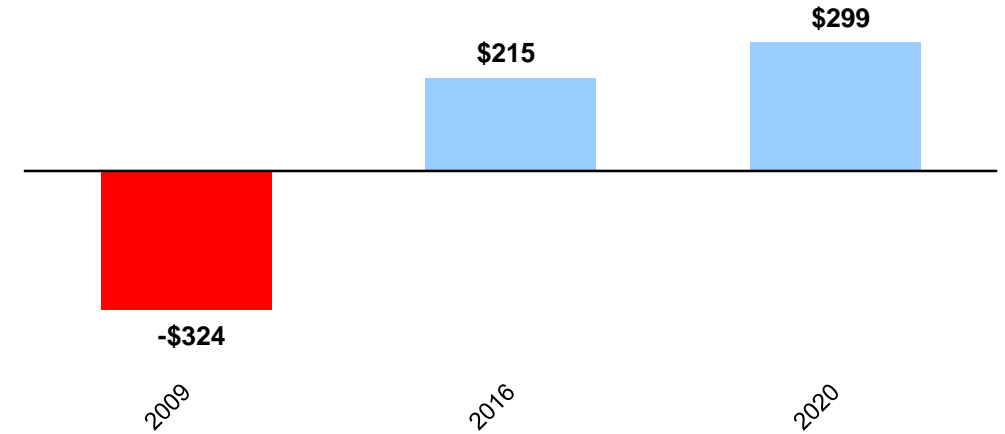


(1) End of period common shares outstanding

(2) Basic earnings per share

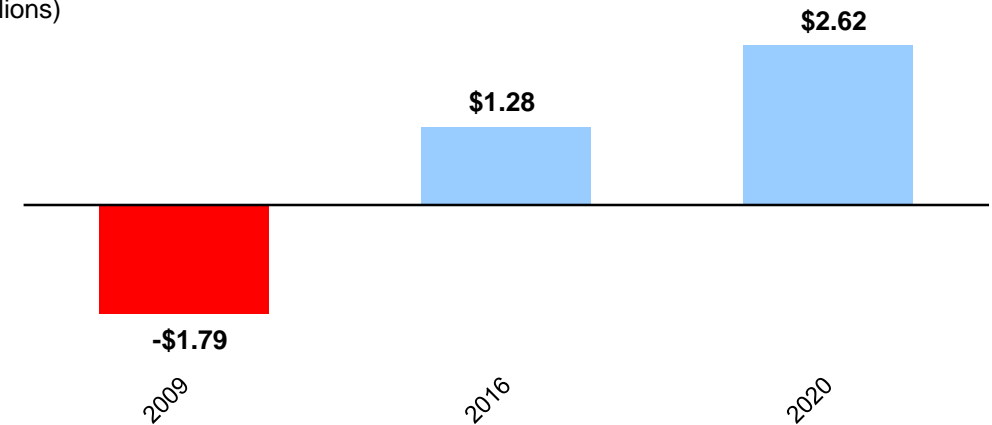
Net Income

(millions)



EPS²

(millions)



Leading Technology and Innovation



Next Generation of Commercial Propulsion



New Allison eGen Family of Electric Products



Allison eGen Power™ Electric Axle Solutions



Allison eGen Flex™ Electric Hybrid Propulsion



Allison Next-Generation Electrified Transmission

Next Generation of Commercial Propulsion

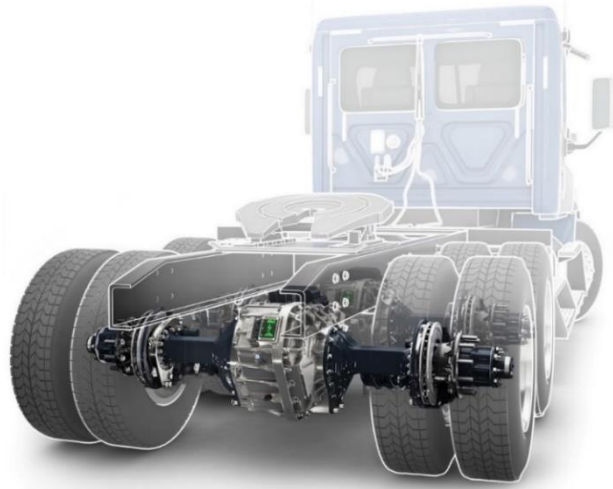
Incremental growth opportunities for an established and experienced propulsion supplier such as Allison

- Expertise in commercial propulsion, vehicle controls and vocational duty cycles
- Deep experience in systems integration, battery management and power distribution
- State-of-the-art product development and testing capabilities
- Established service network
- Allison brand promise of quality, reliability and durability

Positioning Allison to advance the next generation of commercial vehicle propulsion

- Differentiated solutions that provide a premium experience and exceed customer expectations
- Electric solutions that are among the most powerful, efficient and fully-integrated in the world
 - Fully Integrated Electric Axles
 - Extended Range Electric Hybrid Propulsion
 - Systems & Battery Management
 - Multi-speed Centrally Located EV drives
 - Transmission Integrated Generators
 - Electrification of accessories

eGEN Power™



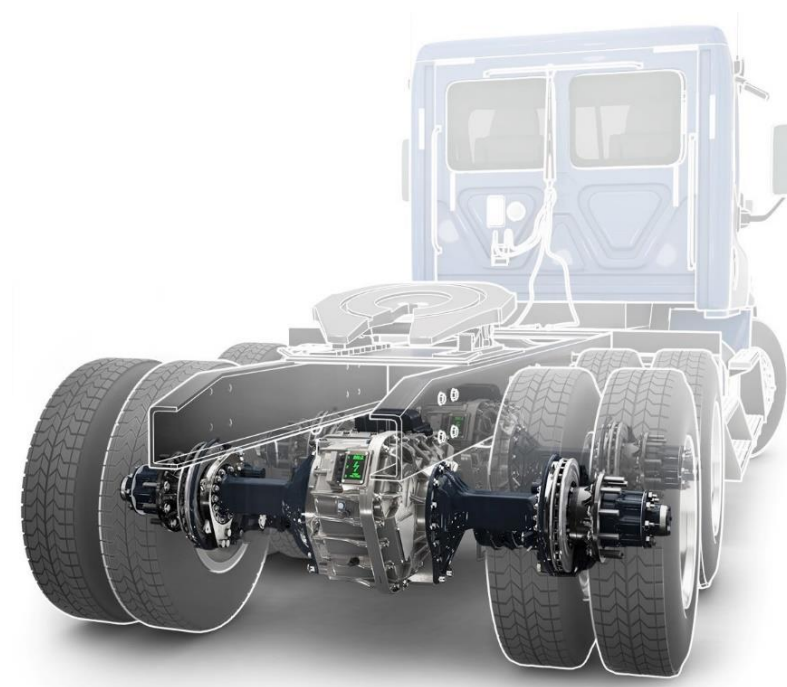
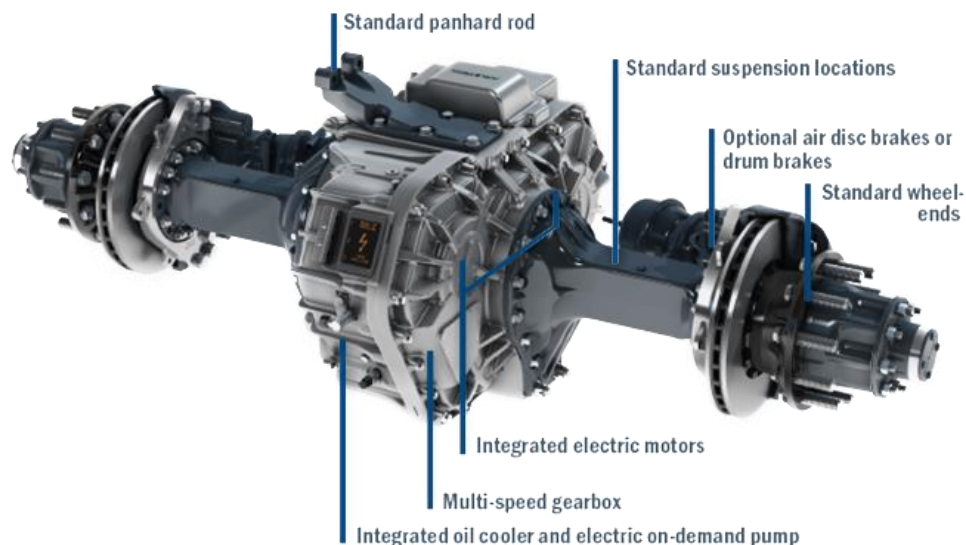
- New line of fully integrated zero emission electric axles for medium- and heavy-duty commercial trucks
- Featured in Hino Trucks' "Project Z", Hino's zero emission vehicle development program
- Strategic MOU with Emergency One for fire rescue and emergency vehicle platform integration
- Strategic MOU with SAIC Hongyan for regional and long haul tractor integration
- Content per vehicle opportunity of more than 3x compared to a fully automatic transmission

eGEN Flex™



- Next generation zero emission capable electric hybrid propulsion system
- Enables coach and transit bus fleets to evaluate full electric capability without range limitations or infrastructure investment
- Introduced into revenue service by New York City Transit in May 2021
- Integration programs underway with major transit OEMs, Gillig and New Flyer
- Content per vehicle of 10x-15x compared to a fully automatic transmission for coach and transit buses

- One of the most powerful and fully integrated lines of zero emission electric axles in the world
- Single and dual electric motor variants with multi-speeds and parallel axis architectures support high starting gradeability, top speed and energy efficiency
- Fully integrated architectures eliminate many inefficiencies of competitive e-axle solutions
- Efficiency advantage enhances economic value and range capability
- Development and validation initiatives with major global OEMs, representing over 80% of North America On-Highway end market revenue
- Designed to fit between the wheels of medium- and heavy-duty trucks and buses
- Ideal propulsion solution for battery electric, hydrogen fuel cell electric and range extending electric hybrid vehicles



- Over \$1.5 billion in sales since 2003 launch
- Allison's electric hybrid propulsion system for coach and transit buses is among the most dependable and efficient electric hybrid systems in the world
- Drive unit integrates multiple electric motors and multi-speeds to optimize vehicle performance and fuel economy
- Offers full electric engine off propulsion for up to 10 miles or 50 minutes multiple times per route or per day
- Allison is the lead electrification and system integrator, controlling the entire powertrain including the engine
- 9,000 Allison electric hybrid propulsion systems delivered globally
 - 305 million gallons of fuel saved
 - 3 million metric tons of CO₂ emissions prevented
 - Serving 230 cities
 - 2.6 billion miles of reliable operation



Drive Unit

- Proven industry-leading reliability
- Disconnect clutch to enable disengaging input shaft from the engine
- Provides propulsion while the engine is at zero speed



Inverter

- Improved efficiency
- Improved packaging – one-third the size and 50 lbs. lighter
- WEG cooling – no oil-coolant lines from drive unit, reducing installation complexity and maintenance costs



Rechargeable Energy Storage System

- Lithium Titanate (LTO) chemistry, ideal for electric hybrid operation
- Increased energy capacity
- Industry-leading battery design life of eight years
- Faster charging than other chemistries

Allison Next-Generation Electrified Transmission

- Newest product in Allison's extensive tracked vehicle portfolio
- Will enable electric hybrid propulsion, electric-only silent maneuverability and exportable power provisions for on- and off-board systems



- Designed to meet requirements across a broad spectrum of applications, including the heavy Infantry Fighting Vehicle and future Main Battle Tank markets
- Allison will provide the Next-Generation Electrified Transmission propulsion system for American Rheinmetall's Lynx vehicle, competing for the U.S. Army's Optionally Manned Fighting Vehicle (OMFV) program
 - Strategic partnership with American Rheinmetall Vehicles, and its consortium including Raytheon Technologies, Textron Systems and L3 Harris
- The OMFV program is a priority ground modernization initiative that could replace nearly 4,000 Bradley Infantry Fighting Vehicles
- In July 2021, the U.S. Army announced that the American Rheinmetall consortium were among the parties chosen to participate in the OMFV concept design phase
- The OMFV design phase continues through early 2023, followed by development of prototype vehicles in 2024, and government testing beginning in early 2026

Premier Industrial Company

-  Global Market Leader and Premier Brand
-  End User Value Proposition
-  Leader in Commercial Propulsion
-  Diverse End Markets
-  Organic Growth Opportunities
-  Capital Allocation & Free Cash Flow Utilization

A Recognized Leader and Respected Brand

- Over 100 year history of providing high-quality innovative products and demonstrated value to end users
- Proprietary and patented technology developed over many decades and nearly seven million units
- The Allison brand is associated with:
 - High Quality
 - Reliability
 - Durability
 - Vocational Value and Expertise
 - Technological Leadership
 - Superior Customer Service
 - Attractive Total Lifecycle Value



FUELSENSE

**UP TO 20%
BETTER FUEL ECONOMY**

The Savings Are Automatic

Discover fuel economy you never thought possible. Introducing FuelSense® from Allison Transmission. Your fleet and drivers can get up to 20% better fuel economy. All with the ease and dependability you expect from an Allison fully automatic transmission.

Specify FuelSense. This package delivers.

Ask your truck dealer about FuelSense.
allisontransmission.com/fuelsense

© 2018 ALLISON TRANSMISSION INC.

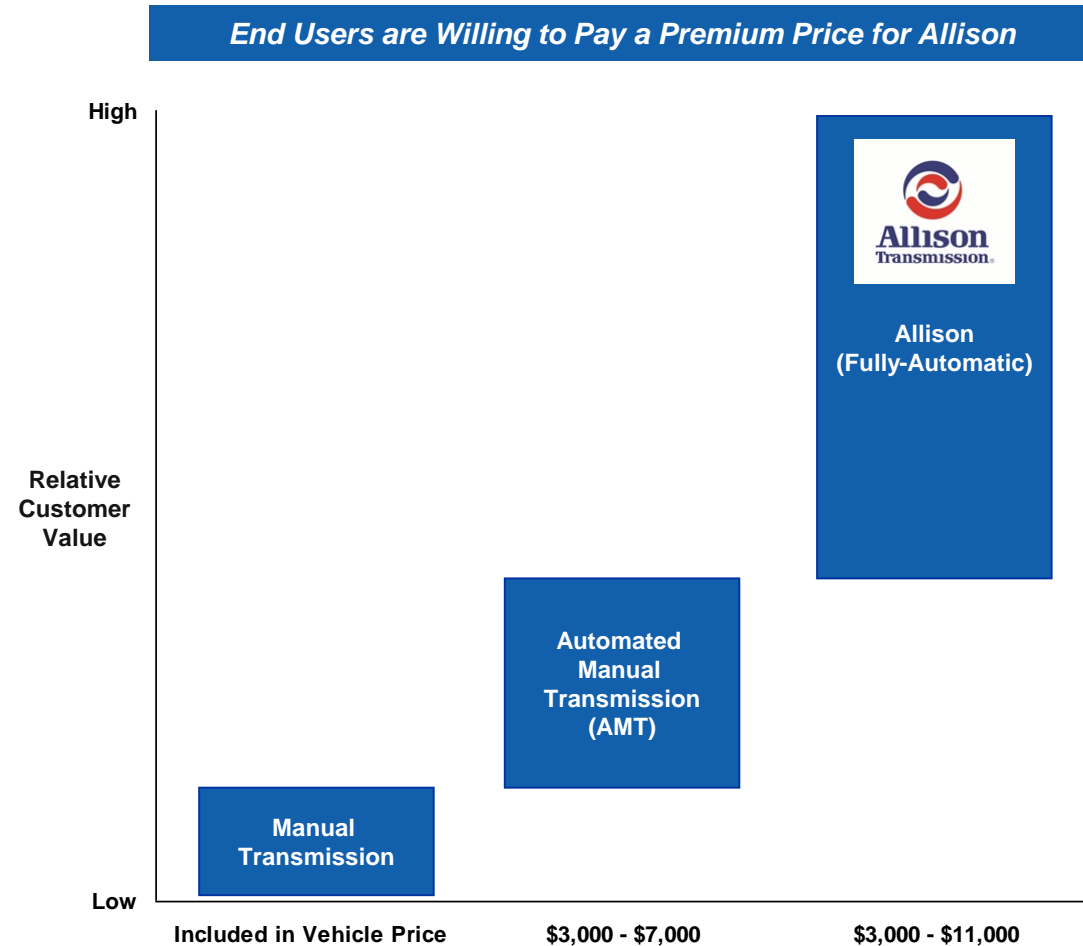
**Allison
Transmission.**

End Users Frequently Request Allison Transmissions by Name and Pay a Premium for Them

End User Value Proposition

- Advantages of a fully-automatic Allison Transmission

- Productivity (acceleration)
- Maintenance Savings (life cycle costs)
- Fuel Efficiency and Reduced Emissions
- Driver Skillset / Wages
- Training (time, cost)
- Shift Quality
- Safety
- Residual Value



Payback period for a premium Allison Transmission averages less than 3 years

Leader in Commercial Propulsion

Allison's addressable market encompasses a broad range of vocations with complex and diverse duty cycles

- On-Highway
 - Fire and Emergency
 - Pick-up, Delivery and Distribution
 - Construction
 - Refuse
 - School, Transit, Shuttle and Coach Bus
 - Airport Support Equipment
 - Utility
 - Motorhome
- Off-Highway
 - Hydraulic Fracturing
 - Oilfield Service and Support
 - Rigid Mining Trucks
 - Articulated Mining Trucks
 - Underground Mining
 - Construction
 - Agriculture
 - Specialty
- Defense
 - Medium-tactical wheeled platforms (JLTV, FMTV)
 - Heavy-tactical wheeled platforms (HEMTT, FHTV)
 - Tracked combat platforms (M1 Abrams, M113, MPF)

Vocational diversity results in a complex application space that requires a range of propulsion solutions where Allison is a natural supplier

- Internal combustion engine applications
- Alternative fuel vehicles, including natural gas and propane, with proven performance and a funded infrastructure
- Electric hybrid systems, including flexible hybrid, range extender and plug-in options
- Full electric solutions, including hydrogen fuel cell and battery electric applications

Very Diverse End Markets

Global	On-Highway	<div></div> <div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
	Off-Highway	<div></div>	<div></div>	<div></div>	<div></div> <div></div>	<div></div> <div></div>	
Defense	Medium- and Heavy-Tactical	<div></div>	<div></div>	<div></div>	<div></div>	<div></div> <div></div>	
Aftermarket	Parts, Support Equipment & Other	<div></div>	<div></div>	<div><div>WALKER DIE CASTING</div><div>Retran®</div></div>	<div></div>		

Over 70 Year Relationship with Industry-Leading OEMs

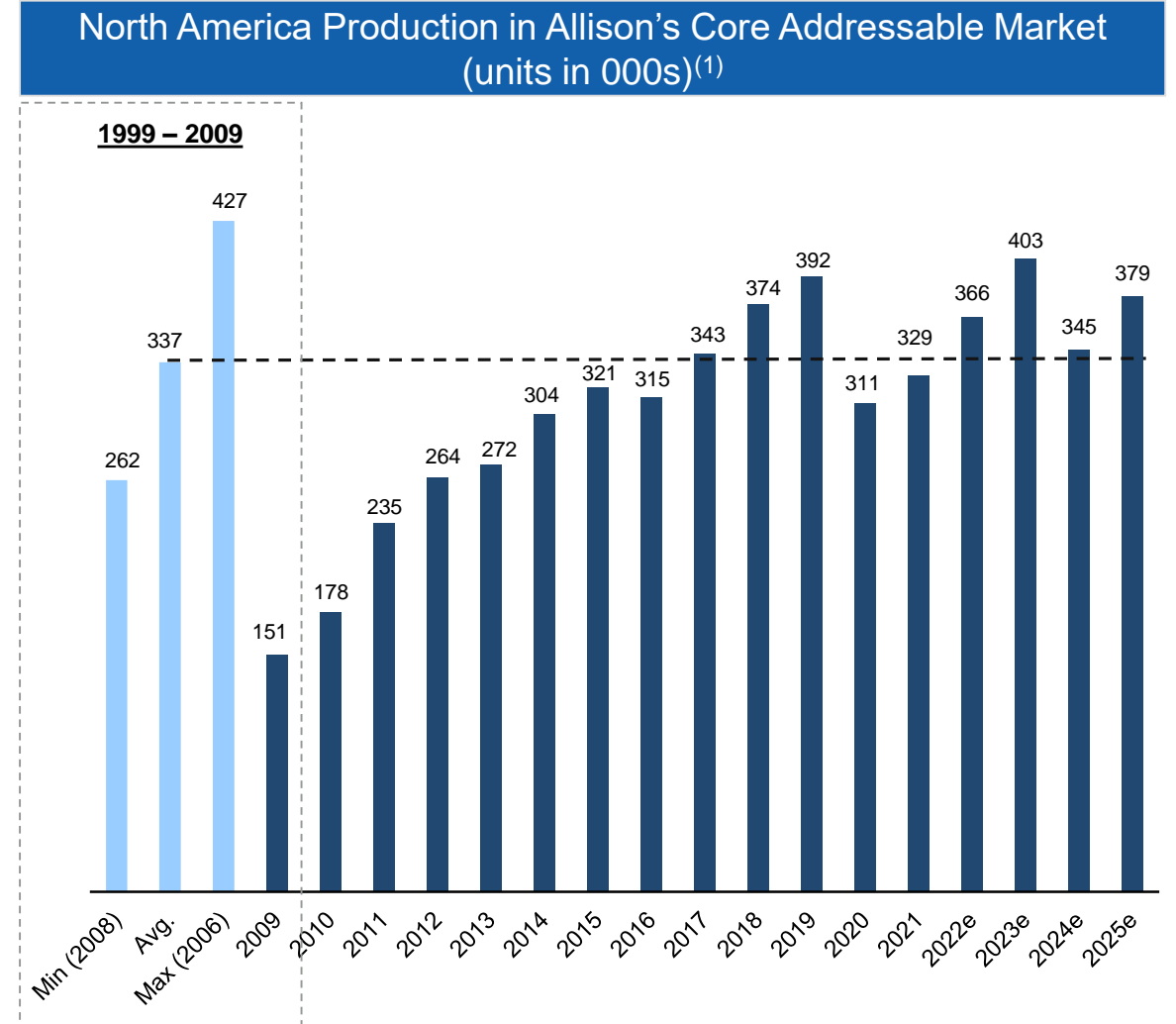
North America	On-Highway	                
	Off-Highway	     
Outside North America	On-Highway	                
	Off-Highway	        
Defense	Medium- and Heavy-Tactical	    

Organic Growth Opportunities

-  North America On-Highway Industry Outlook
-  Global On-Highway Growth Strategy
-  Value Added On-Highway Variants & Enhancements
-  Global Off-Highway Growth Opportunities
-  Allison FracTran™ Oil Field Series Transmission

North America On-Highway Industry Outlook

- Ongoing global supply chain disruptions continue to limit production, despite very strong demand, resulting in long lead times and an extended cycle
- Structural growth drivers remain intact
 - Relative stability of Class 6/7 Medium-duty market
 - Continued growth in first and last mile delivery sector
 - Increasing demand for fuel efficient vehicles
- Increased penetration opportunities
 - Allison 3414 Regional Haul Series launch represents a growth opportunity of \$100 million in incremental annual revenue
 - Launched with Navistar in 2020, Daimler Trucks North America and Volvo Trucks North America in 2021
 - All-new Mack MD Series line of medium-duty trucks and new Isuzu F-Series Class 6/7 models, exclusive with the Allison fully-automatic transmission
 - Class 4/5 commercial trucks launches by Chevrolet, Navistar and Isuzu, exclusively with the Allison fully-automatic



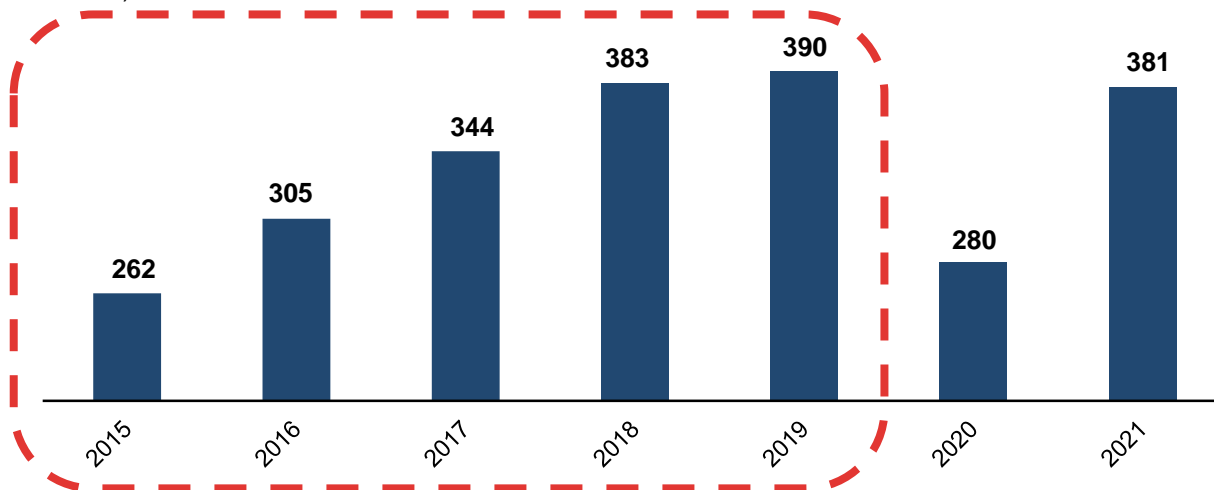
(1) Source: ACT Research, February 2022. Includes: Class 4 thru 8 less Class 8 Tractor & Class 8 Straight with Sleeper.
2021: Total 528,292 less Class 8 Tractor of 196,434 less Class 8 Straight with Sleeper of 2,548

Global On-Highway Growth Strategy

- Global market leadership expansion and emerging markets penetration
 - Substantial investments in the expansion of global sales presence
 - Ongoing OEM release activities
 - Targeted end user initiatives drive demand for the Allison brand
 - Vocational ladder approach facilitates service channel build out in developing markets
- Demand drivers vary by region
 - Increasing vehicle sophistication
 - Stricter emissions, fuel economy and safety standards
 - Growing demand for productivity improvements
 - Micro and demographic trends
 - Focus on reducing life cycle costs
- Focus on high value vocational vehicles
 - Transit, refuse, fire & emergency, airport support, terminal tractors, dock spotters, mining and oil field support, construction, etc.
 - Cost of vehicle downtime is higher
 - Enhanced value proposition supported by 2-3 year payback period

4 years of consecutive revenue growth pre-COVID in Outside North America On-Highway, followed by a strong recovery and record Asia-Pacific revenue in 2021

(\$ in millions)



Wide Body Mining Dump Truck market represents growth opportunity of \$50 million in incremental annual revenue



Value Added On-Highway Variants & Enhancements

FuelSense® 2.0

- Proprietary software launched in 2017, ideally suited for shift dense vocations such as transit, school bus, refuse, construction and distribution
- DynaActive Shifting utilizes learning algorithm to continuously find the ideal balance of fuel economy and performance
- Neutral at Stop trims fuel consumption and emissions by reducing load on the engine when the vehicle is stopped
- Acceleration Rate Management limits vehicle acceleration to a customized calibrated rate

xFE Models

- New transmissions with redesigned torque converter damper, optimized gear ratios and coupled with FuelSense Max™ packages
- Represents the latest in fuel savings innovation
 - Fuel savings of up to 7% over comparatively equipped models with FuelSense features
 - Best fuel economy from an automatic transmission
- Available in the 1000, 2000 and 3000 Series fully-automatic transmission models

Nine Speed Transmission

- New design leverages the proven reliability of the Allison six-speed 2000 Series™
- New benchmark in fuel efficiency and reduced emissions standards
- Significant fuel savings due to deep first gear ratio, industry leading ratio coverage and advanced engine stop-start capability
- Improved driver comfort and acceleration, allowing for a smoother launch and increased productivity

3414 Regional Haul Series™

- New updated variant of Allison's proven 3000 Series™ fully-automatic transmission
- Designed to support the higher engine and torque requirements of Distribution and Regional Haul Class 8 tractors, primarily serving urban environments
- Lighter than competitive automated manual transmissions, and providing fleets with 25% faster acceleration and up to 8% fuel economy improvement
- Launched with Navistar in 2020, Daimler Trucks North America and Volvo Trucks North America in 2021

FuelSense is a registered trademark of Allison Transmission Inc.

Global Off-Highway Growth Opportunities

● Energy Sectors

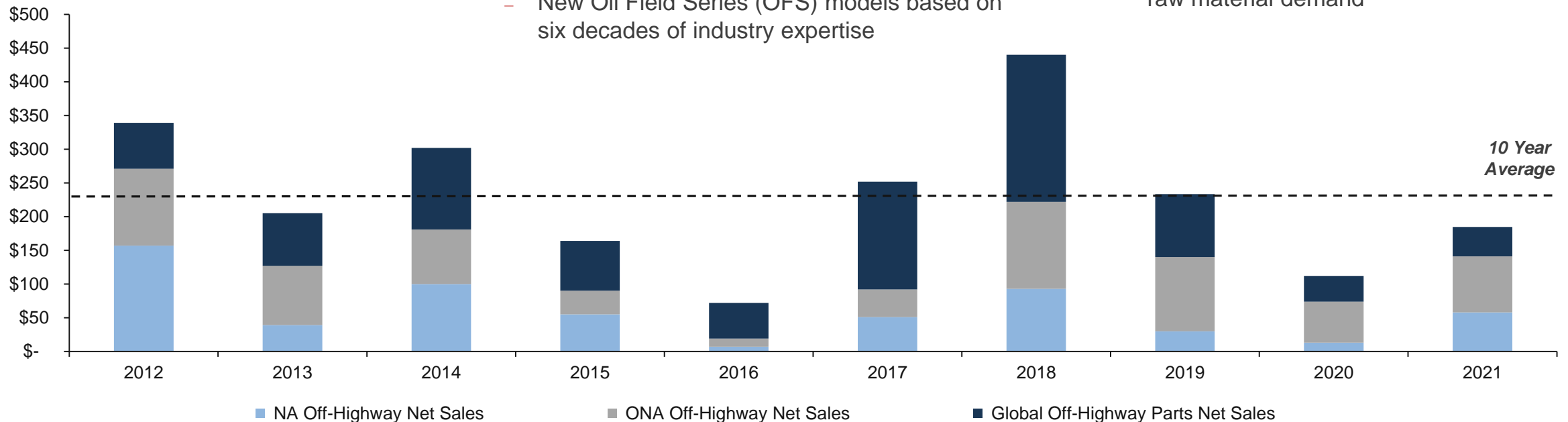
- Considerable end market cyclical, recovering from trough levels
- Multiple opportunities in exploration, fracturing and oil & gas support
- Continued investments in differentiated and higher horsepower solutions

● High Horsepower Hydraulic Fracturing Transmissions

- Launched FracTran in 2021, purpose-built to meet the harsh demands of global oil and gas fields
- Addressing global market demand for higher horsepower, extended duty cycles, lower days-to-depth, higher recovery factors and smaller footprints
- New Oil Field Series (OFS) models based on six decades of industry expertise

● Mining and Construction

- Considerable end market cyclical, recovering from trough levels due to pent up demand and aging fleets
- North America, Europe, Middle East, Africa and China
- Global economic recovery and increasing global urbanization, driving increased construction activity and raw material demand



- Allison's next generation, designed-from-the-ground-up Oil Field Series transmission for the hydraulic fracturing industry
- Represents a growth opportunity of \$100 million in incremental annual revenue
- FracTran is the result of extensive voice of customer insights and decades of duty cycle analysis
- Purpose-built for hydraulic fracturing to maximize customer productivity with high reliability and powerful performance
- Dual fuel compatibility for natural gas powered engines, increased horsepower ratings and substantially reduced idle time
- Service life up to 25,000 hours, and an overhaul that provides a second life, reduces total cost of ownership
- The perfect combination of size, strength and features



Features That Matter

Count on FracTran™ to deliver leading edge prognostics, diagnostics and connectivity so you can increase productivity and peace of mind, and maintain total control over your operations

Digital + Connected Services

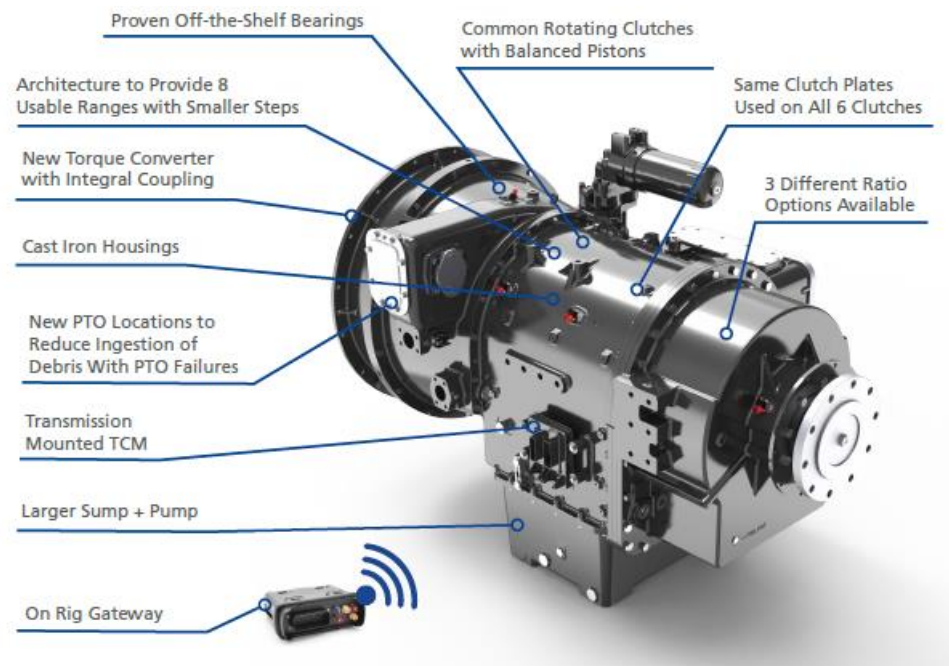
On-rig telematics gateway provides fast, consistent access to data in and from the field enabling real-time learning and response to any issues

Prognostics

- Filter life monitoring
- Oil life monitoring
- Oil level monitoring

Diagnostics

- Next generation controls with increased diagnostic capability
- Torsional measuring diagnostics
- Dedicated converter temperature sensor
- Easy access to clutch pressure taps



Capital Allocation & Free Cash Flow Utilization



Significant Cash Flow Generation



Capital Allocation Priorities

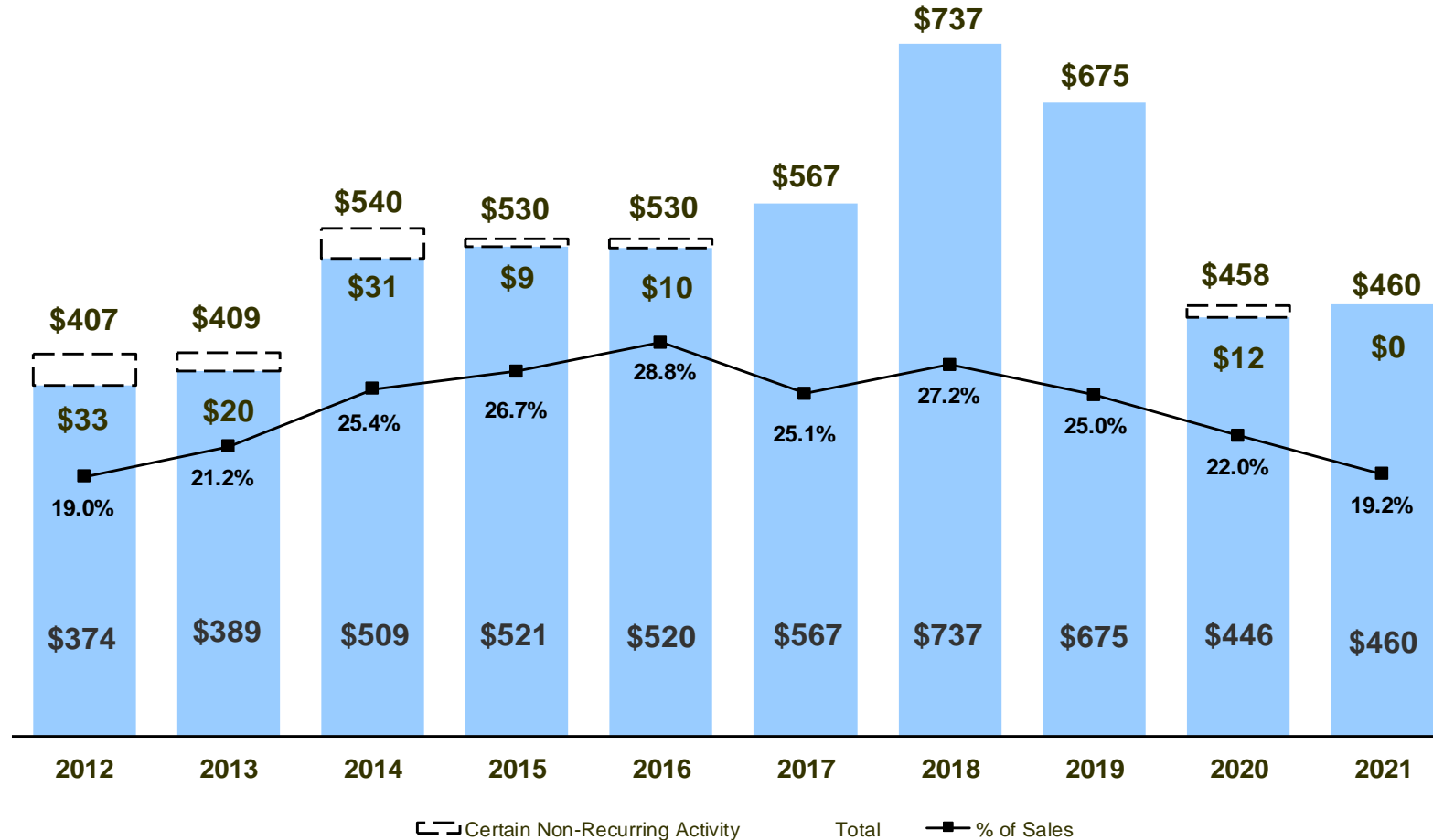


Free Cash Flow Utilization

Significant Cash Flow Generation

Adj. Free Cash Flow Generation⁽¹⁾

(\$ in millions)



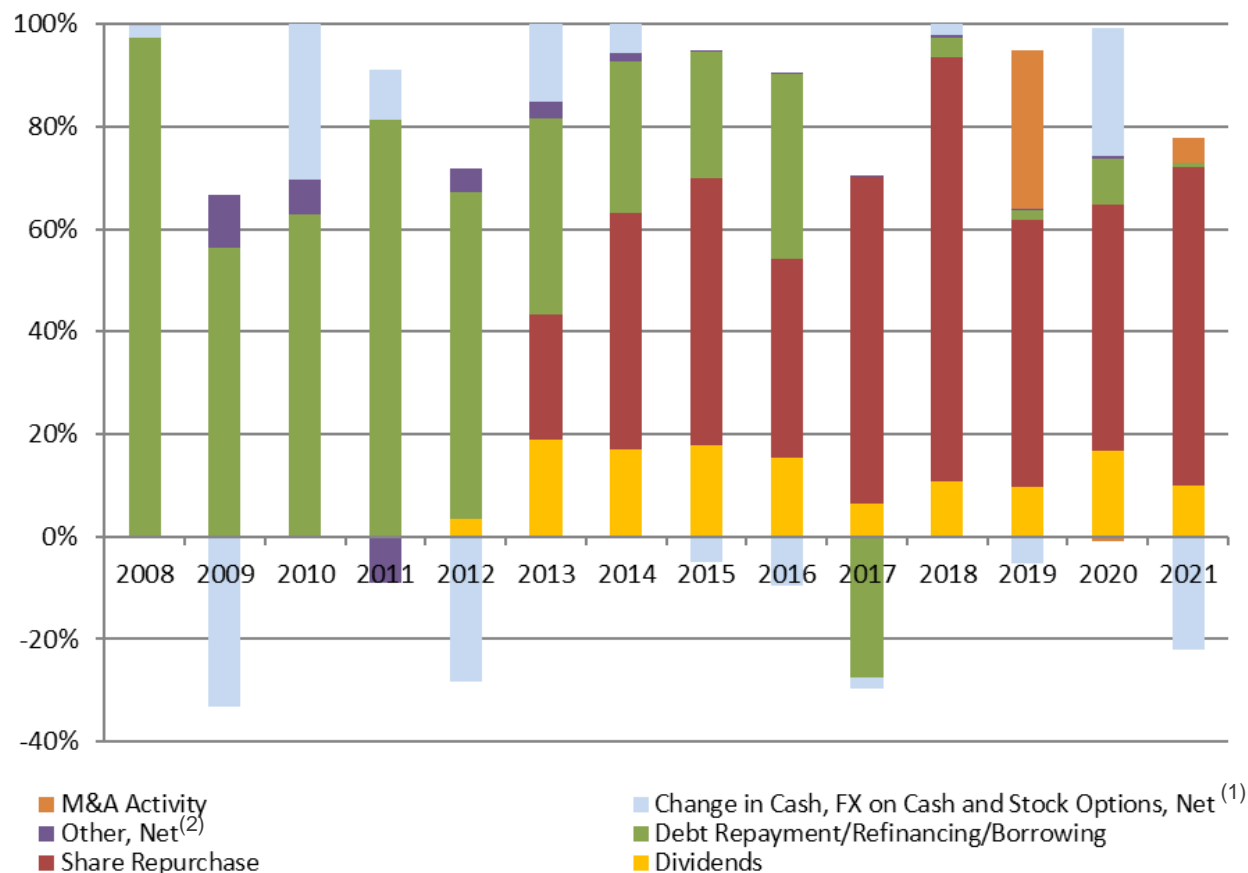
Note: See appendix for comments regarding the presentation of non-GAAP financial information.

(1) See appendix for a reconciliation of Adjusted Free Cash Flow.

Capital Allocation Priorities

- Organic revenue and earnings growth
- New product and technology development
- Strategic acquisition opportunities
- Return of capital to shareholders
- Prudent balance sheet management
- Low-cost, flexible and pre-payable debt structure with long dated maturities

Free Cash Flow Utilization



Well-Defined Capital Allocation Policy

- Realize returns from completed investments in global commercial capabilities, and new product and technology development
- Prudent balance sheet management
- Return capital to shareholders
 - Quarterly dividend increased to \$0.21 per share in Q1 2022
 - Share repurchase authorization increased by \$1.0 billion to \$4.0 billion in Q1 2022⁽³⁾
- Low-cost, flexible and pre-payable debt structure with long dated maturities

Note: See appendix for comments regarding the presentation of non-GAAP financial information.

(1) Net of change in Cash & Cash Equivalents

(2) 2009 adjusted for certain non-recurring activity: (a) capitalized accrued interest on Senior Toggle Notes (\$29) million, (b) cash restructuring charge \$51 million, (c) accounts payable early payments \$3 million, (d) delayed accounts receivable receipts \$19 million and (e) Lehman LIBOR swap settlement \$17 million. All periods adjusted for collateral for interest rate derivatives, purchase of available-for-sale securities, proceeds from disposal of assets, investments in technology-related initiatives and license expenses, and fee to terminate services agreement with Sponsors.

(3) \$314 million of authorized share repurchase capacity remaining as of 12/31/21

Financial Overview

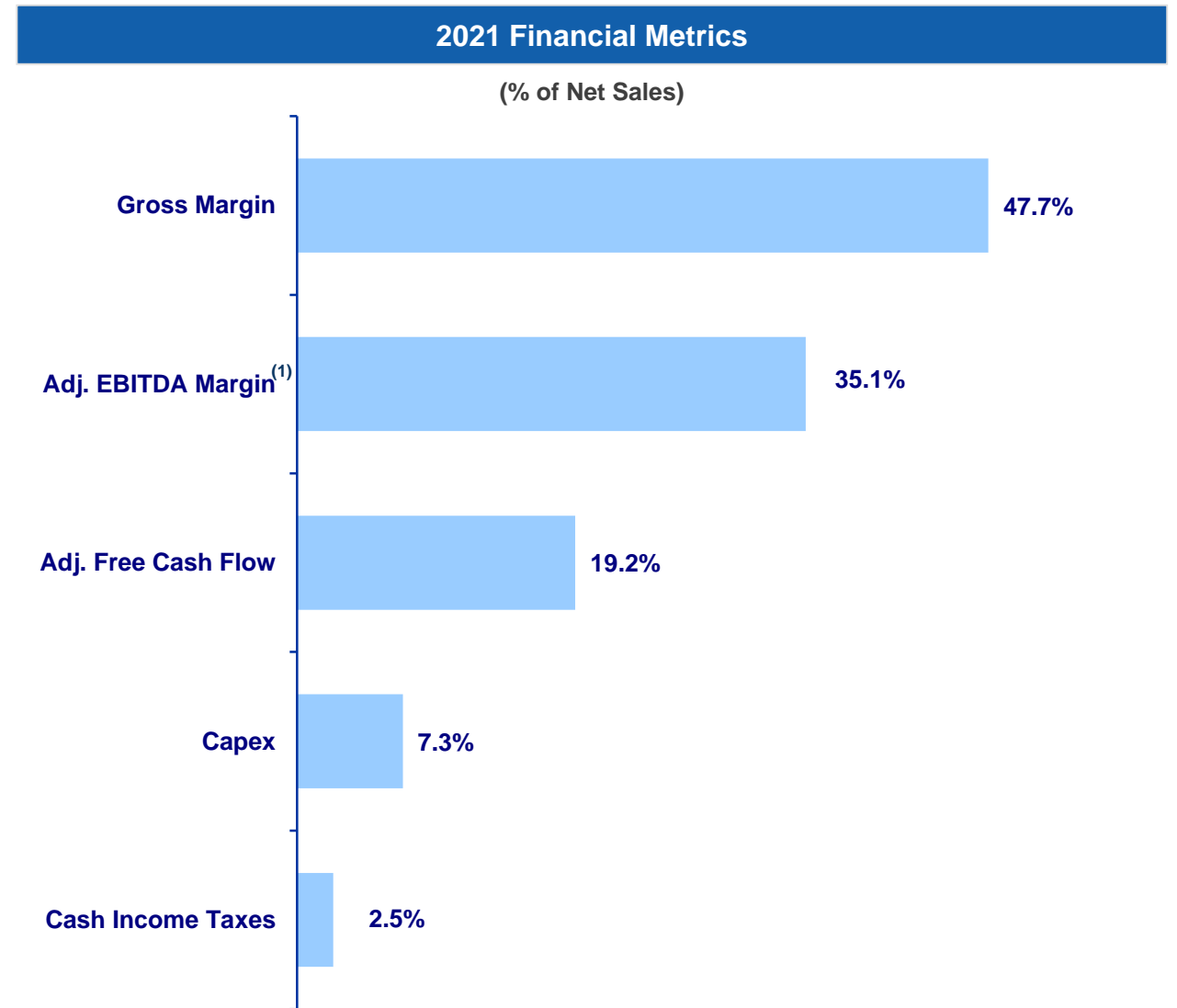


Allison Financial Highlights

- Solid operating margins
 - End markets diversity
 - Premium vocational pricing model
 - Cost controls and productivity improvements
 - Multi-Tier UAW wage and benefits structure
- Low recurring capital expenditure requirements
- Positioned for long-term cash earnings growth
 - Multiple growth opportunities in asset light business model
- Strong free cash flow

(1) Adjusted EBITDA margin: Adjusted EBITDA divided by net sales.

Note: See appendix for comments regarding the presentation of non-GAAP financial information.



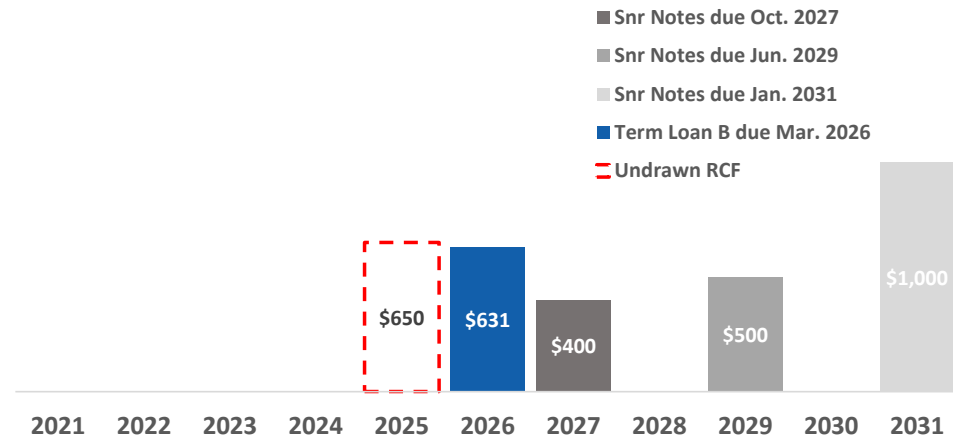
Strong Liquidity Profile

- Cash and Available Borrowing Capacity of \$772 million as of December 31, 2021
 - \$127 million of cash and cash equivalents
 - \$645 million of available revolving credit facility commitments, expiring in September 2025
- History of robust free cash flow generation
- Staggered, flexible, long-dated and covenant light debt structure with the earliest maturity due in March 2026
- Financial Covenants point to First Lien Net Leverage Ratio
 - Maximum threshold of 5.5x First Lien Net Leverage ratio (Net First Lien Debt to LTM Adj. EBITDA)
 - First Lien Net Leverage ratio of 0.60x as of December 31, 2021
- Net Leverage of 2.85x (Net Debt to LTM Adj. EBITDA) as of December 31, 2021
- Capital Allocation
 - Quarterly dividend increased to \$0.21 per share in Q1 2022
 - \$513 million of outstanding shares repurchased in 2021 or 12 percent of outstanding shares

Long-term Debt Profile & Credit Statistics

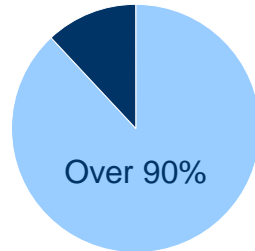
(\$ in millions)	12/31/2021
Cash and cash equivalents	\$127
Revolving Credit Facility due Sep 2025	\$0
Senior Secured Term Loan B due Mar 2026	\$631
Total First Lien Debt	\$631
Senior Notes due Oct 2027	\$400
Senior Notes due Jun 2029	\$500
Senior Notes due Jan 2031	\$1,000
Total Debt	\$2,531
Net Debt	\$2,404
First Lien Net Debt	\$504
<u>Credit Statistics:</u>	<u>12/31/2021</u>
LTM Adjusted EBITDA	\$844
First Lien Net Leverage Ratio	0.60x
Net Leverage Ratio	2.85x

Current Debt Maturity Profile



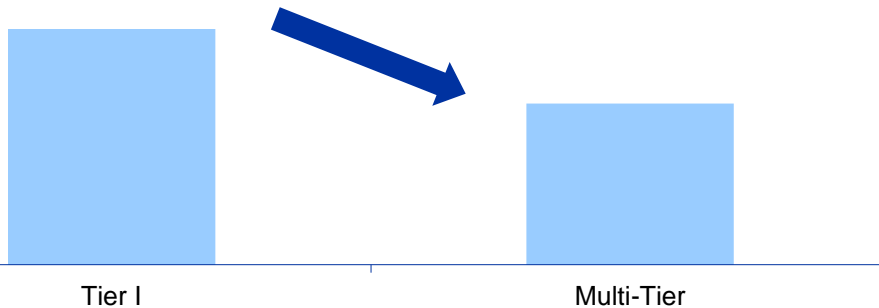
Solid Operating Margins

Long-Term Customer Supply Agreements



Over 90% of 2021 N.A. On-Highway Unit Volume was covered by long-term customer supply agreements, which include pass-throughs of commodities

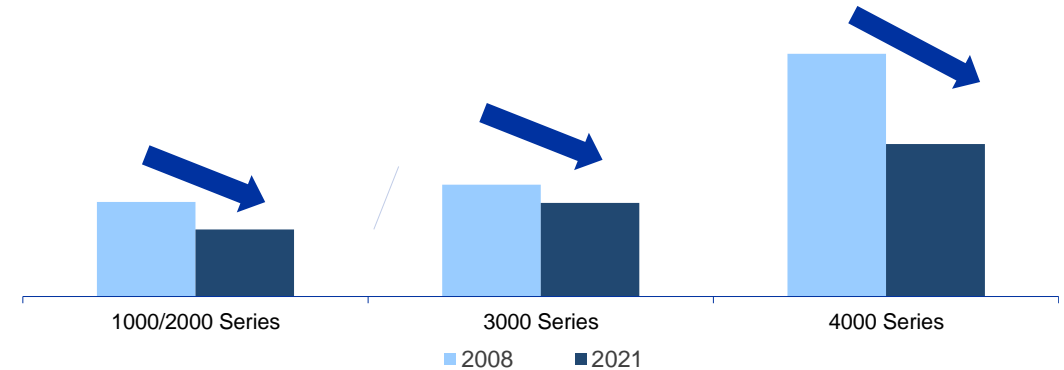
Workforce Optimization (cost/employee) ⁽¹⁾



Significant savings driven by retirement of Tier I workers; 141 hourly employees are retirement eligible (~10% of workforce)

Source: Allison.
(1) As of 12/31/21

Manufacturing Efficiencies (hours/unit)



Hours Per Unit continue to decline

International Manufacturing

India (~\$103mm total investment)

- New facility constructed to better serve Asia-Pacific
- Assembly of 1000/2000 Series
- In-sourced component manufacturing

Hungary (~\$17mm total investment)

- Assembly of 3000/4000 Series

Summary

- Allison Transmission is the global leader in the markets it serves
 - Premier fully-automatic transmission brand
 - Leading and established supplier of fully integrated electrified propulsion systems
 - Over 100 year operating history
- Strong financial position
 - Elite EBITDA margin
 - Asset light business model
 - Significant free cash flow generation
 - Returning capital to shareholders
- Substantial long-term growth opportunities
 - Expand global leadership
 - Penetrate emerging markets
 - Address underserved markets
 - Continuous product innovation

Guidance / Supplemental Financial Data



2022 Guidance

(\$ in millions)	Guidance	Commentary
Net Sales	\$2,625 to \$2,775	Guidance reflects higher demand in the Global On-Highway, Global Off-Highway and Service Parts, Support Equipment & Other end markets as a result of the ongoing global economic recovery, continued strength in customer demand and price increases on certain products
Net Income	\$430 to \$520	
Adjusted EBITDA	\$865 to \$975	
Net Cash Provided by Operating Activities	\$570 to \$680	
Capital Expenditures	\$170 to \$180	
Adjusted Free Cash Flow	\$400 to \$500	Net Cash Provided by Operating Activities less Capital Expenditures

Historical Financial Summary

Financial Summary

In \$ millions

Annual

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Sales	\$2,142	\$1,927	\$2,127	\$1,986	\$1,840	\$2,262	\$2,713	\$2,698	\$2,081	\$2,402
% Growth	(1.0%)	(10.0%)	10.4%	(6.7%)	(7.3%)	22.9%	19.9%	(0.6%)	(22.9%)	15.4%
Adjusted EBITDA ⁽¹⁾	717	633	745	720	644	868	1,128	1,083	732	844
% of Net Sales	33.5%	32.8%	35.0%	36.3%	35.0%	38.4%	41.6%	40.1%	35.2%	35.1%
Effective Cash Tax Rate ⁽²⁾	4.9%	1.4%	1.4%	1.8%	3.8%	18.2%	12.5%	11.6%	6.6%	10.5%
Total CapEx	124	74	64	58	71	91	100	172	115	175
% of Net Sales	5.8%	3.9%	3.0%	2.9%	3.8%	4.0%	3.7%	6.4%	5.5%	7.3%
Adj. Free Cash Flow	407	409	540	530	530	567	737	675	458	460
% of Net Sales	19.0%	21.2%	25.4%	26.7%	28.8%	25.1%	27.2%	25.0%	22.0%	19.2%

Note: See appendix for comments regarding the presentation of non-GAAP financial information.

(1) Excluding technology-related license expenses 2011 of \$10 million, 2012 of \$12 million, 2013 of \$6 million, 2014 of \$6 million.

(2) Effective cash tax rate defined as cash income taxes divided by income (loss) before taxes.

Allison Quarterly Sales Summary

Quarterly Net Sales by End Market (\$ millions)															
<u>Net Sales</u>	2013					2014					2015				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
NA On-Highway	\$219	\$243	\$226	\$242	\$930	\$257	\$271	\$279	\$273	\$1,080	\$286	\$297	\$274	\$275	\$1,132
NA Off-Highway	8	8	9	14	39	12	23	30	36	101	22	10	12	11	55
Defense	57	58	52	35	202	34	49	35	38	156	25	29	34	25	113
ONA On-Highway	62	75	70	86	293	64	62	73	65	264	57	73	67	65	262
ONA Off-Highway	21	36	17	14	88	21	24	18	19	82	16	8	4	7	35
Parts, Support Equipment & Other	90	92	93	100	375	106	107	118	113	444	98	94	102	95	389
Total Net Sales	\$457	\$512	\$467	\$491	\$1,927	\$494	\$536	\$553	\$544	\$2,127	\$504	\$511	\$493	\$478	\$1,986
<u>Net Sales</u>	2016					2017					2018				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
NA On-Highway	\$274	\$280	\$232	\$237	\$1,023	\$275	\$314	\$301	\$287	\$1,177	\$339	\$343	\$332	\$303	\$1,317
NA Off-Highway	5	1	1	0	7	1	5	17	28	51	33	31	12	17	93
Defense	25	28	25	37	115	27	30	35	25	117	37	43	42	36	158
ONA On-Highway	70	74	78	83	305	72	85	89	98	344	91	101	96	95	383
ONA Off-Highway	3	3	2	4	12	6	10	14	11	41	12	24	46	47	129
Parts, Support Equipment & Other	85	89	96	108	378	118	136	139	139	532	151	169	164	149	633
Total Net Sales	\$462	\$475	\$434	\$469	\$1,840	\$499	\$580	\$595	\$588	\$2,262	\$663	\$711	\$692	\$647	\$2,713
<u>Net Sales</u>	2019					2020					2021				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
NA On-Highway	\$377	\$398	\$369	\$330	\$1,474	\$352	\$164	\$281	\$284	\$1,081	\$319	\$302	\$275	\$281	\$1,177
NA Off-Highway	14	9	6	1	30	8	3	1	1	13	2	9	20	27	\$58
Defense	32	37	40	42	151	40	42	56	44	182	45	48	39	54	\$186
ONA On-Highway	94	106	99	91	390	72	60	71	77	280	84	98	93	106	\$381
ONA Off-Highway	27	40	24	18	109	27	19	4	11	61	16	18	14	35	\$83
Parts, Support Equipment & Other	131	147	131	135	544	138	89	119	118	464	122	128	126	141	\$517
Total Net Sales	\$675	\$737	\$669	\$617	\$2,698	\$637	\$377	\$532	\$535	\$2,081	\$588	\$603	\$567	\$644	\$2,402

Appendix: Non-GAAP Financial Information



Appendix: Non-GAAP Financial Information

We use Adjusted EBITDA and Adjusted EBITDA as a percent of net sales to measure our operating profitability. We believe that Adjusted EBITDA and Adjusted EBITDA as a percent of net sales provide management, investors and creditors with useful measures of the operational results of our business and increase the period-to-period comparability of our operating profitability and comparability with other companies. Adjusted EBITDA as a percent of net sales is also used in the calculation of management's incentive compensation program. The most directly comparable U.S. generally accepted accounting principles ("GAAP") measure to Adjusted EBITDA and Adjusted EBITDA as a percent of net sales is Net income and Net income as a percent of net sales, respectively. Adjusted EBITDA is calculated as the earnings before interest expense, net, income tax expense, amortization of intangible assets, depreciation of property, plant and equipment and other adjustments as defined by Allison Transmission, Inc.'s, the Company's wholly-owned subsidiary, Second Amended and Restated Credit Agreement. Adjusted EBITDA as a percent of net sales is calculated as Adjusted EBITDA divided by net sales.

We use Adjusted Free Cash Flow to evaluate the amount of cash generated by our business that, after the capital investment needed to maintain and grow our business and certain mandatory debt service requirements, can be used for repayment of debt, stockholder distributions and strategic opportunities, including investing in our business. We believe that Adjusted Free Cash Flow enhances the understanding of the cash flows of our business for management, investors and creditors. Adjusted Free Cash Flow is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to Adjusted Free Cash Flow is Net cash provided by operating activities. Adjusted Free Cash Flow is calculated as Net cash provided by operating activities, excluding non-recurring restructuring charges, after additions of long-lived assets.

Non-GAAP Reconciliations (1 of 3)

Adjusted EBITDA reconciliation

\$ in millions, Unaudited

For the year ended December 31,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net income (GAAP)	\$514	\$165	\$229	\$182	\$215	\$504	\$639	\$604	\$299	\$442
plus:										
Interest expense, net	151	133	138	114	101	103	121	134	137	116
Income tax expense (benefit)	(298)	101	139	107	126	23	166	164	94	130
Technology-related investments expenses / (gains)	14	5	2	—	1	16	3	—	—	(3)
Trade name impairments	—	—	—	80	—	—	—	—	—	—
Impairments of long-lived assets	—	—	15	1	—	32	4	2	—	—
Environmental remediation	—	—	—	14	—	—	—	(8)	—	—
Amortization of intangible assets	150	105	99	97	92	90	87	86	52	46
Depreciation of property, plant and equipment	103	99	94	88	84	80	77	81	96	104
Loss (gain) on redemptions and repayments of long-term debt	22	1	1	1	—	—	—	—	—	—
Stockholder activism expenses	—	—	—	—	4	—	—	—	—	—
Dual power inverter module extended coverage	9	(2)	1	(2)	1	(2)	—	—	—	—
UAW Local 933 signing bonus	9	—	—	—	—	10	—	—	—	—
UAW Local 933 retirement incentive	—	—	—	—	—	—	15	5	7	—
Unrealized loss (gain) on commodity hedge contracts	(1)	2	(1)	1	(2)	—	—	—	—	(2)
Unrealized loss on foreign exchange	—	2	5	1	1	—	3	—	2	—
Expenses related to long-term debt refinancing	—	—	—	25	12	—	—	1	13	—
Restructuring charges	—	1	1	—	—	—	—	—	14	—
Unrealized (gain) on marketable securities	—	—	—	—	—	—	—	—	—	(4)
Stock based compensation expense	6	14	15	10	9	12	13	13	17	14
Other, net ⁽¹⁾	26	1	1	1	—	—	—	1	1	1
Adjusted EBITDA (non-GAAP)	\$705	\$627	\$739	\$720	\$644	\$868	\$1,128	\$1,083	\$732	\$844
Net Sales (GAAP)	\$2,142	\$1,927	\$2,127	\$1,986	\$1,840	\$2,262	\$2,713	\$2,698	\$2,081	\$2,402
Net income as a percent of net sales	24.0%	8.6%	10.8%	9.2%	11.7%	22.3%	23.6%	22.4%	14.4%	18.4%
Adjusted EBITDA as a percent of net sales	32.9%	32.5%	34.7%	36.2%	35.0%	38.4%	41.6%	40.1%	35.2%	35.1%

(1) Includes charges or income related to benefit plan adjustments, termination and service fees paid to Allison's Sponsors, public offering expenses, reductions of supply contract liabilities, and acquisition related earnouts.

Non-GAAP Reconciliations (2 of 3)

Adjusted Free Cash Flow reconciliation

\$ in millions, Unaudited

	For the year ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Cash Provided by Operating Activities (GAAP)	\$498	\$464	\$573	\$580	\$591	\$658	\$837	\$847	\$561	\$635
(Deductions) or Additions:										
Long-lived assets	(124)	(75)	(64)	(58)	(71)	(91)	(100)	(172)	(115)	(175)
Fee to terminate services agreement with Sponsors	16	—	—	—	—	—	—	—	—	—
Restructuring charges	12	6	6	—	—	—	—	—	12	—
Stockholder activism expenses	—	—	—	—	4	—	—	—	—	—
Excess tax benefit from stock-based compensation	5	14	25	8	6	—	—	—	—	—
Adjusted Free Cash Flow (Non-GAAP)	\$407	\$409	\$540	\$530	\$530	\$567	\$737	\$675	\$458	\$460

Non-GAAP Reconciliations (3 of 3)

Guidance Reconciliation

\$ in millions

	Guidance	
	Year Ending December 31, 2022	
	Low	High
Net Income (GAAP)	\$ 430	\$ 520
plus:		
Depreciation and amortization	165	165
Income tax expense	132	152
Interest expense, net	119	119
Stock-based compensation expense	19	19
Adjusted EBITDA (Non-GAAP)	<u>\$ 865</u>	<u>\$ 975</u>
Net Cash Provided by Operating Activities (GAAP)	\$ 570	\$ 680
(Deductions) to Reconcile to Adjusted Free Cash Flow:		
Additions of long-lived assets	(170)	(180)
Adjusted Free Cash Flow (Non-GAAP)	<u>\$ 400</u>	<u>\$ 500</u>

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