

BAML 2014 Industrial Conference Presentation

March 18, 2014

Dave Graziosi, Executive Vice President & Chief Financial Officer

Fred Bohley, Executive Director, Finance & Investor Relations



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 the 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: risks related to our substantial indebtedness; our participation in markets that are competitive; the highly cyclical industries in which certain of our end users operate; the failure of markets outside North America to increase adoption of fully-automatic transmissions; the concentration of our net sales in our top five customers and the loss of any one of these; future reductions or changes in government subsidies for hybrid vehicles; U.S. defense spending; 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 prepare for, respond to and successfully achieve our objectives relating to technological and market developments and changing customer needs; risks associated with our international operations; and labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers.

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.

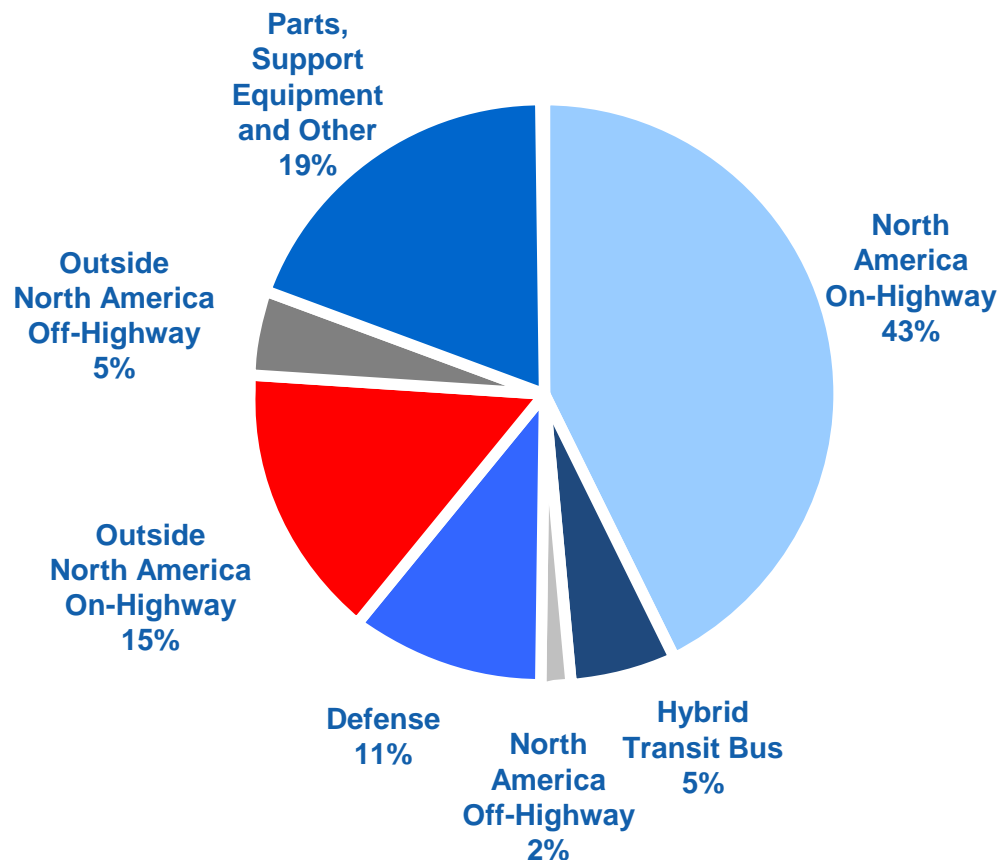
Allison Transmission’s business is subject to numerous risks and uncertainties, which may cause future results of operations to vary significantly from those presented herein. Important factors that could cause actual results to differ materially are discussed in Allison Transmission’s Annual Report on Form 10-K for the year ended December 31, 2013.



Allison Transmission at a Glance

- **World's largest manufacturer of fully-automatic transmissions for medium- and heavy-duty commercial vehicles**
 - 61% global market share of fully-automatic transmissions
 - Virtually no exposure to Class 8 line-haul tractors
- **Allison is the premier fully-automatic transmission brand**
 - Premium price component frequently specified by end users
 - Differentiated technology
- **Well positioned for revenue and earnings growth**
 - Continued recovery in North America
 - Further adoption outside North America
 - Global off-highway growth opportunities
 - Expanding addressable market

2013 Net Sales by End Market



2013 Net Sales: \$1.9 billion



End Market & Vocation Overview

Global On-Highway

Sample Vocations

Select End Users

Distribution



Emergency Vehicle



Motorhome



Rugged Duty



School Bus / Shuttle Bus



Transit Bus



Global Off-Highway



Select End Users



Defense



Select End Users



North America Hybrid Transit Bus

Allison Hybrid



Select End Users



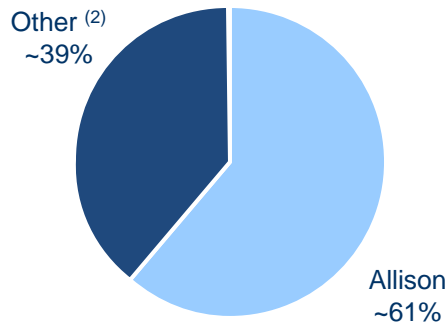
Parts, Support Equipment and Other



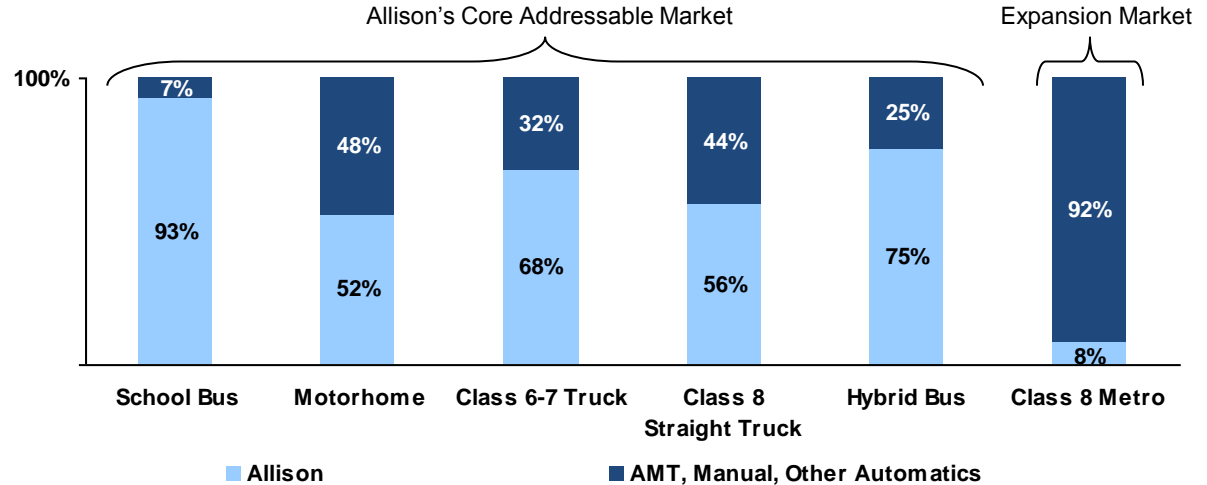
Allison Transmission

Global Market Leader

Global On-Highway Fully-Automatic Share⁽¹⁾



North American Market Share⁽¹⁾



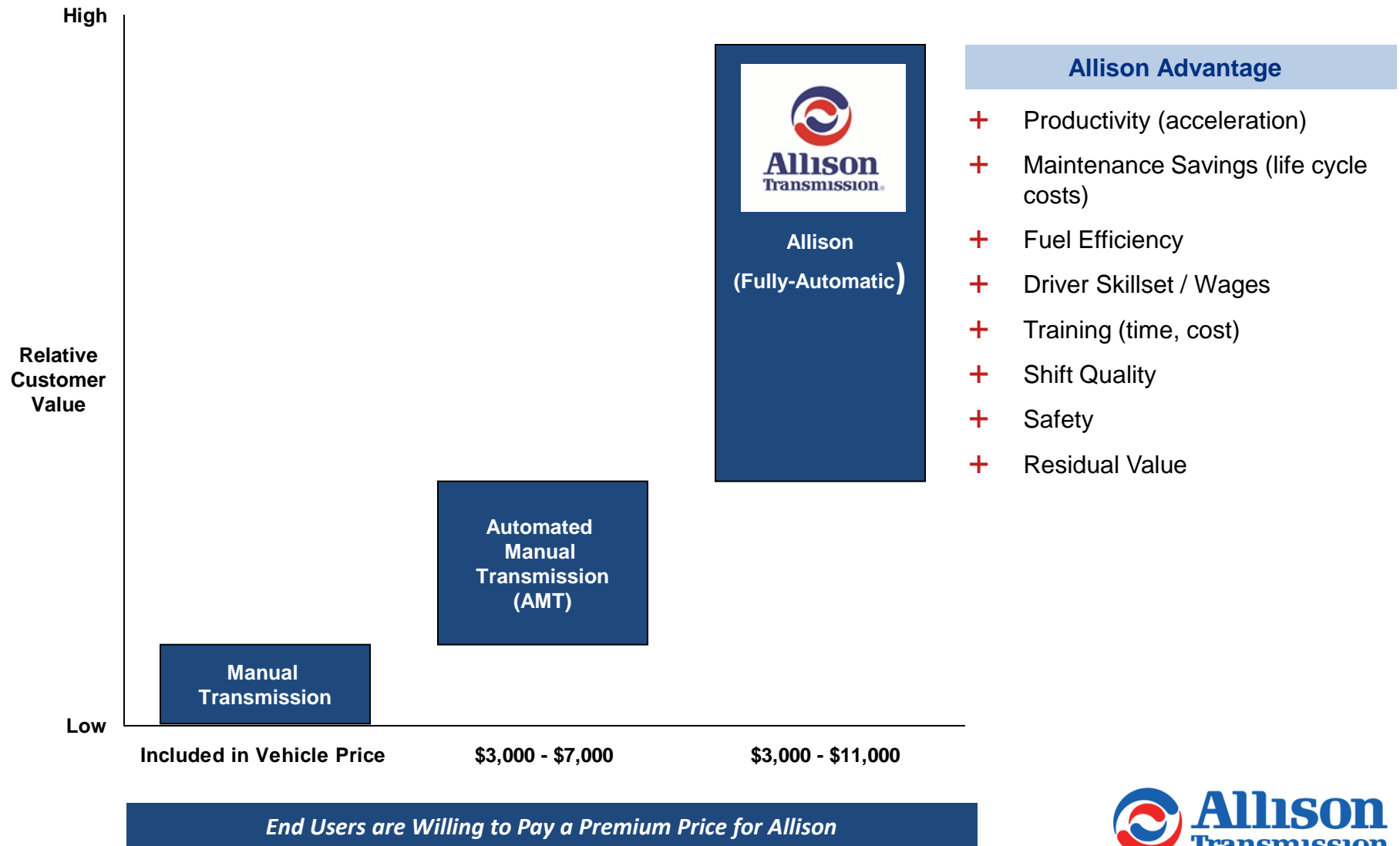
- The “de facto” standard in medium- and heavy-duty applications
 - Well established as standard in North America
- Increasing presence in emerging markets which today are predominantly manual
- Virtually no exposure to more cyclical Class 8 line-haul tractors

(1) 2013 Units. Source: Allison and ACT Research.

(2) Majority of “Other” volume is in North American Class 4-5 truck and European bus.



End User Value Proposition



Multiple Organic Growth Opportunities



Benefit from Developed Markets Recovery



Increase Penetration of Fully Automatic Transmissions



Accelerate Adoption in Emerging Markets



Capitalize on Rising Demand for Energy and Commodities



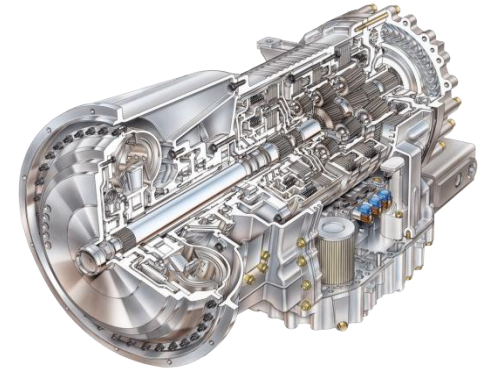
Continue New Technology and Product Development



Increase Share in Underserved Markets

Strategic Priorities

- **Expand global market leadership**
 - Capitalize on continued market recovery
 - New vocational offerings
- **Emerging markets penetration**
 - Vocational ladder strategy
 - Increase number of vehicle releases
- **Continued focus on new technologies and product development**
 - Address markets adjacent to core
 - Advanced fuel efficient technologies
- **Deliver strong financial results**
 - Earnings growth and cash flow generation
 - Focus on margin enhancement
 - Well-defined capital allocation policy



Allison Is a Premier Industrial Asset



Global Market Leader



Premier Brand and End User Value Proposition



Technology Leadership - The Allison Advantage



Diverse End Markets with Long-Standing OEM Customer Relationships



Strong Cash Flow Generation with Well-Defined Capital Allocation Policy



Multiple Organic Growth Opportunities



Experienced Management Team



Certain Trademarks

This presentation contains trademarks, service marks, copyrights and trade names of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

