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

FORM 10-Q

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

For the quarterly period ended September 30, 2026

OR

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

Commission File Number 001-35456

ALLISON TRANSMISSION HOLDINGS, INC.

(Exact name of registrant as specified in its charter)



Delaware	**26-0414014**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One Allison Way **Indianapolis, IN**	**46222**
(Address of principal executive offices)	(Zip Code)

(317) 242-5000

(Registrant's telephone number, including area code)

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, $0.01 par value	**ALSN**	**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 October 22, 2026, there were 82,133,940 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Allison Transmission Holdings, Inc.
Condensed Consolidated Balance Sheets
(unaudited, dollars in millions, except share and per share data)

	September 30, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 497**	$ 1,495
Accounts receivable – net of allowance for doubtful accounts of $4 and $1, respectively	**882**	333
Inventories	**857**	316
Other current assets	**258**	89
Total Current Assets	**2,494**	2,233
Property, plant and equipment, net	**1,653**	862
Intangible assets, net	**1,582**	794
Goodwill	**2,828**	2,075
Other non-current assets	**232**	118
TOTAL ASSETS	**$ 8,789**	$ 6,082
LIABILITIES		
Current Liabilities		
Accounts payable	**$ 803**	$ 190
Product warranty liability	**61**	34
Current portion of long-term debt	**20**	5
Deferred revenue	**74**	34
Other current liabilities	**454**	197
Total Current Liabilities	**1,412**	460
Product warranty liability	**66**	50
Deferred revenue	**105**	103
Long-term debt	**3,992**	2,885
Deferred income taxes	**828**	557
Other non-current liabilities	**306**	160
TOTAL LIABILITIES	**6,709**	$ 4,215
Commitments and contingencies (see Note Q)		
STOCKHOLDERS' EQUITY		
Common stock, $0.01 par value, 1,880,000,000 shares authorized, 82,275,133 shares issued and outstanding and 82,828,704 shares issued and outstanding, respectively	**1**	1
Non-voting common stock, $0.01 par value, 20,000,000 shares authorized, none issued and outstanding	**—**	—
Preferred stock, $0.01 par value, 100,000,000 shares authorized, none issued and outstanding	**—**	—
Paid in capital	**1,984**	1,960
Retained earnings (accumulated deficit)	**249**	(38)
Accumulated other comprehensive loss, net of tax	**(154)**	(56)
TOTAL STOCKHOLDERS' EQUITY	**2,080**	1,867
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**$ 8,789**	$ 6,082

The accompanying notes are an integral part of the condensed consolidated financial statements.

Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited, dollars in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net sales	**$ 1,534**	$ 693	**$ 4,506**	$ 2,273
Cost of sales	**1,029**	363	**3,080**	1,162
Gross profit	**505**	330	**1,426**	1,111
Selling, general and administrative	**142**	83	**467**	274
Engineering — research and development	**59**	43	**169**	128
Operating income	**304**	204	**790**	709
Interest expense, net	**(51)**	(24)	**(166)**	(67)
Other (expense) income, net	**(15)**	2	**(26)**	15
Income before income taxes	**238**	182	**598**	657
Income tax expense	**(47)**	(45)	**(114)**	(133)
Net income	**$ 191**	$ 137	**$ 484**	$ 524
Basic earnings per share attributable to common stockholders	**$ 2.30**	$ 1.63	**$ 5.83**	$ 6.24
Diluted earnings per share attributable to common stockholders	**$ 2.30**	$ 1.63	**$ 5.76**	$ 6.16
Comprehensive income, net of tax	**$ 171**	$ 131	**$ 386**	$ 532

The accompanying notes are an integral part of the condensed consolidated financial statements.

Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited, dollars in millions)

	Nine Months Ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 484**	$ 524
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	**177**	87
Amortization expense	**66**	5
Stock-based compensation	**25**	20
Unrealized loss (gain) on marketable securities	**11**	(11)
Amortization of deferred financing fees	**10**	5
Inventory obsolescence	**8**	4
Deferred income taxes	**(3)**	46
Other	**(1)**	—
Changes in operating assets and liabilities, net of effects of the Acquisition		
Accounts receivable	**(200)**	37
Inventories	**15**	(15)
Accounts payable	**207**	(38)
Other assets and liabilities	**12**	(71)
Net cash provided by operating activities	**811**	593
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business acquisition, net of cash acquired	**(2,529)**	—
Additions of long-lived assets	**(149)**	(101)
Proceeds from cross currency swaps	**21**	—
Payments on cross currency swaps	**(17)**	—
Investment in equity method investee	**(3)**	(4)
Investment in equities without a readily determinable fair value	**(2)**	—
Investment in debt securities	**—**	(3)
Net cash used for investing activities	**(2,679)**	(108)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of long-term debt	**1,200**	—
Proceeds from revolving credit facility	**300**	—
Payments on revolving credit facility	**(300)**	—
Repurchases of common stock	**(123)**	(282)
Payments on long-term debt	**(110)**	(4)
Dividend payments	**(72)**	(69)
Debt financing fees	**(20)**	(6)
Taxes paid related to net share settlement of equity awards	**(15)**	(15)
Proceeds from exercise of stock options	**14**	8
Net cash provided by (used for) financing activities	**874**	(368)
Effect of exchange rate changes on cash	**(4)**	4
Net (decrease) increase in cash and cash equivalents	**(998)**	121
Cash and cash equivalents at beginning of period	**1,495**	781
Cash and cash equivalents at end of period	**$ 497**	$ 902
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	**$ (152)**	$ (87)
Income taxes paid	**$ (143)**	$ (101)
Interest received from interest rate swaps	**$ —**	$ 6
Non-cash investing activities:		
Capital expenditures in liabilities	**$ 31**	$ 24

The accompanying notes are an integral part of the condensed consolidated financial statements.

Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(unaudited, dollars in millions)

	Three Months Ended						
	Common Stock	Non-voting Common Stock	Preferred Stock	Paid-in Capital	Retained earnings (accumulated deficit)	Accumulated Other Comprehensive (Loss) Income, net of tax	Stockholders' Equity
Balance at June 30, 2025	$ 1	$ —	$ —	$ 1,946	$ (157)	$ (37)	$ 1,753
Stock-based compensation	—	—	—	6	—	—	6
Other comprehensive loss, net of tax (Note P.)	—	—	—	—	—	(6)	(6)
Issuance of common stock	—	—	—	1	—	—	1
Repurchase of common stock	—	—	—	—	(27)	—	(27)
Dividends on common stock ($0.27 per share)	—	—	—	—	(23)	—	(23)
Net income	—	—	—	—	137	—	137
Balance at September 30, 2025	$ 1	$ —	$ —	$ 1,953	$ (70)	$ (43)	$ 1,841
Balance at June 30, 2026	$ 1	$ —	$ —	$ 1,973	$ 139	$ (134)	$ 1,979
Stock-based compensation	**—**	**—**	**—**	**8**	**—**	**—**	**8**
Other comprehensive loss, net of tax (Note P.)	**—**	**—**	**—**	**—**	**—**	**(20)**	**(20)**
Issuance of common stock	**—**	**—**	**—**	**3**	**—**	**—**	**3**
Repurchase of common stock	**—**	**—**	**—**	**—**	**(58)**	**—**	**(58)**
Dividends on common stock ($0.29 per share)	**—**	**—**	**—**	**—**	**(23)**	**—**	**(23)**
Net income	**—**	**—**	**—**	**—**	**191**	**—**	**191**
Balance at September 30, 2026	**$ 1**	**$ —**	**$ —**	**$ 1,984**	**$ 249**	**$ (154)**	**$ 2,080**

The accompanying notes are an integral part of the condensed consolidated financial statements.

	Nine Months Ended						
	Common Stock	Non-voting Common Stock	Preferred Stock	Paid-in Capital	Retained earnings (accumulated deficit)	Accumulated Other Comprehensive (Loss) Income, net of tax	Stockholders' Equity
Balance at December 31, 2024	$ 1	$ —	$ —	$ 1,940	$ (239)	$ (51)	$ 1,651
Stock-based compensation	—	—	—	20	—	—	20
Other comprehensive income, net of tax (Note P.)	—	—	—	—	—	8	8
Issuance of common stock	—	—	—	(7)	—	—	(7)
Repurchase of common stock	—	—	—	—	(286)	—	(286)
Dividends on common stock ($0.81 per share)	—	—	—	—	(69)	—	(69)
Net income	—	—	—	—	524	—	524
Balance at September 30, 2025	$ 1	$ —	$ —	$ 1,953	$ (70)	$ (43)	$ 1,841
Balance at December 31, 2025	$ 1	$ —	$ —	$ 1,960	$ (38)	$ (56)	$ 1,867
Stock-based compensation	**—**	**—**	**—**	**25**	**—**	**—**	**25**
Other comprehensive loss, net of tax (Note P.)	**—**	**—**	**—**	**—**	**—**	**(98)**	**(98)**
Issuance of common stock	**—**	**—**	**—**	**(1)**	**—**	**—**	**(1)**
Repurchase of common stock	**—**	**—**	**—**	**—**	**(125)**	**—**	**(125)**
Dividends on common stock ($0.87 per share)	**—**	**—**	**—**	**—**	**(72)**	**—**	**(72)**
Net income	**—**	**—**	**—**	**—**	**484**	**—**	**484**
Balance at September 30, 2026	**$ 1**	**$ —**	**$ —**	**$ 1,984**	**$ 249**	**$ (154)**	**$ 2,080**

The accompanying notes are an integral part of the condensed consolidated financial statements.

Allison Transmission Holdings, Inc.
Notes to Condensed Consolidated Financial Statements
(UNAUDITED)

NOTE A. OVERVIEW

Allison Transmission Holdings, Inc. and its subsidiaries ("Allison" or the "Company") is a global leader in high-performance mobility and work solutions built for the needs of the modern industrial world. Allison operates through two operating and reportable segments: Allison Transmission and Allison Off-Highway Drive & Motion Systems ("Allison Off-Highway"). Headquartered in Indianapolis, Indiana, USA, the Company manufactures solutions which offer industry-leading value propositions across vital sectors such as infrastructure, mining, energy, agriculture, construction, transportation and national security.

On January 1, 2026 (the "Closing Date"), the Company completed the acquisition of Dana Incorporated's ("Dana") off-highway business (the "Acquired Off-Highway Business") for a purchase price of approximately $2,628 million (the "Acquisition"). As a result of the Acquisition, the Company now offers an expanded portfolio of drivetrain, motion and propulsion solutions, providing complementary product breadth and an enhanced ability to support global customers across multiple end markets. The Acquired Off-Highway Business has historically served end markets with demand characteristics that differ from Allison's traditional on-highway markets, contributing to a more diversified portfolio.

Following the Acquisition, the Company continues to operate under the Allison name, but its operations are now comprised of two operating and reportable segments: Allison Transmission and Allison Off-Highway. Segment leadership is located globally, reflecting the international nature of the Company's operations and the importance of local market insights, sourcing, production and customer support. All prior period reportable segment information has been reclassified to conform to the current presentation. For additional discussion regarding the Company's segments, including the changes made, see "Note T. Segment Information."

Allison Transmission serves customers through an independent global network of approximately 1,500 independent distributor and dealer locations worldwide and offers more than 200 different transmission models compatible with more than 500 combinations of engine brands, models and ratings, including diesel, gasoline, natural gas and other alternative fuels. In addition, Allison Transmission has developed thousands of proprietary calibrations available for use with its electronic control modules, enabling tailored performance across a broad range of customer applications.

Allison Off-Highway provides drivetrain and motion solutions for a wide range of mobile and stationary off-highway equipment. These solutions include optimized drivetrain systems, propulsion components and motion technologies designed for industries such as construction, agriculture, mining, material handling and other industrial applications. The portfolio encompasses systems that manage power conveyance to machines and power work functions, including axles, gearboxes, transmissions and related components, as well as motion systems tailored to customer performance and efficiency requirements across both conventional and electrified powertrains. The global engineering, manufacturing and service footprint of the Acquired Off-Highway Business supports localized responsiveness and technical support for customers in key off-highway end markets.

The Company has a global presence serving customers in North America, Asia, Europe, South America, and Africa, and has further expanded its operations in these regions as a result of the Acquisition.

NOTE B. ACQUISITION

On January 1, 2026, the Company completed the Acquisition for a purchase price of $2,628 million, subject to certain adjustments, using a combination of cash on hand, $500 million of proceeds from the issuance of the 5.875% Senior Notes due December 2033 ("5.875% Senior Notes 2033") by Allison Transmission, Inc. ("ATI"), the Company's wholly-owned subsidiary, proceeds from borrowings under an incremental term loan facility under the Second Amended and Restated Credit Agreement dated as of March 29, 2019, as amended (the "Credit Agreement"), in an aggregate principal amount equal to $1,200 million (the "Incremental Term Loan") and $300 million of borrowings under ATI's revolving credit facility with commitments in the amount of $1,000 million due January 2031 (the "Revolving Credit Facility"). In connection with the Acquisition, the Company entered into a commitment letter with a group of lenders (the "Lenders"), pursuant to which the Lenders committed to provide a 364-day senior unsecured bridge term loan facility (the "Bridge Facility"), in an aggregate principal amount of up to $2,000 million. As of December 31, 2025, the Bridge Facility aggregate commitment principal amount had been reduced to $500 million as a result of the issuance of the 5.875% Senior Notes 2033 and the Company's election to voluntarily reduce the aggregate commitments under the Bridge Facility. No amount was drawn from the Bridge Facility, and it was terminated upon the completion of the Acquisition on the Closing Date.

The Allison Off-Highway business is a leading provider of drivetrain and propulsion solutions. For segment reporting purposes, the Acquired Off-Highway Business comprises the entire Allison Off-Highway segment. The Company accounted for the Acquisition in accordance with authoritative accounting guidance on business combinations. The results of Allison Off-Highway have been included in the Company's Condensed Consolidated Financial Statements from the Closing Date. See "Note T. Segment Information" for more details regarding Allison Off-Highway's results.

On January 1, 2026, the Company transferred $2,664 million of cash consideration to Dana based on the preliminary closing statement, of which $2 million was attributed to the effective settlement of the pre-existing accounts payable balance. The cash portion of the purchase price was subject to adjustment based upon the final calculation of the acquired cash, indebtedness and working capital, as defined by the Stock Purchase Agreement, as amended, with Dana, as of the Closing Date. During the nine months ended September 30, 2026, the Company recorded a subsequent $34 million decrease to the purchase price and received a cash payment from Dana of $34 million to reflect the net deficiency in cash, indebtedness and working capital, resulting in a final purchase price of $2,628 million.

Assets acquired and liabilities assumed are recognized at their respective fair values as of the Closing Date. The process of estimating the fair values of certain tangible assets, identifiable intangible assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. The following table presents the preliminary purchase price allocation, including adjustments made during the quarter (measurement period adjustments) with corresponding changes to goodwill (dollars in millions):

	As of January 1, 2026	Measurement Period Adjustments (a)	As of January 1, 2026 (as adjusted)
Assets acquired:			
Current Assets			
Cash and cash equivalents	$ 101	$ —	$ 101
Accounts receivable	362	—	362
Inventories	577	1	578
Other current assets	115	—	115
Total Current Assets	1,155	1	1,156
Property, plant and equipment	843	22	865
Intangible assets	930	(55)	875
Goodwill	763	7	770
Other non-current assets	96	36	132
Total Assets Acquired	$ 3,787	$ 11	$ 3,798
Liabilities Assumed:			
Current Liabilities			
Accounts payable	415	—	415
Product warranty liability	38	—	38
Current portion of long-term debt	3	—	3
Deferred revenue	31	—	31
Other current liabilities	185	9	194
Total Current Liabilities	672	9	681
Deferred income taxes	300	1	301
Finance lease liabilities	34	1	35
Other non-current liabilities	153	—	153
Total Liabilities	$ 1,159	$ 11	$ 1,170
Total Purchase Price Consideration	$ 2,628	$ —	$ 2,628

(a) The changes in the estimated fair values are primarily to better reflect market participant assumptions about facts and circumstances existing as of the acquisition date. The measurement period adjustments resulted in an $7 million net increase to goodwill and did not have a material impact on the Company's earnings. The measurement period adjustments did not result from intervening events subsequent to the acquisition date.

The preliminary fair values of the assets acquired and liabilities assumed in the Acquisition are subject to further change as the Company performs additional reviews of the assumptions utilized and as additional information related to the fair values of assets acquired, liabilities assumed, and tax implications thereon is assessed during the measurement period (up to one year from the Closing Date). Any such further adjustments will be accounted for prospectively. The final purchase accounting will be completed within the one-year measurement period following the Closing Date of the Acquisition.

The Company measured contract assets and contract liabilities acquired by applying the revenue recognition principles in Financial Accounting Standards Board ("FASB") authoritative guidance on revenue from contracts with customers. Consequently, contract liabilities recorded as of the Closing Date represent the transaction price allocated to unsatisfied performance obligations.

As of the Closing Date, contract liabilities totaling $31 million and no material contract assets were recognized as part of the Acquisition purchase price allocation. These amounts approximate those recognized by Dana prior to the Acquisition, reflecting the Company’s application of the related FASB authoritative guidance.

Goodwill represents the excess of the fair value of consideration transferred over the fair values of assets acquired and liabilities assumed. An estimated $81 million of goodwill is expected to be deductible for income tax purposes. As of September 30, 2026, the Company allocated the goodwill from the Acquisition to its reporting units,

assigning $132 million of goodwill to the Allison Transmission reportable segment and $638 million to the Allison Off-Highway reportable segment. See "Note F. Goodwill and Other Intangible Assets" for the additional disclosures. The goodwill recognized is primarily attributable to expected future economic benefits, including the value of the assembled workforce, anticipated customer demand, continued development of acquired technologies and operational synergies from the integration with Allison Transmission.

The estimated fair values of the identifiable intangible assets acquired (all considered Level 3 measurements), their weighted-average useful lives, the related valuation methodology and key assumptions are as follows (dollars in millions):

	Fair Value	Weighted-average estimated useful life (in years)	Valuation Methodology	Key Assumptions
Customer relationships	$ 513	19 years	Multi-period excess earnings	Revenue growth rates, estimated earnings, discount rate, customer attrition rates
Trade names	127	8 years	Relief-from-royalty	Revenue growth rates, royalty rates, discount rate
Developed technology	235	6 years	Relief-from-royalty	Revenue growth rates, royalty rates, discount rate, obsolescence factors
Total identified intangible assets acquired	$ 875			

Included in the Company's results for the three and nine months ended September 30, 2026 were Net sales of $653 million and $2,032 million, respectively, and $32 million and $58 million, respectively, of Operating income related to Allison Off-Highway. The Company recognized $4 million and $30 million of Acquisition-related expenses during the three and nine months ended September 30, 2026, respectively, and $14 million and $38 million during the three and nine months ended September 30, 2025, respectively, which were recorded in Selling, general and administrative in the Company's Condensed Consolidated Statements of Comprehensive Income and primarily consisted of consulting and legal fees.

Supplemental Pro-Forma Information (unaudited)

The following table presents supplemental pro-forma information for the three and nine months ended September 30, 2026 as if the Acquisition had occurred on January 1, 2025. These amounts have been calculated after applying the Company's accounting policies and are based upon currently available information. The primary adjustments reflected in the pro-forma results relate to increased interest expense for debt used to fund the Acquisition, inclusion of Acquisition-related costs and the impact of purchase accounting adjustments primarily related to amortization of intangibles, depreciation of fixed assets and inventory step-up. Pre-Acquisition net sales and net income amounts for the Acquisition were derived from the books and records of the Acquired Off-Highway Business prepared prior to the Acquisition, are presented for informational purposes only and do not purport to be indicative of the results of future operations or of the results that would have been achieved had the Acquired Off-Highway Business been combined with the Company during the pre-Acquisition period presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net sales	**$ 1,534**	$ 1,320	**$ 4,506**	$ 4,162
Net income	**$ 191**	$ 158	**$ 562**	$ 441

NOTE C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements have been prepared in accordance with accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the condensed consolidated financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America (“GAAP”) for complete financial statements. The information herein reflects all normal recurring material adjustments, which are, in the opinion of management, necessary for the fair statement of the results for the periods presented. The condensed consolidated financial statements herein consist of all wholly-owned domestic and foreign subsidiaries with all significant intercompany transactions eliminated.

These condensed consolidated financial statements present the financial position, results of comprehensive income, cash flows and statements of stockholders’ equity of the Company. Certain immaterial reclassifications have been made in the condensed consolidated financial statements of prior periods to conform to the current period presentation. These reclassifications had no impact on previously reported net income, total stockholders’ equity or cash flows. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the Securities and Exchange Commission on February 24, 2026. The interim period financial results for the three- and nine-month periods presented are not necessarily indicative of results to be expected for any other interim period or for the entire year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. Estimates include, but are not limited to, sales incentives, government price adjustments, fair market values and future cash flows associated with goodwill, indefinite-lived intangibles, definite-lived intangibles, long-lived asset impairment tests, useful lives for depreciation and amortization, warranty liabilities, core deposit liabilities, determination of discount rate and other assumptions for pension and other post-retirement benefit ("OPEB") expense, income taxes and deferred tax valuation allowances, assumptions for business combinations and contingencies. The Company’s accounting policies involve the application of judgments and assumptions made by management that include inherent risks and uncertainties. Actual results could differ materially from these estimates and from the assumptions used in the preparation of the Company's financial statements. Changes in estimates are recorded in results of operations in the period that the events or circumstances giving rise to such changes occur.

Recently Adopted Accounting Standards

In November 2025, the FASB issued authoritative accounting guidance to amend certain aspects of the existing hedge accounting guidance to more closely align hedge accounting with the economics of an entity's risk management activities. The amendments simplified the requirements to designate a group of individual forecasted transactions from having a shared risk exposure to having a similar risk exposure. In addition, the application of hedge accounting no longer is limited by whether the execution of the nonfinancial purchase or sale transaction is in the spot or forward market. The guidance permits early adoption, which management has elected, and it has been applied prospectively. The adoption of this guidance did not have an impact on the Company’s consolidated financial statements. See "Note H. Derivatives" and "Note P. Accumulated Other Comprehensive Loss" for more information on the Company's derivative instruments.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued authoritative accounting guidance, which was subsequently amended, requiring additional disaggregation of certain expense and cost line items presented in the financial statements and in the notes to the financial statements. The guidance will become effective for the Company beginning with the fiscal year ending December 31, 2027 and the subsequent interim periods. Early adoption is permitted. Upon adoption, the guidance may be applied prospectively or retrospectively. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements.

In September 2025, the FASB issued authoritative accounting guidance to modernize the accounting for costs related to internal-use software. The new guidance removes the software project development stages and provides new guidance on evaluating if the probable-to-complete recognition threshold has been met. The guidance will become effective for the Company beginning January 1, 2028 with early adoption permitted. Upon adoption, the guidance may be applied prospectively, retrospectively or using a modified transition approach. Management is currently evaluating the potential impact of this guidance on the Company's consolidated financial statements.

All other recently issued accounting pronouncements were assessed as either not applicable to the Company or were not expected to have a material impact on the Company's consolidated financial statements.

NOTE D. REVENUE

Revenue is recognized as each distinct performance obligation within a contract is satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The Company enters into long-term agreements (“LTAs”) and distributor agreements with certain customers. The LTAs and distributor agreements do not include committed volumes until underlying purchase orders are issued; therefore, the Company determined that purchase orders are the contract with a customer. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied, as there is no right of return.

Some of the Company's contracts include multiple performance obligations, most commonly the sale of both a transmission and extended transmission coverage or similar service-type warranties ("ETC"). The Company allocates the contract’s transaction price to each performance obligation based on the standalone selling price of each distinct good or service in the contract.

The Company may also use volume-based discounts and rebates as marketing incentives in the sales of both vehicle propulsion solutions and service parts, which are accounted for as variable consideration. The Company records the impact of the incentives as a reduction to revenue when it is determined that the adjustment is not likely to reverse. The Company estimates the impact of other incentives based on the related sales and market conditions in the end market vocation. Refund liabilities related to rebates and other incentives are included in other accrued liabilities on the Company's Condensed Consolidated Balance Sheets.

The Company recorded no material adjustments based on variable consideration during any of the three or nine months ended September 30, 2026 or 2025.

Payment terms with our customers are established based on an assessment of the customer's credit worthiness and industry and regional practices and generally do not exceed 180 days. For certain goods or services, the Company receives consideration prior to satisfying the related performance obligation. Such consideration is recorded as a contract liability in current and non-current deferred revenue as of September 30, 2026 and December 31, 2025. See "Note K. Deferred Revenue” for more information, including the amount of revenue earned during each of the three and nine months ended September 30, 2026 and 2025 that had been previously deferred. The Company had no material contract assets as of either September 30, 2026 or December 31, 2025.

The following presents revenue from the Company's two reportable segments, Allison Transmission and Allison Off-Highway, disaggregated by each segment and its respective end markets that best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Allison Transmission				
North America On-Highway	**$ 462**	$ 327	**$ 1,267**	$ 1,179
Outside North America On-Highway	**129**	122	**371**	376
Global Off-Highway	**15**	7	**45**	41
Defense	**94**	78	**280**	194
Service Parts, Support Equipment and Other	**181**	159	**511**	483
Total Allison Transmission	**881**	693	**2,474**	2,273
Allison Off-Highway				
Construction & Material Handling	**232**	—	**708**	—
Agriculture	**130**	—	**436**	—
Industrial	**92**	—	**281**	—
Mining	**53**	—	**157**	—
Service Parts, Specialty & Other	**146**	—	**450**	—
Total Allison Off-Highway	**653**	—	**2,032**	—
Total Net Sales	**$ 1,534**	$ 693	**$ 4,506**	$ 2,273

NOTE E. INVENTORIES

Inventories consisted of the following components (dollars in millions):

	September 30, 2026	December 31, 2025
Purchased parts and raw materials	**$ 331**	$ 168
Work in progress	**247**	19
Finished goods and service parts	**279**	129
Total inventories	**$ 857**	$ 316

Inventory components shipped to third parties, primarily cores, parts to re-manufacturers, and parts to contract manufacturers, which the Company has an obligation to buy back, are included in Purchased parts and raw materials, with an offsetting liability in Other current liabilities. See "Note M. Other Current Liabilities" for more information.

NOTE F. GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, 2026 and December 31, 2025, the carrying value of the Company's Goodwill was $2,828 million and $2,075 million, respectively. As of September 30, 2026, the Company allocated the goodwill from the Acquisition to its reporting units, assigning $132 million of goodwill to the Allison Transmission reportable segment and $638 million to the Allison Off-Highway reportable segment. The following presents a summary of the changes in the carrying amount of Goodwill by reportable segment (dollars in millions):

	Allison Transmission	Allison Off-Highway	Goodwill
Balance at December 31, 2025	$ 2,075	$ —	$ 2,075
Acquired Off-Highway business	**132**	**638**	**770**
Foreign currency translation	**—**	**(17)**	**(17)**
Net current period impact to goodwill	**132**	**621**	**753**
Balance at September 30, 2026	**$ 2,207**	**$ 621**	**$ 2,828**

The following presents a summary of other intangible assets (dollars in millions):

	September 30, 2026			December 31, 2025		
	Intangible assets, gross	Accumulated amortization	Intangible assets, net	Intangible assets, gross	Accumulated amortization	Intangible assets, net
Other intangible assets:						
Trade name - indefinite-lived	**$ 790**	**$ —**	**$ 790**	$ 790	$ —	$ 790
Trade name - definite-lived	**123**	**(10)**	**113**	1	—	1
Customer relationships — commercial	**1,336**	**(858)**	**478**	839	(839)	—
Proprietary technology	**718**	**(517)**	**201**	484	(481)	3
Total	**$ 2,967**	**$ (1,385)**	**$ 1,582**	$ 2,114	$ (1,320)	$ 794

Amortization expense related to other intangible assets for the next five fiscal years is expected to be (dollars in millions):

	2027	2028	2029	2030	2031	Thereafter
Amortization expense	$ 81	$ 81	$ 80	$ 80	$ 74	$ 375

NOTE G. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price (exit price) that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The accounting guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy defined by the relevant guidance are as follows:

Level 1 — Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 — Inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes financial instruments that are valued using quoted prices in markets that are not active and those financial instruments that are valued using models or other valuation methodologies in which all significant value-drivers are observable in active markets or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 — Certain inputs are unobservable or have little or no market data available. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all instruments subject to authoritative accounting guidance and includes, in Level 3, all of those whose fair value is based on significant unobservable inputs. As of September 30, 2026 and December 31, 2025, the Company did not have any Level 3 financial assets or liabilities.

The following table summarizes the Company's financial assets and (liabilities) measured at fair value as of September 30, 2026 and December 31, 2025 (dollars in millions):

	Fair Value Measurements Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		TOTAL	
	September 30, 2026	December 31, 2025	September 30, 2026	December 31, 2025	September 30, 2026	December 31, 2025
Cash equivalents	**$ 117**	$ 134	**$ —**	$ —	**$ 117**	$ 134
Marketable securities	**14**	24	**—**	—	**14**	24
Rabbi trust assets	**25**	24	**—**	—	**25**	24
Deferred compensation obligation	**(25)**	(24)	**—**	—	**(25)**	(24)
Derivative assets	**—**	—	**15**	—	**15**	—
Derivative liabilities	**—**	—	**(14)**	—	**(14)**	—
Debt securities	**—**	—	**3**	3	**3**	3
Total	**$ 131**	$ 158	**$ 4**	$ 3	**$ 135**	$ 161

The Company's valuation techniques used to calculate the fair value of cash equivalents, marketable securities, assets held in the rabbi trust and the deferred compensation obligation represent a market approach in active markets for identical assets that qualify as Level 1 in the fair value hierarchy. A description of the Company's Level 1 assets and liabilities is as follows:

- Cash equivalents consist primarily of short-term U.S. government backed securities and time deposits.
- Marketable securities consist of publicly traded stock of Jing-Jin Electric Technologies Co. Ltd., which has a readily determinable fair value.

- Rabbi trust assets consist principally of publicly available mutual funds and target date retirement funds.
- Deferred compensation obligation is directly related to the fair value of assets held in the rabbi trust.

A description of the Company’s Level 2 assets and liabilities is as follows:

- Derivative assets and liabilities consist of cross-currency swaps and foreign exchange forward contracts. The cross-currency swaps are designated as hedging instruments against a net investment in the Company's euro-functional subsidiaries. The Company measures the fair value of its cross-currency swaps using discounted cash flow calculations based upon observable forward interest-rate yield curves. Certain of the foreign exchange forward contracts are cash flow hedges and others are non-designated hedges. The Company measures the fair value of its foreign exchange forward contracts using discounted cash flow calculations based upon observable forward interest-rate yield curves. See "Note H. Derivatives" for more information regarding the Company's cross-currency swaps and foreign exchange forward contracts.
- Debt securities are classified as available-for-sale and qualify as Level 2 in the fair value hierarchy.

The Company holds equity securities in unconsolidated entities without a readily determinable fair value. Each of these investments represents a less than 20% ownership interest in the respective privately-held entity, and the Company does not maintain significant influence over or control of any of the entities. The Company has elected the measurement alternative and measures the investments at cost, less any impairment, plus or minus adjustments related to observable price changes in orderly transactions for identical or similar investments of the same issuer. These equity investments are recorded in Other non-current assets in the Condensed Consolidated Balance Sheets, with changes in the value recorded in Other (expense) income, net in the Condensed Consolidated Statements of Comprehensive Income. As of September 30, 2026 and December 31, 2025, the Company held equity securities without a readily determinable fair value of $10 million and $8 million, respectively. During the three and nine months ended September 30, 2026, no impairment charges or adjustments resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer occurred for any of these investments.

NOTE H. DERIVATIVES

The Company's global operations expose it to fluctuations in foreign currency exchange rates. To manage this exposure, the Company uses cross-currency swap contracts that are designated as net investment hedges and foreign exchange forward contracts, which are either designated as cash flow hedges or non-designated hedges. These derivative instruments are used in accordance with the Company's risk management strategy to reduce foreign currency exchange risk and are not intended to be speculative in nature. Hedge effectiveness is assessed at inception and quarterly thereafter.

The following table presents the fair value of the Company's derivative instruments and their location in the Condensed Consolidated Balance Sheets (dollars in millions):

		Fair Value	
	Balance Sheet Location	September 30, 2026	December 31, 2025
Designated as hedging instruments:			
Foreign exchange forward contracts	Other current assets	**$ 1**	$ —
Cross-currency swaps	Other current assets	**$ 12**	$ —
Foreign exchange forward contracts	Other current liabilities	**$ 2**	$ —
Cross-currency swaps	Other non-current liabilities	**$ 11**	$ —
Non-designated:			
Foreign exchange forward contracts	Other current assets	**$ 2**	$ —
Foreign exchange forward contracts	Other current liabilities	**$ 1**	$ —

Cash Flow Hedges

The Company's foreign exchange forward contracts designated as cash flow hedges effectively hedge forecasted foreign currency cash flows over a rolling 15-month horizon, with hedge ratios declining from approximately 75% for the nearest months to 25% for the furthest months. As of September 30, 2026, the Company held foreign exchange forward contracts designated as cash flow hedges with an aggregate notional amount of $435 million in the following currencies: Hungarian forint, Indian rupee, United States dollar, euro, Chinese yuan, Norwegian krone and the offshore Chinese yuan.

Gains and losses on these foreign exchange forward contracts offset gains and losses of the underlying foreign currency exposures. These foreign exchange forward contracts are designated as cash flow hedges. Any unrealized changes in fair value are recorded in Accumulated Other Comprehensive Loss, net of tax (AOCL), within the Condensed Consolidated Balance Sheets. These amounts are reclassified into earnings when the hedged transactions occur and affect the same line in the Condensed Consolidated Statements of Comprehensive Income as the hedged item of Net sales, Cost of sales, Selling, general and administrative or Other (expense) income, net. All of these foreign exchange forward contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at September 30, 2026. The balance of foreign exchange forward derivative net losses recorded in AOCL as of September 30, 2026 was $1 million and none as of December 31, 2025. See "Note P. Accumulated Other Comprehensive Loss" for information regarding activity recorded as a component of AOCL during the three and nine months ended September 30, 2026 and 2025.

During the next twelve months, $1 million of pretax gains on cash flow hedges are expected to be reclassified from AOCL into the correlated line in the Condensed Consolidated Statements of Comprehensive Income as the hedged forecasted transactions. No amounts were reclassified from AOCL into earnings during the three and nine months ended September 30, 2026 as a result of the discontinuance of cash flow hedges because the forecasted transactions were no longer probable of occurring.

Net Investment Hedges

The Company held cross-currency swap contracts that, in the aggregate, effectively hedge $1,000 million of the euro exposure associated with the Company's net investment in its euro-functional subsidiaries and expire over a seven-year period. The cross-currency swaps are a portfolio of designated hedging instruments that qualify for hedge accounting under the net investment hedge model using the spot method. Fair value adjustments of the Company's cross-currency swaps are recorded as foreign currency translation, a component of AOCL. Under the spot method, the hedge effectiveness is based solely on the changes in the spot foreign exchange rates, and it excludes the interest rate differential of the receive-fixed, pay-fixed cross-currency swaps. These amounts will remain in AOCL until the corresponding net investments are sold or substantially liquidated. The initial value of the excluded portion, the interest rate differential, is amortized into earnings using a systematic and rational method over the life of the derivative instrument, and any difference between the change in fair value of the excluded component and the amount recognized in earnings is recorded in foreign currency translation, a component of AOCL.

During the nine months ended September 30, 2026, the Company received $21 million and paid $17 million of cash interest rate settlements. The Company records these interest rate settlements as investing activities in the Condensed Consolidated Statements of Cash Flows, consistent with the nature of the derivative instruments. The Company recognizes the amounts excluded from the assessment of hedge effectiveness in Interest expense, net. During the three and nine months ended September 30, 2026, the Company recognized $3 million and $4 million, respectively, of interest income in Interest expense, net, related to these amounts. The Company did not have any cross-currency swaps in 2025. See "Note G. Fair Value of Financial Instruments” for information regarding the fair value of the Company’s cross-currency swaps.

During the three and nine months ended September 30, 2026, the Company recognized pretax gains of $8 million and $1 million, respectively, on the cross-currency swaps in foreign currency translation, a component of AOCL. The Company did not have any cross-currency swaps in 2025. See "Note P. Accumulated Other Comprehensive Loss” for information regarding activity recorded as a component of AOCL during the three and nine months ended September 30, 2026 and 2025.

Non-designated Hedges

The Company's non-designated foreign exchange forward contracts hedge foreign currency exposure on the Company's Condensed Consolidated Balance Sheets. As of September 30, 2026, the Company held non-designated foreign exchange forward contracts with an aggregate notional amount of $80 million in the following currencies: Hungarian forint, Indian rupee, United States dollar, euro, Norwegian krone and the offshore Chinese yuan,.

Gains and losses resulting from changes in fair value and trade settlements for the Company's foreign exchange forward contracts, not designated for hedge accounting, are recorded in Other (expense) income, net in the Condensed Consolidated Statements of Comprehensive Income. During each of the three and nine months ended September 30, 2026, net gains of $2 million were recorded on these contracts. The Company did not have any foreign exchange forward contracts in 2025.

NOTE I. DEBT

Long-term debt and maturities are as follows (dollars in millions):

	September 30, 2026	December 31, 2025
Long-term debt:		
Senior Notes, fixed 4.75%, due 2027	**$ 300**	$ 400
Senior Notes, fixed 5.875%, due 2029	**500**	500
Senior Notes, fixed 3.75%, due 2031	**1,000**	1,000
Senior Secured Credit Facility Term Loan, variable, due 2031	**505**	509
Senior Notes, fixed 5.875%, due 2033	**500**	500
Senior Secured Credit Facility Term Loan, variable, due 2033	**1,194**	—
Finance lease liabilities	**38**	—
Total long-term debt	**$ 4,037**	$ 2,909
Less: current maturities of long-term debt	**20**	5
Deferred financing costs, net	**25**	19
Total long-term debt, net	**$ 3,992**	$ 2,885

As of September 30, 2026, the Company had $4,037 million of indebtedness associated with ATI's 4.75% Senior Notes due October 2027 (“4.75% Senior Notes 2027”), ATI’s 5.875% Senior Notes due June 2029 (“5.875% Senior Notes 2029”), ATI’s 3.75% Senior Notes due January 2031 (“3.75% Senior Notes 2031”), ATI's 5.875% Senior Notes due December 2033 ("5.875% Senior Notes 2033" and, together with the 4.75% Senior Notes 2027, 5.875% Senior Notes 2029 and 3.75% Senior Notes 2031, the “Senior Notes”), the Second Amended and Restated Credit Agreement dated as of March 29, 2019, as amended (the “Credit Agreement”), governing ATI’s term loan facility in the amount of $505 million due March 2031 (“Term Loan”), ATI's incremental term loan in the amount of $1,194 million due January 2033 ("Incremental Term Loan"), ATI’s revolving credit facility with commitments in the amount of $1,000 million due January 2031 (the "Revolving Credit Facility" and, together with the Term Loan and Incremental Term Loan, the “Senior Secured Credit Facility”) and the Company's finance lease liabilities.

The fair value of the Company’s long-term debt obligations as of September 30, 2026 was $3,898 million. The fair value is based on quoted Level 2 market prices of the Company’s debt as of September 30, 2026. The difference between the fair value and carrying value of the long-term debt is driven primarily by trends in the financial markets.

Senior Secured Credit Facility

In January 2026, the Company and ATI entered into Amendment No. 5 ("Amendment No. 5") to the Credit Agreement to increase the commitments under the existing Revolving Credit Facility from $750 million to $1,000 million and provide for the Incremental Term Loan in an aggregate principal amount equal to $1,200 million, which matures on January 2, 2033 with a springing maturity to the maturity date of the Term Loan in the event the Term Loan matures on any date prior to January 2, 2033. With the exception of the items noted above, the terms of the Revolving Credit Facility were materially the same as they were prior to Amendment No. 5. The amendment to increase the commitments under the existing Revolving Credit Facility was treated as a modification under GAAP and the Incremental Term Loan was treated as new debt. The Company recorded $3 million and $12 million of deferred financing fees in the Condensed Consolidated Balance Sheet in the first quarter of 2026 associated with the amendment to increase the commitments under the existing Revolving Credit Facility and provide for the Incremental Term Loan, respectively.

In June 2026, the Company and ATI entered into Amendment No. 6 ("Amendment No. 6") to the Credit Agreement to lower the applicable margin on the Term Loan by 0.25%. Amendment No. 6 was treated as a modification to the Term Loan under GAAP.

The borrowings under the Senior Secured Credit Facility are collateralized by a lien on substantially all assets of the Company, ATI and certain existing and future U.S. subsidiary guarantors, as provided in the Credit Agreement. Interest on the Incremental Term Loan, as of September 30, 2026, is either (a) 1.75% over a SOFR rate on deposits in U.S. dollars for one-, three- or six-month periods (or a twelve-month period if, at the time of the borrowing, consented to by all relevant lenders and the administrative agent) ("Term SOFR"), or (b) 0.75% over the greater of the prime lending rate as quoted by the administrative agent, the Term SOFR rate for an interest period of one month plus 1.00% and the federal funds effective rate published by the Federal Reserve Bank of New York plus 0.50%, subject to a 1.00% floor (the "Base Rate"). As of September 30, 2026, the Company elected to pay the lowest all-in rate of Term SOFR plus the applicable margin, or 5.54%, on the Incremental Term Loan.

Interest on the Term Loan, as of September 30, 2026, is either (a) 1.50% over the Term SOFR rate, or (b) 0.50% over the Base Rate. As of September 30, 2026, the Company elected to pay the lowest all-in rate of Term SOFR plus the applicable margin, or 5.29%, on the Term Loan.

The Credit Agreement requires minimum quarterly principal payments on the Term Loan and Incremental Term Loan, as well as prepayments from certain net cash proceeds of non-ordinary course asset sales and casualty and condemnation events, the incurrence of certain debt and from a percentage of excess cash flow, if applicable. The minimum required quarterly principal payment on the Term Loan through its maturity date of March 2031 is $1 million and the minimum required quarterly payment on the Incremental Term Loan through its maturity date of January 2033 is $3 million. As of September 30, 2026, there had been no payments required for certain net cash proceeds of non-ordinary course asset sales and casualty and condemnation events. The remaining principal balances are due upon maturity of the Term Loan and the Incremental Term Loan.

The Senior Secured Credit Facility also provides a Revolving Credit Facility, net of an allowance for up to $75 million in outstanding letters of credit commitments. During the nine months ended September 30, 2026, the Company withdrew $300 million to partially fund the Acquisition and fully repaid the outstanding balance on the Revolving Credit Facility. The maximum amount outstanding at any time during the nine months ended September 30, 2026 was $300 million. As of September 30, 2026, the Company had $996 million available under the Revolving Credit Facility, net of $4 million in letters of credit. Borrowings under the Revolving Credit Facility bear interest at a variable base rate plus an applicable margin based on the Company’s first lien net leverage ratio. When the Company’s first lien net leverage ratio is above 4.00x, interest on the Revolving Credit Facility is (a) 0.75% over the Base Rate or (b) 1.75% over the Term SOFR rate; when the Company’s first lien net leverage ratio is equal to or less than 4.00x and above 3.50x, interest on the Revolving Credit Facility is (i) 0.50% over the Base Rate or (ii) 1.50% over the Term SOFR rate; and when the Company’s first lien net leverage ratio is equal to or below 3.50x, interest on the Revolving Credit Facility is (y) 0.25% over the Base Rate or (z) 1.25% over the Term SOFR rate. In addition, there is an annual commitment fee, based on the Company’s first lien net leverage ratio, on the average unused revolving credit borrowings available under the Revolving Credit Facility. As of September 30, 2026, the commitment fee was 0.25%. Borrowings under the Revolving Credit Facility are payable at the option of the Company throughout the term of the Revolving Credit Facility with the balance due in January 2031.

The Senior Secured Credit Facility requires the Company to maintain a specified maximum first lien net leverage ratio of 5.50x when revolving loan commitments remain outstanding on the Revolving Credit Facility at the end of a fiscal quarter. As of September 30, 2026, the Company was in compliance with the maximum first lien net leverage ratio, achieving a 0.84x ratio. Additionally, within the terms of the Senior Secured Credit Facility, a first lien net leverage ratio at or below 4.00x results in the elimination of excess cash flow payments on the Senior Secured Credit Facility for the applicable year.

In addition, the Credit Agreement, among other things, includes customary restrictions (subject to certain exceptions) on the Company’s ability to incur certain indebtedness, grant certain liens, make certain investments, engage in acquisitions, consolidations and mergers, declare or pay certain dividends or repurchase shares of the

Company's common stock. As of September 30, 2026, the Company was in compliance with all covenants under the Credit Agreement.

Senior Notes

In September 2026, the Company made a $100 million redemption payment on the 4.75% Senior Notes.

Each series of the Senior Notes is unsecured and is guaranteed by each of ATI's domestic subsidiaries that is a borrower under or guarantees the Senior Secured Credit Facility and is unconditionally guaranteed, jointly and severally, by any of ATI's future domestic subsidiaries that are borrowers under or guarantee the Senior Secured Credit Facility. None of ATI's domestic subsidiaries currently guarantee its obligations under the Senior Secured Credit Facility, and therefore none of ATI's domestic subsidiaries currently guarantee any series of the Senior Notes. The indentures governing the Senior Notes contain negative covenants restricting or limiting the Company's ability to, among other things: incur or guarantee additional indebtedness, incur liens, pay dividends on, redeem or repurchase the Company's capital stock, make certain investments, permit payment or dividend restrictions on certain of the Company's subsidiaries, sell assets, engage in certain transactions with affiliates, and consolidate or merge or sell all or substantially all of the Company's assets. As of September 30, 2026, the Company was in compliance with all covenants under the indentures governing the Senior Notes.

ATI may from time to time seek to retire its Senior Notes through cash purchases, exchanges for equity securities, open market purchases, privately negotiated transactions, contractual redemptions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors and will be in accordance with the respective indenture governing such notes. The amounts involved may be material. Some or all of the 4.75% Senior Notes 2027, the 5.875% Senior Notes 2029 and the 3.75% Senior Notes 2031 may be redeemed at any time at redemption prices specified in the indentures governing such notes. Prior to December 1, 2028, ATI may redeem some or all of the 5.875% Senior Notes 2033 by paying a price equal to 100.00% of the principal amount being redeemed, plus an "applicable premium". At any time on or after December 1, 2028, ATI may redeem some or all of the 5.875% Senior Notes 2033 at redemption prices specified in the indenture governing such notes.

NOTE J. PRODUCT WARRANTY LIABILITIES

As of September 30, 2026, current and non-current product warranty liabilities were $61 million and $66 million, respectively. As of September 30, 2025, current and non-current product warranty liabilities were $34 million and $47 million, respectively.

Product warranty liability activities consisted of the following (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Beginning balance	$ 128	$ 79	$ 84	$ 67
Acquired warranty liabilities	—	—	38	—
Increase in liability (warranty issued during period)	13	9	40	26
Payments	(10)	(9)	(35)	(27)
Net adjustments to liability	(4)	2	—	15
Ending balance	$ 127	$ 81	$ 127	$ 81

NOTE K. DEFERRED REVENUE

As of September 30, 2026, current and non-current deferred revenue were $74 million and $105 million, respectively. As of September 30, 2025, current and non-current deferred revenue were $35 million and $101 million, respectively.

Deferred revenue activity consisted of the following (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Beginning balance	$ 178	$ 136	$ 137	$ 136
Increases	19	9	66	36
Revenue earned	(18)	(9)	(55)	(36)
Acquired deferred revenue	—	—	31	—
Ending balance	$ 179	$ 136	$ 179	$ 136

Deferred revenue recorded in current and non-current liabilities related to ETC as of September 30, 2026 was $33 million and $104 million, respectively. Deferred revenue recorded in current and non-current liabilities related to ETC as of September 30, 2025 was $29 million and $101 million, respectively.

NOTE L. LEASES

Contracts are assessed by the Company to determine if the contract conveys the right to control an identified asset in exchange for consideration during a period of time. The Company classifies all identified leases as either operating or finance leases. Contracts that contain leases are assessed to determine if the consideration in the contract is related to a lease component, non-lease component or other components not related to the lease. Lease components are recorded as right-of-use ("ROU") assets and lease liabilities while any non-lease component is expensed as incurred. The consideration in the contract related to other components not related to the lease is allocated among the lease component and the non-lease component, as applicable, based on the stand-alone selling price of the lease and non-lease components.

Certain lease contracts may contain an option to extend or terminate the lease. The Company considers the economic impact of extension and termination options by contract. If the Company concludes it is reasonably certain an option will be exercised, that option is included in the lease term and impacts the amount recorded as an ROU asset and lease liability at inception of the contract.

ROU assets are calculated as the related lease liability adjusted for lease incentives, any initial direct costs, prepayments and the effect of escalating lease payments on period expense. During the nine months ended September 30, 2026, the Company recorded $76 million and $39 million of new ROU assets obtained in exchange for operating lease obligations and financing lease obligations, respectively, of which $53 million of the operating leases and $35 million of the finance leases were acquired in the Acquisition. The Company also acquired a below market lease in the Acquisition, resulting in the recognition of a favorable lease asset of $36 million. During the nine months ended September 30, 2025, the Company recorded $2 million of new ROU assets obtained in exchange for operating lease obligations and no financing lease obligations.

The Company's lease liability is determined by discounting the future cash flows over the lease period using incremental borrowing rates. The incremental borrowing rates are determined using rates specific to the term of the lease, the economic environments where lease activity is concentrated and the value of the lease portfolio, and assuming full collateralization of the loans. Lease liabilities are classified between current and non-current liabilities based on the terms of the underlying leases.

The balances for the operating and finance leases where the Company is the lessee are presented as follows within the Company's Condensed Consolidated Balance Sheets (dollars in millions):

	September 30, 2026	December 31, 2025
Operating leases:		
Other non-current assets	**$ 112**	$ 18
Other current liabilities	**$ 15**	$ 5
Other non-current liabilities	**64**	13
Total operating lease liabilities	**$ 79**	$ 18
Finance leases:		
Property, plant and equipment, net	**$ 37**	$ —
Current portion of long-term debt	**$ 3**	$ —
Long-term debt	**35**	—
Total finance lease liabilities	**$ 38**	$ —

The components of lease expense were as follows within the Company's Condensed Consolidated Statements of Comprehensive Income (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating lease expense:				
Operating lease expense	**$ 5**	$ 2	**$ 15**	$ 5
Finance lease expense:				
Amortization of leased assets	**$ 1**	$ —	**$ 3**	$ —
Total lease expense	**$ 6**	$ 2	**$ 18**	$ 5

Other information related to leases where the Company is the lessee was as follows:

	September 30, 2026	December 31, 2025
Weighted-average remaining lease term (in years):		
Operating leases	**8.6**	4.8
Finance leases	**16.1**	N/A
Weighted-average discount rate:		
Operating leases	**5.65%**	4.86%
Finance leases	**3.28%**	N/A

The following table reconciles future undiscounted cash flows for operating leases and financing leases to total lease liabilities as of September 30, 2026 (dollars in millions):

	Operating Leases	Finance Leases
For the remainder of 2026	**$ 5**	**$ 1**
2027	**18**	**4**
2028	**15**	**4**
2029	**10**	**4**
2030	**8**	**3**
Thereafter	**51**	**33**
Total lease payments	**107**	**49**
Less: Interest	**28**	**11**
Present value of lease liabilities	**79**	**38**
Less: Current portion	**15**	**3**
Long-term portion of lease obligations	**$ 64**	**$ 35**

NOTE M. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following (dollars in millions):

	September 30, 2026	December 31, 2025
Payroll and related costs	**$ 190**	$ 34
Sales incentives	**74**	47
Accrued interest payable	**38**	28
Taxes payable	**47**	21
Vendor buyback obligation	**21**	21
Other accruals	**84**	46
Total	**$ 454**	$ 197

NOTE N. EMPLOYEE BENEFIT PLANS

Components of net periodic benefit cost (credit) consisted of the following (dollars in millions):

	Pension Plans Three Months Ended September 30,		Post-retirement Benefits Three Months Ended September 30,	
	2026	2025	2026	2025
Net periodic benefit cost (credit):				
Service cost	**$ 2**	$ —	**$ —**	$ —
Interest cost	**4**	1	**1**	—
Expected return on assets	**(4)**	(1)	**—**	—
Prior service credit	**—**	—	**(1)**	(1)
Recognized actuarial gain	**—**	—	**—**	(1)
Net periodic benefit cost (credit)	**$ 2**	$ —	**$ —**	$ (2)

	Pension Plans Nine Months Ended September 30,		Post-retirement Benefits Nine Months Ended September 30,	
	2026	2025	2026	2025
Net periodic benefit cost (credit):				
Service cost	**$ 5**	$ 2	**$ —**	$ —
Interest cost	**12**	5	**3**	2
Expected return on assets	**(11)**	(5)	**—**	—
Prior service credit	**—**	—	**(2)**	(3)
Recognized actuarial gain	**—**	—	**—**	(3)
Net periodic benefit cost (credit)	**$ 6**	$ 2	**$ 1**	$ (4)

The components of net periodic benefit cost (credit) other than the service cost component are included in Other (expense) income, net in the Condensed Consolidated Statements of Comprehensive Income.

NOTE O. INCOME TAXES

For the three and nine months ended September 30, 2026, the Company recorded total income tax expense of $47 million and $114 million, respectively. The effective tax rate for the three and nine months ended September 30, 2026 was 20% and 19%, respectively. For the three and nine months ended September 30, 2025, the Company recorded total income tax expense of $45 million and $133 million, respectively. The effective tax rate for each of the three and nine months ended September 30, 2025 was 25% and 20%, respectively. The decrease in income tax expense for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 was principally driven by lower taxable income. The decrease in the effective tax rate for the

three months ended September 30, 2026 compared to the three months ended September 30,2025 was principally driven by impacts related to the One Big Beautiful Bill Act passed in 2025.

The need to establish a valuation allowance against the deferred tax assets is assessed periodically based on a more-likely-than-not realization threshold, in accordance with authoritative accounting guidance. Management has determined, based on an evaluation of available objective and subjective evidence, that it is more likely than not that certain federal, state and foreign deferred tax assets will not be realized; therefore, these deferred tax assets are offset with a valuation allowance.

NOTE P. ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in components of AOCL consisted of the following (dollars in millions):

	Three Months Ended					
	Pension and OPEB liability adjustments	Interest rate swaps	Cross-currency swaps	Foreign exchange forwards	Foreign currency items	Total
AOCL as of June 30, 2025	$ (6)	$ 3	$ —	$ —	$ (34)	$ (37)
Other comprehensive loss before reclassifications	—	—	—	—	(1)	(1)
Amounts reclassified from AOCL	(2)	(2)	—	—	—	(4)
Income tax expense	—	(1)	—	—	—	(1)
Net current period other comprehensive loss	$ (2)	$ (3)	$ —	$ —	$ (1)	$ (6)
AOCL as of September 30, 2025	$ (8)	$ —	$ —	$ —	$ (35)	$ (43)
AOCL as of June 30, 2026	$ (22)	$ —	$ (6)	$ —	$ (106)	$ (134)
Other comprehensive income (loss) before reclassifications	**—**	**—**	**8**	**(1)**	**(26)**	**(19)**
Income tax expense	**—**	**—**	**(1)**	**—**	**—**	**(1)**
Net current period other comprehensive income (loss)	**$ —**	**$ —**	**$ 7**	**$ (1)**	**$ (26)**	**$ (20)**
AOCL as of September 30, 2026	**$ (22)**	**$ —**	**$ 1**	**$ (1)**	**$ (132)**	**$ (154)**

	Nine Months Ended					
	Pension and OPEB liability adjustments	Interest rate swaps	Cross-currency swaps	Foreign exchange forwards	Foreign currency items	Total
AOCL as of December 31, 2024	$ (3)	$ 5	$ —	$ —	$ (53)	$ (51)
Other comprehensive income before reclassifications	—	1	—	—	18	19
Amounts reclassified from AOCL	(6)	(6)	—	—	—	(12)
Income tax benefit	1	—	—	—	—	1
Net current period other comprehensive (loss) income	$ (5)	$ (5)	$ —	$ —	$ 18	$ 8
AOCL as of September 30, 2025	$ (8)	$ —	$ —	$ —	$ (35)	$ (43)
AOCL as of December 31, 2025	$ (20)	$ —	$ —	$ —	$ (36)	$ (56)
Other comprehensive income (loss) before reclassifications	**—**	**—**	**1**	**(1)**	**(96)**	**(96)**
Amounts reclassified from AOCL	**(2)**	**—**	**—**	**—**	**—**	**(2)**
Net current period other comprehensive (loss) income	**$ (2)**	**$ —**	**$ 1**	**$ (1)**	**$ (96)**	**$ (98)**
AOCL as of September 30, 2026	**$ (22)**	**$ —**	**$ 1**	**$ (1)**	**$ (132)**	**$ (154)**

The following table shows the location in the Condensed Consolidated Statements of Comprehensive Income affected by reclassifications from AOCL (dollars in millions):

	Amounts reclassified from AOCL		
AOCL Components	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Affected line item in the Condensed Consolidated Statements of Comprehensive Income
Prior service credit	**$ —**	$ 1	Other (expense) income, net
Recognized actuarial gain	**—**	1	Other (expense) income, net
Interest rate swaps	**—**	2	Interest expense, net
Total reclassifications, before tax	**$ —**	$ 4	Income before income taxes
Income tax expense	**—**	(1)	Income tax expense
Total reclassifications, net of tax	**$ —**	$ 3	

	Amounts reclassified from AOCL		
AOCL Components	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025	Affected line item in the Condensed Consolidated Statements of Comprehensive Income
Prior service credit	**$ 2**	$ 3	Other (expense) income, net
Recognized actuarial gain	**—**	3	Other (expense) income, net
Interest rate swaps	**—**	6	Interest expense, net
Total reclassifications, before tax	**$ 2**	$ 12	Income before income taxes
Income tax expense	**—**	(3)	Income tax expense
Total reclassifications, net of tax	**$ 2**	$ 9	

Prior service credits and actuarial gains are included in the computation of the Company's net periodic benefit cost (credit). See "Note N. Employee Benefit Plans" for additional details.

NOTE Q. COMMITMENTS AND CONTINGENCIES

The Company is party to various legal actions and administrative proceedings and subject to various claims arising in the ordinary course of business. These proceedings primarily involve commercial claims, product liability claims, personal injury claims and workers' compensation claims. The Company believes that the ultimate liability, if

any, in excess of amounts already provided for in the condensed consolidated financial statements or covered by insurance on the disposition of these matters will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

NOTE R. EARNINGS PER SHARE

The following table reconciles the numerators and denominators used to calculate basic EPS and diluted EPS (in millions, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	**$ 191**	$ 137	**$ 484**	$ 524
Weighted average shares of common stock outstanding	**83**	84	**83**	84
Dilutive effect of stock-based awards	**—**	—	**1**	1
Diluted weighted average shares of common stock outstanding	**83**	84	**84**	85
Basic earnings per share attributable to common stockholders	**$ 2.30**	$ 1.63	**$ 5.83**	$ 6.24
Diluted earnings per share attributable to common stockholders	**$ 2.30**	$ 1.63	**$ 5.76**	$ 6.16

The dilutive impact of stock-based compensation is calculated using the treasury stock method. The treasury stock method assumes that the Company uses the proceeds from the exercise of awards to repurchase common stock at the average market price during the period. For each of the three and nine months ended September 30, 2026 and 2025, there were no outstanding stock options that were anti-dilutive and excluded from the diluted EPS calculation. Basic and diluted EPS for the full-year are calculated using the weighted average shares of common stock outstanding during the year while quarterly basic and diluted EPS are calculated using the weighted average shares of common stock outstanding during the quarter; therefore, the sum of each quarter's EPS may not equal full-year EPS.

NOTE S. COMMON STOCK

The Board of Directors has authorized the Company to repurchase up to $5,000 million of its common stock pursuant to a stock repurchase program (the "Repurchase Program"). During the three and nine months ended September 30, 2026, the Company repurchased approximately $57 million and $124 million, respectively, of its common stock under the Repurchase Program, leaving $1,068 million of authorized repurchases remaining under the Repurchase Program as of September 30, 2026. The Repurchase Program has no termination date, and the timing and amount of stock purchases are subject to market conditions and corporate needs. The Repurchase Program may be modified, suspended or discontinued at any time at the Company’s discretion.

NOTE T. SEGMENT INFORMATION

The Company's chief operating decision maker ("CODM") is its Chair, President and Chief Executive Officer. The CODM evaluates the Company's segment operating performance and makes decisions regarding the allocation of resources based on Segment Operating Profit.

The CODM assesses segment performance utilizing Segment Operating Profit primarily through comparisons of budgeted results to actual results and period-over-period variances. Certain variances identified through this analysis are evaluated to assist the CODM in assessing segment operating performance and making resource allocation decisions.

The significant expenses that are regularly provided to the CODM and included in Segment Operating Profit are cost of sales, selling, general and administrative expenses, and engineering — research and development expenses.

Corporate costs are presented separately from the Company's reportable segments and consist primarily of centralized corporate functions. These costs also include non-recurring costs associated with the Acquisition, primarily integration-related activities. Such costs are not allocated to the Company's reportable segments, as they are not reviewed by the CODM on a segment basis when assessing performance or making resource allocation decisions. The Company does not present total assets by segment because the CODM is not regularly provided total assets by segment nor are they included in a segment measure utilized by the CODM.

During the three months ended March 31, 2026, the Company changed its segment structure from one operating and reportable segment to two operating and reportable segments to align with the Acquisition and the manner in which the CODM now reviews operating results and allocates resources. Prior-period segment information has been retrospectively adjusted to conform to the current period presentation. The Company's two operating and reportable segments are:

Allison Transmission

Allison Transmission serves customers through an independent global network of approximately 1,500 independent distributor and dealer locations worldwide and offers more than 200 different transmission models compatible with more than 500 combinations of engine brands, models and ratings, including diesel, gasoline, natural gas and other alternative fuels. In addition, Allison Transmission has developed thousands of proprietary calibrations available for use with its electronic control modules, enabling tailored performance across a broad range of customer applications.

Allison Off-Highway

Allison Off-Highway provides drivetrain and motion solutions for a wide range of mobile and stationary off-highway equipment globally. These solutions include optimized drivetrain systems, propulsion components and motion technologies designed for industries such as construction, agriculture, mining, material handling and other industrial applications. The portfolio encompasses systems that manage power conveyance to machines and power work functions, including axles, gearboxes, transmissions and related components, as well as motion systems tailored to customer performance and efficiency requirements across both conventional and electrified powertrains. The global engineering, manufacturing and service footprint of Allison Off-Highway supports localized responsiveness and technical support for customers in key off-highway end markets.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. The Company's segment information includes the measures reviewed by the CODM and is presented in a manner consistent with internal management reporting.

The following presents a financial summary of the Company's reportable segments (dollars in millions):

	Three Months Ended September 30, 2026		
	Allison Transmission	Allison Off-Highway	Total Segments
Total sales	**$ 881**	**$ 657**	**$ 1,538**
less: Intersegment sales	**—**	**4**	**4**
Total Net Sales	**881**	**653**	**1,534**
less:			
Cost of sales	**474**	**555**	
Selling, general and administrative	**62**	**52**	
Engineering — research and development	**45**	**14**	
Segment Operating Profit	**$ 300**	**$ 32**	**$ 332**
Depreciation of property, plant and equipment	**$ 31**	**$ 25**	
Amortization expense	**$ 1**	**$ 21**	
Additions of long-lived assets	**$ 52**	**$ 13**	

	Three Months Ended September 30, 2025		
	Allison Transmission	Allison Off-Highway	Total Segments
Total sales	$ 693	$ —	$ 693
less: Intersegment sales	—	—	—
Total Net Sales	693	—	693
less:			
Cost of sales	**363**	**—**	
Selling, general and administrative	**55**	**—**	
Engineering — research and development	**43**	**—**	
Segment Operating Profit	$ 232	$ —	$ 232
Depreciation of property, plant and equipment	$ 30	$ —	
Amortization expense	$ 2	$ —	
Additions of long-lived assets	$ 44	$ —	

	Nine Months Ended September 30, 2026		
	Allison Transmission	Allison Off-Highway	Total Segments
Total sales	**$ 2,474**	**$ 2,042**	**$ 4,516**
less: Intersegment sales	**—**	**10**	**10**
Total Net Sales	**2,474**	**2,032**	**4,506**
less:			
Cost of sales	**1,314**	**1,766**	
Selling, general and administrative	**202**	**164**	
Engineering — research and development	**125**	**44**	
Segment Operating Profit	**$ 833**	**$ 58**	**$ 891**
Depreciation of property, plant and equipment	**$ 92**	**$ 85**	
Amortization expense	**$ 2**	**$ 64**	
Additions of long-lived assets	**$ 116**	**$ 33**	

	Nine Months Ended September 30, 2025		
	Allison Transmission	Allison Off-Highway	Total Segments
Total sales	$ 2,273	$ —	$ 2,273
less: Intersegment sales	—	—	—
Total Net Sales	2,273	—	2,273
less:			
Cost of sales	1,162	—	
Selling, general and administrative	192	—	
Engineering — research and development	128	—	
Segment Operating Profit	$ 791	$ —	$ 791
Depreciation of property, plant and equipment	$ 87	$ —	
Amortization expense	$ 5	$ —	
Additions of long-lived assets	$ 101	$ —	

A reconciliation of reportable segments' Total Segment Operating Profit to Income before income taxes included in the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2026 and 2025 is as follows (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total Segment Operating Profit	**$ 332**	$ 232	**$ 891**	$ 791
Interest expense, net	**(51)**	(24)	**(166)**	(67)
Other (expense) income, net	**(15)**	2	**(26)**	15
Central group function costs (a)	**(28)**	(28)	**(101)**	(82)
Income before income taxes	**$ 238**	$ 182	**$ 598**	$ 657

(a) Central group function costs not allocated to the segments include certain executive management, finance, legal, information technology and public company costs, Acquisition-related costs and other general administrative expenses.

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

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion in conjunction with our condensed consolidated interim financial statements and the related notes contained elsewhere in this Quarterly Report on Form 10-Q.

The statements in this discussion regarding industry trends, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Cautionary Note Regarding Forward-Looking Statements" and Part II, Item 1A "Risk Factors" below, and in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the Securities and Exchange Commission ("SEC") on February 24, 2026 (the "2025 Annual Report on Form 10-K"). Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Overview

Allison Transmission Holdings, Inc. and its subsidiaries ("Allison," "we," "us" or "our") is a global leader in high-performance mobility and work solutions built for the needs of the modern industrial world. The business was founded in 1915 and has been headquartered in Indianapolis, Indiana since inception. Allison is traded on the New York Stock Exchange under the symbol "ALSN".

On January 1, 2026 (the "Closing Date"), we completed the acquisition of Dana Incorporated's ("Dana") off-highway business (the "Acquired Off-Highway Business") for a purchase price of approximately $2,628 million (the "Acquisition"). We have a global presence serving customers in North America, Asia, Europe, South America, and Africa and have further expanded our operations in these regions as a result of the Acquisition.

Recent Developments

The Acquisition was completed using a combination of cash on hand, $500 million of proceeds from the issuance of 5.875% Senior Notes due December 2033 by Allison Transmission, Inc. ("ATI"), our wholly-owned subsidiary (the "5.875% Senior Notes 2033"), proceeds from borrowings under an incremental term loan facility under the Second Amended and Restated Credit Agreement dated as of March 29, 2019, as amended (the "Credit Agreement"), in an aggregate principal amount equal to $1,200 million (the "Incremental Term Loan"), and $300 million of borrowings under ATI's revolving credit facility with commitments in the amount of $1,000 million due January 2031 (the "Revolving Credit Facility"). In connection with the Acquisition, we entered into a commitment letter with a group of lenders (the "Lenders"), pursuant to which the Lenders committed to provide a 364-day senior unsecured bridge term loan facility (the "Bridge Facility"), in an aggregate principal amount of up to $2,000 million. As of December 31, 2025, the Bridge Facility aggregate commitment principal amount had been reduced to $500 million as a result of the issuance of the 5.875% Senior Notes 2033 and our election to voluntarily reduce the aggregate commitments under the Bridge Facility. No amount was drawn from the Bridge Facility, and it was terminated upon completion of the Acquisition on the Closing Date.

As a result of the Acquisition, we now offer an expanded portfolio of drivetrain, motion and propulsion solutions, providing complementary product breadth and an enhanced ability to support customers across multiple end markets. The Acquired Off-Highway Business has historically served end markets with demand characteristics that differ from our traditional on-highway markets, contributing to a more diversified portfolio.

Following the Acquisition, we continue to operate under the Allison name, but our operations are now comprised of two operating and reportable segments: Allison Transmission and Allison Off-Highway Drive & Motion

Systems ("Allison Off-Highway"). All prior period reportable segment information has been reclassified to conform to the current presentation. For additional discussion regarding our segments, including the changes made, see “Note T. Segment Information” in Part I, Item 1 of this Quarterly Report on Form 10-Q. Segment leadership is located globally, reflecting the international nature of our operations and the importance of local market insights, sourcing, production and customer support.

Allison Transmission serves customers through an independent global network of approximately 1,500 independent distributor and dealer locations worldwide and offers more than 200 different transmission models compatible with more than 500 combinations of engine brands, models and ratings, including diesel, gasoline, natural gas and other alternative fuels. In addition, Allison Transmission has developed thousands of proprietary calibrations available for use with our electronic control modules, enabling tailored performance across a broad range of customer applications.

Allison Off-Highway provides drivetrain and motion solutions for a wide range of mobile and stationary off-highway equipment. These solutions include optimized drivetrain systems, propulsion components and motion technologies designed for industries such as construction, agriculture, mining, material handling and other industrial applications. The portfolio encompasses systems that manage power conveyance to machines and power work functions, including axles, gearboxes, transmissions and related components, as well as motion systems tailored to customer performance and efficiency requirements across both conventional and electrified powertrains. The global engineering, manufacturing and service footprint of the Acquired Off-Highway Business supports localized responsiveness and technical support for customers in key off-highway end markets.

Trends Impacting Our Business

In 2026, we expect to have higher net sales driven by the addition of Allison Off-Highway and higher net sales in Allison Transmission driven primarily by the On-Highway and Defense end markets.

Key Components of our Results of Operations

Net sales

We generate our net sales primarily from the sale of high performance mobility and work solutions, service and component parts, support equipment, defense kits, engineering services, royalties and extended transmission coverage to a wide array of original equipment manufacturers, distributors and the U.S. government. Sales are recorded in accordance with the terms of the contract, net of provisions for customer incentives and other rebates. Engineering services are recorded as net sales in accordance with the terms of the contract. The associated costs are recorded in cost of sales. We also have royalty agreements with third parties that provide net sales as a result of joint efforts in developing marketable products.

Cost of sales

Our primary components of cost of sales are purchased parts, the overhead expense related to our manufacturing operations and direct labor associated with the manufacture and assembly of vehicle propulsion solutions and parts. For the nine months ended September 30, 2026, direct material costs were approximately 65%, overhead costs were approximately 29%, and direct labor costs were approximately 6% of cost of sales. We are subject to changes in our cost of sales caused by movements in underlying commodity prices. We seek to hedge against this risk by using long-term agreements (“LTAs”), as appropriate. See Part I, Item 3, “Quantitative and Qualitative Disclosures about Market Risk—Commodity Price Risk” included below.

Selling, general and administrative

The principal components of our selling, general and administrative expenses are salaries and benefits for our office personnel, advertising and promotional expenses, product warranty expense, expenses relating to certain information technology systems and amortization of our intangible assets.

Engineering — research and development

We incur costs in connection with research and development programs that are expected to contribute to future earnings. Such costs are expensed as incurred.

Results of Operations

Allison Consolidated Comparison of the three months ended September 30, 2026 and 2025

The following table sets forth certain financial information for the three months ended September 30, 2026 and 2025. The following table and discussion should be read in conjunction with the information contained in our condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,			
(unaudited, dollars in millions)	2026	% of net sales	2025	% of net sales
Net sales	**$ 1,534**	**100%**	$ 693	100%
Cost of sales	**1,029**	**67**	363	52
Gross Profit	**505**	**33**	330	48
Operating Expenses:				
Selling, general and administrative	**142**	**9**	83	12
Engineering — research and development	**59**	**4**	43	6
Total Operating Expenses	**201**	**13**	126	18
Operating Income	**304**	**20**	204	29
Interest expense, net	**(51)**	**(3)**	(24)	(3)
Other (expense) income, net	**(15)**	**(1)**	2	—
Income before income taxes	**238**	**16**	182	26
Income tax expense	**(47)**	**(4)**	(45)	(6)
Net income	**$ 191**	**12%**	$ 137	20%

Off-Highway acquisition

On January 1, 2026, we completed the Acquisition. Our results of operations include all activity of the Acquired Off-Highway Business since the Closing Date within the Allison Off-Highway reportable segment.

Net sales

The Allison Off-Highway segment generated $653 million of net sales for the three months ended September 30, 2026.

The Allison Transmission segment generated $881 million of net sales for the three months ended September 30, 2026. Net sales increased $188 million, or 27%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025.

The increase was principally driven by the following:

- North America On-Highway end market net sales increased $135 million, or 41%, principally driven by higher demand for medium-duty trucks and class 8 vocational trucks, price increases on certain products and increased demand for hybrid transit buses.
- Service Parts, Support Equipment and Other end market net sales increased $22 million, or 14%, principally driven by price increases on certain products.
- Defense end market net sales increased $16 million, or 21%, principally driven by increased demand for Tracked vehicle applications, price increases on certain products and the continued execution of our growth initiatives.
- Global Off-Highway net sales increased $8 million, or 114%, principally driven by higher demand from the energy sector outside North America.
- Outside North America On-Highway end market net sales increased $7 million, or 6%, principally driven by increased demand in Europe.

Cost of sales

Cost of sales for the three months ended September 30, 2026 was $1,029 million compared to $363 million for the three months ended September 30, 2025, an increase of 183%. $555 million of cost of goods sold was attributable to Allison Off-Highway, including $10 million of depreciation expense related to the stepped-up basis in property, plant and equipment. The remaining increase of $111 million was principally driven by higher direct material and manufacturing expense commensurate with increased net sales, unfavorable direct material costs and higher incentive compensation expense in Allison Transmission.

Gross profit

Gross profit for the three months ended September 30, 2026 was $505 million compared to $330 million for the three months ended September 30, 2025, an increase of 53%. $98 million of the increase in gross profit was attributable to Allison Off-Highway, while gross profit attributable to Allison Transmission increased $77 million, principally driven by higher volume in the North America On-Highway end market and $39 million of price increases on certain products, partially offset by higher direct material and manufacturing expense commensurate with increased net sales, unfavorable direct material costs and higher incentive compensation expense. Gross profit as a percent of net sales for the three months ended September 30, 2026 decreased 14.7 percentage points compared to the same period in 2025 principally driven by the addition of Allison Off-Highway, the products of which have a lower average gross profit as a percent of net sales profile compared to Allison Transmission products.

Selling, general and administrative

Selling, general and administrative expenses for the three months ended September 30, 2026 were $142 million compared to $83 million for the three months ended September 30, 2025, an increase of 71%. Selling, general and administrative expenses of $52 million were attributable to Allison Off-Highway, including $20 million of amortization expense for intangible assets recognized from the Acquisition. The remaining increase was principally driven by increased incentive compensation expense, partially offset by decreased expenses related to the Acquisition.

Engineering — research and development

Engineering expenses for the three months ended September 30, 2026 were $59 million compared to $43 million for the three months ended September 30, 2025, an increase of 37%. The increase was primarily due to engineering expenses of $14 million attributable to Allison Off-Highway.

Interest expense, net

Interest expense, net for the three months ended September 30, 2026 was $51 million compared to $24 million for the three months ended September 30, 2025, an increase of 113%. The increase was principally driven by $17 million of interest expense related to the Incremental Term Loan, $7 million of interest expense related to the 5.875% Senior Notes 2033 and $6 million of lower interest income.

Other (expense) income, net

Other (expense) income, net for the three months ended September 30, 2026 was other expense of ($15) million compared to other income of $2 million for the three months ended September 30, 2025. The change was principally driven by $17 million of restructuring charges related to Allison Off-Highway footprint optimization activities.

Income tax expense

Income tax expense for the three months ended September 30, 2026 was $47 million, resulting in an effective tax rate of 20%, compared to $45 million of income tax expense and an effective tax rate of 25% for the three months ended September 30, 2025. The increase in income tax expense was principally driven by higher income

before income taxes, partially offset by a lower effective tax rate. The decrease in the effective tax rate was primarily driven by impacts related to the One Big Beautiful Bill Act enacted in 2025.

Allison Consolidated Comparison of the nine months ended September 30, 2026 and 2025

The following table sets forth certain financial information for the nine months ended September 30, 2026 and 2025. The following table and discussion should be read in conjunction with the information contained in our condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

	Nine Months Ended September 30,			
(unaudited, dollars in millions)	2026	% of net sales	2025	% of net sales
Net sales	**$ 4,506**	**100%**	$ 2,273	100%
Cost of sales	**3,080**	**68**	1,162	51
Gross Profit	**1,426**	**32**	1,111	49
Operating Expenses:				
Selling, general and administrative	**467**	**10**	274	12
Engineering — research and development	**169**	**4**	128	6
Total Operating Expenses	**636**	**14**	402	18
Operating Income	**790**	**18**	709	31
Interest expense, net	**(166)**	**(4)**	(67)	(3)
Other (expense) income, net	**(26)**	**(1)**	15	1
Income before income taxes	**598**	**13**	657	29
Income tax expense	**(114)**	**(2)**	(133)	(6)
Net income	**$ 484**	**11%**	$ 524	23%

Net sales

The Allison Off-Highway segment generated $2,032 million of net sales for the nine months ended September 30, 2026.

The Allison Transmission segment generated $2,474 million of net sales for the nine months ended September 30, 2026. Net sales increased $201 million, or 9%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

The increase was principally driven by the following:

- North America On-Highway end market net sales increased $88 million, or 7%, principally driven by higher demand for medium-duty trucks and class 8 vocational trucks, price increases on certain products and increased demand for hybrid transit buses.
- Defense end market net sales increased $86 million, or 44%, principally driven by increased demand for Tracked vehicle applications, price increases on certain products and the continued execution of our growth initiatives.
- Service Parts, Support Equipment and Other end market net sales increased $28 million, or 6%, principally driven by price increases on certain products.
- Global Off-Highway end market net sales increased $4 million, or 10%, principally driven by increased demand from the global energy sector, partially offset by lower demand from the global mining and construction sectors.

These increases were partially offset by the following:

- Outside North America On-Highway end market net sales decreased $5 million, or 1%, principally driven by lower demand in Asia and South America, partially offset by price increases on certain products and higher demand in Europe.

Cost of sales

Cost of sales for the nine months ended September 30, 2026 was $3,080 million compared to $1,162 million for the nine months ended September 30, 2025, an increase of 165%. $1,766 million of cost of goods sold was attributable to Allison Off-Highway, including purchase price accounting allocations of $64 million of expense related to the stepped-up basis in inventory and $41 million of depreciation expense related to the stepped-up basis in property, plant and equipment. The remaining $152 million increase was principally driven by higher direct material and manufacturing expense commensurate with increased net sales, unfavorable direct material costs and higher incentive compensation expense in Allison Transmission.

Gross profit

Gross profit for the nine months ended September 30, 2026 was $1,426 million compared to $1,111 million for the nine months ended September 30, 2025, an increase of 28%. $266 million of the increase in gross profit was attributable to Allison Off-Highway, while the gross profit attributable to Allison Transmission increased $49 million, principally driven by $96 million of price increases on certain products and increased net sales in the North America On-Highway and Defense end markets, partially offset by higher direct material and manufacturing expense commensurate with increased net sales, unfavorable direct material costs and higher incentive compensation expense. Gross profit as a percent of net sales for the nine months ended September 30, 2026 decreased 17.3 percentage points compared to the same period in 2025 principally driven by the addition of Allison Off-Highway, the products of which have a lower average gross profit as a percent of net sales profile compared to Allison Transmission products.

Selling, general and administrative

Selling, general and administrative expenses were $467 million for the nine months ended September 30, 2026 compared to $274 million for the nine months ended September 30, 2025, an increase of 70%. Selling, general and administrative expenses of $164 million were attributable to Allison Off-Highway, including $61 million of amortization expense for intangible assets recognized from the Acquisition. The remaining increase of $29 million was principally driven by higher incentive compensation expense and increased commercial activities spending, partially offset by decreased expenses related to the Acquisition and lower product warranty expense.

Engineering — research and development

Engineering expenses for the nine months ended September 30, 2026 were $169 million compared to $128 million for the nine months ended September 30, 2025, an increase of 32%. Engineering expenses of $44 million were attributable to Allison Off-Highway. The remaining decrease was principally driven by decreased product initiatives spending in Allison Transmission, partially offset by higher incentive compensation expense.

Interest expense, net

Interest expense, net for the nine months ended September 30, 2026 was $166 million compared to $67 million for the nine months ended September 30, 2025, an increase of 148%. The increase was principally driven by $49 million of interest expense related to the Incremental Term Loan, $22 million of interest expense related to the 5.875% Senior Notes 2033 and $17 million of lower interest income.

Other (expense) income, net

Other (expense) income, net for the nine months ended September 30, 2026 was other expense of ($26) million compared to other income of $15 million for the nine months ended September 30, 2025. The change was principally driven by a $22 million change in unrealized mark-to-market adjustments for marketable securities and $17 million of restructuring charges related to Allison Off-Highway footprint optimization activities.

Income tax expense

Income tax expense for the nine months ended September 30, 2026 was $114 million, resulting in an effective tax rate of 19%, compared to $133 million of income tax expense and an effective tax rate of 20% for the nine months ended September 30, 2025. The decrease in income tax expense was principally driven by lower taxable income.

Non-GAAP Financial Measures

We use Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (“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”) measures to Adjusted EBITDA and Adjusted EBITDA as a percent of net sales are Net income and Net income as a percent of net sales, respectively. Adjusted EBITDA is calculated as earnings before interest expense, net, income tax expense, amortization of intangible assets, depreciation of property, plant and equipment and other adjustments as defined by the Credit Agreement governing ATI's term loan facility in the amount of $505 million due March 2031 (“Term Loan”), the Incremental Term Loan and the Revolving Credit Facility (together, the "Senior Secured Credit Facility"). Adjusted EBITDA as a percent of net sales is calculated as Adjusted EBITDA divided by net sales.

In addition, we believe Adjusted net income, Adjusted basic earnings per share attributable to common stockholders ("Adjusted basic EPS") and Adjusted diluted earnings per share attributable to common stockholders ("Adjusted diluted EPS") provide management, investors and creditors with useful measures of our core business performance and trends and increase the period-to-period comparability of our results of operations. The most directly comparable GAAP measures to Adjusted net income, Adjusted basic EPS and Adjusted diluted EPS are Net income, Basic earnings per share attributable to common stockholders ("Basic EPS") and Diluted earnings per share attributable to common stockholders ("Diluted EPS"), respectively. Adjusted net income is calculated as net income excluding the effect of certain non-cash, non-recurring, infrequent or unusual items such as: amortization related to acquired intangible assets, depreciation of the stepped-up basis in property, plant and equipment related to the Acquisition, stepped-up basis in inventory related to the Acquisition, stock-based compensation expense, Acquisition-related expenses, impairment charges, other one-off adjustments and the tax effect of the adjustments. Adjusted basic EPS and Adjusted diluted EPS are calculated by dividing Adjusted net income by the weighted average shares of common stock outstanding and diluted weighted average shares of common stock outstanding, respectively.

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 after additions of long-lived assets.

The following is a reconciliation of Net income to Adjusted EBITDA, Net income as a percent of net sales to Adjusted EBITDA as a percent of net sales, and Net cash provided by operating activities to Adjusted free cash flow:

(unaudited, dollars in millions)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Net income (GAAP)	**$ 191**	$ 137	**$ 484**	$ 524
plus:				
Interest expense, net	**51**	24	**166**	67
Depreciation of property, plant and equipment	**46**	30	**136**	87
Income tax expense	**47**	45	**114**	133
Amortization of intangible assets	**22**	2	**66**	5
Recognition of stepped-up basis in inventory (a)	**1**	—	**64**	—
Depreciation related to stepped-up basis in assets (b)	**10**	—	**41**	—
Acquisition-related expenses (c)	**4**	14	**30**	38
Stock-based compensation expense (d)	**8**	6	**25**	20
Restructuring charges (e)	**17**	—	**17**	—
Unrealized loss (gain) on marketable securities (f)	**2**	(3)	**11**	(11)
Unrealized loss on foreign exchange (g)	**—**	—	**3**	—
Loss associated with impairment of long-lived assets (h)	**—**	—	**2**	—
Other (i)	**1**	1	**7**	2
Adjusted EBITDA (Non-GAAP)	**$ 400**	$ 256	**$ 1,166**	$ 865
Net sales (GAAP)	**$ 1,534**	$ 693	**$ 4,506**	$ 2,273
Net income as a percent of Net sales (GAAP)	**12.5%**	19.8%	**10.7%**	23.1%
Adjusted EBITDA as a percent of Net sales (Non-GAAP)	**26.1%**	36.9%	**25.9%**	38.1%
Net cash provided by operating activities (GAAP) (j)	**$ 343**	$ 228	**$ 811**	$ 593
Deductions to reconcile to Adjusted free cash flow:				
Additions of long-lived assets	**(65)**	(44)	**(149)**	(101)
Adjusted free cash flow (Non-GAAP) (j)	**$ 278**	$ 184	**$ 662**	$ 492

(a) Represents the recognition of the stepped-up basis in inventory related to the Acquisition (recorded in Cost of sales).
(b) Represents depreciation of the stepped-up basis in property, plant and equipment related to the Acquisition (recorded in Cost of sales).
(c) Represents expenses (recorded in Selling, general and administrative), primarily consulting and legal fees, related to the Acquisition.
(d) Represents stock-based compensation expense (recorded in Selling, general and administrative).
(e) Represents restructuring charges (recorded in Other (expense) income, net) related to Allison Off-Highway footprint optimization activities.
(f) Represents unrealized losses (gains) (recorded in Other (expense) income, net) related to an investment in the common stock of Jing-Jin Electric Technologies Co. Ltd.
(g) Represents losses (recorded in Other (expense) income, net) on intercompany financing transactions.
(h) Represents a charge associated with the impairment of long-lived assets related to the production of certain electrified products.
(i) Represents other adjustments as defined by the Credit Agreement.
(j) Net cash provided by operating activities (GAAP) and Adjusted free cash flow (Non-GAAP) included $5 million and $13 million for the three months ended September 30, 2026 and 2025, respectively, and $46 million and $30 million for the nine months ended September 30, 2026 and 2025, respectively, of payments for expenses related to the Acquisition.

The following is a reconciliation of Net income to Adjusted net income, Basic EPS to Adjusted Basic EPS and Diluted EPS to Adjusted Diluted EPS:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(unaudited, dollars in millions, except per share data)	2026	2025	2026	2025
Net income (GAAP)	**$ 191**	$ 137	**$ 484**	$ 524
plus:				
Recognition of the stepped-up basis in inventory (a)	**1**	—	**64**	—
Amortization expense	**22**	2	**66**	5
Depreciation of the stepped-up basis in property, plant and equipment (b)	**10**	—	**41**	—
Acquisition-related expenses (c)	**4**	14	**30**	38
Stock-based compensation expense (d)	**8**	6	**25**	20
Restructuring charges (e)	**17**	—	**17**	—
Loss associated with impairment of long-lived assets (f)	**—**	—	**2**	—
Income tax effect on adjustments (g)	**(12)**	(6)	**(43)**	(14)
Adjusted Net Income (Non-GAAP)	**241**	153	**686**	573
Basic EPS (GAAP)	**$ 2.30**	$ 1.63	**$ 5.83**	$ 6.24
Diluted EPS (GAAP)	**$ 2.30**	$ 1.63	**$ 5.76**	$ 6.16
Adjusted Basic EPS (Non-GAAP) (h)	**$ 2.90**	$ 1.82	**$ 8.27**	$ 6.82
Adjusted Diluted EPS (Non-GAAP) (h)	**$ 2.90**	$ 1.82	**$ 8.17**	$ 6.74

(a) Represents the recognition of the stepped-up basis in inventory related to the Acquisition (recorded in Cost of sales).
(b) Represents depreciation of the stepped-up basis in property, plant and equipment related to the Acquisition (recorded in Cost of sales).
(c) Represents expenses (recorded in Selling, general and administrative), primarily consulting and legal fees, related to the Acquisition.
(d) Represents stock-based compensation expense (recorded in Selling, general and administrative).
(e) Represents restructuring charges (recorded in Other (expense) income, net) related to Allison Off-Highway footprint optimization activities.
(f) Represents a charge associated with the impairment of long-lived assets related to the production of certain electrified products.
(g) Represents the income tax effect on the adjustments calculated by applying our effective tax rate.
(h) Adjusted basic EPS and Adjusted diluted EPS are Non-GAAP financial measures and are defined as Adjusted net income divided by the weighted average common shares outstanding and diluted weighted average shares outstanding, respectively, for the period. The weighted-average common shares outstanding and diluted weighted-average common shares outstanding are the same as those used in calculating the comparable GAAP measures.

Operating Segment Results

Allison Transmission - Comparison of the three and nine months ended September 30, 2026 and 2025

The following tables set forth certain financial information for the three and nine months ended September 30, 2026 and 2025 and should be read in conjunction with the information contained in our condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,		
(unaudited, dollars in millions)	2026	2025	Variance %
Segment Net Sales	**$ 881**	$ 693	27%
Segment Operating Profit	**$ 300**	$ 232	29%

	Nine Months Ended September 30,		
(unaudited, dollars in millions)	2026	2025	Variance %
Segment Net Sales	**$ 2,474**	$ 2,273	9%
Segment Operating Profit	**$ 833**	$ 791	5%

Segment Net Sales

	For the Three Months Ended September 30,		
(unaudited, dollars in millions)	2026	2025	Variance %
North America On-Highway	**$ 462**	$ 327	41%
Outside North America On-Highway	**129**	122	6%
Global Off-Highway	**15**	7	114%
Defense	**94**	78	21%
Service Parts, Support Equipment and Other	**181**	159	14%
Total Segment Net Sales	**$ 881**	$ 693	27%

	For the Nine Months Ended September 30,		
(unaudited, dollars in millions)	2026	2025	Variance %
North America On-Highway	**$ 1,267**	$ 1,179	7%
Outside North America On-Highway	**371**	376	(1)%
Global Off-Highway	**45**	41	10%
Defense	**280**	194	44%
Service Parts, Support Equipment and Other	**511**	483	6%
Total Segment Net Sales	**$ 2,474**	$ 2,273	9%

For a discussion of the year-over-year changes in Net sales in each end market, see “Results of Operations – Allison Consolidated Comparison of the three months ended September 30, 2026 and 2025 – Net sales” and “Results of Operations – Allison Consolidated Comparison of the nine months ended September 30, 2026 and 2025 – Net sales” above.

Segment Operating Profit

Segment Operating Profit for the three months ended September 30, 2026 and 2025 was $300 million and $232 million, respectively, an increase of 29%. For the nine months ended September 30, 2026 and 2025 Segment Operating Profit was $833 million and $791 million, respectively, an increase of 5%. The increases were principally driven by higher gross profit, as described in “Results of Operations – Allison Consolidated Comparison of the three months ended September 30, 2026 – Gross profit” and “Results of Operations – Allison Consolidated Comparison of the nine months ended September 30, 2026 – Gross profit” above.

Allison Off-Highway - Operating results for the three and nine months ended September 30, 2026

The Allison Off-Highway reportable segment is comprised solely of the Acquired Off-Highway Business. The following table sets forth certain financial information for the three and nine months ended September 30, 2026 and should be read in conjunction with the information contained in our condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

	Three Months Ended September 30,	Nine Months Ended September 30,
(unaudited, dollars in millions)	2026	2026
Segment Net Sales	$ 653	$ 2,032
Segment Operating Profit (a)	$ 32	$ 58

(a) Includes expenses related to the recognition of the stepped-up basis in inventory, depreciation related to the stepped-up basis in property, plant and equipment and intangibles amortization related to the Acquisition.

Segment Net Sales

	Three Months Ended September 30,	Nine Months Ended September 30,
(unaudited, dollars in millions)	2026	2026
Construction & Material Handling	$ 232	$ 708
Agriculture	130	436
Industrial	92	281
Mining	53	157
Service Parts, Specialty & Other	146	450
Total Segment Net Sales	$ 653	$ 2,032

Liquidity and Capital Resources

We generate cash primarily from our operations to fund our operating, investing and financing activities. Our principal uses of cash are operating expenses, capital expenditures, working capital needs, debt service, dividends on common stock, stock repurchases and strategic growth initiatives, including investments, acquisitions and collaborations. Our ability to generate cash in the future and our future uses of cash are subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond our control. We had total available cash and cash equivalents of $497 million and $1,495 million as of September 30, 2026 and December 31, 2025, respectively. Of the available cash and cash equivalents, $380 million was deposited in operating accounts and $117 million was primarily invested in U.S. government backed securities and time deposits as of September 30, 2026, compared to $1,361 million deposited in operating accounts and $134 million invested primarily in U.S. government backed securities and time deposits as of December 31, 2025.

As of September 30, 2026, the total of cash held by foreign subsidiaries was $361 million, the majority of which was at our subsidiaries located in Switzerland, China and India. We manage our worldwide cash requirements considering available funds among the subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. As a result, we do not currently anticipate that local liquidity restrictions will preclude us from funding our targeted initiatives or operating needs with local resources.

We have not recognized any deferred tax liabilities associated with earnings in foreign subsidiaries, except for a subsidiary located in China, as they are intended to be permanently reinvested and used to support foreign operations or have no associated tax requirements. We have recorded a deferred tax liability of $3 million for the tax liability associated with the remittance of previously taxed income and unremitted earnings for our subsidiary located in China. The remaining deferred tax liabilities, if recorded, related to unremitted earnings that are indefinitely reinvested are not material.

Our liquidity requirements are significant, primarily due to our debt service requirements. In January 2026, we and ATI entered into Amendment No. 5 to the Credit Agreement to increase the commitments under the existing Revolving Credit Facility from $750 million to $1,000 million and provide for the Incremental Term Loan in an aggregate principal amount equal to $1,200 million, which matures on January 2, 2033 with a springing maturity to the maturity date of the Term Loan in the event the Term Loan matures on any date prior to January 2, 2033. In June 2026, we and ATI entered into Amendment No. 6 to the Credit Agreement to lower the applicable margin on the Term Loan by 0.25%. As of September 30, 2026, we had $505 million of indebtedness associated with ATI’s Term Loan, $1,194 million of indebtedness associated with ATI's Incremental Term Loan, $300 million of indebtedness associated with ATI’s 4.75% Senior Notes due October 2027 (“4.75% Senior Notes”), $500 million of indebtedness associated with ATI’s 5.875% Senior Notes due June 2029 (“5.875% Senior Notes 2029”), $1,000 million of indebtedness associated with ATI’s 3.75% Senior Notes due January 2031 (“3.75% Senior Notes”) and $500 million of indebtedness associated with ATI's 5.875% Senior Notes 2033 (together with the 4.75% Senior Notes, 5.875% Senior Notes 2029 and 3.75% Senior Notes, the “Senior Notes”). Our short-term and long-term debt service liquidity requirements consist of $1 million of minimum required quarterly principal payments on ATI’s Term Loan through its maturity date of March 2031, $3 million of minimum required quarterly principal payments on ATI's Incremental Term Loan through its maturity date of January 2033 and periodic interest payments on ATI’s Term Loan, Incremental Term Loan, Revolving Credit Facility and the Senior Notes. There are no required quarterly principal payments on the Senior Notes. Our long-term debt service liquidity requirements also consist of the payment in full of any remaining principal balance of ATI’s Term Loan, Incremental Term Loan and Senior Notes and any borrowings under the Revolving Credit Facility upon their respective maturity dates.

We made $10 million of principal payments on the Term Loan and Incremental Term Loan during the nine months ended September 30, 2026 and $4 million of principal payments on the Term Loan during the nine months ended September 30, 2025. During the three months ended September 30,2026, we made a $100 million redemption payment on the 4.75% Senior Notes. Our ability to make payments on and refinance our indebtedness and to fund planned capital expenditures and growth initiatives will depend on our ability to generate cash in the future.

The Senior Secured Credit Facility provides for a $1,000 million Revolving Credit Facility, net of an allowance for up to $75 million in outstanding letter of credit commitments. During the nine months ended September 30, 2026, the Company withdrew $300 million to partially fund the Acquisition and fully repaid the outstanding balance on the Revolving Credit Facility. The maximum amount outstanding at any time during the nine months ended September 30, 2026 was $300 million. As of September 30, 2026, we had $996 million available under the Revolving Credit Facility, net of $4 million in letters of credit. If we have commitments outstanding on the Revolving Credit Facility at the end of a fiscal quarter, the Senior Secured Credit Facility requires us to maintain a specified maximum first lien net leverage ratio of 5.50x. Additionally, within the terms of the Senior Secured Credit Facility, a first lien net leverage ratio at or below 4.00x results in the elimination of excess cash flow payments on the Senior Secured Credit Facility for the applicable year. As of September 30, 2026, our first lien net leverage ratio was 0.84x. The Senior Secured Credit Facility also provides certain financial incentives based on our first lien net leverage ratio. A first lien net leverage ratio at or below 4.00x and above 3.50x results in a 25 basis point reduction to the applicable margin on the Revolving Credit Facility. A first lien net leverage ratio at or below 3.50x results in an additional 25 basis point reduction to the applicable margin on the Revolving Credit Facility. These reductions remain in effect as long as we achieve a first lien net leverage ratio at or below the related threshold.

In addition, the Credit Agreement includes, among other things, customary restrictions (subject to certain exceptions) on our ability to incur certain indebtedness, grant certain liens, make certain investments, engage in acquisitions, consolidations and mergers, declare or pay certain dividends, and repurchase shares of our common stock. The indentures governing the Senior Notes contain negative covenants restricting or limiting our ability to, among other things, incur or guarantee additional indebtedness, incur liens, pay dividends on, redeem or repurchase our capital stock, make certain investments, permit payment or dividend restrictions on certain of our subsidiaries, sell assets, engage in certain transactions with affiliates, and consolidate or merge or sell all or substantially all of our assets. As of September 30, 2026, we were in compliance with all covenants under the Senior Secured Credit Facility and indentures governing the Senior Notes.

Our credit ratings and outlook are reviewed periodically by Moody’s Ratings (“Moody’s”) and Fitch Ratings, Inc. (“Fitch”). As of September 30, 2026, our credit ratings from both Moody's and Fitch are shown in the table below:

	September 30, 2026	
Credit Ratings	**Moody's**	**Fitch**
Corporate Credit	Ba1	BB+
Term Loan, due 2031	Baa2	BBB-
4.75% Senior Notes, due 2027	Ba2	BB+
5.875% Senior Notes, due 2029	Ba2	BB+
3.75% Senior Notes, due 2031	Ba2	BB+
5.875% Senior Notes, due 2033	Ba2	BB+
Incremental Term Loan, due 2033	Baa2	BBB-

On February 20, 2025, our Board of Directors authorized us to repurchase an additional $1,000 million of our common stock pursuant to our stock repurchase program (the "Repurchase Program"), bringing the total amount authorized pursuant to the Repurchase Program to $5,000 million. During the nine months ended September 30,

2026, we repurchased $124 million of our common stock under the Repurchase Program. Substantially all of the repurchase transactions during the nine months ended September 30, 2026 were settled in cash during the same period. As of September 30, 2026, we had approximately $1,068 million available under the Repurchase Program.

The following table shows our sources and uses of funds for the nine months ended September 30, 2026 and 2025 (dollars in millions):

	Nine Months Ended September 30,	
Statements of Cash Flows Data	**2026**	**2025**
Cash flows provided by operating activities	**$ 811**	$ 593
Cash flows used for investing activities	**$ (2,679)**	$ (108)
Cash flows provided by (used for) financing activities	**$ 874**	$ (368)

Generally, cash provided by operating activities has been adequate to fund our operations. We have significant liquidity, including $497 million of cash and cash equivalents and $996 million available under the Revolving Credit Facility, net of $4 million of letters of credit, as of September 30, 2026. At this time, we believe cash provided by operating activities, cash and cash equivalents and borrowing capacity under the Revolving Credit Facility will be sufficient to meet our known and anticipated cash requirements for the next twelve months and thereafter.

Cash provided by operating activities

Operating activities for the nine months ended September 30, 2026 generated $811 million of cash compared to $593 million for the nine months ended September 30, 2025. The increase was principally driven by higher gross profit and lower cash incentive compensation payments, partially offset by higher cash interest expense, higher cash income taxes, higher working capital funding requirements and increased payments for expenses related to the Acquisition.

Cash used for investing activities

Investing activities for the nine months ended September 30, 2026 used $2,679 million of cash compared to $108 million for the nine months ended September 30, 2025. The increase was principally driven by the Acquisition and increased capital expenditures.

Cash provided by (used for) financing activities

Financing activities for the nine months ended September 30, 2026 provided $874 million of cash compared to using $368 million for the nine months ended September 30, 2025. The change was principally driven by $1,200 million of proceeds from the Incremental Term Loan and $159 million of lower stock repurchases under the Repurchase Program, partially offset by a $100 million redemption payment on the 4.75% Senior Notes during the third quarter of 2026.

Contingencies

We are a party to various legal actions and administrative proceedings and subject to various claims arising in the ordinary course of business, including those relating to commercial transactions, product liability, personal injury and workers' compensation, safety, health, taxes, environmental and other matters. For more information, see "Note Q. Commitments and Contingencies" of our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Estimates

A discussion of our critical accounting estimates is included in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2025 Annual Report on Form 10-K. The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of some assets and liabilities and, in some instances, the reported amounts of revenues and expenses during the applicable reporting period. Actual results could differ materially from these estimates. Changes in estimates are recorded in results of operations in the period that the events or circumstances giving rise to such changes occur. Within the context of these critical accounting estimates, we are not currently aware of any reasonably likely events or circumstances that would result in different estimates being reported for the three and nine months ended September 30, 2026.

Recently Issued Accounting Pronouncements

See "Note C. Summary of Significant Accounting Policies” in Part I, Item 1, of this Quarterly Report on Form 10-Q.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. 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 significant costs we are expected to incur in connection with the integration of the Acquired Off-Highway Business; our ability to successfully integrate the Acquired Off-Highway Business and its operations in the expected time frame; our ability to realize all of the anticipated benefits from the integration of the Acquired Off-Highway Business and its operations and to effectively manage our expanded operations; 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; increases in cost, disruption of supply or shortage of labor, freight, raw materials, energy or components used to manufacture or transport our products or those of our customers or suppliers, including as a result of geopolitical risks, natural disasters, extreme weather events, wars and public health crises such as pandemics; global economic volatility; general economic and industry conditions, including the risk of prolonged inflation and recession; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers or suppliers; 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 customers; cybersecurity risks to our operational systems, security systems or infrastructure owned by us or our third-party vendors and suppliers; 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 acts of war and increased trade protectionism and tariffs; 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; and risks related to our indebtedness.

Important factors that could cause actual results to differ materially from our expectations are disclosed in Part I, Item 1A of our 2025 Annual Report on Form 10-K and Part II, Item 1A of this Quarterly Report on Form 10-Q. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings or public communications. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q in the context of these risks and uncertainties.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk consists of changes in interest rates, foreign currency rate fluctuations and movements in commodity prices.

Interest Rate Risk

Our principal interest rate exposure relates to outstanding amounts under our Senior Secured Credit Facility. Our Senior Secured Credit Facility provides for variable rate borrowings of up to $2,695 million, including our $505 million Term Loan, $1,194 million Incremental Term Loan and $996 million available under our Revolving Credit Facility, net of $4 million of letters of credit. A one-eighth percent increase or decrease in assumed interest rates for the Senior Secured Credit Facility, if fully drawn as of September 30, 2026, would have an impact of approximately $3 million on interest expense per year.

Exchange Rate Risk

We conduct business in various locations throughout the world and transact in numerous foreign currencies. As a result, we are exposed to volatility in our results of operations related to movements in foreign currency exchange rates. The U.S. dollar is our reporting currency, but the functional currencies of our foreign subsidiaries are primarily the local currency in the country of domicile or the currency in which the subsidiary conducts its operations. To help manage these transaction and translation exposures to exchange rate changes, we have entered into cross-currency swap contracts and foreign exchange forward contracts. Our cross-currency swap contracts effectively hedge the euro exposure associated with our net investment in our euro-functional subsidiaries and our foreign exchange forward contracts hedge forecasted foreign currency cash flows and foreign currency exposure on the Company's Condensed Consolidated Balance Sheets. As appropriate, we will designate these derivative financial instruments as hedges that qualify for hedge accounting. See “Note H. Derivatives” for further information on our derivatives.

Commodity Price Risk

We are subject to changes in our cost of sales caused by movements in underlying commodity prices. As of September 30, 2026, approximately 65% of our cost of sales consisted of purchased components. A substantial portion of the purchased parts are made of aluminum, steel and iron. The cost of aluminum parts includes an adjustment factor on future purchases for fluctuations in aluminum prices based on accepted industry indices. In addition, a substantial amount of iron- and steel-based contracts also include an index-based component. As our costs change, we are able to pass through a portion of the changes in commodity prices to certain of our customers according to our LTAs. We historically have not entered into long-term purchase contracts related to the purchase of aluminum, steel or iron.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer, who is our principal executive officer, and our Chief Financial Officer, who is our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. As permitted by SEC guidance for newly acquired businesses, the evaluation did not include an assessment of those disclosure controls and procedures that are subsumed by, and did not include an assessment of internal control over financial reporting as it relates to, Allison Off-Highway, which was acquired on January 1, 2026.

Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

Except as set forth below, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On January 1, 2026, we completed the Acquisition. As part of our ongoing integration of the Acquired Off-Highway Business, we are continuing to incorporate our controls and procedures and to augment our company-wide controls to reflect the risks inherent in an acquisition of this type. As permitted by the SEC guidance for newly acquired businesses, our report on our internal control over financial reporting in our Annual Report on Form 10-K for the year ending December 31, 2026, will include a scope exception that excludes Allison Off-Highway in order for management to have sufficient time to evaluate and implement our internal control structure over the operations of the business.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are a party to various legal actions in the normal course of our business, including those related to commercial transactions, product liability, personal injury and workers' compensation, safety, health, taxes, environmental and other matters. Information pertaining to legal proceedings can be found in "Note Q. Commitments and Contingencies" in the notes to the condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which information is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" of our 2025 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. The risks described in our 2025 Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or future results.

There have been no material changes to our risk factors as previously reported in Part I, Item 1A of our 2025 Annual Report on Form 10-K.

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

The following table sets forth information related to our repurchases of our common stock on a monthly basis during the three months ended September 30, 2026:

	Total Number of Shares Purchased	Average Price Paid 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 the Plans or Programs(1)
July 1 – July 31, 2026	141,875	$ 116.29	141,875	$ 1,108,205,524
August 1 – August 31, 2026	153,565	$ 125.35	153,565	$ 1,088,956,784
September 1 – September 30, 2026	173,624	$ 120.94	173,624	$ 1,067,958,085
	469,064	$ 120.98	469,064	

(1) These values reflect the amounts that may be repurchased under the Repurchase Program approved by the Board of Directors on November 14, 2016 and the increases approved by the Board of Directors on November 8, 2017, July 30, 2018, May 9, 2019, February 24, 2022 and February 20, 2025, which in the aggregate total authorized repurchases of $5,000 million. The Repurchase Program has no termination date.

Item 5. Other Information

Insider Trading Arrangements

During the three months ended September 30, 2026, the Company's directors and officers did not adopt, modify or terminate any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) ("Rule 10b5-1 trading arrangement") or any “non-Rule 10b5-1 trading arrangement,” as such term is defined in Item 408(c) of Regulation S-K.

Item 6. Exhibits

(a) Exhibits

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Periodic Report by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document (filed herewith)
104	Cover Page Interactive Data File – The cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted in Inline XBRL and contained in Exhibit 101

SIGNATURES

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

ALLISON TRANSMISSION HOLDINGS, INC.

Date: November 4, 2026 By: /s/ David S. Graziosi

Name: David S. Graziosi
Title: Chair, President and Chief Executive Officer (Principal Executive Officer)

Date: November 4, 2026 By: /s/ Scott Mell

Name: Scott Mell
Title: Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David S. Graziosi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allison Transmission Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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.

Dated: November 4, 2026

/s/ David S. Graziosi
Name: David S. Graziosi
Title: Chair, President, and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Mell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allison Transmission Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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.

Dated: November 4, 2026

/s/ Scott Mell
Name: Scott Mell
Title: Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

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 Allison Transmission Holdings, Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, David S. Graziosi, Chair, President and Chief Executive Officer of the Company, and Scott Mell, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2026

/s/ David S. Graziosi
David S. Graziosi
Chair, President and Chief Executive Officer
(Principal Executive Officer)

Dated: November 4, 2026

/s/ Scott Mell
Scott Mell
Chief Financial Officer and Treasurer
(Principal Financial Officer)