

# Baird's 2014 Industrial Conference Presentation

November 11<sup>th</sup>, 2014

David Graziosi, Executive Vice President & Chief Financial Officer



# Safe Harbor Statement

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The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995). The words “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although forward-looking statements reflect management’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to: risks related to our substantial indebtedness; our participation in markets that are competitive; the highly cyclical industries in which certain of our end users operate; the failure of markets outside North America to increase adoption of fully-automatic transmissions; the concentration of our net sales in our top five customers and the loss of any one of these; future reductions or changes in government subsidies for hybrid vehicles; U.S. defense spending; general economic and industry conditions; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments and changing customer needs; risks associated with our international operations; and labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers.

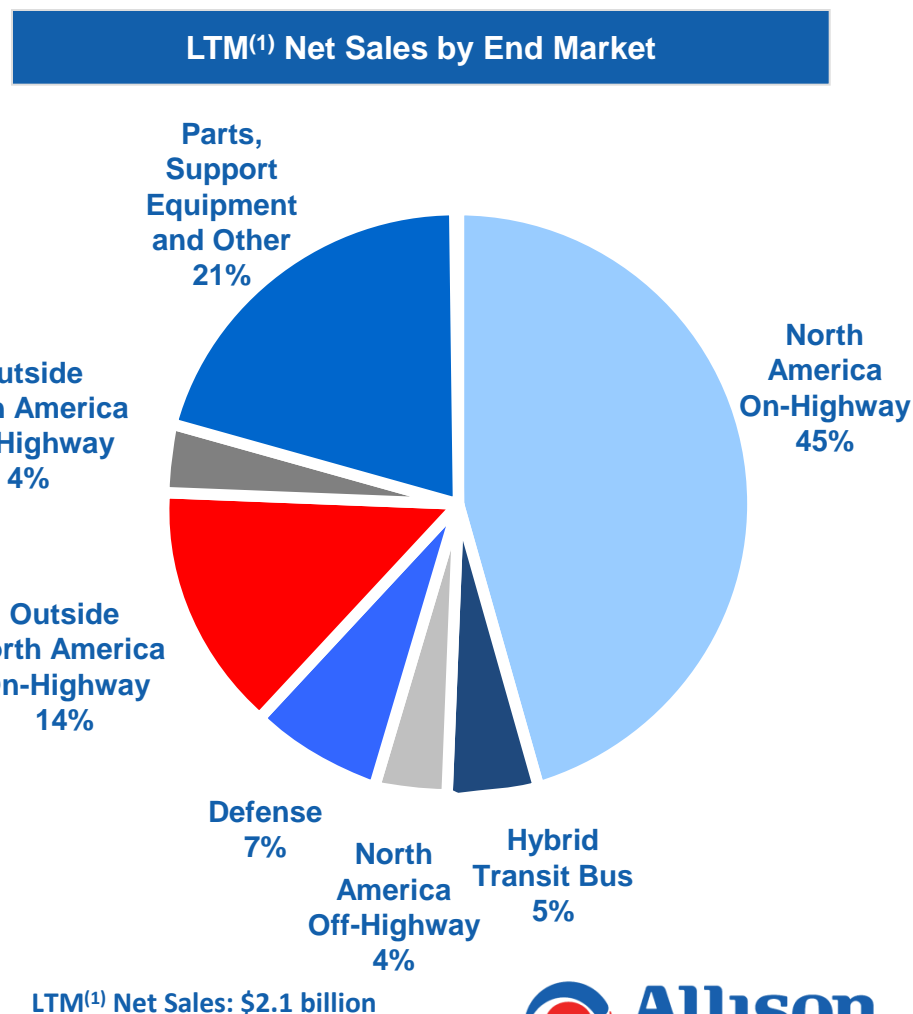
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# Allison Transmission at a Glance

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



(1) LTM 9/30/2014.

# End Market & Vocation Overview

## Global On-Highway

### Sample Vocations



### Select End Users



## Global Off-Highway



### Select End Users



## Defense



### Select End Users



## North America Hybrid Transit Bus



### Select End Users

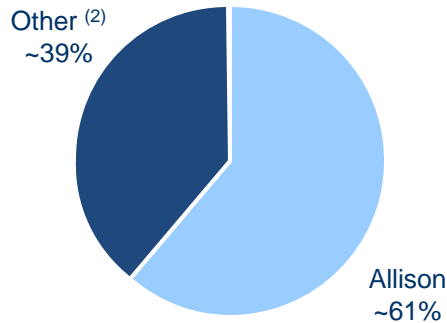


## Parts, Support Equipment and Other

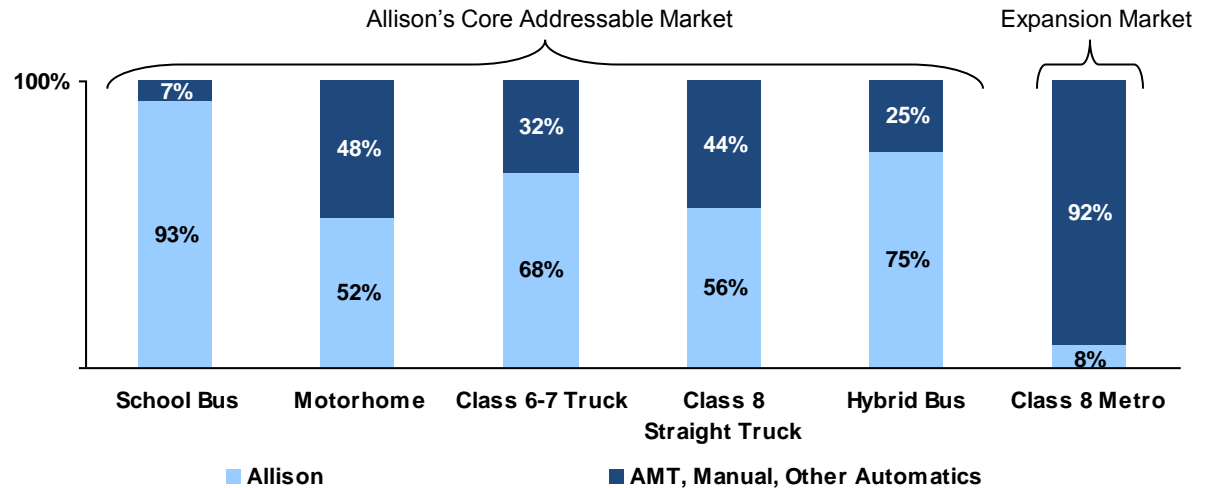


# Global Market Leader

Global On-Highway Fully-Automatic Share<sup>(1)</sup>



North American Market Share<sup>(1)</sup>



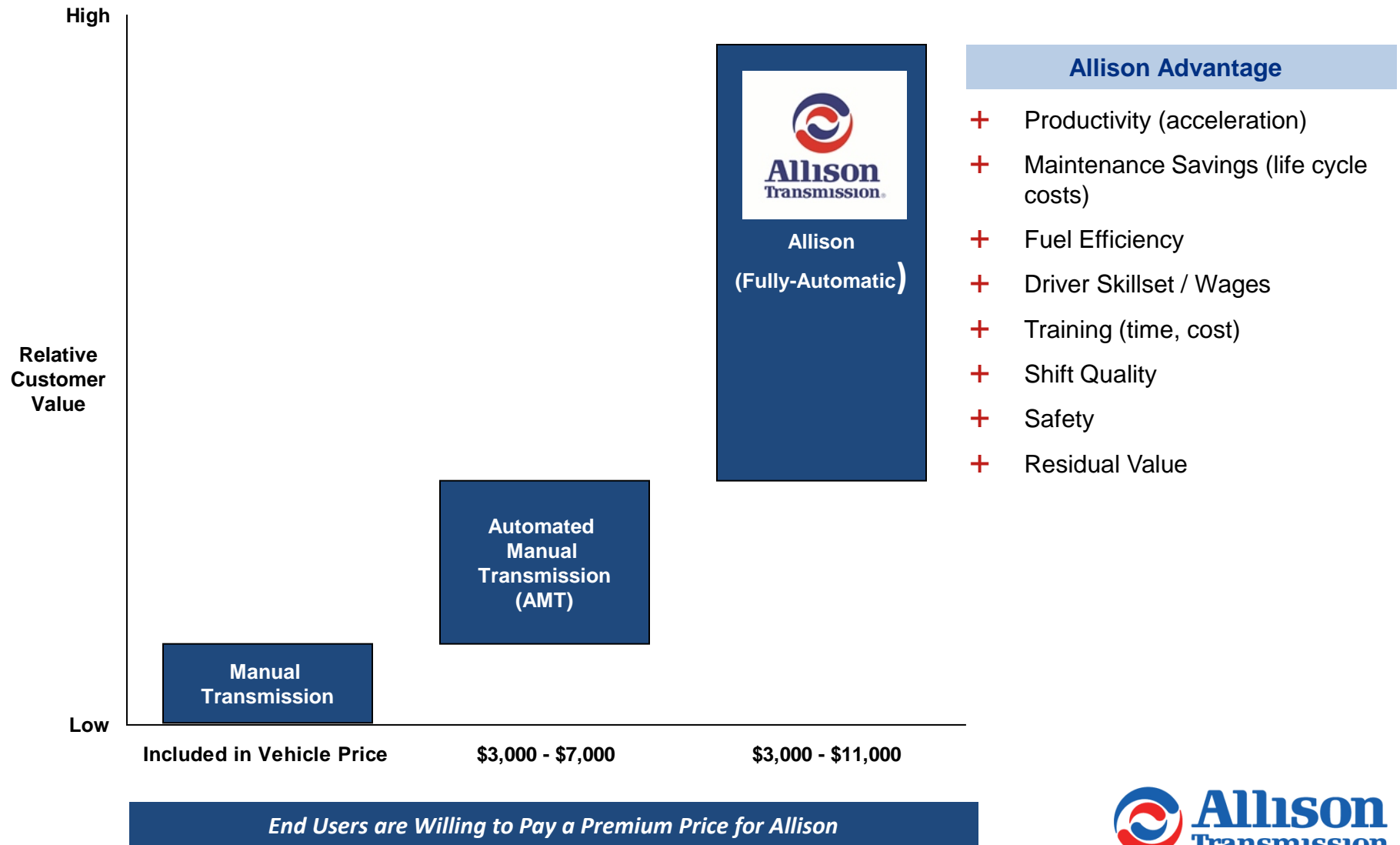
- The “de facto” standard in medium- and heavy-duty applications
  - Well established as standard in North America
- Increasing presence in emerging markets which today are predominantly manual
- Virtually no exposure to more cyclical Class 8 line-haul tractors

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

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



# End User Value Proposition



# Allison Is a Premier Industrial Asset

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**Global Market Leader**



**Premier Brand and End User Value Proposition**



**Technology Leadership - The Allison Advantage**



**Diverse End Markets with Long-Standing OEM Customer Relationships**



**Strong Cash Flow Generation with Well-Defined Capital Allocation Policy**



**Multiple Organic Growth Opportunities**



**Experienced Management Team**



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