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As filed with the Securities and Exchange Commission on May 13, 2011

Registration No. 333-172932

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

ALLISON TRANSMISSION HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	3714	26-0414014
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

4700 West 10th Street
Indianapolis, IN 46222
(317) 242-5000

(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

Eric C. Scroggins
Vice President — General Counsel and Secretary
Allison Transmission Holdings, Inc.
4700 West 10th Street
Indianapolis, IN 46222
(317) 242-5000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Rachel W. Sheridan, Esq.
Jason M. Licht, Esq.
Latham & Watkins LLP
555 11th Street, NW
Washington, DC 20004
(202) 637-2200

William F. Gorin, Esq.
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, NY 10006
(212) 225-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated , 2011

PROSPECTUS

Shares

Allison Transmission Holdings, Inc.

Common Stock

This is Allison Transmission Holdings, Inc.'s initial public offering. We are selling shares of our common stock. The selling stockholders are offering shares of our common stock in this offering. We will not receive any proceeds from the sale of shares held by the selling stockholders. The selling stockholders in this offering are affiliates of The Carlyle Group, or Carlyle, and affiliates of Onex Corporation, or Onex.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. We will apply for listing of our common stock on the New York Stock Exchange, or the NYSE, under the symbol "ALSN."

Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page 16 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The underwriters may also purchase up to an additional shares from us and up to an additional shares from the selling stockholders, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2011.

BofA Merrill Lynch **Citi** **J.P. Morgan**

Credit Suisse **Morgan Stanley** **Goldman, Sachs & Co.**

The date of this prospectus is , 2011.

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Allison Transmission

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We are responsible for the information contained in this prospectus and in any related free-writing prospectus we prepare or authorize. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. We and the selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this document may only be accurate on the date of this document, regardless of its time of delivery or of any sales of shares of our common stock. Our business, financial condition, results of operations or cash flows may have changed since such date.

MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research as well as from industry publications and research, surveys and studies conducted by third parties, including Americas Commercial Transportation Research, which we refer to as ACT Research, including their N.A. Commercial Vehicle OUTLOOK report, dated May 10, 2011, Frost & Sullivan's May 2010 report titled: Strategic Analysis of North American and European Hybrid Truck, Bus and Van Market, which we refer to as Frost & Sullivan, J. D. Power and Associates World Truck Query 1Q 2011, which we refer to as J. D. Power and Associates, and Ward's Automotive Group report, dated March 10, 2011. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources. While we believe our internal company research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source. Estimates of historical growth rates in the markets where we operate are not necessarily indicative of future growth rates in such markets.

CERTAIN TRADEMARKS

This prospectus includes trademarks, such as Allison Transmission and ReTran, which are protected under applicable intellectual property laws and are our property and/or the property of our subsidiaries. This prospectus also contains trademarks, service marks, copyrights and trade names of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies. Solely for convenience, our trademarks and tradenames referred to in this prospectus may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and tradenames.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. You should read this entire prospectus and should consider, among other things, the matters set forth under "Risk Factors," "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our financial statements and related notes thereto appearing elsewhere in this prospectus before making your investment decision. Unless otherwise noted in this prospectus, the term "Allison Holdings" means Allison Transmission Holdings, Inc. "Allison," "the Company," "Successor," "we," "us," "our" and "our company" means Allison Holdings and its subsidiaries, including Allison Transmission, Inc., our primary operating company and a wholly-owned subsidiary of Allison Holdings, which we refer to as "ATI."

Company Overview

We are the world's largest manufacturer of fully-automatic transmissions for medium- and heavy-duty commercial vehicles, medium- and heavy-tactical U.S. military vehicles and hybrid-propulsion systems for transit buses. Allison transmissions are used in a variety of applications, including on-highway trucks (distribution, refuse, construction and fire and emergency), buses (primarily school and transit), motorhomes, off-highway vehicles and equipment (primarily energy and mining) and military vehicles (wheeled and tracked). We believe the Allison brand is one of the most recognized in our industry as a result of the performance, reliability and fuel efficiency of our transmissions. We estimate that globally, in 2010, we sold approximately 60% of all fully-automatic transmissions for medium- and heavy-duty on-highway commercial vehicle applications, and we believe we are well-positioned to capitalize on attractive growth opportunities. For the years ended December 31, 2010, 2009 and 2008 we generated net sales of $1,926.3 million, $1,766.7 million and $2,061.4 million, respectively, net income (loss) of $29.6 million, $(323.9) million and $(328.1) million, respectively, Adjusted net income of $273.7 million, $49.6 million and $92.7 million, respectively, and Adjusted EBITDA of $617.0 million, $501.3 million and $544.0 million, respectively, representing a 32.0%, 28.4% and 26.4% Adjusted EBITDA margin, respectively.

We introduced the world's first fully-automatic transmission for commercial vehicles over 60 years ago. Since that time, we have driven the trend in North America and Western Europe towards increasing adoption of fully-automatic transmissions, or automaticity, by targeting a diverse range of commercial vehicle vocations. As compared to manual transmissions and automated manual transmissions, or AMTs, we believe the superior performance attributes of our fully-automatic transmissions in vocations with a high degree of "start and stop" activity, as well as in urban environments, include lower maintenance costs, reduced vehicle downtime, ease of operation, increased safety and improved driver and passenger comfort. We believe our transmissions offer increased fuel efficiency and faster acceleration, resulting in lower operating costs and increased productivity when they are used in vehicles with duty cycles that require a high degree of "start and stop" activity. As a result of these attributes, our fully-automatic transmissions are the standard or exclusive transmission offered in the powertrain configuration of certain types of vehicles in North America, including school buses, fire and emergency vehicles, medium- and heavy-tactical U.S. military vehicles and certain mining trucks. In applications where our transmission is offered as an alternative to a manual transmission or an AMT, such as distribution and refuse trucks, we believe end users frequently specify an "Allison" transmission when ordering a commercial vehicle, which can create pull-through demand for our products to our OEM customers.

We believe the Allison brand is one of the most recognized and respected names in the commercial vehicle industry and is associated with high quality, reliability, durability, vocational value, technological leadership and superior customer service. We believe our brand helps us to maintain our leading market position and to price our products commensurate with the value provided to the end user. Allison transmissions are optimized for the unique performance requirements of end users, which typically vary by vocation. Our products are highly engineered, requiring advanced manufacturing processes, and employ complex software algorithms for our transmission controls to maximize end user performance. We have developed over 100 different models that are used in more than 2,500 different vehicle configurations and are compatible with more than 500 combinations of

engine brands, models and ratings (including diesel, gasoline, compressed natural gas and other alternative fuels). In 2010, over 10,000 unique Allison developed calibrations were used with our transmission control modules. We believe our scale, experience and culture of innovation reinforce our leading market position and provide us with a competitive advantage.

Based on our market leadership, history of innovation, brand recognition and global presence, we believe we are well-positioned to capitalize on attractive growth opportunities globally. Our core North American on-highway market, which we define as Class 4-7 trucks, Class 8 straight trucks, buses (school, conventional transit, shuttle and coach) and motorhomes, is poised for recovery. According to ACT Research, on-highway commercial vehicle production in North America (excluding transit and coach bus, and motorhome) reached a 20-year low in 2009 and is anticipated to experience a compounded annual growth rate, or CAGR, of 20.8% from 2010 to 2013, although we cannot assure you that such growth rates will materialize. In addition, we believe markets outside North America represent a major growth opportunity for us, as we estimate less than 5% of the medium- and heavy-duty commercial vehicles sold outside North America in 2010 were equipped with fully-automatic transmissions, as compared to 79% in our core North American market as defined above. We intend to drive the rate of adoption of fully-automatic transmissions in commercial vehicles globally by pursuing the same vocational strategy we employ in North America, though we cannot provide any assurances that our business strategies will be successful or that fully-automatic transmissions will be increasingly adopted outside North America. Our anticipated growth outside of North America will be facilitated by our established international operations and customer relationships. For example, we are the leading provider of fully-automatic transmissions for medium- and heavy-duty commercial vehicles in China with a substantial installed base of over 30,000 Allison transmissions. In addition, in response to the evolving global focus on fuel consumption, we are developing new products to improve fuel efficiency without compromising performance. Over the last three years, we have accelerated and significantly increased our investment in research and development. Examples of our key innovations include the development of a fully-automatic hybrid-propulsion system for the medium- and heavy-duty commercial truck markets and a fully-automatic transmission for a portion of the Class 8 tractor truck market, where we currently have a limited presence.

We continue to execute on a number of manufacturing and purchasing initiatives to increase efficiency, reduce operating costs and enhance our profitability and cash flow generation capabilities. For example, in 2008, we negotiated a mutually beneficial labor agreement with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America, or UAW, which introduced a multi-tier wage and benefit structure and an annual profit-sharing incentive compensation plan for the hourly workforce tied to identical performance metrics as those used for the management team and salaried employees. As a result of our focus on improving our operating effectiveness and efficiency, we have been able to improve our Adjusted EBITDA margin by 560 basis points since 2008, despite experiencing one of the most severe economic downturns our industry has ever faced. We also established a new manufacturing facility in Chennai, India in 2010 and expect to complete another facility in Szentgotthard, Hungary in 2011, both of which will provide access to low-cost manufacturing and a geographic presence to support our growth efforts in emerging markets. As we execute our growth strategy, we believe our strong operating leverage will position us for earnings growth and cash flow generation.

Allison Transmission, Inc., which is headquartered in Speedway, Indiana, was acquired by Carlyle and Onex, which we collectively refer to as our Sponsors, in August 2007 from General Motors Corporation, or General Motors, which we refer to as the Acquisition Transaction. The Acquisition Transaction was structured as an asset purchase for U.S. federal income tax purposes, which resulted in a step-up in the U.S. federal income tax basis of our assets that allows us to take substantial amortization deductions for U.S. federal income tax purposes. As of December 31, 2010, we had $3.6 billion of unamortized intangible assets which may be amortized over a period of approximately 11.6 years. These assets are expected to generate U.S. federal income tax deductions of approximately $313 million annually through 2021 and approximately $183 million in 2022. If we generate taxable income in the future, the amortization of these assets, together with existing U.S. net operating losses of $383.1 million as of December 31, 2010, will be used to reduce our U.S. federal cash income tax payments.

Our Industry & Served Markets

Commercial vehicles typically employ one of three transmission types: manual, AMT or fully-automatic. According to Frost & Sullivan, manual transmissions are the most prevalent transmission type used in Class 8 tractors in North America and in medium- and heavy-duty commercial vehicles, generally, outside North America. Manual transmissions utilize a disconnect clutch causing power to be interrupted during each gear shift resulting in energy loss related inefficiencies and less work being accomplished for a given amount of fuel consumed. In long-distance trucking, this power interruption is not a significant factor, as the manual transmission provides its highest degree of fuel economy during steady-state cruising. However, steady-state cruising is only one part of the duty cycle. As the duty cycle experiences increasing degrees of "start and stop" activity, common in many vocations as well as in urban environments, we believe manual transmissions result in reduced performance, lower fuel efficiency, lower average speed for a given amount of fuel consumed and inferior ride quality. Moreover, the clutches must be replaced regularly, resulting in increased maintenance expense and vehicle downtime. Manual transmissions also require a skilled driver to operate the disconnect clutch when launching the vehicle and shifting gears. AMTs are manual transmissions that feature automated operation of the disconnect clutch. Fully-automatic transmissions utilize technology that smoothly shifts gears instead of a disconnect clutch, thereby delivering uninterrupted power to the wheels during gear shifts and requiring minimal driver input. These transmissions deliver superior acceleration, higher productivity, increased fuel efficiency, reduced operating costs, less driveline shock and smoother shifting relative to both manual transmissions and AMTs in vocations with a high degree of "start and stop" activity, as well as in urban environments.

We sell our transmissions globally for use in medium- and heavy-duty on-highway commercial vehicles (with limited exposure to the Class 8 tractor market), off-highway vehicles and equipment and military vehicles. In addition to the sale of transmissions, we also sell branded replacement parts, support equipment and other products necessary to service the installed base of vehicles utilizing our transmissions. The following table provides a summary of our business by end market, for the fiscal year ended December 31, 2010.

	North America					
End Market	On-highway	Hybrid Transit Bus	Off-highway	Outside North America	Military	Service Parts, Support Equipment & Other
2010 Net Sales (In Millions)	$580	$156	$120	$288	$449	$333
% of Total	31%	8%	6%	15%	23%	17%
Market Position	• #1 supplier of fully-automatic transmissions	• #1 supplier of hybrid-propulsion systems	• A leading independent supplier	• #1 supplier of fully-automatic transmissions in China and India • Established presence in Western Europe	• #1 supplier of transmissions to the U.S. military	• Approximately 1,500 dealers and distributors worldwide
Vocations or End Use	• Distribution • Emergency • Refuse • Construction • Utility • School, transit, shuttle and coach buses • Motorhome	• Hybrid transit bus • Hybrid shuttle bus	• Energy • Mining • Construction • Specialty vehicle	• Transit bus • On-highway trucks • Off-highway vehicles and equipment	• Medium- and heavy-tactical wheeled platforms • Tracked combat platforms	• Parts • Support equipment • Remanufactured transmissions • Fluids

We anticipate a number of industry trends, which are outlined below. These trends will impact demand for our transmissions if they materialize, although we cannot assure you they will result in growth for us.

Recovery of commercial vehicle demand in developed markets. The recent global economic downturn led to a significant decline in commercial vehicle production volumes in North America and Western Europe. According to ACT Research, North American on-highway commercial vehicle production is expected to increase by a 20.8% CAGR, from 178,000 units in 2010 to 314,000 units in 2013. These 2013 volumes are still below the average annual production from 1999 to 2008 of approximately 337,000 units. According to J. D. Power and Associates, commercial vehicle production in Western Europe is expected to increase by a 20.4% CAGR from 352,000 units in 2010 to 614,000 units in 2013. In 2010, we derived 82% and 6% of our net sales from North America and Western Europe, respectively. We believe our growth rate is supported by pent up demand in the North American market, resulting from deferred purchases during the economic downturn. However, we cannot assure you such growth will actually materialize.

North America Production (units in 000s)

Source: ACT Research, Ward's Automotive Group
Note: Includes Class 4-7 Truck, Class 8 Straight Truck and Bus (Excluding Transit and Coach)

Western Europe Production (units in 000s)

Source: J.D. Power and Associates Global Commercial Vehicle Forecast, 1Q 2011
Note: Includes Medium- and Heavy-Duty Commercial Vehicles

Growth in commercial vehicle demand in emerging markets. The long-term growth in demand for commercial vehicles in emerging markets is supported by broad macroeconomic trends, including population growth, increasing urbanization and greater globalization of trade. This growth and development will require greater infrastructure spending, which we believe will enhance demand for commercial vehicles in these markets. Currently, manual transmissions are the predominant transmissions used in commercial vehicles in these markets, such as China. The modernization of vehicle fleets in emerging markets is also driving demand for vehicles with increased durability and enhanced functionality, both of which we believe are factors that influence buyers of commercial vehicles to specify our transmissions. Evidence of these trends can be seen in many Chinese cities, where refuse trucks have recently been introduced to collect consumer waste and in India where original equipment manufacturers, or OEMs, have been actively upgrading commercial vehicle specifications in response to government emphasis on equipment modernization.

Increasing penetration of fully-automatic transmissions. Globally, we believe that penetration of fully-automatic transmissions was less than 10% in 2010, with far higher penetration in North America than in the rest of the world. For example, Frost & Sullivan estimates that in 2010 fully-automatic transmissions represented 37.8% of transmissions sold in the North American medium- and heavy-duty commercial vehicle markets, compared to 6.1% in Western Europe, both of which are expected to grow to 41.8% and 10.9%, respectively by 2017. We believe emerging markets will also adopt fully-automatic transmissions in medium- and heavy-duty commercial vehicles where end users are modernizing their vehicle fleets and are educated on the value proposition of fully-automatic transmissions. This belief is based in part on our experiences in the Beijing bus market and the New Delhi bus market. Increasing sales of vocational vehicles such as fire and emergency, construction and specialty vehicles, where automatics are often offered as standard equipment, will provide additional opportunities for automatic transmission growth.

Increasing emphasis on fuel efficiency and lower emissions. In response to changes in global vehicle emissions regulations and rising fuel prices, end users and commercial vehicle OEMs are seeking more environmentally friendly vehicles that, for example, consume less fuel and produce less greenhouse gases. Although demand for our hybrid-propulsion systems decreased in 2010, we believe these trends are driving demand for our transmissions, rather than manual transmissions and AMTs, and that the emphasis on fuel efficiency and the corresponding reduction in emissions will result in strong demand for the fully-automatic hybrid-propulsion system we are currently developing for the medium- and heavy-duty truck market, which we expect to introduce in 2012.

Rising demand for commodities and energy. The global economic recovery, resurgence in commodity prices and innovations in extraction techniques are expected to continue to drive an increase in energy exploration and mining activities. These factors traditionally lead to strong demand for capital equipment utilizing our off-highway transmissions. For example, new methods of extracting oil and natural gas from shale formations have driven demand for oil field equipment that utilize highly engineered heavy-duty fully-automatic transmissions. Fully-automatic transmissions are typically offered as standard equipment for these applications, as performance, reliability, equipment uptime and ease of operation are particularly critical in stationary applications.

Changing demand for reliable fully-automatic transmissions in military products. The performance characteristics of fully-automatic transmissions, including reliability, durability and ease of use, combined with the standardization of the fleet, have driven military demand for fully-automatic transmissions rather than for manual transmissions and AMTs in wheeled vehicles. Ground-based global conflicts over the past 10 years have necessitated the investment in and upgrade of wheeled and tracked vehicles, driving military spending to historically high levels. However, we expect future U.S. Department of Defense, or DOD, spending on vehicles to decline.

Our Competitive Strengths

Global Market Leader

We are the largest global manufacturer of fully-automatic transmissions for the commercial vehicle market. We estimate that globally, in 2010, we sold approximately 60% of all fully-automatic transmissions for medium- and heavy-duty on-highway commercial vehicle applications. Within North America, we believe we sell substantially all of the fully-automatic transmission products for use in Class 6-7 trucks, Class 8 straight trucks and Type C and D school buses. We are also the number one supplier of hybrid-propulsion systems for the North American hybrid transit bus market, having sold approximately 70% of all units in 2010, and we are also the number one supplier of transmissions for medium- and heavy-tactical U.S. military vehicles. Although a substantial percentage of our net sales are generated in North America, we have a global presence, serving customers in Europe, Asia, South America and Africa. We are the leading provider of fully-automatic transmissions for use in medium- and heavy-duty commercial vehicles in China and India, markets where we believe we have the greatest long-term growth opportunities.

Premier Brand and Value Proposition

In applications where our transmission is offered as an alternative to a manual transmission or an AMT, we believe end users frequently specify our transmissions by name (an “Allison” transmission) when purchasing a new vehicle, which we believe is a result of our value proposition. We also believe our premier brand, value proposition and differentiated technology, combined with our market position and long history, make us the “de facto” standard for fully-automatic transmissions in the medium- and heavy-duty commercial vehicle industry. The critical function performed by Allison transmissions in commercial vehicles enables us to achieve pricing commensurate with the value our transmissions provide to end users. We intend to build Allison brand equity by seeking to deliver end users strong returns on their investments in our transmissions.

Technology Leadership and Customization Capabilities

We believe our product technology is highly differentiated and provides us with a competitive advantage. Our decades of experience in acquiring knowledge and expertise about duty cycles and performance requirements across multiple platforms, vocations and applications resulted in the use of over 10,000 unique transmission calibrations with our transmission control modules in 2010. We leverage this knowledge to develop highly customized software algorithms that control the operation, performance and special functions of our fully-automatic transmissions. This expertise allows us to offer advanced designs properly matched to an OEM's engines and optimized for the intended vocation. We employ approximately 350 engineers and technical specialists in our product engineering group who are singularly focused on developing innovative new products and end user driven enhancements. Our engineering organization, collaboratively with our end users and OEMs, identifies and develops new products and technologies to remain at the forefront of industry innovation. As evidence of our commitment to innovation and technology, we have invested over $325.0 million in product-related research and development from 2008 to 2010.

Long-Standing OEM Customer Relationships

We maintain relationships with over 300 OEM customers and have been a long-standing key supplier to the leading commercial vehicle OEMs such as BAE Systems plc, Blue Bird Corporation, Daimler AG, Dennis Eagle Ltd., Hino Motors, Ltd., Iveco S.p.A., Isuzu Motors Limited, MAN SE, Navistar International Corporation, New Flyer Industries Inc., Oshkosh Corporation, PACCAR Inc, Scania AB, Terex Corporation and AB Volvo. We have also developed relationships with OEMs in emerging markets, such as Ashok Leyland Limited, Dongfeng Motor Co., Ltd., China FAW Group Corporation and Tata Motors Limited, and continue to be the leading supplier to the U.S. military medium- and heavy-tactical vehicle program. Many of our relationships with our largest customers span over 45 years. Our OEM customers often seek to ensure supply of our products by entering into long-term agreements with us that generally include defined levels of mutual commitment with respect to growing Allison's presence in the OEMs' products and promotional efforts, pricing and sharing of commodity cost risk. The typical length of our customer agreements is five years. OEM customers representing approximately 90% of our 2010 North American on-highway unit volume participate in long-term supply agreements with us. We have also enjoyed over a half century of government collaboration on military and defense products, and we continue to work closely with various government agencies on hybrid-propulsion systems and technologies.

Well-Positioned to Capitalize on Multiple Growth Opportunities

We believe we are in a strong position to benefit from multiple secular growth trends in our industry as well as actively develop new areas of growth due to our market leadership, history of innovation, technological capabilities, brand recognition, global presence and service network supporting a large installed-base of vehicles equipped with Allison transmissions. We believe our significant presence supplying our transmissions for use in bus applications will serve as an entry point for additional vocation and platform penetration in markets outside North America, including China, India, Brazil and Eastern Europe. In addition, we have developed a new fully-automatic transmission for a portion of the Class 8 tractor market we call the "metro" tractor market, a term for tractors that are used primarily in urban environments more than 60% of the time. We currently have a very limited presence in the metro market, which we estimate to have comprised approximately 30% of the Class 8 tractor market between 1998 and 2010, and we believe our new, fully-automatic transmission will be well suited to meet the unique duty cycle requirements of this market.

Improved Margins and Free Cash Flow Generation

Improved margins, low maintenance capital expenditures and limited cash income taxes helped us to generate strong free cash flow through the recent global economic downturn which allowed us to service and reduce indebtedness despite our net losses in 2008 and 2009. We believe our margin improvements are

sustainable and are supported by our vocational pricing model, our premier brand, superior product attributes and operational scale. In addition, the ability to shift our production and flex our workforce to match demand helps us closely manage our manufacturing costs and increase labor productivity. We believe our recent investments in manufacturing facilities located in low-cost countries position us to realize incremental cost savings. Additionally, as approximately 60% of our U.S. hourly labor force is currently retirement eligible, we expect our U.S. multi-tier labor agreement will enable us to improve our cost structure over time. As production volumes continue to recover in our developed markets and we execute on our growth strategies, we expect to benefit from future margin expansion through improved operating leverage.

Diverse End Markets

We benefit from serving a wide range of end markets and vocations. This diversification provides stability by mitigating the impact of cyclical declines in any one end market in any given period. Our end markets include a wide array of on-highway trucks (distribution, refuse, construction, fire and emergency), buses (primarily school and transit), motorhomes, off-highway vehicles and equipment (primarily energy and mining) and military vehicles (wheeled and tracked). We also benefit from a recurring base of aftermarket sales and service sales driven by the total number of Allison-equipped vehicles in service, a number that has increased over time. We have virtually no exposure today to the highly cyclical Class 8 tractor market. We believe our diverse end markets and the lack of exposure to the Class 8 tractor market helped moderate the impact of the recent global economic downturn on our financial performance.

Experienced Management Team

Our management team has established a track record for operational excellence and profitable growth. Our top six executives have an average tenure of 21 years with Allison and an average of 26 years of industry experience. The management team has consistently demonstrated its ability to improve our operations. For example, the management team successfully managed our separation from General Motors in 2007, implemented work force and manufacturing optimization initiatives, and negotiated a mutually-beneficial Allison specific U.S. hourly labor agreement with the UAW, establishing a multi-tier wage and benefit structure and a profit-sharing incentive compensation plan for the hourly workforce tied to identical performance metrics as those used for the management team and salaried employees. As a result, we have been able to improve our Adjusted EBITDA margin by 560 basis points since 2008. In addition, the management team has expanded manufacturing capacity in Chennai, India and Szentgotthard, Hungary and led the effort to significantly increase our investment in research and development with an emphasis on new products and more advanced transmission technologies.

Our Business Strategy

Expand Our Global Leadership

We will continue to leverage our brand and reputation to grow our share in all of our served markets. We remain committed to aggressively investing in research and development to enhance our leadership in advanced fuel efficient transmission technologies and innovative new products. We expect to introduce new vocational offerings that provide a value proposition to our customers with specific calibrations customized for their particular duty cycles. Additionally, we expect to continue to invest in end user and dealer targeted marketing programs to sustain pull-through demand for our products.

Accelerate Penetration of Our Products in Emerging Markets

We intend to drive the rate of adoption of fully-automatic transmissions in commercial vehicles globally by pursuing the same vocational strategy we employ in North America. We believe the current low rate of penetration of fully-automatic transmissions outside North America represents a major growth opportunity, and that we can increase our penetration rate in these markets as we further educate end users on the value

proposition of our products and they continue to modernize their fleets. According to Frost & Sullivan, fully-automatic transmission market share in Western Europe is projected to increase to 10.9% over the next 7 years, from 6.1% in 2010. We also believe China, India, Brazil and Eastern Europe represent significant growth markets for us, although we cannot assure you that such growth will materialize, as we estimate automaticity to be low in these markets due to the entrenched use of manual transmissions and high levels of OEM integration. In China and India, we intend to leverage our existing presence in transit bus and off-highway vehicles and equipment to gain additional vehicle releases with OEMs and drive automaticity in targeted vocations. In China, for example, we have grown significantly in commercial vehicles used to transport cargo at shipping ports (dock spotters), increasing our share from essentially 0% in 2004 to virtually 100% in 2010. In targeted vocations such as fire and emergency, construction and specialty vehicles (e.g., crane carriers), we have increased the number of vehicle configurations in which our transmissions are available from 17 in 2008 to 53 in 2010, and we expect this trend to continue in the coming years. In Brazil, Eastern Europe and India we will continue to pursue a similar vocational strategy in addition to focusing on growth opportunities in wheeled military vehicles in India and Turkey and off-highway vehicles and equipment in Brazil and India.

To support our strategies in these emerging markets, we established a new manufacturing facility in Chennai, India in 2010 and expect to complete another facility in Szentgotthard, Hungary in 2011. These facilities will be used to manufacture components for our global manufacturing operations as well as assemble transmission products for emerging markets. In addition, since 2007, we have increased our marketing, sales and service headcount in the China, India, Brazil and Russia regions by 68%, including a 155% increase in China and India.

Continue Development of New Technologies and Products

We have more new products under development today than at any time in our history. We are leveraging our success in hybrid transit buses to introduce a new hybrid-propulsion system for medium- and heavy-duty commercial trucks for which we received a $62.8 million cost-share grant from the DOE. We will pursue sales in the Class 6-7 and Class 8 straight truck markets as well as other end markets with this technology. We expect the first of these new products, for the medium-duty commercial truck market, will begin production in late 2012. The objective for this family of hybrid-propulsion systems is to create an improvement in fuel efficiency of 25% to 35% for a typical vehicle, depending upon vocation and duty cycle. We will continue to invest in these and other advanced fuel efficient technologies.

Leverage Our Efficient Cost Structure to Deliver Strong Cash Flow

We intend to capitalize on our scalable cost structure to enhance our margins and deliver improved earnings and cash flow. In connection with the Acquisition Transaction, we incurred indebtedness of approximately $4.2 billion, of which approximately $3.7 billion remains outstanding as of March 31, 2011. We intend to continue to reduce our overall levels of indebtedness in the future. We have improved our cost structure and manufacturing efficiency through the implementation of lean manufacturing strategies, among other operational efficiency-focused initiatives, and we expect these improvements to continue. Additionally, management expects to continue to employ a disciplined approach to capital expenditures and operating working capital consistent with past practice, all of which we believe will result in strong earnings growth and cash flow generation.

Recent Developments

Senior Notes Offering

On May 6, 2011, ATI consummated an offering of $500.0 million of 7.125% senior notes due 2019, or the New Notes, in reliance on the exemption from registration provided by Rule 144A under the Securities Act of 1933, or the Securities Act, to qualified institutional investors and to certain non-U.S. persons in offshore

transactions in reliance on Regulation S under the Securities Act. The proceeds from this offering, together with cash on hand, were used to repay existing indebtedness of ATI and related fees, expenses and premiums, including ATI's 11.25% senior toggle notes due 2015, or the Senior Toggle Notes, plus accrued and unpaid interest and applicable premiums, in an aggregate amount equal to approximately $598.0 million.

Tender Offer

On April 15, 2011, ATI launched a cash tender offer to purchase any and all of its Senior Toggle Notes. The tender offer expired at midnight, New York City time, on May 12, 2011, and approximately 93% of the aggregate principal amount, or approximately $468.1 million in aggregate principal amount, of the Senior Toggle Notes were tendered.

Amendment to Senior Secured Credit Facility

On May 13, 2011, ATI entered into an amendment to extend the maturity of the revolving portion of the Senior Secured Credit Facility from August 7, 2013 to August 7, 2016 and to give it the flexibility to extend the maturity of the term loan portion of the Senior Secured Credit Facility at a later date. The amendment also increases ATI's ability to make foreign and general investments and resets the amount available for discounted voluntary prepayments of the term loan.

Risks Related to Our Business

Investing in our common stock involves substantial risk. You should carefully consider all of the information in this prospectus prior to investing in our common stock. There are several risks related to our business that are described under "Risk Factors" elsewhere in this prospectus. Among these important risks are the following:

- our participation in markets that are competitive;
- general economic and industry conditions;
- our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments and changing customer needs;
- failure of markets outside North America to increase adoption of fully-automatic transmissions in our markets served due to such factors as entrenched use of manual transmissions and high levels of OEM integration;
- 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;
- the concentration of our net sales in our top five customers and the loss of any one of these;
- labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers;
- our ability to maintain cost controls;
- risks related to our substantial indebtedness;
- Carlyle and Onex will be able to control our common stock; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

Our Sponsors

As of March 31, 2011, Carlyle and Onex each owned approximately 49.8% of our common stock with the remainder owned by certain current directors and employees.

Carlyle is a global alternative asset manager with $106.7 billion of assets under management committed to 84 funds as of December 31, 2010. Carlyle invests across three asset classes—private equity, real estate and credit alternatives—in Africa, Asia, Australia, Europe, North America and South America focusing on aerospace & defense, industrial & transportation, consumer & retail, energy & power, financial services, healthcare, infrastructure, technology & business services and telecommunications & media. Since 1987, the firm has invested $68.7 billion of equity in 1,035 transactions. Carlyle employs more than 900 people in 19 countries. Representative Carlyle transactions include the acquisitions of The Hertz Corporation, the largest worldwide car rental brand, Booz Allen, a provider of management consulting for businesses and governments, Kinder Morgan, an energy pipeline and storage company, and The Nielsen Company, an information and data measurement company.

Onex is one of North America's oldest and most successful investment firms committed to acquiring and building high-quality businesses in partnership with talented management teams. Onex makes private equity investments through the Onex Partners and ONCAP families of funds and has completed 290 acquisitions with a total value of approximately $49 billion Canadian Dollars. Over Onex's history, it has had extensive experience investing in industrial businesses. Onex's recent investments include Tomkins Limited, Husky International Ltd., Carestream Health, Inc, Hawker Beechcraft Corporation and Spirit AeroSystems, Inc. Onex's businesses generate annual revenues of $36 billion Canadian Dollars have assets of $42 billion Canadian Dollars and employ more than 238,000 people worldwide. Onex shares trade on the Toronto Stock Exchange under the stock symbol OCX.

On August 7, 2007, the Sponsors entered into a services agreement with ATI, pursuant to which ATI pays the Sponsors an annual fee of approximately $3.0 million for certain advisory, consulting and other services to be performed by the Sponsors. In connection with the consummation of this offering, ATI will pay Carlyle and Onex a termination fee of approximately $16 million in consideration of the Sponsors' agreement to terminate the services agreement.

Corporate Information

Allison Transmission Holdings, Inc. was incorporated in Delaware on June 22, 2007. Our principal executive offices are located at 4700 West 10th Street, Indianapolis, IN 46222 and our telephone number is (317) 242-5000. Our internet address is www.allisontransmission.com. The contents of our website are not part of this prospectus.

The Offering

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Selling stockholders	The selling stockholders in this offering are Carlyle and Onex. See "Principal and Selling Stockholders."
Common stock outstanding after this offering	shares
Overallotment option	We and the selling stockholders have granted the underwriters a 30-day option to purchase up to an additional and shares of our common stock, respectively, at the initial public offering price to cover overallotments, if any.
Use of proceeds	We estimate we will receive net proceeds of approximately $ million from this offering, based on an assumed public offering price of $ per share, which is the midpoint of the range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any net proceeds from the sale of shares by the selling stockholders, including with respect to the underwriters' overallotment option. We intend to use the net proceeds from this offering for the repayment of ATI's 11.00% senior cash pay notes due 2015, or the Senior Cash Pay Notes, for payment of related fees, expenses and premiums and for general corporate purposes. See "Use of Proceeds" for additional information.
Proposed NYSE symbol	"ALSN."
Risk factors	See "Risk Factors" beginning on page 16 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.

The number of shares of our common stock to be outstanding after completion of this offering is based on shares outstanding as of March 31, 2011, which includes shares to be sold by selling stockholders and excludes:

- shares of common stock issuable upon the exercise of options outstanding at a weighted average exercise price of $ per share; and
- shares of common stock reserved for issuance under our 2011 Equity Incentive Award Plan, which we plan to adopt in connection with this offering.

Unless we specifically state otherwise, all information in this prospectus assumes:

- the conversion of shares of non-voting common stock held by current employees to common stock concurrent with the consummation of this offering;
- no exercise of the overallotment option by the underwriters; and
- an initial offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

Concurrently with the closing of this offering, the number of our authorized common stock will be increased to shares, and each share of common stock then outstanding will be split into shares of common stock by way of a stock split. Unless we specifically state otherwise, the share information in this prospectus reflects the increase in the authorized number of our common stock and the stock split.

Summary Historical Financial Data

The following tables set forth our summary historical financial data for the years ended December 31, 2010, 2009 and 2008 and the three months ended March 31, 2011 and 2010. Our summary historical balance sheet data as of December 31, 2010, 2009 and 2008 and income statement data for each of the years in the three-year period ended December 31, 2010 has been derived from our audited financial statements. Our summary historical balance sheet and income statement data for each of the three months ended March 31, 2011 and 2010 has been derived from our unaudited financial statements. The financial data set forth below are not necessarily indicative of future results of operations. This data should be read in conjunction with, and is qualified in its entirety by reference to, the "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization" sections and our financial statements and notes thereto included elsewhere in this prospectus.

	For the three months ended March 31, (unaudited)		For the year ended December 31,		
(in millions, except for share and per share data)	2011	2010	2010	2009	2008
Consolidated Statement of Operations Data:					
Net sales	$ 517.0	$ 473.7	$ 1,926.3	$ 1,766.7	$ 2,061.4
Cost of sales	287.0	264.4	1,098.1	1,146.9	1,325.5
Gross profit	230.0	209.3	828.2	619.8	735.9
Operating expenses:					
Selling, general and administrative expenses	100.9	92.0	384.9	391.2	412.6
Engineering — research and development	30.3	26.0	101.5	89.7	88.6
Trade name impairment	—	—	—	190.0	179.8
Total operating expenses	131.2	118.0	486.4	670.9	681.0
Operating income (loss)	98.8	91.3	341.8	(51.1)	54.9
Other income (expense), net:					
Interest income	0.2	0.4	3.5	1.4	5.1
Interest expense	(49.8)	(73.1)	(281.0)	(235.6)	(391.0)
Other income, net	5.7	6.1	19.0	2.8	40.0
Total other income (expense), net	(43.9)	(66.6)	(258.5)	(231.4)	(345.9)
Income (loss) before income taxes	54.9	24.7	83.3	(282.5)	(291.0)
Income tax expense	(18.0)	(14.3)	(53.7)	(41.4)	(37.1)
Net income (loss)	$ 36.9	$ 10.4	$ 29.6	$ (323.9)	$ (328.1)
Earnings (Loss) Per Share Data:					
Basic and diluted earnings (loss) per share	$ 0.24	$ 0.07	$ 0.19	$ (2.12)	$ (2.14)
Weighted-average shares outstanding (in thousands)	153,060	153,039	153,053	153,015	153,121
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 352.4	$ 168.8	$ 252.2	$ 153.1	$ 237.9
Property, plant & equipment — net	580.8	605.0	595.3	621.1	637.9
Total assets	5,413.4	5,381.5	5,310.4	5,410.8	5,977.8
Total current liabilities	467.6	442.5	417.5	393.6	570.9
Total debt	3,671.1	3,769.1	3,671.1	3,874.1	3,991.3
Stockholders' equity	790.5	748.3	741.7	736.6	1,015.5
Statement of Cash Flows Data:					
Net cash provided by operating activities	$ 109.9	$ 118.9	$ 388.9	$ 168.7	$ 268.1
Net cash used for investing activities	(5.8)	(10.0)	(95.3)	(113.2)	(74.9)
Net cash used for financing activities	—	(99.8)	(197.9)	(135.4)	(188.1)
Other Financial and Operating Data:					
Capital expenditures	$ 11.6	$ 7.1	$ 73.8	$ 88.2	$ 75.3
Adjusted net income(1)	111.0	102.4	273.7	49.6	92.7
Adjusted EBITDA(1)	169.3	157.7	617.0	501.3	544.0
Adjusted EBITDA margin(1)	32.7%	33.3%	32.0%	28.4%	26.4%

(1) We use Adjusted net income, Adjusted EBITDA and Adjusted EBITDA margin to evaluate our performance relative to that of our peers. In addition, the Senior Secured Credit Facility has certain covenants that incorporate Adjusted EBITDA. However, Adjusted net income, Adjusted EBITDA and Adjusted EBITDA margin are not measurements of financial performance under GAAP, and these metrics may not be comparable to similarly titled measures of other companies. Adjusted net income is calculated as the sum of net income (loss), interest expense, net, income tax expense, trade name impairment and amortization of intangible assets, less cash interest expense, net and cash income taxes. Adjusted EBITDA is calculated as the sum of Adjusted net income, cash interest expense, net, cash income taxes, depreciation of property, plant and equipment and other adjustments as defined by the Senior Secured Credit Facility and as further described below. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by net sales.

We use Adjusted net income to measure our overall profitability because it better reflects our cash flow generation by capturing the actual cash taxes paid rather than our tax expense as calculated under GAAP and excludes the impact of the non-cash annual amortization of certain intangible assets that were created at the time of the Acquisition Transaction. We use Adjusted EBITDA and Adjusted EBITDA margin to evaluate and control our cash operating costs and to measure our operating profitability. We believe the presentation of Adjusted net income, Adjusted EBITDA and Adjusted EBITDA margin enhances our investors' overall understanding of the financial performance and cash flow of our business.

You should not consider Adjusted net income, Adjusted EBITDA and Adjusted EBITDA margin as an alternative to net income (loss), determined in accordance with GAAP, as an indicator of operating performance, or as an alternative to net cash provided by operating activities, determined in accordance with GAAP, as an indicator of Allison's cash flow.

A directly comparable GAAP measure to Adjusted net income and Adjusted EBITDA is net income (loss). The following is a reconciliation of net income (loss) to Adjusted net income, Adjusted EBITDA and Adjusted EBITDA margin:

	For the three months ended March 31, (unaudited)		For the year ended December 31,		
(in millions)	2011	2010	2010	2009	2008
Net income (loss)	$ 36.9	$ 10.4	$ 29.6	$ (323.9)	$ (328.1)
plus:					
Interest expense, net	49.6	72.7	277.5	234.2	385.9
Cash interest expense, net	(29.9)	(32.4)	(239.1)	(242.5)	(334.2)
Income tax expense	18.0	14.3	53.7	41.4	37.1
Cash income taxes	(1.6)	(1.2)	(2.2)	(5.5)	(4.3)
Trade name impairment	—	—	—	190.0	179.8
Amortization of intangible assets	38.0	38.6	154.2	155.9	156.5
Adjusted net income	$ 111.0	$ 102.4	$ 273.7	$ 49.6	$ 92.7
Cash interest expense, net	29.9	32.4	239.1	242.5	334.2
Cash income taxes	1.6	1.2	2.2	5.5	4.3
Depreciation of property, plant and equipment	25.7	23.5	99.6	105.9	106.6
Dual power inverter module extended coverage(a)	—	—	(1.9)	11.4	2.2
Gain on repurchases of long-term debt(b)	—	(4.1)	(3.3)	(8.9)	(21.0)
Unrealized (gain) loss on hedge contracts(c)	(1.6)	(0.6)	0.1	(5.8)	—
Reduction of supply contract liability(d)	—	—	(3.4)	—	—
Restructuring charges(e)	—	—	—	47.9	15.7
Legacy employee benefits(f)	—	—	—	36.6	(14.6)
Equity income(g)	—	—	—	3.1	(3.1)
Benefit plan adjustment(h)	—	—	—	2.5	—
Transitional costs(i)	—	—	—	2.0	19.6
Pension curtailment adjustment(j)	—	—	—	(1.3)	—
UAW Local 933 signing bonus(k)	—	—	—	—	4.4
Employee disability coverage(l)	—	—	—	—	(7.0)
Other, net(m)	2.7	2.9	10.9	10.3	10.0
Adjusted EBITDA	$ 169.3	$ 157.7	$ 617.0	$ 501.3	$ 544.0
Net sales	$ 517.0	$ 473.7	$ 1,926.3	$ 1,766.7	$ 2,061.4
Adjusted EBITDA margin	32.7%	33.3%	32.0%	28.4%	26.4%

(a) During June 2007 our Predecessor, Allison Transmission, an operating unit of General Motors, provided its customers an extended coverage program for the Dual Power Inverter Module, or DPIM, used on H 40/50 EP hybrid-propulsion transit bus systems. Certain units were falling short of their expected service life and the Predecessor decided to cover repair/replacement for an extended period. In accordance with the terms of an agreement with General Motors, we are responsible for the first $12.0 million of cost and General Motors is responsible for the next $34.0 million of costs, with any amount over $46.0 million being shared one-third by Allison and two-thirds by General Motors for shipments through June 30, 2009. Special coverage expenses associated with shipments subsequent to June 30, 2009 are our responsibility. The estimated total cost of servicing the installed base required us to record charges of $11.4 million and $2.2 million (recorded in selling, general and administrative expenses) for the years ended 2009 and 2008, respectively, for our pro-rata share under the terms of the agreement.

During 2010, we conducted a review of the DPIM liability using current claim and field information. The completion of the review resulted in a $22.7 million reduction of the DPIM liability, partially offset by a $20.8 million reduction of the General Motors receivable totaling a net credit of $1.9 million (recorded in selling, general and administrative expenses). The total liability and General Motors receivable will continue to be reviewed for any changes in estimate as additional claims data and field information become available.

(b) Represents a ($4.1) million gain (recorded in other income, net) realized on repurchases of the Senior Secured Credit Facilities for the three months ended March 31, 2010. Represents a ($3.3) million, ($8.9) million and ($21.0) million gain (recorded in other income, net) realized on repurchases and repayments of the Senior Secured Credit Facilities and the Senior Cash Pay Notes, and the Senior Toggle Notes, and collectively with the Senior Cash Pay Notes, the Senior Notes in 2010, 2009 and 2008, respectively.

(c) Represents ($1.6) million and ($0.6) million of unrealized gains (recorded in other income, net) on the mark to market of our foreign currency and commodities contracts as of March 31, 2011 and 2010, respectively. Represents a $0.1 million unrealized loss (recorded in other income, net) on the mark to market of our commodity and foreign currency hedge contracts in 2010. Represents a ($5.8) million unrealized gain (recorded in other income, net) on the mark to market of our commodity contracts in 2009.

(d) Represents an adjustment of ($3.4) million (recorded in other income, net) due to the elimination of a severance liability required under the contract manufacturing agreement with General Motors-Powertrain-Hungary. The original contract manufacturing agreement was replaced with a new agreement that expires in the second quarter of 2016.

(e) Represents restructuring expenses related to the employee headcount reduction programs announced in the fourth quarter of 2008 (salaried retirement incentive program) and the first quarter of 2009 (hourly retirement incentive program and salaried reduction in force program), collectively referred to as the Employee Headcount Reduction Programs. The $47.9 million ($29.4 million recorded in cost of sales, $1.0 million recorded in selling, general and administrative expenses, $0.2 million recorded in engineering — research and development, and $17.3 million recorded in other income, net) represents the expense recorded in 2009 while the $15.7 million ($11.0 million recorded in cost of sales, $2.4 million recorded in selling, general and administrative expenses, and $2.3 million recorded in engineering—research and development) represents the expense recorded in 2008. Expenses include severance costs, pension curtailment loss and OPEB related expenses.

(f) Represents a charge of $36.6 million (recorded in cost of sales) to eliminate the OPEB receivables with General Motors, resulting from a Cure Agreement pursuant to General Motors' emergence from bankruptcy in 2009. As a result, we have no further obligation to reimburse General Motors for our pro-rata share of OPEB expenses.

Represents a ($14.6) million adjustment (recorded in other income, net) to record the net change in our General Motors receivable/payable related to our share of legacy employee benefits paid to retired Allison employees driven by unrealized actuarial gains and losses in 2008.

(g) Represents a $3.1 million adjustment (recorded in cost of sales) of shared income with General Motors. In August 2007, we entered into an agreement with General Motors to share income from General Motors' Brazil transmission business until we could establish our own legal entity in Brazil. We established our

Brazil legal entity in December 2008 at which time we, with agreement from General Motors, accrued the adjustment for shared income. This adjustment was considered a sharing of equity income until cash was received from General Motors according to the Senior Secured Credit Facility. General Motors disbursed the funds in February of 2009.

(h) Represents a $2.5 million charge ($0.8 million recorded in cost of sales, $0.9 million recorded in selling, general and administrative expenses, and $0.8 million recorded in engineering—research and development) related to certain differences between benefits promised under certain defined benefit plans and the administration of those plans.

(i) Represents costs to establish us as a stand-alone entity of $2.0 million ($1.1 million recorded in selling, general and administrative expenses and $0.9 million recorded in engineering — research and development) in 2009 and $19.6 million ($19.1 million recorded in selling, general and administrative expenses and $0.5 million recorded in cost of sales) in 2008. These costs include, but are not limited to, costs associated with information technology, legal, human resources, government compliance, payroll, accounts receivable, accounts payable, tax, treasury and engineering.

(j) Represents a curtailment adjustment of ($1.3) million (recorded in selling, general and administrative expenses) for our European subsidiary's defined benefit plan resulting from an adjustment in retirement benefits for its employees.

(k) Represents a $4.4 million (recorded in cost of sales) bonus to UAW Local 933 — represented employees recorded in the second quarter of 2008 for ratifying a local labor contract on May 13, 2008, which is effective May 19, 2008 through November 13, 2012.

(l) Represents a ($7.0) million adjustment ($4.9 million recorded in cost of sales, $1.3 million recorded in selling, general and administrative expenses and $0.8 million recorded in engineering — research and development) recorded in the fourth quarter of 2008 to decrease our long-term employee disability liability by converting from self insured to a premium based insurance program.

(m) Represents employee stock compensation expense, service fees (recorded in selling, general and administrative expenses) paid to our Sponsors and a third quarter 2010 adjustment of ($0.4) million (recorded in selling, general and administrative expenses) related to the settlement of litigation which originated with the Predecessor but was assumed by the Company as part of the Acquisition Transaction.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should consider carefully the following risks and other information contained in this prospectus before you decide whether to buy our common stock. If any of the events contemplated by the following discussion of risks should occur, our business, results of operations and financial condition could suffer significantly. As a result, the market price of our common stock could decline, and you may lose all or part of the money you paid to buy our common stock. The following is a summary of all the material risks known to us.

Risks Related to Our Business

We have experienced significant losses and we cannot assure you that we will achieve or maintain profitability.

Although our net income for fiscal year 2010 was $29.6 million, for the 2007 period following the Acquisition Transaction (August 7, 2007 to December 31, 2007) and fiscal years 2008 and 2009, we had net losses of $164.3 million, $328.1 million and $323.9 million, respectively. Our ability to achieve or maintain profitability is dependent upon a number of risks and uncertainties, many of which are beyond our control. We cannot assure you that we will be successful in executing our business strategy and achieving or maintaining profitability, and our failure to do so could have a material adverse effect on the price of our common stock and our ability to satisfy our obligations, including making payments on our indebtedness.

We participate in markets that are competitive, and our competitors' actions could have a material adverse effect on our business, results of operations and financial condition.

Our business operates in competitive markets. We compete against other global manufacturers on the basis of product performance, quality, price, distribution capability and service in addition to other factors. Actions by our competitors could lead to downward pressure on prices and/or a decline in our market share, either or both of which could adversely affect our results. We face competition from domestic manufacturers of manual transmissions, AMTs and fully-automatic transmissions for commercial vehicles. In particular, we could face competition from well-capitalized entrants into the transmission market, as well as from aggressive pricing tactics by other transmission manufacturers trying to gain market share. We also face competition from international manufacturers in our international operations and from international manufacturers entering our domestic market.

In addition, some of our customers or future customers are OEMs that manufacture or could in the future manufacture transmissions for their own products. Despite their transmission manufacturing abilities, our existing OEM customers have chosen to purchase certain transmissions from us due to customer demand, resulting from the quality of our transmission products, and in order to reduce fixed costs, eliminate production risks and maintain company focus. However, we cannot be certain these customers will continue to purchase our products in the future. Increased levels of production insourcing by these customers could result from a number of factors, such as shifts in our customers' business strategies, acquisition by a customer of another transmission manufacturer, the inability of third-party suppliers to meet specifications and the emergence of low-cost production opportunities in foreign countries. As a result, these OEMs may use transmissions produced internally or by another manufacturer and no longer choose to purchase transmissions from us. A significant reduction in the level of external sourcing of transmission production by our OEM customers could significantly impact our net sales and cash flows and, accordingly, have a material adverse effect on our business, results of operations and financial condition.

Continued volatility in and disruption to the global economic environment may have a material adverse effect on our business, results of operations and financial condition.

The global economy has recently experienced a period of significant volatility and disruption. The commercial vehicle industry as a whole has been more adversely affected by the economic conditions than many

other industries, as the purchase or replacement of commercial vehicles, which are durable items, can be deferred for many reasons, including reduced spending by end users. These deferred acquisitions have had a material adverse effect on our results of operations, particularly in 2008 and 2009 in which our net losses were $328.1 million and $323.9 million, respectively. Many of the economic and market conditions that drove the drop in commercial vehicle sales, primarily continued reduced spending by end users, continue to affect sales. Furthermore, financial instability or bankruptcy at any of our suppliers or customers could disrupt our ability to manufacture our products and impair our ability to collect receivables, any or all of which may have a material adverse effect on our business, results of operations and financial condition.

Certain of our end users operate in highly cyclical industries, which can result in uncertainty and significantly impact the demand for our products, which could have a material adverse effect on our business, results of operations and financial condition.

Some of the markets in which we operate, including energy, mining, construction, distribution and motorhome, exhibit a high degree of cyclicality. Decisions to purchase our transmissions are largely a result of the performance of these and other industries we serve. If demand for output in these industries decreases, the demand for our products will likely decrease. Demand in these industries is impacted by numerous factors including prices of commodities, rates of infrastructure spending, housing starts, real estate equity values, interest rates, consumer spending, fuel costs, energy demands, municipal spending and commercial construction, among others. Increases or decreases in these variables globally may significantly impact the demand for our products, which could have a material adverse effect on our business, results of operations and financial condition. If we are unable to accurately predict demand, we may be unable to meet our customers' needs, resulting in the loss of potential sales, or we may manufacture excess products, resulting in increased inventories and overcapacity in our production facilities, increasing our unit production cost and decreasing our operating margins.

Our long-term growth prospects and results of operations may be impaired if the rate of adoption of fully-automatic transmissions in commercial vehicles outside North America does not increase.

Our long-term growth strategy depends in part on an increased rate of automaticity outside North America. As part of that strategy, we have established new manufacturing facilities in India and Hungary. We have also dedicated significant human resources to serve markets where we anticipate increased adoption of automaticity, including China, India, Brazil and Russia. However, manual transmissions remain the market leader outside North America and there can be no assurance that adoption of automatic transmissions will increase. Factors potentially impacting adoption of automatic transmissions outside of North America may include the large existing installed base of manual transmissions, customer preferences for manual transmissions, commercial vehicle OEM integration into manual transmission and AMT manufacturing, and failure to further develop the Allison brand. If the rate of adoption of fully-automatic transmissions does not increase as we have anticipated, our long-term growth prospects and results of operations may be impaired.

Any events that impact our brand name, including if the products we manufacture or distribute are found to be defective, could have an adverse effect on our reputation, cause us to incur significant costs and negatively impact our business, results of operations and financial condition.

We face exposure to product liability claims in the event that the use of our products has, or is alleged to have, resulted in injury, death or other adverse effects. We currently maintain product liability insurance coverage, but we cannot be assured that we will be able to obtain such insurance on acceptable terms in the future, if at all, or that any such insurance will provide adequate coverage against potential claims. Product liability claims can be expensive to defend and can divert the attention of management and other personnel for long periods of time, regardless of the ultimate outcome. An unsuccessful product liability defense could have a material adverse effect on our business, results of operation, financial condition or prospects. If one of our products is determined to be defective, we may face substantial warranty costs and may be responsible for significant costs associated with a product recall or a redesign. We have had defect and warranty issues associated with certain of our products in the past, such as our H 40/50 EP hybrid-propulsion transit bus system,

where certain units were falling short of their expected service life and our Predecessor decided to cover repair and replacement for an extended period. See footnote 9 to our Consolidated Financial Statements for the year ended December 31, 2010 for additional details regarding this warranty issue. We cannot assure you similar product defects will not occur in the future.

Furthermore, our business depends on the strong brand reputation we have developed. In addition to the risk of defective products we face with our new product installations, we also face significant risks in our efforts to penetrate new markets, where we have limited brand recognition. In the event we are not able to maintain or enhance our brand in these new markets or our reputation is damaged in our existing markets as a result of product defects or recalls, we may face difficulty in maintaining our pricing positions with respect to some of our products or experience reduced demand for our products, which could negatively impact our business, results of operations and financial condition.

We may not be successful in introducing our new products and responding to customer needs.

We currently have more new products under development than at any time in our history as a result of increased spending on new product development. The development of new products is difficult and the timetable for commercial release is uncertain, and we may not be successful in introducing our new products and responding to customer needs. If we do not adequately anticipate the changing needs of our customers by developing and introducing new and effective products on a timely basis, our competitive position and prospects could be harmed. If our competitors are able to respond to changing market demands and adopt new technologies more quickly than we do, demand for our products could decline, our competitive position could be harmed, and we will not be able to recoup a return on our development investments. Moreover, changing customer demands as well as evolving safety and environmental standards could require us to adapt our products to address such changes. As a result, in the future we may experience delays in the introduction of some or all of our new products or modifications or enhancements of existing products. Furthermore, there may be production delays due to unanticipated technological setbacks, which may, in turn, delay the release of new products to our end users. If we experience significant delays in production, our net sales and results of operations may be materially adversely affected.

Our success depends on continued research and development efforts, the outcome of which is uncertain.

Our success depends on our ability to improve the efficiency and performance of our transmissions, and we invest significant resources in research and development in order to do so. Nevertheless, the research and development process is time-consuming and costly, and offers uncertain results. We may not be able through our research and development efforts to keep pace with improvements in transmission-related technology of our competitors, and licenses for technologies that would enable us to keep pace with our competitors may not be available on commercially reasonable terms if at all. Finally, our research and development efforts, and generally our ability to introduce improved products in the marketplace, may be constrained by the patents and other intellectual property rights of competitors and others.

Sales of our hybrid-propulsion systems may be negatively impacted if governmental entities elect not to subsidize the purchase of such products by end users.

The sales of our hybrid-propulsion systems for use in transit buses may be negatively impacted if governmental entities elect not to subsidize the purchase of such products by end users. In 2010, we derived approximately 8% of our net sales from the sale of hybrid-propulsion systems for use in transit buses to city, state and federal governmental end users. Such end users may be eligible to receive certain subsidies as a result of their purchase of vehicles using hybrid-propulsion systems. For example, the Federal Transit Authority and DOE provide funds for end users to pursue alternative fuel propulsion systems. While we do not directly receive these subsidies, if any of the subsidizing entities elect to curtail such subsidies to end users for any reason, including governmental budget reductions and related fiscal matters, failure of our hybrid technology to qualify for such subsidies or redundancy by alternative technologies created by our competitors, our sales from our hybrid-propulsion systems may be negatively impacted. In 2010, we experienced a 23.0% decrease in revenue generated from hybrid-propulsion systems for transit buses.

Our sales are concentrated among our top five OEM customers and the loss or consolidation of any one of these customers or the discontinuation of particular vehicle models for which we are a significant supplier could reduce our net sales and have a materially adverse effect on our results of operations.

We have in the past and may in the future derive a significant portion of our net sales from a relatively limited number of OEM customers. For the years ended December 31, 2010, 2009 and 2008, our top five customers accounted for approximately 41%, 43% and 41% of our net sales, respectively. Our top two customers, Navistar and Daimler, each accounted for approximately 10% of our net sales during 2010. As discussed earlier in this section, the vehicle industry, including our customers and suppliers, is experiencing significant disruption in the current economic environment. The loss of, or consolidation of any one of these customers, or a significant decrease in business from, one or more of these customers could harm our business. In January 2010, we received a late payment of $14.2 million from one of our top five customers that was due in December 2009. We cannot assure you that we will not experience future late payments by our customers, and any late payments in the future may be material. In addition, the discontinuation of, particular vehicle models for which we are a significant supplier could reduce our net sales and have a material adverse effect on our results of operations.

Our international operations, in particular our emerging markets, are subject to various risks which could have a material adverse effect on our business, results of operations and financial condition.

Our business is subject to certain risks associated with doing business internationally, particularly in emerging markets. Non-North American net sales represented approximately 18% of our net sales for 2010. Most of our operations are in the U.S., but we also have a manufacturing facility in India, a manufacturing services agreement with General Motors Powertrain — Hungary Ltd. and customization centers in Brazil, The Netherlands, India and China. Further, we intend to continue to pursue growth opportunities for our business in a variety of business environments outside the U.S., which could exacerbate the risks set forth below. Our international operations are subject to, without limitation, the following risks:

- the burden of complying with multiple and possibly conflicting laws and any unexpected changes in regulatory requirements;
- foreign currency exchange controls, import and export restrictions and tariffs, including restrictions promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, and other trade protection regulations and measures;
- political risks, including risks of loss due to civil disturbances, acts of terrorism, acts of war, guerilla activities and insurrection;
- unstable economic, financial and market conditions and increased expenses as a result of inflation, or higher interest rates;
- difficulties in enforcement of third-party contractual obligations and intellectual property rights and collecting receivables through foreign legal systems;
- difficulty in staffing and managing international operations and the application of foreign labor regulations;
- differing local product preferences and product requirements;
- fluctuations in currency exchange rates to the extent that our assets or liabilities are denominated in a currency other than the functional currency of the country where we operate;
- potentially adverse tax consequences from changes in tax laws, requirements relating to withholding taxes on remittances and other payments by subsidiaries and restrictions on our ability to repatriate dividends from our subsidiaries; and

- exposure to liabilities under anti-corruption and anti-money laundering laws, including the U.S. Foreign Corrupt Practices Act, or FCPA, and similar laws and regulations in other jurisdictions.

Any one of these factors could materially adversely affect our sales of products or services to international customers or harm our reputation, which could materially adversely affect our business, results of operations and financial condition.

Our international operations require us to comply with anti-corruption laws and regulations of the U.S. government and various international jurisdictions.

Doing business on a worldwide basis requires us and our subsidiaries to comply with the laws and regulations of the U.S. government and various international jurisdictions, and our failure to comply with these rules and regulations may expose us to liabilities. These laws and regulations may apply to companies, individual directors, officers, employees and agents, and may restrict our operations, trade practices investment decisions and partnering activities. In particular, our international operations are subject to U.S. and foreign anti-corruption laws and regulations, such as the FCPA. The FCPA prohibits U.S. companies and their officers, directors, employees and agents acting on their behalf from corruptly offering, promising, authorizing or providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately and fairly reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. As part of our business, we deal with state-owned business enterprises, the employees and representatives of which may be considered foreign officials for purposes of the FCPA. In addition, some of the international locations in which we operate lack a developed legal system and have elevated levels of corruption. As a result of the above activities, we are exposed to the risk of violating anti-corruption laws. Violations of these legal requirements are punishable by criminal fines and imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts as well as other remedial measures. We have established policies and procedures designed to assist us and our personnel in complying with applicable U.S. and international laws and regulations. However, our employees, subcontractors and agents could take actions that violate these requirements, which could adversely affect our reputation, business, financial condition and results of operations.

The current economic environment could adversely affect our ability and the ability of our customers and suppliers to obtain credit.

In the current economic environment, some of our customers and suppliers may experience serious cash flow problems and, thus, may find it difficult to obtain financing, if financing is available at all. As a result, our customers' need for and ability to purchase our products or services may decrease, and our suppliers may increase their prices, reduce their output or change their terms of sale. Any inability of customers to pay us for our products and services, or any demands by suppliers for different payment terms, may materially and adversely affect our results of operations and financial condition. For example, in 2010, we experienced lower accounts receivable due to a late payment by a significant customer. Furthermore, our suppliers may not be successful in generating sufficient sales or securing alternate financing arrangements, and therefore may no longer be able to supply goods and services to us. In that event, we would need to find alternate sources for these goods and services, and there is no assurance we would be able to find such alternate sources on favorable terms, if at all. Any such disruption in our supply chain could adversely affect our ability to manufacture and deliver our products on a timely basis, and thereby affect our results of operations.

Labor unrest could have a material adverse effect on our business, results of operations and financial condition.

As of December 31, 2010, approximately 60% of our U.S. employees, representing over 50% of our total employees, were represented by the UAW and are subject to a collective bargaining agreement. This agreement expires on November 12, 2012. While we intend to negotiate in good faith with the UAW, we cannot guarantee

we will be able to renew a collective bargaining agreement on similar or more favorable terms than those that presently exist. We may incur increased labor costs as a result of any of these renegotiations. In addition, many of our direct and indirect customers and vendors have unionized work forces. Strikes, work stoppages or slowdowns experienced by these customers or vendors or their other suppliers could result in slowdowns or closings of assembly plants that use our products or supply materials for use in the production of our products. Organizations responsible for shipping our products may also be impacted by strikes. Any interruption in the delivery of our products could reduce demand for our products and could have a material adverse effect on us.

In general, we consider our labor relations with all of our employees to be good. However, in the future we may be subject to labor unrest. The inability to reach a new agreement could delay or disrupt our operations in the affected regions, including the acquisition of raw materials and components, the manufacture, sales and distribution of products and the provision of services. If strikes, work stoppages or lock-outs at our facilities or at the facilities of our vendors or customers occur or continue for a long period of time, our business, results of operations and financial condition may be materially adversely affected.

In the event of a catastrophic loss of one of our key manufacturing facilities, our business would be adversely affected.

While we manufacture our products in several facilities and maintain insurance covering our facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of one of our manufacturing facilities due to accident, labor issues, weather conditions, acts of war, political unrest, terrorist activity, natural disaster or otherwise, whether short- or long-term, would have a material adverse effect on our business, results of operations and financial condition. Our most significant concentration of manufacturing is in Speedway, Indiana where we maintain approximately 92% of our production capacity. In addition to our Speedway manufacturing facilities, we currently operate manufacturing facilities in both Szentgotthard, Hungary and Chennai, India. However, those facilities are smaller and newer than the Speedway facility. In the event of a disruption at the Speedway facility, they may not be adequately equipped to operate at a level sufficient to compensate for the volume of production at the Speedway facility due to their size and the fact that they have not yet been tested for such significant increases in production volume.

Increases in cost, disruption of supply or shortage of raw materials or components used in our products could harm our business and profitability.

We use various raw materials in our business, including corrosion-resistant steel, non-ferrous metals such as aluminum and nickel, and precious metals such as platinum and palladium. We use raw materials directly in manufacturing and in approximately 90% of the transmission components that we purchase from our suppliers. We generally purchase our raw materials on the open market. The prices for these raw materials fluctuate depending on market conditions. In recent years, we have experienced significant increases in the cost of raw materials such as steel, aluminum and nickel, as well as in freight charges, and such volatility in the prices of these commodities could increase the cost of manufacturing our products and providing our services. We may not be able to pass on these costs to our customers, and this could have a material adverse effect on our business, results of operations and financial condition. Even in the event that increased costs can be passed through to customers, our gross margin percentages would decline. Additionally, our suppliers are also subject to fluctuations in the prices of raw materials and may attempt to pass all or a portion of such increases on to us. In the event they are successful in doing so, our margins would decline.

In 2010, approximately 80% of our total spending on raw materials and components were sourced from approximately 50 suppliers. All of the suppliers from which we purchase the raw materials and components used in our business are fully validated suppliers, meaning the suppliers' manufacturing processes and inputs have been validated under a production part approval process, or PPAP. Furthermore, there are only a limited number of suppliers for certain of the materials used in our business, such as corrosion-resistant steel. As a result, our business is subject to the risk of additional price fluctuations and periodic delays in the delivery of our raw materials or components if supplies from a validated supplier are interrupted and a new supplier must be validated or materials and components must be purchased from a supplier without a completed PPAP. Any such price fluctuations or delays, if material, could harm our profitability or operations. In addition, the loss of a supplier could result in material cost increases or reduce our production capacity. We also cannot guarantee we will be able to maintain favorable arrangements and relationships with these suppliers. An

increase in the cost or a sustained interruption in the supply or shortage of some of these raw materials or components that may be caused by a deterioration of our relationships with suppliers or by events such as natural disasters, power outages, labor strikes, or the like could negatively impact our business, results of operations and financial condition. To date, the March 2011 Japanese earthquake and tsunami have not had a material effect on our supply chain or business.

Although we have agreements with many of our customers that we will pass such price increases through to them, such contracts may be cancelled by our customers and/or we may not be able to recoup the costs of such price increases. Additionally, if we are unable to continue to purchase our required quantities of raw materials on commercially reasonable terms, or at all, if we are unable to maintain or enter into purchasing contracts for commodities, or if delivery of materials from suppliers is delayed or non-conforming, our operations could be disrupted or our profitability could be adversely impacted.

Exchange rate fluctuations could adversely affect our results of operations and financial position.

As a result of the expansion of our international operations, currency exchange rate fluctuations could affect our results of operations and financial position. We expect to generate an increasing portion of our net sales and expenses in such foreign currencies as the Japanese Yen, the Euro, the Chinese Yuan Renminbi, the Brazilian Real, the Hungarian Forint and the Indian Rupee. Although we may enter into foreign exchange agreements with financial institutions in order to reduce our exposure to fluctuations in the value of these and other foreign currencies, these transactions, if entered into, will not eliminate that risk entirely. To the extent that we are unable to match net sales received in foreign currencies with expenses paid in the same currency, exchange rate fluctuations could have a negative impact on our results of operations and financial condition. Additionally, because our consolidated financial results are reported in U.S. Dollars, if we generate net sales or earnings in other currencies, the conversion of such amounts into U.S. Dollars can result in an increase or decrease in the amount of our net sales or earnings. Furthermore, we sell certain of our products in our non-North American markets denominated in the U.S. Dollar. To the extent that certain of the local currencies in our non-North American markets are relatively weaker than the U.S. Dollar, whether as a result of foreign governments' influence or otherwise, we could become less price competitive, which could have a material adverse effect on the results of our operations.

A majority of our sales to the military end market are to U.S. government entities, and the loss of a significant number of our contracts would have a material adverse effect on our results of operations and financial condition.

Our net sales to the military end market are predominantly derived from contracts (revenue arrangements) with agencies of, and prime system contractors to, the U.S. government. The loss of all or a substantial portion of our net sales to the U.S. government would have a material adverse effect on our results of operations and financial condition. Approximately 23%, or $449 million, of our net sales for the year ended December 31, 2010 were made directly or indirectly to U.S. government agencies, including the DOD.

A significant portion of our total net sales are for products and services under contracts with various agencies and procurement offices of the DOD or with prime contractors to the DOD. Although these various agencies, procurement offices and prime contractors are subject to common budgetary pressures and other factors, our customers exercise independent purchasing decisions. Because of this concentration of contracts, if a significant number of our DOD contracts and subcontracts are simultaneously delayed or cancelled for budgetary, performance or other reasons, it would have a material adverse effect on our results of operations and financial condition.

Furthermore, we have benefited from the upward trend in DOD budget authorization and spending outlays over recent years, including supplemental appropriations for military operations in Iraq and Afghanistan. However, we expect future DOD spending on wheeled and tracked vehicles will likely decline. In particular, significant volume reductions in one of our Speedway plants, which primarily produces our U.S. military tracked

products, may increase operating costs, which directly impacts our competitive advantage and would materially adversely affect our business, results of operations and financial condition. Moreover, if the conflicts in Iraq or Afghanistan were to end completely, the demand for our products may decline significantly, which could have a material adverse effect on our results of operations and financial condition.

In addition to contract cancellations and declines in agency budgets, our future financial results may be adversely affected by:

- curtailment of the U.S. government's use of technology or other services and product providers, including curtailment due to government budget reductions and related fiscal matters;
- developments in Iraq or Afghanistan, or other geopolitical developments that affect demand for our products and services; and
- technological developments that impact purchasing decisions or our competitive position.

Our business and financial results may be adversely affected by government contracting risks.

We are subject to various laws and regulations applicable to parties doing business with the U.S. government, including laws and regulations governing performance of U.S. government contracts, the use and treatment of U.S. government furnished property and the nature of materials used in our products. We may be unilaterally suspended or barred from conducting business with the U.S. government, or become subject to fines or other sanctions if we are found to have violated such laws or regulations. As a result of the need to comply with these laws and regulations, we are subject to increased risks of governmental investigations, civil fraud actions, criminal prosecutions, whistleblower law suits and other enforcement actions. The laws and regulations to which we are subject include, but are not limited to, Export Administration Regulations, Federal Acquisition Regulation, International Traffic in Arms Regulations, Foreign Assets Control documentation and regulations from the Bureau of Alcohol, Tobacco and Firearms and the FCPA.

U.S. government contracts are subject to modification, curtailment or termination by the U.S. government without prior written notice, either for convenience or for default as a result of our failure to perform under the applicable contract. If terminated by the U.S. government as a result of our default, we could be liable for additional costs the U.S. government incurs in acquiring undelivered goods or services from another source and any other damages it suffers. Additionally, we cannot assign prime U.S. government contracts without the prior consent of the U.S. government contracting officer, and we are required to register with the Central Contractor Registration Database. Furthermore, the U.S. government periodically audits our governmental contract costs, which could result in fines, penalties or adjustment of costs and prices under the contracts.

We are subject to the requirements of the National Industrial Security Program Operating Manual for our facility security clearance, which is a prerequisite for our ability to perform on classified contracts for the U.S. government.

Certain contracts with the various departments and agencies of the U.S. government, including the DOD, require that our offices be issued facility security clearances under the National Industrial Security Program. The National Industrial Security Program requires that a corporation maintaining a facility security clearance be effectively insulated from foreign ownership, control or influence, or FOCI. Because one of our principal stockholders is a Canadian entity, we have agreed to, and have implemented, a Security Control Agreement with the Defense Security Service, or DSS, as a suitable FOCI mitigation arrangement under the National Industrial Security Program Operating Manual. A FOCI arrangement is necessary for us to continue to maintain the requisite security clearances to complete performance under these contracts. Failure to reach and/or maintain an appropriate agreement with DSS regarding the appropriate FOCI mitigation arrangement could result in invalidation or termination of the security clearances, which in turn would mean that we would not be able to enter into future contracts with the U.S. government requiring facility security clearances, and may result in the loss of our ability to complete certain of our existing contracts with the U.S. government.

Our brand and reputation are dependent on the continued participation and level of service of our numerous independent distributors and dealers.

We work with a network of approximately 1,500 independent distributors and dealers that provide post-sale service and parts and support equipment. Because we depend on the pull-through demand generated by end users for our products, any actions by the independent distributors or dealers, which are not in our control, may harm our reputation and damage the brand loyalty among our customer base. In the event that we are not able to maintain our brand reputation because of the actions of our independent distributors and dealers, we may face difficulty in maintaining our pricing positions with respect to some of our products or have reduced demand for our products, which could negatively impact our business, results of operations and financial condition. In addition, if a significant number of independent distributors or dealers were to terminate their contracts, it could adversely impact our business, results of operations and financial condition.

Many of the key patents and unpatented technology we use in our business are licensed to us, not owned by us, and our ability to use and enforce such patents and technology is restricted by the terms of the license.

Protecting our intellectual property rights is critical to our ability to compete and succeed as a company. In connection with the Acquisition Transaction, General Motors granted us an irrevocable, perpetual, royalty-free, worldwide license under a large number of U.S. and foreign patents and patent applications, as well as certain unpatented technology and know-how, to design, develop, manufacture, use and sell fully-automatic transmissions and H 40/50 EP hybrid-propulsion transit bus systems for use in certain vocational vehicles, military vehicles and off-road products, which we refer to as Patent and Technology License Agreement. With respect to the bulk of the intellectual property licensed to us under such license agreement, such license is exclusive with respect to the design, development, manufacture, use and sale of fully-automatic transmissions and H 40/50 EP hybrid-propulsion transit bus systems in vocational vehicles above certain weight rating thresholds, certain military vehicles and certain off-road products and non-exclusive with respect to certain other products that are within the scope of the licensed patents or to which the licensed technology can be applied. We consider the patents and technology licensed under such license agreement, as a whole, to be critical to preserving our competitive position in the market. However, General Motors continues to own such patents and technology, and pursuant to the terms of such license agreement, General Motors has the right, in the first instance, to control the maintenance, enforcement and defense of such patents and the prosecution of the licensed patent applications. In addition, the license agreement limits our ability to sublicense our rights. The Patent and Technology License Agreement permits us to utilize the bulk of the intellectual property rights on an exclusive basis in non-military vehicles with gross vehicle weights above 5900 kilograms (typically Class 4 and higher) with some limited exceptions for General Motors light-duty pickup truck and van platforms. It also permits us to utilize the bulk of the intellectual property rights on an exclusive basis in military vehicles that exceed 4250 kilograms (generally Class 3 to Class 4 and higher). General Motors continues to have the right under such patents and technology to utilize the licensed intellectual property for use in vehicles below the above mentioned rating thresholds as well as some light-duty van and pickup truck platforms.

We rely on unpatented technology, which exposes us to certain risks.

We currently do, and may continue in the future to, rely on unpatented proprietary technology. In such regard, we cannot be assured that any of our applications for protection of our intellectual property rights will be approved or that others will not infringe or challenge our intellectual property rights. It is possible our competitors will independently develop the same or similar technology or otherwise obtain access to our unpatented technology.

Although we believe the loss or expiration of any single patent would not have a material effect on our business, results of operations or financial position, there can be no assurance that any one, or more, of the patents licensed from General Motors, or any other intellectual property owned by or licensed to us, will not be challenged, invalidated or circumvented by third parties. In fact, a number of the patents licensed to us by General Motors have expired since the date of the Acquisition Transaction, and others are set to expire in the

next few years. When a patent expires, the inventions it discloses can be used freely by others. Thus, the competitive advantage that we gain from the patents licensed to us from General Motors pursuant to the Acquisition Transaction will decrease over time, and a greater burden will be placed on our own research and development and licensing efforts to develop and otherwise acquire technologies to keep pace with improvements of transmission-related technology in the marketplace. We enter into confidentiality and invention assignment agreements with employees, and into non-disclosure agreements with suppliers and appropriate customers so as to limit access to and disclosure of our proprietary information. We cannot be assured that these measures will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure. If we are unable to maintain the proprietary nature of our technologies, our ability to sustain margins on some or all of our products may be affected, which could reduce our sales and profitability. Moreover, the protection provided for our intellectual property by the laws and courts of foreign nations may not be as advantageous to us as the protection available under U.S. law.

Our pension funding obligations could increase significantly due to a reduction in funded status as a result of a variety of factors.

Our earnings may be positively or negatively impacted by the amount of income or expense recorded for our defined benefit pension plans and other post-retirement benefits. GAAP requires that income or expense for defined benefit pension plans be calculated at the annual measurement date using actuarial assumptions and calculations. These calculations reflect certain assumptions, the most significant of which relate to the capital markets, interest rates and other economic conditions. Changes in key economic indicators can change these assumptions. These assumptions, along with the actual value of assets at the measurement date, will impact the calculation of pension expense for the year. Although GAAP pension expense and pension contributions are not directly related, the key economic indicators that affect GAAP pension expense also affect the amount of cash that we would contribute to our defined benefit pension plans. Because the values of these defined benefit pension plans' assets have fluctuated and will fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, the impact on the funded status of the defined benefit pension plans and the future minimum required contributions, if any, could have a material adverse effect on our business, results of operations and financial condition. The magnitude of such impact cannot be determined with certainty at this time. However, the effect of a one percentage point decrease in the assumed discount rate would result in an increase in the December 31, 2010 defined benefit pension plans obligation of approximately $9.6 million. Likewise, a one percentage point decrease in the effective interest rate for determining defined benefit pension plans contributions would result in an increase in the minimum required contributions for 2011 of approximately $3.6 million. Similarly, a one percentage point decrease in the assumed discount rate would result in an increase in the December 31, 2010 other post-retirement benefits obligation of approximately $22.9 million. As of December 31, 2010 the unfunded status of our defined benefit pension plans and other post-retirement benefits was $16.5 million and $127.0 million, respectively.

Environmental, health and safety laws and regulations may impose significant compliance costs and liabilities on us.

We are subject to many environmental, health and safety laws and regulations governing emissions to air, discharges to water, the generation, handling and disposal of waste and the clean up of contaminated properties. Compliance with these laws and regulations is costly. We have incurred and expect to continue to incur significant costs to maintain or achieve compliance with applicable environmental, health and safety laws and regulations. Moreover, if these environmental, health and safety laws and regulations become more stringent in the future, we could incur additional costs in order to ensure that our business and products comply with such regulations. We cannot assure we are in full compliance with all environmental, health and safety laws and regulations. Our failure to comply with applicable environmental, health and safety laws and regulations and permit requirements could result in civil or criminal fines, penalties or enforcement actions, third-party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup or regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, including the installation of pollution control equipment or remedial actions. Our failure to comply could also result in our

failure to secure adequate insurance for our business, resulting in significant exposure, diminished ability to hedge our risks and material modifications of our business operations.

We may be subject to liability under the Comprehensive Environmental Response, Compensation and Liability Act and similar state or foreign laws for contaminated properties that we currently own, lease or operate or that we or our predecessors have previously owned, leased or operated, and sites to which we or our predecessors sent hazardous substances. Such liability may be joint and several so that we may be liable for more than our share of contamination, and any such liability may be determined without regard to causation or knowledge of contamination. We or our predecessors have been named potentially responsible parties at contaminated sites from time to time. General Motors continues to perform remedial activities at our Speedway, Indiana manufacturing facilities relating to historical soil and groundwater contamination at the facilities. General Motors is performing such activities pursuant to a voluntary Corrective Action Agreement with the U.S. Environmental Protection Agency, or EPA, which we refer to as the Corrective Action. General Motors retained responsibility for completing all remediation activities covered by the Corrective Action at the Speedway, Indiana facilities, and agreed to indemnify us against certain environmental liabilities. See “Business — Environmental.” There can be no assurances that General Motors will comply with its indemnity obligations or with its remedial obligations at the Speedway, Indiana facilities, or that future environmental remediation obligations will not have a material adverse effect on our results of operations. In addition, we occasionally evaluate various alternatives with respect to our facilities, including possible dispositions or closings. Investigations undertaken in connection with these activities may lead to discoveries of contamination that must be remediated, and closings of facilities may trigger remediation requirements that are not applicable to operating facilities. We may also face lawsuits brought by third parties that either allege property damage or personal injury as a result of, or seek reimbursement for costs associated with, such contamination.

We could be materially adversely affected by any failure to maintain cost controls.

We rely on an efficient cost structure and operating discipline to achieve strong operating margins. There are many factors that could affect our ability to realize expected cost savings or achieve expected cost savings in the future that we are not able to control, including the inability to meet demand through our low-cost country sourcing model; the need for unexpected significant capital expenditures; unexpected changes in commodity or component pricing that we are unable to pass on to our suppliers or customers; our inability to maintain efficiencies gained from our workforce optimization initiatives; and our failure to achieve and maintain expected cost savings from our multi-tier wage and benefit structure. Our inability to maintain our cost controls could adversely impact our operating margins.

We will incur increased costs as a result of operating as a publicly traded company, and our management will be required to devote substantial time to new compliance initiatives.

As a publicly traded company, we will incur additional legal, accounting and other expenses that we did not previously incur. Although we are currently unable to estimate these costs with any degree of certainty, they may be material in amount. In addition, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules of the Securities and Exchange Commission, or the SEC, and the NYSE, have imposed various requirements on public companies. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur additional costs to maintain the same or similar coverage.

Furthermore, if we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, the market price of our common stock could decline and we could be subject to potential delisting by the NYSE and review by such exchange, the SEC, or other regulatory authorities, which would require the expenditure by us of additional financial and management resources. As a result, our stockholders could lose confidence in our financial reporting, which would harm our business and the market price of our common stock.

General Motors' actions may materially affect our business and results of operations.

Although we are an independent company as a result of the Acquisition Transaction, General Motors' future actions may still have a material impact on our business and results of operations. Pursuant to the Cure Agreement resulting from General Motors' emergence from bankruptcy in 2009, General Motors has assumed certain agreements from its predecessor, including the Asset Purchase Agreement, intellectual property and software license agreements, lease agreements, engineering services agreements, an employee matters agreement and a hybrid co-branding agreement. General Motors' failure to comply with any portion of these agreements for any reason, including the indemnities therein, could inhibit us from operating and expanding our business in the future.

Additionally, General Motors has received a non-exclusive, royalty-free, worldwide license to use the "Allison Transmission" name and certain related trademarks on General Motors' line of A1000 transmission for use primarily in Class 2 and 3 pick up trucks. If General Motors, or any of its subsidiaries or affiliated entities, or any third party uses the trade name "Allison Transmission" in ways that adversely affect such trade name or trademark, our reputation could suffer damage, which in turn could have a material adverse effect on our business, results of operations and financial condition.

In connection with the Acquisition Transaction, we entered into a mutual non-compete agreement with General Motors that restricts General Motors from competing with us in non-military vehicles in North America with gross vehicle weights above 5900 kilograms (typically Class 4 and higher) with some limited exceptions for certain General Motors light-duty pickup truck and van platforms. It also restricts General Motors from competing with us in military vehicles globally and in non-military vehicles outside North America that exceed 3500 kilograms (generally Class 3 to Class 4 and higher) with some limited exceptions. The non-compete periods extend until 2017 globally, except in Europe, where they expire in 2012. Similarly, we are restricted from competing with General Motors in weight classes below the above mentioned thresholds for similar periods of time. Upon expiration of the non-competition periods, both Allison and General Motors will be permitted to compete with each other, but such expiration will generally not affect Allison's rights under the Patent and Technology License Agreement to use on an exclusive basis within its respective weight classes (subject to previously mentioned exceptions) the intellectual property that is licensed to Allison on an exclusive basis.

In addition, because of our current manufacturing services agreement with General Motors in Hungary that will remain in place until the completion of our plant in Hungary, which is expected to be completed in 2011, we may be materially adversely affected by the failure of General Motors to perform as expected. This non-performance may consist of delays or failures caused by production issues. The risk of non-performance may also result from the insolvency or bankruptcy of General Motors. General Motors' ability to provide personnel and technical resources to us is also subject to a number of risks, including destruction of our equipment or work stoppages. In addition, our failure to provide an adequate facility, or order sufficient quantities of inventory for General Motors, may increase the cost of production or may lead to General Motors refusing to provide resources to us at all. Our efforts to protect against and to minimize these risks may not always be effective.

An impairment in the carrying value of goodwill or other indefinite-lived intangible assets could negatively affect our consolidated results of operations and net worth.

Pursuant to GAAP, we are required to assess our goodwill and indefinite-lived intangible assets to determine if they are impaired on an annual basis, or more often if events or changes in circumstances indicate that impairment may have occurred. Intangible assets with finite lives are amortized over the useful life and are reviewed for impairment on triggering events such as events or changes in circumstances indicating that an impairment may have occurred. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill and the implied fair value of the goodwill or the carrying value of the intangible assets and the fair value of the intangible assets in the period the determination is made. Disruptions to our business, end market conditions, protracted economic weakness and unexpected significant declines in operating results may result in charges for goodwill and other asset impairments.

Our annual goodwill impairment test for the year ended December 31, 2010 resulted in no goodwill impairment. Although our analysis regarding the fair value of goodwill indicates that it exceeds its carrying value, materially different assumptions regarding the future performance of our business could result in goodwill impairment losses. We recorded trade name impairment charges of $190.0 million and $179.8 million in 2009 and 2008, respectively. The impairment charges were triggered principally by lower projected net sales as a result of general economic conditions in 2009 and 2008 and in 2008 an increase in the discount factor that was in effect on the measurement data. The effects of the impairments did not result in any other charges to goodwill, other intangible assets or long-lived assets. See "Notes to Consolidated Financial Statements."

Usage of our net operating losses may be subject to limitations in the future.

As of December 31, 2010, we had $383.1 million of net operating losses for U.S. federal income tax purposes. Although these net operating losses currently are subject to a valuation allowance, if we generate taxable income in the future, we may be able to utilize these net operating losses to offset future federal income tax liabilities. In addition, our future financial performance may diminish our tax savings more rapidly than we currently anticipate. To the extent possible, we will structure our operating activities to minimize our income tax liabilities. However, there can be no assurance we will be able to reduce it to a specified level. In addition, while this offering will not result in a change of control under Section 382 of the U.S. Internal Revenue Code of 1986, any subsequent accumulations of common stock ownership leading to a change of control under that section, including through sales of stock by large stockholders after this offering, all of which are out of our control, could limit our ability to utilize our net operating losses to offset future federal income tax liabilities.

Risks Related to Our Indebtedness

Our substantial indebtedness could adversely affect our financial health, restrict our activities and affect our ability to meet our obligations.

We have a significant amount of indebtedness. As of March 31, 2011 after giving effect to the offering of the New Notes and the use of proceeds therefrom and the amendment to the Senior Secured Credit Facility, we would have had total indebtedness of $3,703.0 million and we would have been able to borrow an additional $400.0 million under the revolving portion of ATI's Senior Secured Credit Facility, less $10.6 million of offsetting outstanding letters of credit. As of March 31, 2011, ATI had no outstanding borrowings against the revolving credit facility. Of our total indebtedness at March 31, 2011, after giving effect to the offering of the New Notes and the use of proceeds therefrom and the amendment to the Senior Secured Credit Facility, $2,685.4 million would have consisted of ATI's Senior Secured Credit Facility due 2016; $478.0 million would have consisted of the Senior Cash Pay Notes; $37.2 million would have consisted of the Senior Toggle Notes; $500.0 million would have consisted of the New Notes; and 200 million yen (approximately $2.4 million) would have consisted of Japanese Yen denominated unsecured short-term notes. For a complete description of the terms of the Senior Secured Credit Facility, the Senior Notes and the New Notes please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of the Senior Secured Credit Facility, —Description of the Senior Notes and —Description of the New Notes".

On September 14, 2008, Lehman Brothers Holdings, Inc., or Lehman, filed for bankruptcy. A subsidiary of Lehman was a participating lender under our revolving credit facility. This effectively reduced the available revolving credit facility from $400.0 million to $317.5 million. This commitment has not been assigned to or assumed by any party.

Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations under our indebtedness;
- require us to elect to pay interest on the Senior Toggle Notes, in whole or in part, by issuing additional notes;

- require us to further dedicate a substantial portion of our cash flow from operations to payments of principal and interest on our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes;
- increase our vulnerability to and limit our flexibility in planning for, or reacting to, downturns or changes in our business and the industry in which we operate;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- expose us to the risk of increased interest rates as borrowings under the Senior Secured Credit Facility are subject to variable rates of interest;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

In addition, the Senior Secured Credit Facility contains a maximum total senior secured leverage ratio that becomes more restrictive over the term of the loan. The Senior Secured Credit Facility and the indentures governing the Senior Notes and the New Notes also contain other negative and affirmative covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with any of the covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our indebtedness.

To service our indebtedness, we will require a significant amount of cash and our ability to generate cash depends on many factors beyond our control.

Our ability to make cash payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate significant operating cash flow in the future. This, to a significant extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us under the Senior Secured Credit Facility in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. In such circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all.

If we are unable to generate sufficient cash flow or are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Senior Secured Credit Facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under the Senior Secured Credit Facility to avoid being in default. If we or any of our subsidiaries breach the covenants under the Senior Secured Credit Facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under the Senior Secured Credit Facility, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur additional indebtedness, which could further exacerbate the risks associated with our substantial financial leverage.

We and our subsidiaries may be able to incur additional indebtedness in the future because the terms of our indebtedness do not fully prohibit us or our subsidiaries from doing so. Subject to covenant compliance and certain conditions our indebtedness permits additional borrowing, including total borrowing up to $400.0 million under the revolving portion of the Senior Secured Credit Facility as of December 31, 2010. If new debt is added to our current debt levels and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

Risks Related to this Offering and Ownership of our Common Stock

There is no existing market for our common stock, and we do not know if one will develop to provide you with adequate liquidity to sell our common stock at prices equal to or greater than the price you paid in this offering.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on the NYSE or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering, or at all.

The price of our common stock may fluctuate significantly, and you could lose all or part of your investment.

Volatility in the market price of our common stock may prevent you from being able to sell your common stock at or above the price you paid for your common stock. The market price of our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in, or failure to meet, earnings estimates or recommendations by research analysts who track our common stock or the stock of other companies in our industry;
- the failure of research analysts to cover our common stock;
- strategic actions by us, our customers or our competitors, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the impact on our profitability temporarily caused by the time lag between when we experience cost increases until these increases flow through cost of sales because of our method of accounting for inventory;
- material litigations or government investigations;

- changes in general conditions in the U.S. and global economies or financial markets, including those resulting from war, incidents of terrorism or responses to such events;
- changes in key personnel;
- sales of common stock by us or members of our management team;
- termination of lock-up agreements with our management team and principal stockholders;
- the granting or exercise of employee stock options;
- volume of trading in our common stock; and
- the realization of any risks described under “Risk Factors.”

In addition, in the past two years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our share price and cause you to lose all or part of your investment. Further, in the past, market fluctuations and price declines in a company’s stock have led to securities class action litigations. If such a suit were to arise, it could have a substantial cost and divert our resources regardless of the outcome.

If we fail to maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired and investors’ views of us could be harmed.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, with auditor attestation of the effectiveness of our internal controls, beginning with our annual report on Form 10-K for the fiscal year ending December 31, 2012. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of shares of common stock could decline and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities, which would require additional financial and management resources.

Our ability to successfully implement our business plan and comply with Section 404 requires us to be able to prepare timely and accurate financial statements. Any delay in the implementation of, or disruption in the transition to, new or enhanced systems, procedures or controls, may cause our operations to suffer and we may be unable to conclude that our internal control over financial reporting is effective and to obtain an unqualified report on internal controls from our auditors as required under Section 404 of the Sarbanes-Oxley Act. Moreover, we cannot be certain that these measures would ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we were to conclude, and our auditors were to concur, that our internal control over financial reporting provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. This, in turn, could have an adverse impact on trading prices for our shares of common stock, and could adversely affect our ability to access the capital markets.

We are controlled by Carlyle and Onex, whose interests in our business may be different than yours.

As of March 31, 2011, Carlyle and Onex each owned 49.8% of our common stock and are able to control our affairs in all cases. Following this offering, Carlyle and Onex will each continue to own approximately % of our equity (or % if the underwriters exercise their overallotment option in full). Pursuant to an amended and restated stockholders agreement, a majority of the Board of Directors has been designated by Carlyle and Onex and is affiliated with Carlyle and Onex. See "Certain Relationships and Related Party Transactions." As a result, Carlyle and Onex or their nominees to the Board of Directors have the ability to control the appointment of our management, the entering into of mergers, sales of substantially all of our assets and other extraordinary transactions and influence amendments to our certificate of incorporation. So long as Carlyle and Onex continue to own a majority of our common stock, they will have the ability to control the vote in any election of directors and will have the ability to prevent any transaction that requires stockholder approval regardless of whether others believe the transaction is in our best interests. In addition, the Company has historically paid Carlyle and Onex an annual fee for certain advisory and consulting services pursuant to a Management Agreement. See "Certain Relationships and Related Party Transactions." The Company will pay Carlyle and Onex a fee of approximately $16 million to terminate the Management Agreement in connection with the consummation of this offering. The interests of Carlyle and Onex could conflict with yours. In addition, Carlyle and Onex may in the future own businesses that directly compete with ours.

We have no plans to pay regular dividends on our common stock, so you may not receive funds without selling your common stock.

We have no plans to pay regular dividends on our common stock. We generally intend to invest our future earnings, if any, to fund our growth. Any payment of future dividends will be at the discretion of our Board of Directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant. The Senior Secured Credit Facility and the indentures governing the Senior Notes and the New Notes also effectively limit our ability to pay dividends. Accordingly, you may have to sell some or all of your common stock after price appreciation in order to generate cash flow from your investment. You may not receive a gain on your investment when you sell your common stock and you may lose the entire amount of the investment.

You will suffer immediate and substantial dilution.

The initial public offering price per share of our common stock is substantially higher than our net tangible book value per common share immediately after the offering. As a result, you will pay a price per share that substantially exceeds the book value of our assets after subtracting our liabilities. At an offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, you will incur immediate and substantial dilution in the amount of $ per share. We also had shares of common stock issuable upon the exercise of options outstanding as of at a weighted average exercise price of $ per share. To the extent these options are exercised, there will be further dilution. See "Dilution."

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, as a result, depress the trading price of our common stock.

Following this offering, our amended and restated certificate of incorporation and amended and restated bylaws will contain provisions that could discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions will:

- authorize the issuance of blank check preferred stock that our Board of Directors could issue to increase the number of outstanding shares and to discourage a takeover attempt;

- limit the ability of stockholders to remove directors only "for cause" if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock;
- prohibit our stockholders from calling a special meeting of stockholders if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders, if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock;
- provide that the Board of Directors is expressly authorized to adopt, or to alter or repeal our bylaws;
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- establish a classified Board of Directors, with three staggered terms; and
- require the approval of holders of at least two-thirds of the outstanding shares of common stock to amend the bylaws and certain provisions of the certificate of incorporation if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock

These anti-takeover defenses could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take corporate actions other than those you desire. See "Description of Capital Stock."

Future sales of our common stock in the public market could lower our share price, and any additional capital raised by us through the sale of equity or convertible debt securities may dilute your ownership in us and may adversely affect the market price of our common stock.

We and substantially all of our stockholders, including our existing selling stockholders, may sell additional shares of common stock in subsequent public offerings. We may also issue additional shares of common stock or convertible debt securities to finance future acquisitions. After the consummation of this offering, we will have shares of common stock authorized and shares of common stock outstanding. This number includes shares that we are selling in this offering and shares that the selling stockholders are selling in this offering, which may be resold immediately in the public market. Of the remaining shares, , or % of our total outstanding shares, are restricted from immediate resale under the lock-up agreements between our current stockholders, including our existing selling stockholders, and the underwriters described in "Underwriting," but may be sold into the market in the near future. These shares will become available for sale following the expiration of the lock-up agreements, which, without the prior consent of the , is 180 days after the date of this prospectus, subject to compliance with the applicable requirements under Rule 144 of the Securities Act of 1933, or the Securities Act.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including sales pursuant to Carlyle and Onex's registration rights and shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock. See "Certain Relationships and Related Party Transactions" and "Shares Eligible for Future Sale."

We are a "controlled company" within the meaning of the NYSE rules and, as a result, expect to qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Following the consummation of this offering, we expect Carlyle and Onex will continue to control a majority of the voting power of our outstanding common stock. As a result, we expect to be a "controlled company" within the meaning of the NYSE corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the Board of Directors consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance committee and compensation committee.

Following this offering, we intend to utilize these exemptions, if we continue to qualify as a "controlled company." If we do utilize the exemption, we will not have a majority of independent directors and our nominating and corporate governance and compensation committees will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical fact included in this prospectus are 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 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:

- our participation in markets that are competitive;
- general economic and industry conditions;
- our ability to prepare for and respond to technological and market developments and changing customer needs;
- failure of markets outside North America to increase adoption of fully-automatic transmissions in our markets served due to such factors as entrenched use of manual transmissions and high levels of OEM integration;
- risk of failure of technological advances to occur at the expected pace or made redundant by alternative technologies;
- the discovery of defects in our products;
- the concentration of our net sales in our top five customers and the loss of any one of these;
- risks associated with our international operations;
- environmental risks;
- brand and reputational risks;
- labor strikes, work stoppages or similar labor disputes;
- our ability to maintain cost controls;
- risks related to our substantial indebtedness;
- Carlyle and Onex will be able to control our common stock; and
- other risks and uncertainties, including those listed under the caption “Risk Factors.”

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions, including industry data referenced elsewhere in this prospectus. While we believe our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations are disclosed under “Risk Factors” and

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this prospectus. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the 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 prospectus in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the way we expect.

USE OF PROCEEDS

We estimate the net proceeds to us from this offering will be approximately $ million, based on an assumed public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' over-allotment option is exercised in full, we estimate we will receive additional net proceeds of approximately $ million.

Certain of the shares of common stock offered by this prospectus are being sold by the selling stockholders. The selling stockholders in this offering are Carlyle and Onex. We will not receive any of the proceeds from the sale of shares by the selling stockholders in this offering, including from any exercise by the underwriters of their overallotment option. For information about the selling stockholders, see "Principal and Selling Stockholders."

We intend to use the net proceeds from this offering to repay the Senior Cash Pay Notes, to pay related fees, expenses and premiums and for general corporate purposes. The Senior Cash Pay Notes mature on November 1, 2015 and accrue interest at a rate of 11.00% per year, payable semi-annually in arrears. As of March 31, 2011, the aggregate principal amount outstanding of the Senior Cash Pay Notes was $478.0 million, excluding accrued and unpaid interest of $21.9 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Description of the Senior Notes." Certain of our executive officers hold Senior Cash Pay Notes, and accordingly, will receive net proceeds from this offering in connection with the repayment of the Senior Cash Pay Notes. See "Certain Relationships and Related Party Transactions."

Each $1.00 increase (decrease) in the assumed public offering price would increase (decrease) the net proceeds to us by approximately $ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. Each increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) the net proceeds to us by approximately $ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, assuming the assumed public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

DIVIDEND POLICY

We have not paid dividends in the past and we do not intend to pay any cash dividends for the foreseeable future. We intend to retain earnings, if any, for the future operation and expansion of our business and the repayment of debt. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, cash requirements, financial condition, contractual restrictions, restrictions imposed by the Senior Secured Credit Facility and the indentures governing the Senior Notes and the New Notes or applicable laws and other factors that our Board of Directors may deem relevant. Our existing indebtedness effectively limits our ability to pay dividends and make distributions to our stockholders. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of March 31, 2011 on an actual basis and as adjusted basis giving effect to (i) the issuance of the New Notes and the application of the proceeds therefrom, (ii) the amendment to the Senior Secured Credit Facility, (iii) the issuance of common stock in this offering and the application of the net proceeds therefrom as described in "Use of Proceeds," based upon an assumed initial offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, (iv) our amended and restated certificate of incorporation that will, prior to the effectiveness of the registration statement of which this prospectus forms a part, provide that our authorized capital stock consist of shares of common stock, $0.01 par value per share, shares of our non-voting common stock, $0.01 par value per share, and shares of preferred stock, $0.01 par value per share, and (v) the conversion of shares of non-voting common stock held by current employees to common stock concurrent with the consummation of this offering.

The information in this table should be read in conjunction with "Use of Proceeds," "Selected Consolidated Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes thereto included elsewhere in this prospectus.

	March 31, 2011	
	Actual	As Adjusted (1) (unaudited)
	(dollars in millions, except share data)	
Cash and cash equivalents	$ 352.4	$
Long-term debt, less current portion:		
Senior Secured Credit Facility	$2,646.6	$
Senior Cash Pay Notes, fixed 11.00%, due 2015	478.0	
Senior Toggle Notes, fixed 11.25%, PIK 12.00%, due 2015	505.3	
New Notes, fixed 7.125%, due 2019	—	
Total long-term debt, less current portion	3,629.9	
Total stockholders' equity:		
Common stock, $0.01 par value per share: 180,000,000 shares authorized; 149,500,000 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted	1.5	
Non-voting common stock, $0.01 par value per share: 20,000,000 shares authorized; 3,579,740 shares issued and 3,559,740 shares outstanding, actual; shares authorized, shares issued and outstanding, as adjusted	—	
Preferred stock, $0.01 par value per share: 20,000,000 shares authorized, no shares issued and outstanding, actual; shares authorized, no shares issued and outstanding, as adjusted	—	—
Treasury stock	(0.2)	—
Additional paid-in capital	1,555.0	
Accumulated other comprehensive income	(16.0)	
Accumulated deficit	(749.8)	
Total stockholders' equity	790.5	
Total capitalization	$4,772.8	$

(1) Each $1.00 increase (decrease) in the assumed public offering price would increase (decrease) the net proceeds to us by approximately $ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, assuming the number of shares offered by us, as set forth on

the cover page of this prospectus, remains the same. Each increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) the net proceeds to us by approximately $ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, assuming the assumed public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same. The as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and terms of this offering determined at pricing.

The table set forth above is based on the number of shares of our common stock outstanding as of . The table does not reflect:

- shares of common stock issuable upon the exercise of options outstanding as of at a weighted average exercise price of $ per share;
- shares of common stock reserved for issuance under our 2011 Equity Incentive Award Plan, which we plan to adopt in connection with this offering;
- no exercise of the overallotment option by the underwriters; and
- the for stock split described in this prospectus.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share after this offering.

As of March 31, 2011, we had net tangible book value of approximately $ million, or $ per share. Net tangible book value per share represents total tangible assets less total liabilities and noncontrolling interests divided by the number of shares of common stock outstanding. After giving effect to the issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value as of March 31, 2011 would have been approximately $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing common stock in this offering. The following table illustrates this dilution on a per share basis:

	Per Share
Assumed initial public offering price per share	$
Net tangible book value per share as of March 31, 2011	$
Increase in net tangible book value per share attributable to this offering	
Net tangible book value per share after this offering	
Dilution per share to new investors	$

Each $1.00 increase (decrease) in the assumed initial offering price would increase (decrease) our net tangible book value after this offering by approximately $ million, the net tangible book value per share after this offering by $ per share, and the dilution per common share to new investors by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. An increase (decrease) of 1.0 million in the number of shares offered by us or would increase (decrease) our net tangible book value after this offering by approximately $ million, the net tangible book value per share after this offering by $ per share, and the dilution per common share to new investors by $ per share, assuming the public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table sets forth, as of March 31, 2011, the total number of shares of common stock owned by existing stockholders, including the selling stockholders, and to be owned by new investors, the total consideration paid, and the average price per share paid by our existing stockholders and to be paid by new investors purchasing shares of common stock in this offering. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
	(In thousands, other than shares and percentages)				
Existing stockholders		%	$	%	$
New investors					
Total		%	$	%	$

A $1.00 increase (decrease) in the assumed initial offering price would increase (decrease) total consideration paid by new investors, total consideration paid by all stockholders and average price per share paid by all stockholders by $ million, $ million and $ per share, respectively. An increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) total consideration paid

by new investors, total consideration paid by all stockholders and average price per share paid by all stockholders by $ million, $ million and $ per share, respectively.

If the underwriters exercise in full their option to purchase additional shares of our common stock in the offering from us and the selling stockholders, the as adjusted net tangible book value per share would be $ per share and the dilution to new investors in this offering would be $ per share.

The tables and calculations above assume no exercise of outstanding options. As of , there were shares of common stock issuable upon exercise of outstanding options at a weighted average exercise price of approximately $ per share. To the extent that the outstanding options are exercised, there will be further dilution to new investors purchasing common stock in the offering. See “Description of Capital Stock.”

SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth certain financial information for the five years ended December 31, 2010 and the three months ended March 31, 2011 and 2010. The following table should be read in conjunction with the information contained in our audited consolidated financial statements and unaudited interim financial statements and the notes thereto included in this prospectus. The consolidated financial statements and other data for each of the years ended December 31, 2010, 2009 and 2008 and the consolidated balance sheet data as of December 31, 2010 and 2009 have been derived from our audited consolidated financial statements that are included in this prospectus. The consolidated financial statements and other data for the period from August 7, 2007 to December 31, 2007, for the period from January 1 to August 6, 2007 and for the year ended December 31, 2006 and the consolidated balance sheet data as of December 31, 2008, 2007 and 2006 and as of August 6, 2006 have been derived from audited consolidated financial statements that are not included in this prospectus. Our consolidated financial statements and other data for the three months ended March 31, 2011 and March 31, 2010 and our consolidated balance sheet data as of March 31, 2011 have been derived from our unaudited financial statements included elsewhere in this prospectus which, in the opinion of management, include all adjustments consisting only of normal, recurring adjustments necessary for a fair presentation of the results for the unaudited interim period. The consolidated balance sheet data as of March 31, 2010 have been derived from our unaudited financial statements that are not included in this prospectus. The combined financial statements of the Predecessor for the period from January 1, 2007 to August 6, 2007 and for the year ended December 31, 2006, herein present the combined operations of the Predecessor as a formerly wholly-owned business of General Motors. The historical results of operations set forth below and elsewhere may not necessarily reflect what would have occurred if the Predecessor had been a separate, stand-alone entity during the periods presented. While the results of the Successor and Predecessor are prepared on a different basis of presentation, management does believe the combined periods are meaningful for comparability.

	Three Months Ended		Successor				Predecessor	
(in millions, except for share and per share data)	Mar. 31, 2011 (unaudited)	Mar. 31, 2010 (unaudited)	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Aug. 7 to Dec. 31, 2007	Jan. 1 to Aug. 6, 2007	Dec. 31, 2006
Consolidated Statement of Operations:								
Net sales	$ 517.0	$ 473.7	$ 1,926.3	$ 1,766.7	$ 2,061.4	$ 841.1	$1,333.2	$2,374.5
Gross profit	230.0	209.3	828.2	619.8	735.9	254.9	546.2	835.5
Operating expenses:								
Selling, general and administrative expenses	100.9	92.0	384.9	391.2	412.6	171.1	172.2	221.1
Engineering — research and development	30.3	26.0	101.5	89.7	88.6	30.0	46.1	66.0
Trade name impairment	—	—	—	190.0	179.8	—	—	—
Total operating expenses	131.2	118.0	486.4	670.9	681.0	201.1	218.3	287.1
Operating income (loss)	98.8	91.3	341.8	(51.1)	54.9	53.8	327.9	548.4
Other income (expense), net:								
Interest income	0.2	0.4	3.5	1.4	5.1	3.1	1.7	2.5
Interest expense	(49.8)	(73.1)	(281.0)	(235.6)	(391.0)	(190.6)	(1.0)	(1.4)
Other income, net	5.7	6.1	19.0	2.8	40.0	0.6	(4.0)	—
Total other income (expense), net	(43.9)	(66.6)	(258.5)	(231.4)	(345.9)	(186.9)	(3.3)	1.1
Income (loss) before income taxes	54.9	24.7	83.3	(282.5)	(291.0)	(133.1)	324.6	549.5
Income tax expense	(18.0)	(14.3)	(53.7)	(41.4)	(37.1)	(31.2)	(118.8)	(202.7)
Net income (loss)	$ 36.9	$ 10.4	$ 29.6	$ (323.9)	$ (328.1)	$ (164.3)	$ 205.8	$ 346.8
Earning (Loss) Per Share Data:								
Basic and diluted earnings (loss) per share	$ 0.24	$ 0.07	$ 0.19	$ (2.12)	$ (2.14)	$ (1.08)	N/A	N/A
Weighted-average shares outstanding (in thousands)	153,060	153,039	153,053	153,015	153,121	152,759	N/A	N/A
Consolidated Balance Sheet Data:								
Cash and cash equivalents	$ 352.4	$ 168.8	$ 252.2	$ 153.1	$ 237.9	$ 231.1	$ 8.0	$ 8.7
Total assets	5,413.4	5,381.5	5,310.4	5,410.8	5,977.8	6,411.1	728.6	741.9
Total debt	3,671.1	3,769.1	3,671.1	3,874.1	3,991.3	4,201.2	7.3	11.8
Stockholders' equity	790.5	748.3	741.7	736.6	1,015.5	1,372.6	191.0	211.5

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors," "Forward-Looking Statements" and other matters included elsewhere in this prospectus. The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto included elsewhere in this prospectus, as well as the information presented under "Selected Consolidated Financial Data."

Overview

We design and manufacture fully-automatic transmissions for medium- and heavy-duty commercial vehicles, medium- and heavy-tactical U.S. military vehicles and hybrid-propulsion systems for transit buses. We generate our net sales primarily from the sale of transmissions, transmission parts, support equipment, military kits, engineering services and extended transmission warranty coverage to a wide array of OEMs, distributors and the U.S. government. Although approximately 82% of our net sales were generated in North America in 2010, we have a global presence, serving customers in Europe, Asia, South America and Africa. As of March 31, 2011, we have approximately 2,750 employees and 12 different transmission product lines. We serve customers through an established network of approximately 1,500 authorized independent distributors and dealers worldwide. Since the introduction of our first fully-automatic transmission over 60 years ago, our products have gained acceptance in a variety of applications, including on-highway trucks (distribution, refuse, construction, fire and emergency), buses (primarily school and transit), motorhomes, off-highway vehicles and equipment (primarily energy and mining) and military vehicles (wheeled and tracked).

Allison Transmission, which is headquartered in Speedway, Indiana, was founded in 1915 and acquired by our Sponsors in August 2007 from General Motors Corporation. The Acquisition Transaction was structured as an asset purchase for U.S. federal income tax purposes, which resulted in a step-up in the U.S. federal income tax basis of our assets that allows us to take substantial amortization deductions for U.S. federal income tax purposes. As of December 31, 2010, we had $3.6 billion of unamortized intangible assets which may be amortized over a period of approximately 11.6 years. These assets are expected to generate U.S. federal income tax deductions of approximately $313 million annually through 2021 and approximately $183 million in 2022. If we generate taxable income in the future, the amortization of these assets, together with existing U.S. net operating losses of $383.1 million as of December 31, 2010, will be used to reduce our U.S. federal cash income tax payments.

Trends impacting our business

Our net sales are driven by commercial vehicle production, which tends to be highly correlated to macroeconomic conditions. The recent global economic downturn led to a significant decline in annual commercial vehicle production volumes in North America and Western Europe. According to ACT Research, commercial truck and bus production volumes in our North American on-highway markets are projected to grow, but to remain below the 1998-2008 average production levels through 2013. According to J. D. Power and Associates, commercial vehicle production volumes in Western Europe are also projected to grow over the same period. However, we believe the anticipated increase in global commercial vehicle production, together with pent up demand in the North American market that resulted from the deferral of purchases during the economic downturn, will support our continued growth and result in increased net sales.

Sales in our core North American on-highway market represented 31% of our total sales in 2010. Our core North American on-highway market for fully-automatic transmissions includes the Class 4-5, Class 6-7 and Class 8 straight trucks, buses (school, conventional transit, shuttle and coach) and motorhomes, with 66% of our sales in this market being derived from vehicles in the Class 6-7 truck and Class 8 straight truck markets. We have minimal exposure to the more cyclical Class 8 tractor market. The North American commercial vehicle market has adopted automatic transmissions at a faster rate than the rest of the world which is still dominated by

manual transmissions. According to our estimates, fully-automatic transmissions account for less than 10% of the global medium- and heavy-duty commercial vehicle transmission market. We expect adoption of fully-automatic transmissions will increase outside of North America. As it does, we will increase our net sales into these markets and these markets will constitute a greater percentage of our annual net sales in the future.

The off-highway transmission end market is composed primarily of energy, mining and heavy construction vehicles. The energy and mining industries have seen growth in the last year, driven primarily by the global economic recovery, resurgence in commodity prices and innovations in extraction techniques. These factors have led to strong demand for vehicles and capital equipment utilizing our off-highway transmissions to support these activities. We expect this trend of increasing net sales to continue as long as energy and commodity prices continue to rise or remain near the current elevated levels. To the extent that energy and commodity prices decline, we expect that demand for our products in this end market would decline.

The military market we serve consists of medium- and heavy-tactical wheeled and tracked vehicles. We are the primary supplier of fully-automatic transmissions for these types of vehicles to the U.S. military, with which we have had a long-standing relationship, dating back to 1945, when we developed our first-generation tank transmission. While demand for wheeled vehicles has been increasing over the past 10 years due to increased military activity, including the wars in Iraq and Afghanistan, we expect future defense budgets to grow at a significantly slower pace and vehicle expenditures to decline in coming years, resulting in a corresponding decrease in demand for our military products. As a result, we expect military sales will constitute a smaller percentage of our net sales in the future. To the extent military budgets were to decline at a greater rate than expected, it could result in further decreases in our military sales as a percentage of our net sales.

The global focus on conserving fuel and reducing greenhouse gas emissions is driving a rapidly evolving demand for alternative propulsion systems, technologies and products in commercial vehicles. Since 2006, we have seen growth in the business of hybrid-propulsion systems and have become the leading provider of hybrid-propulsion systems for transit buses. As a result of our leadership in the hybrid transit bus market and our well-established commercial vehicle OEM and end-user relationships, we believe we are well positioned to play a leading role as hybrid-propulsion system acceptance gains momentum in other vocations, especially in various medium- and heavy-duty truck markets. In recent years the growth of hybrid-propulsion systems has been accelerated by government subsidies. To the extent these subsidies do not continue, it could reduce our sales of these products.

The aftermarket is composed of the traditional aftermarket and support equipment. Traditional aftermarket products include branded replacement parts, remanufactured transmissions and the military transmission rebuild kits for tracked vehicles. Support equipment includes parts purchased by OEMs to install new transmission units and is dependent on new unit sales. Sales of aftermarket parts are tied to the growth in the overall population of vehicles with Allison transmissions, partially offset by improvements in product quality and durability. The aftermarket continues to be less volatile than the market for new product sales.

Key Components of our Results of Operations

Net sales

We generate our net sales primarily from the sale of transmissions, transmission parts, support equipment, military kits, engineering services and extended transmission coverage, or ETC, to a wide array of OEMs, distributors and the U.S. government. Sales are recorded net of provisions for customer allowances 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 most significant 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 transmissions and parts. For the three months ended March 31, 2011, direct material costs were approximately 67%, overhead costs were approximately 26%, and direct labor costs were approximately 7% of total 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 forward contracts and, beginning in 2011, Long-Term Supply Agreements, or LTSAs. See "—Quantitative and Qualitative Disclosure about Market Risk—Commodity Price Risk."

Selling, general and administrative expenses

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

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. In 2009, we were notified by the DOE that we were selected to receive matching funds from the Grant Program. All applicable costs associated with the Grant Program have been charged to engineering — research and development, or in the case of capital expenditure, as a reduction in the cost basis of the capital asset. The U.S. government's matching reimbursement is recorded to other income, net in the Consolidated Statement of Operations.

Critical Accounting Policies and Significant Accounting Estimates

The preparation of the 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 net sales and expenses during the applicable reporting period. Differences between actual amounts and estimates are recorded in the period identified. Management believes the accounting estimates discussed below represent those accounting estimates that require the exercise of judgment where a different set of judgments could result in changes to our reported results.

Revenue recognition

We record sales when title has transferred to the customer, there is evidence of an agreement, the sales price is fixed and determinable, and the collection of the related accounts receivable is reasonably assured. We sell ETC for which sales are deferred. ETC sales are recognized ratably over the period of the ETC, which typically ranges from three to five years. Distributor and customer sales incentives, consisting of allowances and other rebates, are estimated at the time of sale based upon our history and experience and are recorded as a reduction to net sales. Incentive programs are generally product specific or region specific. Some factors used in estimating the cost of incentives include the number of transmissions that will be affected by the incentive program and rate of acceptance of any incentive program. If the actual number of affected transmissions differs from this estimate, or if a different mix of incentives is actually paid, the impact on net sales would be recorded in the period that the change was identified.

Sales under U.S. government production contracts are recorded when the product is accepted and title has transferred to the U.S. government. Under the terms of the U.S. government contracts, there are certain price reduction clauses and provisions for potential price reductions which are estimated at the time of sale based upon our history and experience and are recorded as a reduction to net sales. Potential reductions may be attributed to a change in projected sales volumes or plant efficiencies which impact overall costs.

Inventory

We value our inventory using the first-in, first-out method, and state our inventories at the lower of cost or net realizable value. In order to determine net realizable value, we analyze our inventory on a periodic basis to determine whether it is excess or obsolete inventory. Any decline in carrying value of estimated excess or obsolete inventory is recorded as a reduction of inventory and as an expense included in cost of sales in the period it is identified.

Impairment of goodwill and other intangibles

Goodwill represents the excess of purchase price paid over the fair value of net assets acquired. In accordance with the Financial Accounting Standards Board, or FASB, authoritative accounting guidance on goodwill, we do not amortize goodwill but rather evaluate it for impairment on an annual basis, or more often if events or circumstances change that could cause goodwill to become impaired. We have elected to perform our annual impairment test on October 31 of every year. A two-step impairment test is performed on goodwill. In the first step, we compare the fair value of our reporting unit to its carrying value. We have one reporting unit which is consistent with our one operating and reportable segment. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not considered impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

In the second quarter of 2009, we recorded a trade name impairment charge of $190.0 million. The impairment charge was triggered by lower projected net sales as a result of weak general economic conditions at that time. In the fourth quarter of 2008 in conjunction with our annual assessment, we recorded a trade name impairment charge of $179.8 million. The impairment was driven principally by an increase in the discount factor that was in effect on the measurement date and lower projected net sales as a result of general economic conditions.

Our 2010 annual goodwill impairment test indicated that the fair value of the reporting unit exceeded its carrying value of net assets by 40%, indicating no impairment. The fair value was determined utilizing a discounted cash flow model which includes key assumptions. Key assumptions incorporated into the analysis comprised of net sales growth derived from market information, industry reports, marketing programs and future new product introductions; operating margin improvements derived from cost reduction programs and fixed cost leverage driven by higher sales volumes; and a risk-adjusted discount rate. Events or circumstances that could unfavorably impact the key assumptions include lower net sales driven by market conditions, our inability to execute on marketing programs and/or delay in the introduction of new products; lower gross margins as a result of market conditions or failure to obtain forecasted cost reductions; or higher discount rate as a result of market conditions. While unpredictable and inherently uncertain, we believe our forecast estimates were reasonable and incorporate information that market participants would use in their estimates of fair value.

Other intangible assets have both indefinite and finite useful lives. Intangible assets with indefinite useful lives, such as our trade name, are not amortized but are tested annually for impairment. Our 2010 annual trade name impairment test indicated that the fair value of the trade name exceeded its carrying value by 13%, indicating no impairment. The fair value was determined utilizing an income approach by which the relief from royalty method was applied. Key assumptions incorporated into the analysis were net sales growth derived from market information, industry reports, marketing programs and new production introductions; and risk-adjusted discount rates. Events or circumstances that could unfavorably impact the key assumptions include lower net sales driven by market conditions, our inability to execute on marketing programs and/or delay in introduction of new products; and higher discount rate as a result of market conditions. While unpredictable and inherently uncertain, we believe its forecast estimates are reasonable and incorporate those that market participants would use in their estimates of fair value. Intangible assets with finite lives are amortized over their estimated useful

lives and reviewed for impairment when circumstances change that would create a triggering event. Customer relationships are amortized over the life in which expected benefits are to be consumed. The remaining finite useful life other intangibles are amortized on a straight-line basis over their useful lives. We evaluate the remaining useful life of other intangible assets on a periodic basis to determine whether events or circumstances warrant a revision to the remaining useful life. Assumptions and estimates about future values and remaining useful lives of our intangible and other long-lived assets are complex and subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts. Although we believe the historical assumptions and estimates we have made are reasonable and appropriate, different assumptions and estimates could materially impact our reported financial results.

Impairment of long-lived assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying value of a long-lived asset to be held and used is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair market value adjusted for estimated disposal costs.

Warranty

We provide reserves for costs associated with warranty claims at the time the products are sold. Warranty claims arise when a transmission fails while in service during the relevant warranty period. The warranty reserve is provided for by adjusting selling, general and administrative expenses by an amount based on our current and historical warranty claims paid and associated repair costs. These estimates are established using historical information including the nature, frequency, and average cost of warranty claims and are adjusted as actual information becomes available. Costs associated with ETC are recorded as incurred during the extended coverage period. From time to time, we may get involved in a specific field action program. As a result of the uncertainty surrounding the nature and frequency of specific field action programs, the liability for such programs is recorded when we commit to a specific field action. We review and assess the liability for these programs on a quarterly basis. We also assess our ability to recover certain costs from our suppliers and record a receivable from the supplier when we believe a recovery is probable.

Pension and post-retirement obligations

For pension and OPEB plans in which employees participate, costs are determined within the FASB’s authoritative accounting guidance set forth on employers’ defined benefit pensions including accounting for settlements and curtailments of defined benefit pension plans, termination of benefits and accounting for post-retirement benefits other than pensions. In accordance with the authoritative accounting guidance, we recognize the funded status of our defined benefit pension plans and OPEB plan in our Consolidated Balance Sheets with a corresponding adjustment to Accumulated other comprehensive income.

Post-retirement benefit costs consist of service cost, interest cost on accrued obligations and the expected return on assets (calculated using a smoothed market value of assets). Any difference between actual and expected returns on assets during a year and actuarial gains and losses on liabilities together with any prior service costs are charged (or credited) to income over the average remaining service lives of employees.

The benefit cost components shown in the Consolidated Statements of Operations are based upon certain data specific to our company, actuarial assumptions that were used for OPEB accounting disclosures, and certain allocation methodologies such as population demographics.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The future tax benefits associated with operating loss and tax credit carryforwards are recognized as deferred tax assets. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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. Appropriate consideration is given to all positive and negative evidence related to that realization. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, experience with tax attributes expiring unused, and tax planning alternatives. The weight given to these considerations depends upon the degree to which they can be objectively verified.

Results of Operations

The following table sets forth certain financial information for the years ended December 31, 2010, 2009, and 2008 and the three months ended March 31, 2011 and 2010, and should be read in conjunction with our historical audited and unaudited consolidated financial statements and the notes thereto. Our historical results of operations set forth below and elsewhere may not reflect what will occur in the future.

	For the three months ended March 31, (unaudited)		For the year ended December 31,		
(dollars in millions)	**2011**	**2010**	**2010**	**2009**	**2008**
Consolidated Statement of Operations:					
Net sales	$ 517.0	$ 473.7	$1,926.3	$1,766.7	$2,061.4
Gross profit	230.0	209.3	828.2	619.8	735.9
Operating expenses:					
Selling, general and administrative expenses	100.9	92.0	384.9	391.2	412.6
Engineering — research and development	30.3	26.0	101.5	89.7	88.6
Trade name impairment	—	—	—	190.0	179.8
Total operating expenses	131.2	118.0	486.4	670.9	681.0
Operating income (loss)	98.8	91.3	341.8	(51.1)	54.9
Other income (expense), net:					
Interest income	0.2	0.4	3.5	1.4	5.1
Interest expense	(49.8)	(73.1)	(281.0)	(235.6)	(391.0)
Other income, net	5.7	6.1	19.0	2.8	40.0
Total other income (expense), net	(43.9)	(66.6)	(258.5)	(231.4)	(345.9)
Income (Loss) before income taxes	54.9	24.7	83.3	(282.5)	(291.0)
Income tax expense	(18.0)	(14.3)	(53.7)	(41.4)	(37.1)
Net income (loss)	$ 36.9	$ 10.4	$ 29.6	$ (323.9)	$ (328.1)

Comparison of three months ended March 31, 2011 and 2010

The following table was derived from our condensed consolidated income statements for the three months ended March 31, 2011 and 2010 included elsewhere in this prospectus.

	For the three months ended March 31,			
(unaudited, dollars in millions)	2011	% of net sales	2010	% of net sales
Net sales	$517.0	—	$473.7	—
Gross profit	230.0	44.5%	209.3	44.2%
Operating expenses:				
Selling, general and administrative expenses	100.9	19.5	92.0	19.4
Engineering — research and development	30.3	5.9	26.0	5.5
Total operating expenses	131.2	25.4	118.0	24.9
Operating income	98.8	19.1	91.3	19.3
Other income (expense), net:				
Interest income	0.2	0.0	0.4	0.1
Interest expense	(49.8)	(9.6)	(73.1)	(15.4)
Other income, net	5.7	1.1	6.1	1.3
Total other income (expense), net	(43.9)	(8.5)	(66.6)	(14.1)
Income before income taxes	54.9	10.6	24.7	5.2
Income tax expense	(18.0)	(3.5)	(14.3)	(3.0)
Net income	$ 36.9	7.1%	$ 10.4	2.2%

Net sales

Net sales for the quarter ended March 31, 2011 were $517.0 million compared to $473.7 million for the quarter ended March 31, 2010, an increase of 9.1%. The increase represents the impact of increased demand for global off-highway and North America on-highway commercial products, tracked military products and hybrid-propulsion systems for transit buses, and price increases on certain products, partially offset by lower demand for wheeled military products.

Gross profit

Gross profit for the quarter ended March 31, 2011 was $230.0 million compared to $209.3 million for the quarter ended March 31, 2010, an increase of 9.9%. The increase was principally driven by $21.0 million related to increased demand for global off-highway and North America on-highway commercial products, tracked military products and hybrid-propulsion systems for transit buses and $7.1 million of price increases on certain products, partially offset by lower demand for wheeled military products, $4.0 million of higher manufacturing expense and $3.0 million of unfavorable material pricing.

Selling, general and administrative expenses

Selling, general and administrative expenses for the quarter ended March 31, 2011 were $100.9 million compared to $92.0 million for the quarter ended March 31, 2010, an increase of 9.7%. The increase was principally driven by increased spending commensurate with expanded global commercial activities and increased warranty expense as a result of a first quarter 2010 favorable warranty adjustment.

Engineering — research and development

Engineering expenses for the quarter ended March 31, 2011 were $30.3 million compared to $26.0 million for the quarter ended March 31, 2010, an increase of 16.5%. The increase was principally driven by $2.8 million of higher technology-related license expense and $1.8 million of increased research and development expense associated with the Grant Program and other product initiatives.

Interest expense, net

Interest expense, net for the quarter ended March 31, 2011 was $49.6 million compared to $72.7 million for the quarter ended March 31, 2010, a decrease of 31.8%. The decrease was principally driven by lower mark-to-market expense of $14.6 million for our interest rate derivatives, lower interest rates, the impact of debt repayments and repurchases on interest expense and lower accretion driven by reduced balances of assumed non-current assets and liabilities.

Other income, net

Other income, net for the quarter ended March 31, 2011 was $5.7 million compared to $6.1 million for the quarter ended March 31, 2010. The decrease was principally driven by $4.1 million of gains realized on the first quarter 2010 repurchases of $97.2 million (at face value) of our Senior Secured Credit Facility, partially offset by $2.5 million of increased gains on derivative contracts, $0.9 million of increased Grant Program matching reimbursement and $0.3 million of increased miscellaneous income.

Income tax expense

Income tax expense for the first quarter of 2011 was $18.0 million resulting in an effective tax rate of 32.8% versus an effective tax rate of 57.9% in the first quarter of 2010. The change in effective tax rate was primarily driven by the difference in tax and book treatment of certain indefinite life intangibles and our continuing policy of recording a full valuation allowance against our deferred tax asset. We have taken a position that any deferred tax asset is less than likely to be realized in future periods because of our lack of taxable income.

Comparison of years ended December 31, 2010 and 2009

The following table was derived from our consolidated income statements for the years ended December 31, 2010 and 2009 included elsewhere in this prospectus.

	For the year ended December 31,			
(dollars in millions)	**2010**	**% of net sales**	**2009**	**% of net sales**
Net sales	$1,926.3	—	$1,766.7	—
Gross profit	828.2	43.0%	619.8	35.1%
Operating expenses:				
Selling, general and administrative expenses	384.9	20.0	391.2	22.1
Engineering — research and development	101.5	5.3	89.7	5.1
Trade name impairment	—		190.0	10.8
Total operating expenses	486.4	25.3	670.9	38.0
Operating income (loss)	341.8	17.7	(51.1)	(2.9)
Other income (expense), net:				
Interest income	3.5	0.2	1.4	0.1
Interest expense	(281.0)	(14.6)	(235.6)	(13.3)
Other income, net	19.0	1.0	2.8	0.1
Total other income (expense), net	(258.5)	(13.4)	(231.4)	(13.1)
Income (Loss) before income taxes	83.3	4.3	(282.5)	(16.0)
Income tax expense	(53.7)	(2.8)	(41.4)	(2.3)
Net income (loss)	$ 29.6	1.5%	$ (323.9)	(18.3)%

Net sales

Net sales for the year ended December 31, 2010 were $1,926.3 million compared to $1,766.7 million for the year ended December 31, 2009, an increase of 9.0%. The increase represents the impact of increased demand for global on-highway and off-highway commercial, wheeled military and aftermarket products, and price increases on certain products, partially offset by a 23.0% decrease in revenue generated from hybrid-propulsion systems for transit buses, and lower demand for tracked military products. Our net sales in North America were $1,574.9 million compared to $1,483.2 million in 2009, representing an increase of 6.2%. Our non-North American net sales increased from $283.5 million in 2009 to $351.4 million in 2010, representing an increase of 24.0%.

Gross profit

Gross profit for the year ended December 31, 2010 was $828.2 million compared to $619.8 million for the year ended December 31, 2009, an increase of 33.6%. The increase in gross profit was principally driven by the increase in demand for global on-highway and off-highway commercial vehicles, wheeled military and aftermarket products of $73.0 million, price increases totaling $28.0 million on certain products, favorable material pricing of $30.1 million, lower manufacturing expense of $15.3 million, the elimination of the 2009 settlement of $36.6 million of the OPEB arrangement with GM and the elimination of 2009 restructuring costs of $29.4 million. These factors were partially offset by unfavorable foreign exchange of $4.4 million.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2010 were $384.9 million compared to $391.2 million for the year ended December 31, 2009, a decrease of 1.6%. The decrease was primarily driven by the elimination of $11.4 million of 2009 warranty expense for our portion of the DPIM special coverage program, partially offset by increased spending commensurate with expanded global commercial activities.

Engineering — research and development

Engineering — research and development expenses for the year ended December 31, 2010 were $101.5 million compared to $89.7 million for the year ended December 31, 2009, an increase of 13.2%. The increase was principally driven by $20.0 million of increased research and development expense associated with the Grant Program and other product initiatives, partially offset by $8.1 million of a technology-related license expense.

Trade Name impairment

In 2010, our annual impairment test indicated that the fair value of the trade name exceeded its carrying, or book value, and therefore was not subject to impairment. In 2009, we recorded a trade name impairment charge of $190.0 million driven by lower projected net sales as a result of weak economic conditions at that time.

Interest expense, net

Interest expense, net for the year ended December 31, 2010 was $277.5 million compared to $234.2 million for the year ended December 31, 2009, an increase of 18.5%. The increase was principally driven by higher mark-to-market expense of $58.2 million for our interest rate derivatives, partially offset by lower interest rates, the impact of debt repayments and repurchases on interest expense, lower accretion driven by reduced balances of assumed non-current assets and liabilities, and lower amortization of deferred financing costs resulting from debt repayments and repurchases.

Other income, net

Other income, net for the year ended December 31, 2010 was $19.0 million compared to $2.8 million for the year ended December 31, 2009. The increase in other income was principally driven by the elimination of the ($17.3) million 2009 unrealized loss as a result of the Employee Headcount Reduction Programs, $10.2 million increase in Grant Program matching reimbursement and $3.4 million related to the elimination of a severance liability reserve resulting from the new contract manufacturing agreement with General Motors-Powertrain-Hungary. These factors were partially offset by lower gains of $5.6 million related to the repurchases and repayments of our outstanding debt, $4.3 million of lower gains on commodity and foreign currency hedging contracts and $2.2 million increase in foreign exchange losses.

Income tax expense

Income tax expense for the year ended December 31, 2010 was $53.7 million resulting in an effective tax rate of 64.5% versus an effective tax rate of (14.7%) for the year ended 2009. Cash income taxes paid for the year ended December 31, 2010 were $2.2 million, as compared to $5.5 million for the year ended December 31, 2009. The change in effective tax rate was primarily driven by the increase in income before tax, the difference in tax and book treatment of certain indefinite life intangibles and our continuing policy of recording a full valuation allowance against our non-current deferred tax asset. We have taken a position that any non-current deferred tax asset is less than likely to be realized in future periods because of our lack of taxable income for purposes of our U.S. federal income tax payments.

Comparison of years ended December 31, 2009 and 2008

The following table was derived from our consolidated income statements for the years ended December 31, 2009 and 2008 included elsewhere in this prospectus.

	For the year ended December 31,			
(dollars in millions)	2009	% of net sales	2008	% of net sales
Net sales	$1,766.7	—	$2,061.4	—
Gross profit	619.8	35.1%	735.9	35.7%
Operating expenses:				
Selling, general and administrative expenses	391.2	22.1	412.6	20.0
Engineering — research and development	89.7	5.1	88.6	4.3
Trade name impairment	190.0	10.8	179.8	8.7
Total operating expenses	670.9	38.0	681.0	33.0
Operating (loss) income	(51.1)	(2.9)	54.9	2.7
Other income (expense), net:				
Interest income	1.4	0.1	5.1	0.2
Interest expense	(235.6)	(13.3)	(391.0)	(19.0)
Other income, net	2.8	0.1	40.0	2.0
Total other income (expense), net	(231.4)	(13.1)	(345.9)	(16.8)
Loss before income taxes	(282.5)	(16.0)	(291.0)	(14.1)
Income tax expense	(41.4)	(2.3)	(37.1)	(1.8)
Net loss	$ (323.9)	(18.3)%	$ (328.1)	(15.9)%

Net sales

Net sales for the year ended December 31, 2009 were $1,766.7 million compared to $2,061.4 million for the year ended December 31, 2008, a decrease of 14.3%. The decrease represents the impact of lower demand for

on-highway and off-highway commercial products driven by global economic conditions and decreased sales of wheeled military products primarily due to the wind down of Mine Resistant Ambush Protected, or MRAP, vehicle production programs, partially offset by higher volume, for hybrid-propulsion systems for transit buses and tracked military products, as well as price increases on certain products. Our net sales in North America were $1,483.2 million compared to $1,683.1 million in 2008, representing a decrease of 11.9%. Our non-North American net sales decreased from $378.3 million in 2008 to $283.5 million in 2009, representing a decrease of 25.1%.

Gross profit

Gross profit for the year ended December 31, 2009 was $619.8 million compared to $735.9 million for the year ended December 31, 2008, a decrease of 15.8%. The decrease in gross profit was principally driven by lower demand of $175.0 million, the settlement of $36.6 million of the OPEB arrangement with GM, restructuring costs of $29.4 million related to the Employee Headcount Reduction Programs implemented during 2009 and unfavorable foreign exchange of $4.5 million. These factors were partially offset by lower manufacturing expense of $80.0 million, primarily resulting from reduction in headcount and lower production, favorable material pricing of $23.1 million and price increases totaling $28.0 million on certain products.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2009 were $391.2 million compared to $412.6 million for the year ended December 31, 2008, a decrease of 5.2%. The decrease was primarily driven by the Employee Headcount Reduction Programs and lower transitional costs associated with our establishment as a stand-alone entity of $18.0 million, partially offset by $9.2 million of increased warranty expense for our portion of the DPIM special coverage program.

Engineering — research and development

Engineering — research and development expenses for the year ended December 31, 2009 were $89.7 million compared to $88.6 million for the year ended December 31, 2008, an increase of 1.2%. The increase was primarily driven by $8.1 million of a technology-related license expense, partially offset by lower compensation costs resulting from the Employee Headcount Reduction Programs.

Trade Name impairment

We recorded a trade name impairment charge of $190.0 million for the year ended December 31, 2009 compared to a trade name impairment charge of $179.8 million for the year ended December 31, 2008. The impairment charge in 2009 was triggered by lower projected net sales as a result of weak global economic conditions at that time. The impairment charge in 2008 was a result of our annual impairment test and was driven principally by an increase in the discount factor that was in effect on the measurement date and lower projected net sales as a result of general economic conditions.

Interest expense, net

Interest expense — net for the year ended December 31, 2009 was $234.2 million compared to $385.9 million for the year ended December 31, 2008, a decrease of 39.3%. The decrease was primarily driven by lower interest rates, increased mark-to-market gains of $89.0 million resulting from our interest rate derivatives, the impact of debt repayments and repurchases in 2008 and 2009, a realized gain of $4.9 million in 2009 due to the settlement of two interest rate derivatives and lower accretion of assumed non-current assets and liabilities.

Other income, net

Other income, net for the year ended December 31, 2009 was $2.8 million compared to $40.0 million for the year ended December 31, 2008. The decrease in other income of $37.2 million was primarily driven by a $17.3 million first quarter 2009 unrealized loss as a result of Employee Headcount Reduction Programs, elimination of the $14.6 million favorable adjustment in the fourth quarter 2008 related to change in actuarial valuations of legacy employee benefits, $12.1 million of lower gains realized on the repurchases of long-term debt and lower currency exchange gain of $4.3 million from 2008 to 2009, partially offset by unrealized commodity hedge gains of $5.8 million, a gain of $2.7 million resulting from a Cure Agreement pursuant to GM's emergence from bankruptcy in 2009 and $1.8 million of Grant Program income matching reimbursement and $0.8 million of increased miscellaneous Income.

Income tax expense

Income tax expense for the year ended 2009 was $41.4 million resulting in an effective tax rate of (14.7%) versus an effective tax rate of (12.7%) for the year ended December 31, 2008. Cash income taxes paid for the year ended December 31, 2009 were $5.5 million, as compared to $4.3 million for the year ended December 31, 2008. The income tax expense was driven primarily by the difference in tax and book treatment of certain intangibles. In addition, we continued to record a full valuation allowance against our non-current deferred tax asset. We have taken a position that any non-current deferred tax asset is less than likely to be realized in future periods because of our lack of taxable income.

Liquidity and Capital Resources

We generate cash primarily from our operating activities. We had total available cash and cash equivalents of $352.4 million as of March 31, 2011 and $252.2 million and $153.1 million as of December 31, 2010 and 2009, respectively. Of the available cash and cash equivalents, approximately $164.5 million, $134.3 million and $105.2 million was deposited in operating accounts while approximately $187.9 million, $117.9 million and $47.9 million was invested in U.S. government backed securities as of March 31, 2011, December 31, 2010 and 2009, respectively.

Additionally, we had $306.9 million, $307.3 million and $301.2 million available under the revolving credit facility, net of approximately $10.6 million, $10.2 million and $16.3 million in letters of credit issued and outstanding as of March 31, 2011, December 31, 2010 and 2009, respectively, and net of a $82.5 million reduction in availability as a result of the Lehman bankruptcy.

Our principal uses of cash are operating expenses, capital expenditures, debt service and working capital needs. The following table shows our sources and uses of funds for the years ended December 31, 2010, 2009 and 2008 and the three months ended March 31, 2011 and 2010 (in millions):

	Three months ended March 31, (unaudited)		Year ended December 31,		
Statement of Cash Flows Data	**2011**	**2010**	**2010**	**2009**	**2008**
Cash flows from operating activities	$ 109.9	$ 118.9	$ 388.9	$ 168.7	$ 268.1
Cash flows used for investing activities	(5.8)	(10.0)	(95.3)	(113.2)	(74.9)
Cash flows used for financing activities	—	(99.8)	(197.9)	(135.4)	(188.1)

Generally, cash provided by operating activities has been adequate to fund our operations. Due to fluctuations in our cash flows and the growth in our operations, it may be necessary from time to time in the future to borrow under the Senior Secured Credit Facility to meet cash demands. We anticipate cash provided by operating activities, cash and cash equivalents and borrowing capacity under the Senior Secured Credit Facility will be sufficient to meet our cash requirements for the next twelve months.

Cash provided by operating activities

Operating activities for the three months ended March 31, 2011 generated $109.9 million of cash compared to $118.9 million for the three months ended March 31, 2010. The decrease was primarily driven by higher accounts receivable commensurate with increased net sales, and increased spending commensurate with expanded global commercial and increased engineering — research and development costs. These factors were partially offset by increased net sales, lower inventories and higher accounts payable commensurate with increased net sales, and lower interest expense, net.

Operating activities for the year ended December 31, 2010 generated $388.9 million of cash compared to $168.7 million for the year ended December 31, 2009. The increase was primarily driven by increased net sales, higher accounts payable commensurate with increased net sales, lower accounts receivable driven by a 2009 late payment received from a significant customer in 2010, lower compensation costs resulting from the Employee Headcount Reduction Programs, improved manufacturing performance, lower warranty costs, lower interest expense, net and higher other income, net. These factors were partially offset by higher finished goods inventories commensurate with increase net sales, increased spending commensurate with expanded global commercial activities and increased engineering — research and development costs.

Operating activities for the year ended December 31, 2009 generated $168.7 million of cash compared to $268.1 million for the year ended December 31, 2008. The decrease was primarily driven by decreased net sales, higher accounts receivable due to a significant customer balance due in 2009 not received until early 2010, lower accounts payable commensurate with decreased net sales and lower other income, net. These factors were partially offset by lower compensation costs resulting from Employee Headcount Reduction Programs, lower manufacturing and material spending, favorable commodity prices, cost reduction initiatives and lower interest expense, net.

Cash used for investing activities

Investing activities for the three months ended March 31, 2011 used $5.8 million of cash compared to $10.0 million for the three months ended March 31, 2010. The decrease was primarily driven by the refund of collateral related to our interest rate derivatives and $2.1 million of proceeds related to the sale of property, partially offset by an increase of $4.5 million in capital expenditures primarily attributable to the construction of our Hungary manufacturing facility.

Investing activities for the year ended December 31, 2010 used $95.3 million of cash compared to $113.2 million for the year ended December 31, 2009. The decrease was primarily driven by a reduction of $14.4 million in capital expenditures as the construction of our India facility was completed and the 2009 purchase of a technology-related license agreement.

Investing activities for the year ended December 31, 2009 used $113.2 million of cash compared to $74.9 million for the year ended December 31, 2008. The increase was primarily driven by the requirement to post $22.0 million of collateral for our interest rate derivatives and an increase of $12.9 million in capital expenditures related to the construction of our India facility.

Cash used for financing activities

Financing activities for the three months ended March 31, 2011 had no impact on cash compared to $99.8 million of cash used for the three months ended March 31, 2010. The difference was driven by $99.8 million of additional voluntary repurchases and principal payments on our long-term debt in the first quarter of 2010.

Financing activities for the year ended December 31, 2010 used $197.9 million of cash compared to $135.4 million for the year ended December 31, 2009. The increase was primarily driven by $71.4 million of additional voluntary repurchases and principal payments on our long-term debt, partially offset by $8.9 million of 2009 repayments on Japanese Yen denominated short-term notes.

Financing activities for the year ended December 31, 2009 used $135.4 million of cash compared to $188.1 million for the year ended December 31, 2008. The decrease was primarily driven by a reduction of $62.0 million in voluntary repurchases and principal payments on our long-term debt, partially offset by $8.9 million of repayments on Japanese Yen denominated short-term notes.

Our liquidity requirements are significant, primarily due to our debt service requirements. A one-eighth percent change in assumed interest rates for the Senior Secured Credit Facility, if fully drawn, for the year ended March 31, 2011 would have had an impact of $3.0 million on interest expense, which includes the partial offset of our interest rate swaps. If we elect the pay-in-kind, or PIK, option with respect to the Senior Toggle Notes, our interest expense will be 75 basis points higher for each interest period in which we elect the PIK option. We cannot elect the PIK option for interest periods ending after November 1, 2011. Our ability to make payments on and to refinance our indebtedness, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This is subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond our control.

In November of 2008, we entered into an amendment related to the Senior Secured Credit Facility that permits us to make discounted voluntary prepayments of our term loan in an aggregated amount not to exceed $750 million pursuant to a modified Dutch auction. This provision is available to us for so long as the term loan is outstanding. For the years ended December 31, 2010, 2009 and 2008, we repurchased $97.2 million, $58.5 million and $19.7 million of our term loan under this amendment, respectively. The repurchases of the term loan resulted in gains (the discount between the purchase price of the term loan and the face value of such term loan) for the years ended December 31, 2010, 2009 and 2008 of $4.1 million, $4.4 million and $6.8 million, net of deferred financing fees written off, respectively. For the three months ended March 31, 2011 and 2010, ATI repurchased $0.0 million and $97.2 million of its term loan pursuant to a modified Dutch auction, respectively. The repurchases of the term loans resulted in gains (the discount between the purchase price of the term loans and the face value of such term loans) of $0.0 million and $4.1 million, net of deferred financing fees written off, respectively.

In addition, we made principal payments of $106.0 million, $52.2 million and $73.3 million on the Senior Secured Credit Facility for the years ended December 31, 2010, 2009 and 2008, respectively. The principal payments made on the Senior Secured Credit Facility for the years ended December 31, 2010, 2009 and 2008 resulted in losses of $0.8 million, $0.3 million and $0.7 million associated with the write off of related deferred debt issuance costs, respectively. ATI made principal payments of $0.0 million and $7.8 million on its Senior Secured Credit Facility for the three months ended March 31, 2011 and 2010, respectively. The principal payment of $7.8 million for the first quarter of 2011 was made in April 2011 within the terms of the Senior Secured Credit Facility.

The Senior Secured Credit Facility requires us to maintain a specified maximum total senior secured leverage ratio that becomes more restrictive over the term of the loan.

	Maximum Total Senior Secured Leverage Ratio Required	Senior Secured Leverage Ratio Achieved
Quarter ending December 31, 2010	6.00x	3.95x
Quarter ending March 31, 2011	6.00x	3.71x
Quarter ending June 30, 2011	5.75x	N/A
Quarter ending September 30, 2011	5.75x	N/A
Quarter ending December 31, 2011 and thereafter	5.50x	N/A

In addition to the maximum total secured leverage ratio, the Senior Secured Credit Facility and the indentures governing the Senior Notes and the New Notes include, among other things, customary restrictions (subject to certain exceptions) on our ability to incur certain indebtedness or liens, make certain investments or declare or pay any dividends. As of March 31, 2011, we are in compliance with all covenants under the Senior Secured Credit Facility.

To manage interest rate risk associated with our variable rate debt, we currently have nine interest rate swap contracts as of March 31, 2011 that qualify as derivatives under authoritative accounting guidance for derivative instruments and hedging activities. We have not elected hedge accounting treatment for the interest rate swaps and, as a result, fair value adjustments are charged directly to interest expense in the Consolidated Statements of Operations. Despite the fact that we have elected a mark-to-market approach as opposed to hedge accounting treatment, the contracts are used strictly as an economic hedge and not for speculative purposes.

In the third quarter of 2010, we had an interest rate swap and collar mature. The interest rate swap agreement was with Merrill Lynch Capital Services, Inc., or MLCS, and had a notional amount of $537.0 million of the Senior Secured Credit Facility at a fixed rate of 5.05% plus the applicable margin. The interest rate collar agreement was with MLCS and had a notional amount of $268.5 million of the Senior Secured Credit Facility with an interest rate collar of 4.08% to 5.50%. Both the interest rate swap and collar matured on September 10, 2010.

In the third quarter of 2010, we entered into two interest rate swaps. The first swap is a $125.0 million interest rate swap, effective August 1, 2013 through August 1, 2014, at an all-in-rate of 2.96% and an independent collateral requirement of $1.0 million. The second swap is a $125.0 million interest rate swap, effective August 1, 2013 through August 1, 2014, at an all-in-rate of 3.05% and an independent collateral requirement of $1.0 million.

As of March 31, 2011, certain of our interest rate derivatives contain credit-risk and collateral contingent features. Certain interest rate derivatives contain provisions under which downgrades in our credit rating could require us to increase our collateral. Certain interest rate derivatives also contain provisions under which we may be required to post additional collateral if the London Interbank Offered Rate, or LIBOR, reaches certain levels. As of March 31, 2011, we have been required to post additional collateral of $38.3 million beyond our $2.0 million independent collateral requirement. The additional collateral requirements were driven by lower interest rates. Our collateral requirements are driven by changes in interest rates, and therefore we may be required to post additional collateral in the future with no maximum collateral requirements. Assuming all collateral contingent features remain the same, a 1% increase or decrease in the LIBOR interest rate curve would correspondingly reduce our collateral requirement by approximately $26.6 million or increase our collateral requirement by approximately $28.1 million, respectively.

Description of the Senior Secured Credit Facility

Our wholly owned subsidiary ATI is the borrower under the Senior Secured Credit Facility, which consists of a term loan facility and a revolving credit facility. The term loan facility has a principal amount outstanding of $2,685.4 million as of March 31, 2011. The revolving credit facility has a principal amount of $400.0 million, less an allowance for up to $50.0 million in outstanding letters of credit. As of March 31, 2011, there were no outstanding borrowings against the revolving credit facility and $10.6 million in letters of credit issued and outstanding. The revolving credit facility is available for general corporate purposes, subject to certain conditions. The ability to draw on the revolving credit facility is conditioned upon, among other things, continued compliance with covenants in the credit agreement, the ability to bring down the representations and warranties contained in the credit agreement and the absence of any default or event of default under the Senior Secured Credit Facility.

On September 14, 2008, Lehman filed for bankruptcy, effectively reducing the available revolving credit facility from $400.0 million to $317.5 million. At the time of bankruptcy, Lehman Commercial Paper Inc., or LCPI, was a participating lender in the revolving credit facility with a commitment of $82.5 million, which LCPI indicated it would not fund in the event we attempted to draw down the revolver. On August 11, 2009, we reached an agreement with LCPI that eliminated LCPI’s requirement to fund its commitment to the revolving credit facility in exchange for eliminating LCPI’s annual commitment fee paid. LCPI’s commitment has not been assigned to or assumed by any party. As of March 31, 2011, after eliminating LCPI’s requirement to fund the revolver, the available amount under the revolver was $306.9 million, net of $10.6 million of issued and outstanding letters of credit.

The revolving credit facility matures in 2016, and the term loan facility matures in 2014. The term loan facility amortizes in quarterly installments of 0.25%, or $7.75 million, beginning on the last business day in December 2007 until maturity, whereby the final installment of the term loan facility will be paid on the maturity date in an amount equal to the aggregate unpaid principal amount.

The obligations under the Senior Secured Credit Facility are secured and fully and unconditionally guaranteed jointly and severally by us and each of our material wholly owned restricted U.S. subsidiaries currently existing or that we may create or acquire (other than the borrower), with certain exceptions as set forth in the credit agreement, pursuant to the terms of a separate guarantee and collateral agreement.

In November of 2008, ATI entered into an amendment to the Senior Secured Credit Facility that permits it to make discounted voluntary prepayments of the term loan in an aggregated amount not to exceed $750 million pursuant to a modified Dutch auction. This provision is available to ATI for so long as the term loan is outstanding. The amounts of any future voluntary prepayments may be material.

On May 13, 2011, ATI entered into an amendment to extend the maturity of the revolving portion of the Senior Secured Credit Facility from August 7, 2013 to August 7, 2016 and to give it flexibility to extend the maturity of the term loan portion of the Senior Secured Credit Facility at a later date. The amendment also increases ATI's ability to make foreign and general investments and resets the amount available for discounted voluntary prepayments of the term loan to $750 million.

The borrowings under the Senior Secured Credit Facility, all guarantees thereof, the obligations under specified hedging agreements and certain cash management obligations are secured by a perfected first priority security interest in: all of ATI's capital stock and all of the capital stock or other equity interests held by us, ATI and each of our existing and future U.S. subsidiary guarantors (subject to certain limitations for equity interests of foreign subsidiaries and other exceptions as set forth in the credit agreement); and substantially all of our and ATI's tangible and intangible assets and the tangible and intangible assets of each of the existing and future U.S. subsidiary guarantors, with certain exceptions as set forth in the credit agreement.

The borrowings under the Senior Secured Credit Facility bear interest at a rate equal to an applicable margin plus, at our option, either: a base rate determined by reference to the higher of the prime lending rate set forth on the British Banking Association Telerate Page 5 and the federal funds rate plus 0.5%; or a LIBOR rate on deposits in U.S. Dollars for one-, two-, three- or six-month periods (or nine- or twelve-month periods if, at the time of the borrowing, available from all relevant lenders). The applicable margin on loans under the Senior Secured Credit Facility is 1.75% for base rate loans and 2.75% for LIBOR rate loans. The applicable margin for both the revolving loan and the term loan is subject to change depending on our total senior secured leverage ratio. ATI also pays the lenders a commitment fee on the unused commitments under the revolving credit facility, which is payable quarterly in arrears. The commitment fee is subject to change depending on our total senior secured leverage ratio.

Subject to exceptions for reinvestment of proceeds and other exceptions and materiality thresholds, ATI is required to prepay outstanding loans under the Senior Secured Credit Facility with the net proceeds of certain asset dispositions and casualty and condemnation events and the incurrence of certain debt (to the extent not permitted under the Senior Secured Credit Facility), and 50% of its excess cash flow, as defined, subject to reduction to 25% if certain total senior secured leverage ratios are met. ATI may voluntarily prepay loans or reduce commitments under the Senior Secured Credit Facility, in whole or in part, subject to minimum amounts. As discussed above, ATI can also voluntarily prepay term loans at a discount subject to certain covenants. As a result of voluntary payments made during 2010, we do not expect any excess cash flow payment to be made for the year ended December 31, 2010. We paid approximately $0.0 million and $21.2 million as excess cash flow for the years ended December 31, 2009 and 2008. If we prepay LIBOR rate loans other than at the end of an applicable interest period, we are required to reimburse lenders for their losses or expenses sustained as a result of breakage costs incurred by such prepayment.

The Senior Secured Credit Facility contains a maximum total senior secured leverage ratio covenant that becomes more restrictive over the term of the loan, and also includes customary negative and affirmative covenants affecting ATI and our existing and future restricted subsidiaries, with certain exceptions set forth in the credit agreement. The Senior Secured Credit Facility contains the following negative covenants and restrictions, among others: restrictions on liens, debt, dividends and other restricted payments, redemptions and stock repurchases, consolidations and mergers, acquisitions, investments, loans, advances, changes in line of business, changes in fiscal year, restrictive agreements with subsidiaries, transactions with affiliates, speculative hedging agreements, and no modification of the Senior Notes in a materially adverse manner without lender consent. The Senior Secured Credit Facility contains the following affirmative covenants, among others: delivery of financial and other information to the administrative agent, notice to the administrative agent upon the occurrence of certain defaults, litigation and other material events, conduct of business and existence, payment of material taxes and other governmental charges, maintenance of properties, licenses and insurance, access to books and records by the lenders, use of proceeds, compliance with applicable laws and regulations, further assurances and provision of additional collateral and guarantees. As of December 31, 2010, we believe ATI is in compliance with all covenants.

The Senior Secured Credit Facility specifies certain events of default, including, among others: failure to pay principal, interest or fees, violation of covenants, material inaccuracy of representations and warranties, cross-defaults to material indebtedness for borrowed money, certain bankruptcy and insolvency events, certain material judgments, certain Employee Retirement Income Security Act events, change of control and invalidity of guarantees or security documents.

Description of the Senior Notes

On October 16, 2007, ATI issued $550.0 million of its Senior Cash Pay Notes. On October 17, 2007, ATI issued $550.0 million of its Senior Toggle Notes. The Senior Notes will mature on November 1, 2015. Interest on the Senior Cash Pay Notes accrues at a rate of 11.0% per year and is payable semi-annually in arrears on May 1 and November 1 of each year. Interest on the Senior Toggle Notes accrues at a rate of 11.25% per year with respect to cash payments and 12.0% per year with respect to PIK interest payments, payable semi-annually in arrears on May 1 and November 1 of each year. For any interest period through November 1, 2011, ATI may elect to pay interest on the Senior Toggle Notes, at its option, entirely in cash, entirely with PIK interest payments, or 50% in cash and 50% with PIK interest payments. After November 1, 2011, ATI must make all interest payments in cash only.

The Senior Notes are unsecured and guaranteed by the subsidiaries that guarantee the Senior Secured Credit Facility and will be unconditionally guaranteed, jointly and severally, by any future domestic subsidiaries that guarantee the Senior Secured Credit Facility. We or our affiliates may from time to time seek to retire the Senior Notes through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Prior to November 1, 2011, ATI may redeem some or all of the Senior Notes by paying the applicable “make-whole” premium. At any time on or after November 1, 2011, ATI may redeem some or all of the Senior Notes at specified redemption prices in the indentures governing the Senior Cash Pay Notes and Senior Toggle Notes. As of March 31, 2011, ATI has not redeemed any of the Senior Notes. Upon a change of control event, ATI may be required to make an offer to purchase the Senior Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. In certain instances in accordance with the terms of the indentures, ATI may be required to make an offer to repurchase the Senior Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, with the excess proceeds from asset sales.

The indentures governing the Senior Notes contain negative covenants restricting or limiting ATI’s 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 ATI's assets. Certain of these covenants would be suspended if the Senior Notes were to reach investment grade.

Description of the New Notes

On May 6, 2011, ATI issued $500 million of its New Notes. The New Notes will mature on May 15, 2019. Interest on the New Notes accrues at a rate of 7.125% per year and is payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 2011. The New Notes are unsecured and guaranteed by the subsidiaries that guarantee the Senior Secured Credit Facility and will be unconditionally guaranteed, jointly and severally, by any future domestic subsidiaries that guarantee the Senior Secured Credit Facility.

Prior to May 15, 2015, ATI may redeem some or all of the New Notes by paying the applicable "make-whole" premium. At any time on or after May 15, 2015, ATI may redeem some or all of the New Notes at specified redemption prices in the indenture governing the New Notes. Upon a change of control event, ATI may be required to make an offer to purchase the New Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase. In certain instances in accordance with the terms of the indenture, ATI may be required to make an offer to repurchase the New Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, with the excess proceeds from asset sales.

The indenture governing the New Notes contains negative covenants restricting or limiting ATI's 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 merger or sell all or substantially all of ATI's assets. Certain of these covenants would be suspended if the New Notes were to reach investment grade.

Contractual Obligations, Contingent Liabilities and Commitments

The following table summarizes our contractual obligations as of December 31, 2010 (dollars in millions):

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Senior Toggle Notes(1)	$ 777.7	$ 56.8	$ 113.7	$ 607.2	$ —
Senior Cash Pay Notes(2)	729.9	52.6	105.2	572.1	—
Senior Secured Credit Facility(3)	2,972.8	112.0	221.2	2,639.6	—
Operating leases	10.4	5.5	4.3	0.5	0.1
Service fee(4)	15.0	3.0	6.0	6.0	see (4) below
Pension & OPEB liabilities(5)	73.4	13.2	30.6	29.6	see (5) below
Total(6)(7)	$4,579.2	$ 243.1	$ 481.0	$3,855.0	$ 0.1

(1) Senior Toggle Notes include principal and interest payments based on a fixed interest rate of 11.25%, assuming the election to pay cash interest for all periods. If the PIK option is elected, the interest rate will increase by 75 basis points for the applicable interest period and the interest payment schedule will adjust accordingly.

(2) Senior Cash Pay Notes include principal and interest payments based on a fixed interest rate of 11.00%.

(3) Senior Secured Credit Facility includes principal payments and estimated interest payments excluding the effects of our interest rate swaps. A portion of the interest is at a variable rate and for the purposes of this

table has been calculated using LIBOR as of December 31, 2010, plus the applicable margin of 2.75%, resulting in an applied rate of 3.03%. Actual payments will vary.

(4) As described in Certain Relationships and Related Party Transactions in NOTE 19 of our consolidated financial statements included in this prospectus, we entered into a service agreement with the Sponsors in connection with the Acquisition Transaction. Pursuant to this agreement, subject to certain conditions, we would be obligated to pay the Sponsors an annual service fee of $3.0 million for certain advisory, consulting and other services. This service fee is excluded from the table beyond year 5, though we would expect it to continue as long as the service agreement remains in place. However, in connection with the consummation of this offering, the Company will pay Carlyle and Onex a fee of approximately $16 million to terminate this agreement.

(5) Estimated pension funding and post-retirement benefit payments are based on a 5.3% discount rate and effective interest rate for funding purposes. Pension funding and post-retirement benefit payments are excluded from the table beyond year 5, though we expect funding and payments to continue beyond year 5. See NOTE 12 in our consolidated financial statements included in this prospectus for the funding status of our pension plans and other post-retirement plan as of December 31, 2010.

(6) Estimated warranty obligations, sales allowance programs and military price reduction reserves, which total $128.5 million, $36.7 million and $25.1 million as of December 31, 2010, respectively, have been excluded from this table as amounts and timing of any payments are unknown.

(7) Through March 2011, we have paid Torotrak plc, or Torotrak, approximately 8.4 million GBP (or approximately $12.3 million USD). In addition, in April 2011, we elected to extend our agreement with Torotrak for another two years. We will pay Torotrak 3.5 million GBP in the second quarter of 2011 and an additional amount of approximately 3.3 million GBP in March 2012. We also have the right, at our option, to purchase exclusive perpetual full licenses for 10.0 million GBP. All of these payments have been excluded from the table.

The following table summarizes our contractual obligations as of December 31, 2010 (dollars in millions) after giving effect to the offering of the New Notes and the use of proceeds therefrom and the amendment to the Senior Secured Credit Facility:

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Senior Toggle Notes(1)	$ 57.3	$ 4.2	$ 8.4	$ 44.7	$ —
Senior Cash Pay Notes(2)	729.9	52.6	105.2	572.1	—
New Notes(3)	785.0	17.8	89.1	71.2	606.9
Senior Secured Credit Facility(4)	2,972.8	112.0	221.2	2,639.6	—
Operating leases	10.4	5.5	4.3	0.5	0.1
Service fee(5)	15.0	3.0	6.0	6.0	see (4) below
Pension & OPEB liabilities(6)	73.4	13.2	30.6	29.6	see (5) below
Total(7)(8)	$3,858.8	$ 190.5	$375.7	$3,292.5	$ 607.0

(1) Senior Toggle Notes include principal and interest payments based on a fixed interest rate of 11.25%, assuming the election to pay cash interest for all periods. If the PIK option is elected, the interest rate will increase by 75 basis points for the applicable interest period and the interest payment schedule will adjust accordingly.

(2) Senior Cash Pay Notes include principal and interest payments based on a fixed interest rate of 11.00%.

(3) New Notes include principal and interest payments based on a fixed interest rate of 7.125%.

(4) Senior Secured Credit Facility includes principal payments and estimated interest payments excluding the effects of our interest rate swaps. A portion of the interest is at a variable rate and for the purposes of this table has been calculated using LIBOR as of December 31, 2010, plus the applicable margin of 2.75%, resulting in an applied rate of 3.03%. Actual payments will vary.

(5) As described in Certain Relationships and Related Party Transactions in NOTE 19 of our consolidated financial statements included in this prospectus, we entered into a service agreement with the Sponsors in connection with the Acquisition Transaction. Pursuant to this agreement, subject to certain conditions, we would be obligated to pay the Sponsors an annual service fee of $3.0 million for certain advisory, consulting and other services. This service fee is excluded from the table beyond year 5, though we would expect it to continue as long as the service agreement remains in place. However, in connection with the consummation of this offering, the Company will pay Carlyle and Onex a fee of approximately $16 million to terminate this agreement.

(6) Estimated pension funding and post-retirement benefit payments are based on a 5.3% discount rate and effective interest rate for funding purposes. Pension funding and post-retirement benefit payments are excluded from the table beyond year 5, though we expect funding and payments to continue beyond year 5. See NOTE 12 in our consolidated financial statements included in this prospectus for the funding status of our pension plans and other post-retirement plan as of December 31, 2010.

(7) Estimated warranty obligations, sales allowance programs and military price reduction reserves, which total $128.5 million, $36.7 million and $25.1 million as of December 31, 2010, respectively, have been excluded from this table as amounts and timing of any payments are unknown.

(8) Through March 2011, we have paid Torotrak approximately 8.4 million GBP (or approximately $12.3 million USD). In addition, in April 2011, we elected to extend our agreement with Torotrak for another two years. We will pay Torotrak 3.5 million GBP in the second quarter of 2011 and an additional amount of approximately 3.3 million GBP in March 2012. We also have the right, at our option, to purchase exclusive perpetual full licenses for 10.0 million GBP. All of these payments have been excluded from the table.

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, safety, health, taxes, environmental and other matters. For more information, see “Business — Litigation” and NOTE 16 of our consolidated financial statements included elsewhere in this prospectus.

Sales Outside North America

Approximately 18%, 16% and 18% of our net sales from continuing operations in 2010, 2009 and 2008, respectively, were derived from sales made to customers outside of North America. Because of these sales outside North America, our business is subject to the risks of doing business abroad, including currency exchange rate fluctuations, limits on repatriation of funds, compliance with foreign laws and other economic and political uncertainties.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements.

Recently Adopted Accounting Pronouncements

In January 2010, the FASB issued authoritative accounting guidance to require disclosure of transfers between the observable input categories and activity in the unobservable input category for fair value measurements. The guidance also requires disclosures about the inputs and valuation techniques used to measure fair value. This guidance became effective for companies interim and annual reporting periods beginning January 1, 2010. Our adoption of this accounting guidance did not have an impact on our financial condition and results of operations.

In October 2009, the FASB issued authoritative accounting guidance on multiple-deliverable arrangements to enable vendors to account for products and services (deliverables) separately rather than as a combined unit. The objective of the guidance is to address the timing of net sales recognition as it relates to the delivery of multiple products or services. It addresses how the vendor should separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. If a vendor does not have appropriate evidence for the undelivered elements in an arrangement, the net sales associated with both delivered and undelivered elements are combined into one unit of accounting. Any net sales attributable to the delivered products is then deferred and recognized as the undelivered elements are delivered by the vendor. This guidance was effective prospectively for net sales arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Earlier adoption is permitted. Our adoption of this guidance on January 1, 2011 did not have a material impact on our consolidated financial statements.

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

We are subject to interest rate market risk in connection with a portion of our long-term debt. Our principal interest rate exposure relates to outstanding amounts under the Senior Secured Credit Facility. The Senior Secured Credit Facility provides for variable rate borrowings of up to $3,074.8 million including $389.4 million under our revolving credit facility, net of $10.6 million of letters of credit. Assuming the Senior Secured Credit Facility is fully drawn, each one-eighth percentage point increase or decrease in the applicable interest rates would correspondingly change our interest cost on the Senior Secured Credit Facility by approximately $3.0 million per year. This includes the partial offset of the interest rate swaps described below. As of March 31, 2011, we had no outstanding borrowings against the revolving credit facility.

In order to mitigate our exposure to LIBOR on the Senior Secured Credit Facility, we have entered into certain interest rate swap agreements. Interest Rate Swap B, with MLCS has a notional amount of $250.0 million of the Senior Secured Credit Facility at a fixed rate of 3.39% plus the applicable margin. Interest Rate Swap D, with Fifth Third Bank, has a notional amount of $125.0 million of the Senior Secured Credit Facility at a fixed rate of 4.26% plus the applicable margin. Interest Rate Swap E, with Barclays Capital, has a notional amount of $150.0 million of the Senior Secured Credit Facility at a fixed rate of 2.79% plus the applicable margin. Interest Rate Swap F, with Barclays Capital, has a notional amount of $75.0 million of the Senior Secured Credit Facility at a fixed rate of 2.66% plus the applicable margin. Interest Rate Swap G, with Barclays Capital, has a notional amount of $75.0 million of the Senior Secured Credit Facility at a fixed rate of 2.99% plus the applicable margin. Interest Rate Swap H, with Barclays Capital, has a notional amount of $350.0 million of the Senior Secured Credit Facility at a fixed rate of 3.75% plus the applicable margin, effective August 2011. Interest Rate Swap I, with Deutsche Bank, has a notional amount of $350.0 million of the Senior Secured Credit Facility at a fixed rate of 3.77% plus the applicable margin, effective August 2011. Interest Rate Swap J, with UBS AG, or UBS, has a notional amount of $125.0 million of the Senior Secured Credit Facility at a fixed rate of 2.96% plus the applicable margin, effective August 2013, with an independent collateral requirement of $1.0 million. Interest Rate Swap K, with UBS, has a notional amount of $125.0 million of the Senior Secured Credit Facility at a fixed rate of 3.05% plus the applicable margin, effective August 2013, with an independent collateral requirement of $1.0 million. In certain circumstances, we and the counterparty are required to provide additional collateral under these swaps. We are exposed to loss if the counterparty defaults. Refer to NOTE 7 and NOTE 8 of our consolidated financial statements included elsewhere in this prospectus.

Exchange Rate Risk

While our net sales and costs are denominated primarily in U.S. Dollars, net sales, costs, assets and liabilities are generated in other currencies including the Japanese Yen, Euro, Chinese Yuan Renminbi and Indian Rupee. The expansion of our business outside North America may further increase the risk that cash flows resulting from these activities may be adversely affected by changes in currency exchange rates. As of March 31, 2011, we hold hedging contracts in the Japanese Yen and Euro, which are intended to hedge either known or forecasted cash flow payments denominated in such currencies. We do not intend to hold financial instruments for trading or speculative purposes.

Assuming current levels of foreign currency transactions, a 10% increase or decrease in the Japanese Yen and Euro would correspondingly change our earnings by approximately $2 million and $1 million per year, respectively. This includes the partial offset of our hedging contracts described above. All other exposure to foreign currencies is considered immaterial.

Commodity Price Risk

We are subject to changes in our cost of sales caused by movements in underlying commodity prices. Approximately two-thirds of our cost of sales consists of purchased components with significant raw material content. A substantial portion of the purchased parts are made of aluminum and steel. The cost of aluminum parts include an adjustment factor on future purchases for fluctuations in aluminum prices based on accepted industry indices. In addition, a substantial amount of steel-based contracts also include an index-based component. As our costs change, we are able to pass through a portion of the charges to certain of our customers according to our long-term supply agreements. We historically have not entered into long-term purchase contracts related to the purchase of aluminum and steel. We currently hold financial forward contracts that are intended to hedge forecasted aluminum and steel purchases. Based on our forecasted demand for 2011, as of March 31, 2011, the hedge contracts cover approximately 73% of our aluminum requirements and 7% of our steel requirements. Based on our forecasted demand for 2012, as of March 31, 2011, the hedge contracts cover approximately 26% of our aluminum requirements and 0% of our steel requirements. We do not intend to hold financial instruments for trading or speculative purposes.

Assuming current levels of commodity purchases, a 10% increase or decrease in aluminum and steel would correspondingly change our earnings by approximately $1 million and $3 million per year, respectively. This includes the partial offset of our hedging contracts described above.

Many of our recently renewed Long Term Supply Agreements have incorporated a cost-sharing arrangement related to future commodity price fluctuations. Our hedging policy is that we only hedge for our exposure and do not hedge any portion of the customers' exposure. For purposes of the sensitivity analysis above, the impact of these cost sharing arrangements have not been included.

BUSINESS

Our Business

We are the world's largest manufacturer of fully-automatic transmissions for medium- and heavy-duty commercial vehicles, medium- and heavy-tactical U.S. military vehicles and hybrid-propulsion systems for transit buses. Allison transmissions are used in a variety of applications, including on-highway trucks (distribution, refuse, construction, fire and emergency), buses (primarily school and transit), motorhomes, off-highway vehicles and equipment (primarily energy and mining) and military vehicles (wheeled and tracked). We believe the Allison brand is one of the most recognized in our industry as a result of the performance, reliability and fuel efficiency of our transmissions. We estimate that globally, in 2010, we sold approximately 60% of all fully-automatic transmissions for medium- and heavy-duty on-highway commercial vehicle applications, and we believe we are well-positioned to capitalize on attractive growth opportunities. For the years ended December 31, 2010, 2009 and 2008 we generated net sales of $1,926.3 million, $1,766.7 million and $2,061.4 million, respectively, net income (loss) of $29.6 million, $(323.9) million and $(328.1) million, respectively, Adjusted net income of $273.7 million, $49.6 million and $92.7 million, respectively, and Adjusted EBITDA of $617.0 million, $501.3 million and $544.0 million, respectively, representing a 32.0%, 28.4% and 26.4%, Adjusted EBITDA margin, respectively.

We introduced the world's first fully-automatic transmission for commercial vehicles over 60 years ago. Since that time, we have driven the trend in North America and Western Europe towards increasing automaticity by targeting a diverse range of commercial vehicle vocations. As compared to manual transmissions and AMTs, we believe the superior performance attributes of our fully-automatic transmissions in vocations with a high degree of "start and stop" activity, as well as in urban environments, include lower maintenance costs, reduced vehicle downtime, ease of operation, increased safety and improved driver and passenger comfort. We believe our transmissions offer increased fuel efficiency and faster acceleration, resulting in lower operating costs and increased productivity when they are used in vehicles with duty cycles that require a high degree of "start and stop" activity. As a result of these attributes, our fully-automatic transmissions are the standard or exclusive transmission offered in the powertrain configuration of certain types of vehicles in North America, including school buses, fire and emergency vehicles, medium- and heavy-tactical U.S. military vehicles and certain mining trucks. In applications where our transmission is offered as an alternative to a manual transmission or an AMT, such as distribution and refuse trucks, we believe end users frequently specify an "Allison" transmission when ordering a commercial vehicle, which can create pull-through demand for our products to our OEM customers.

We believe the Allison brand is one of the most recognized and respected names in the commercial vehicle industry and is associated with high quality, reliability, durability, vocational value, technological leadership and superior customer service. We believe our brand helps us maintain our leading market position and price our products commensurate with the value provided to the end user. Allison transmissions are optimized for the unique performance requirements of end users, which typically vary by vocation. Our products are highly engineered, requiring advanced manufacturing processes, and employ complex software algorithms for our transmission controls to maximize end user performance. We have developed over 100 different models that are used in more than 2,500 different vehicle configurations and are compatible with more than 500 combinations of engine brands, models and ratings (including diesel, gasoline, compressed natural gas and other alternative fuels). In 2010, over 10,000 unique Allison developed calibrations were used with our transmission control modules. We believe our scale, experience and culture of innovation reinforce our leading market position and provide us with a competitive advantage.

Based on our market leadership, history of innovation, brand recognition and global presence, we believe we are well-positioned to capitalize on attractive growth opportunities globally. Our core North American on-highway market, which we define as Class 4-7 trucks, Class 8 straight trucks, buses (school, conventional transit, shuttle and coach) and motorhomes, is poised for recovery. According to ACT Research, on-highway commercial vehicle production in North America (excluding transit and coach bus, and motorhome) reached a 20-year low in 2009 and is anticipated to experience a CAGR of 20.8% from 2010 to 2013, although we cannot assure you that such growth rates will materialize. In addition, we believe markets outside North America

represent a major growth opportunity for us, as we estimate less than 5% of the medium- and heavy-duty commercial vehicles sold outside North America in 2010 were equipped with fully-automatic transmissions, as compared to 79% in our core North American market as defined above. We intend to drive the rate of adoption of fully-automatic transmissions in commercial vehicles globally by pursuing the same vocational strategy we employ in North America, though we cannot provide assurances that our business strategies will be successful or that fully-automatic transmissions will be increasingly adopted outside North America. Our anticipated growth outside of North America will be facilitated by our established international operations and customer relationships. For example, we are the leading provider of fully-automatic transmissions for medium- and heavy-duty commercial vehicles in China with a substantial installed base of over 30,000 Allison transmissions. In addition, in response to the evolving global focus on fuel consumption, we are developing new products to improve fuel efficiency without compromising performance. Over the last three years, we have accelerated and significantly increased our investment in research and development. Examples of our key innovations include the development of a fully-automatic hybrid-propulsion system for the medium- and heavy-duty commercial truck markets and a fully-automatic transmission for a portion of the Class 8 tractor truck market, where we currently have a limited presence.

We continue to execute on a number of manufacturing and purchasing initiatives to increase efficiency, reduce operating costs and enhance our profitability and cash flow generation capabilities. For example, in 2008, we negotiated a mutually beneficial labor agreement with the UAW, which introduced a multi-tier wage and benefit structure and an annual profit-sharing incentive compensation plan for the hourly workforce tied to identical performance metrics as those used for the management team and salaried employees. As a result of our focus on improving our operating effectiveness and efficiency, we have been able to improve our Adjusted EBITDA margin by 560 basis points since 2008, despite experiencing one of the most severe economic downturns our industry has ever faced. We also established a new manufacturing facility in Chennai, India in 2010 and expect to complete another facility in Szentgotthard, Hungary in 2011, both of which will provide access to low-cost manufacturing and a geographic presence to support our growth efforts in emerging markets. As we execute our growth strategy, we believe our strong operating leverage will position us for earnings growth and cash flow generation.

Our Industry

Commercial vehicles typically employ one of three transmission types: manual, AMT or fully-automatic. According to Frost & Sullivan, manual transmissions are the most prevalent transmission type used in Class 8 tractors in North America and in medium- and heavy-duty commercial vehicles, generally, outside North America. Manual transmissions utilize a disconnect clutch causing power to be interrupted during each gear shift resulting in energy loss-related inefficiencies and less work being accomplished for a given amount of fuel consumed. In long-distance trucking, this power interruption is not a significant factor, as the manual transmission provides its highest degree of fuel economy during steady-state cruising. However, steady-state cruising is only one part of the duty cycle. When the duty cycle requires a high degree of “start and stop” activity, as is common in many vocations as well as in urban environments, we believe manual transmissions result in reduced performance, lower fuel efficiency, lower average speed for a given amount of fuel consumed and inferior ride quality. Moreover, the clutches must be replaced regularly, resulting in increased maintenance expense and vehicle downtime. Manual transmissions also require a skilled driver to operate the disconnect clutch when launching the vehicle and shifting gears. AMTs are manual transmissions that feature automated operation of the disconnect clutch. Fully-automatic transmissions utilize technology that smoothly shifts gears instead of a disconnect clutch, thereby delivering uninterrupted power to the wheels during gear shifts and requiring minimal driver input. These transmissions deliver superior acceleration, higher productivity, increased fuel efficiency, reduced operating costs, less driveline shock and smoother shifting relative to both manual transmissions and AMTs in vocations with a high degree of “start and stop” activity, as well as in urban environments.

We believe fuel efficiency, the measure of work performed for a given amount of fuel consumed, is the best method to assess fuel consumption of commercial vehicles as compared to the more commonly-used metric of fuel economy miles-per-gallon, or MPG. MPG is inadequate for commercial vehicles because it does not encompass two key elements of efficiency that we believe are important to vehicle owners and operators: payload and transport time. For example, if more work can be completed or more payload hauled using the same amount of fuel or over a shorter period of time, then we believe the vehicle is more fuel efficient. Since fuel economy and its MPG metric only accounts for distance traveled and fuel consumed, ignoring time and work performed, it is therefore an inferior metric to fuel efficiency when it comes to assessing commercial vehicles.

Our Served Markets

We sell our transmissions globally for use in medium- and heavy-duty on-highway commercial vehicles (with limited exposure to the Class 8 tractor market), off-highway vehicles and equipment and military vehicles. In addition to the sale of transmissions, we also sell branded replacement parts, support equipment and other products necessary to service the installed base of vehicles utilizing our transmissions. The following table provides a summary of our business by end market, for the fiscal year ended December 31, 2010.

	North America					
End Market	On-Highway	Hybrid Transit Bus	Off-Highway	Outside North America	Military	Service Parts, Support Equipment & Other
2010 Net Sales (In Millions)	$580	$156	$120	$288	$449	$333
% of Total	31%	8%	6%	15%	23%	17%
Market Position	• #1 supplier of fully-automatic transmissions	• #1 supplier of hybrid-propulsion systems	• A leading independent supplier	• #1 supplier of fully-automatic transmissions in China and India • Established presence in Western Europe	• #1 supplier of transmissions to the U.S. military	• Approximately 1,500 dealers and distributors worldwide
Vocations or End Use	• Distribution • Emergency • Refuse • Construction • Utility • School, transit, shuttle and coach buses • Motorhome	• Hybrid transit bus • Hybrid shuttle bus	• Energy • Mining • Construction • Specialty vehicle	• Transit bus • On-highway trucks • Off-highway vehicles and equipment	• Medium- and heavy-tactical wheeled platforms • Tracked combat platforms	• Parts • Support equipment • Remanufactured transmissions • Fluids

For the three months ended March 31, 2011 and 2010, respectively, net sales to each of our end markets as a percent of total net sales were: 32% and 33% for North American On-Highway; 8% and 7% for Hybrid Transit Bus; 13% and 4% for North American Off-Highway; 18% and 16% for Outside North America; 16% and 26% for Military; and 13% and 14% for Service Parts, Support Equipment & Other.

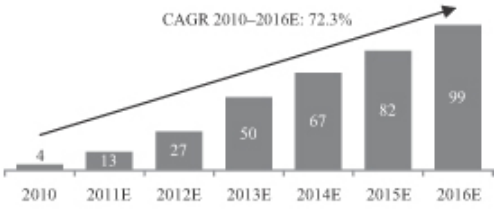
For the years ended December 31, 2010, 2009 and 2008, our top five OEM customers accounted for approximately 41%, 43% and 41% of our net sales, respectively. Our top two OEM customers, Navistar and Daimler, each accounted for approximately 10% of our net sales in 2010.

We anticipate a number of trends will impact demand for our transmissions in our industry. For example, we expect the recovery of medium- and heavy-duty commercial vehicle demand in developed markets will result in increased production volumes, which we believe is supported by pent up demand in the North American market from deferred purchases during the economic downturn. However, we cannot assure you such growth will actually materialize. In addition, we anticipate growth in commercial vehicle demand in key emerging markets supported by broad macroeconomic trends. We also expect customers to continue to adopt fully-automatic transmissions in medium- and heavy-duty commercial vehicles in both developed and emerging markets. We anticipate accelerating demand for fuel efficient technologies in response to rising fuel prices, greater demand for hybrid-propulsion systems in response to changes in global regulations and an increased focus on fuel efficiency. We also expect increased demand for capital equipment utilizing our off highway transmissions as a result of rising demand for commodities and energy.

North America and Europe hybrid bus Production (units in 000s)

Source: Frost & Sullivan

North America and Europe medium- and heavy-duty hybrid truck Production (units in 000s)



Source: Frost & Sullivan

Governments are mandating restrictions on emissions that lead to vehicle system changes. New emission standards increase overall vehicle cost relating to pollutant-reducing systems. The emission standards and resultant compliance costs create uncertainty among vehicle owners about the quality, fuel efficiency and maintenance needs of the new engines. In anticipation of an emission regulation change, commercial vehicle buyers may "pre-buy" vehicles with prior-year emissions compliant engines in the year preceding the regulation change. The act of pre-buying causes irregularity in transmission purchase patterns and creates forecasting challenges. In North America, a reduction in permitted emissions came into effect in January 2007, which resulted in a significant vehicle pre-buy in 2006. Another tightening of emission standards took place in January 2010, which resulted in a significantly smaller vehicle pre-buy in 2009. More emissions regulation is expected in 2013. Generally, the degree of pre-buy in any end market directly correlates with the weight class of the commercial vehicle because the heavier the vehicle, the greater the cost to a buyer of complying with these new emission standards. Outside North America, engine emission level compliance varies by the levels established by European Union regulations. As countries change from one emission level to the next, OEMs must change their powertrain configurations and validate the resulting combinations. OEMs have cadenced their vehicle releases and product upgrades to incorporate emissions compliant improvements as they evolve and are regionally deployed. Supply agreements with key OEMs enhance our position with those OEMs as they adjust their products to comply with new regulations.

North America

We are the largest manufacturer of fully-automatic transmissions for the on-highway medium- and heavy-duty commercial vehicle market in North America. Our core markets are those in which the value proposition of a fully-automatic transmission to end users is highest, typically where the vehicle is operated with a high degree of "start and stop" activity. We believe end user preferences for superior acceleration, higher productivity, increased fuel efficiency, reduced operating costs, less driveline shock and smoother shifting relative to both manual transmissions and AMTs results in a willingness to pay a meaningful premium for the attributes of our fully-automatic transmissions. Overall, we believe the demand for on-highway fully-automatic transmissions in our core markets is increasing in North America.

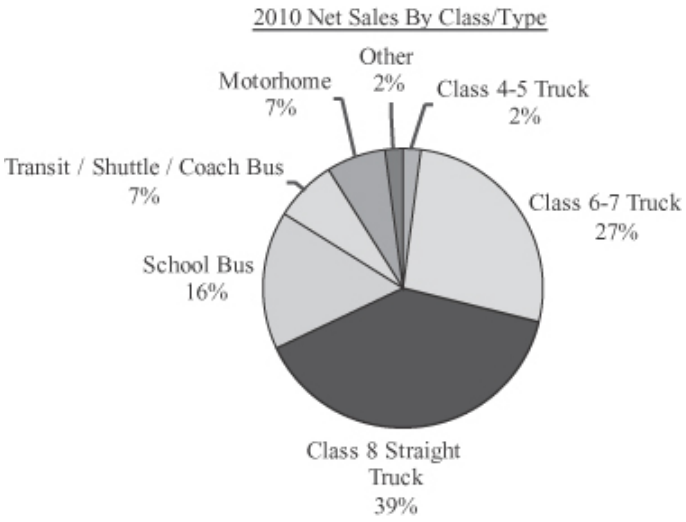
Our core North American on-highway market includes Class 4-5, Class 6-7 and Class 8 straight trucks, conventional transit, shuttle and coach buses, school buses and motorhomes. Class 8 trucks are subdivided into two markets: straight and tractor. Class 8 straight trucks are those with a unified body (e.g., refuse, construction, and dump trucks), while tractors have a vehicle chassis that is separable from the trailer they haul. We have been supplying transmissions for Class 8 straight trucks for decades and it is a core end market for us. Today, we have very limited exposure to the Class 8 tractor market because lower priced manual transmissions generally meet the needs of these vehicles which are primarily used in long distance hauling. However, we have identified a portion of the Class 8 tractor market that we call metro tractors that are used primarily in urban environments more than

60% of the time. We are currently developing a new fully-automatic transmission that meets the unique duty cycle requirements of the Class 8 metro tractor market and believe this represents a significant growth opportunity.

We sell substantially all of our transmissions in the North American on-highway market to OEMs, including Blue Bird, Daimler, Hino, Navistar, PACCAR, Spartan Motors, Inc., Volvo and many others. These OEMs, in turn, install our transmissions in vehicles in which our transmission is either the exclusive transmission available or is specifically requested by end users who are choosing between a manual transmission, an AMT or a fully-automatic transmission. OEM customers representing approximately 90% of our 2010 North American on-highway unit volume participate in long-term supply agreements with us. Generally, these supply agreements offer the OEM customer defined levels of mutual commitment with respect to growing Allison's presence in the OEMs' products and promotional efforts, pricing and sharing of commodity cost risk. The typical length of our customer agreements is five years. We often compete in this market against independent manufacturers of manual transmissions and AMTs, and, to a lesser extent, against OEMs in certain weight classes that use their own internally manufactured transmissions in certain vehicles. For example, Ford Motor Company, or Ford, offers its own fully-automatic transmission in its Class 4-5 vehicles in North America, though we supply Ford with our fully-automatic transmissions for their Class 6-7 trucks.

On-Highway

The following is a summary of our on-highway net sales by vehicle class in North America.



Class 4-5 Trucks. Class 4-5 trucks are generally used in urban applications, including distribution, commercial lease and rental, as well as ambulance. The primary demand drivers impacting the purchase of these trucks are economic factors, such as gross domestic product growth, industrial activity and fuel costs, as well as government spending.

The largest Class 4-5 truck OEM is Ford, which offers its own transmission in these vehicles. Until 2009, Ford and General Motors were the largest OEMs in this end market with a combined market share of 88% in 2008, but General Motors exited the medium-duty truck market after emerging from bankruptcy. Since Ford uses its own fully-automatic transmission in this vehicle class, General Motors' departure from this market resulted in a decline in our sales of fully-automatic transmissions for use in the Class 4-5 truck market, which we had served almost exclusively through General Motors. To partially offset the loss of General Motors' presence in this market, we are the exclusive transmission supplier to the new Navistar Class 4-5 TerraStar truck specifically targeted at this end market. We also intend to pursue business with other OEMs, should they choose to participate in this end market.

Class 6-7 Trucks. Class 6-7 trucks are generally used in urban applications, including larger distribution, commercial lease and rental, ambulance, rescue and fire trucks. While demand drivers for the Class 6-7 truck end market are generally similar to those of the Class 4-5 truck end market, economic and pre-buy volatility are higher in these classes. The largest OEMs in this end market are Navistar, Daimler, Ford, Hino and PACCAR. Our overall penetration of the Class 6-7 truck transmission end market was approximately 69% in 2010, and we supply virtually all of the fully-automatic transmissions sold in this end market. In this market, we compete primarily with manual transmissions and AMTs manufactured by Eaton Corp., or Eaton.

Class 8 Straight Trucks. The most common vocations that utilize straight trucks are refuse, construction, fire and emergency. Primary drivers of Class 8 straight truck demand are general economic conditions and federal, state and municipal spending, which affect the purchases of many fire and emergency trucks, refuse vehicles and construction vehicles, and the purchases of other private refuse fleet operators. The largest Class 8 straight truck OEMs are Navistar, Daimler, PACCAR and Volvo. In 2010, our overall penetration of the Class 8 straight truck transmission end market was approximately 58%, and we supply virtually all of the fully-automatic transmissions sold in this end market. In this market, we compete primarily with manual transmissions and AMTs manufactured by Eaton.

Buses. School buses have historically comprised approximately 75% of the North American bus market by volume. While school buses vary in weight and engine size, the majority of our transmissions are used in Class 6-7 buses. The primary demand driver for school bus purchases is municipal spending, specifically school district budgets and the capital expenditure plans of private fleet operators. School bus demand is also affected by the number of school-age children, which is driven by birth rates and immigration. The demand in this end market has generally been stable, although it does experience declines during economic downturns as municipalities defer purchases. The largest school bus OEMs are Navistar, Daimler and Blue Bird. We supply our transmissions for virtually all of the school buses produced in North America and currently face little competition from other suppliers to this end market. The bus market also encompasses non-hybrid transit and conventional coach and shuttle buses. We have the leading market share in the non-hybrid transit bus market, where we primarily compete against Voith GmbH, or Voith and ZF Friedrichshafen AG, or ZF.

Motorhomes. We sell our transmissions for use primarily in larger motorhomes (Type A). Substantially all of the Type A motorhomes used fully-automatic transmissions in this market in 2010. The motorhome market was severely impacted by the recent economic downturn with volumes declining 60% from 2007 to 2010. We expect motorhome demand will benefit from improving economic conditions, increased availability of credit and favorable demographic trends such as the aging of “baby boomers.” We typically sell to the chassis manufacturers, such as Navistar and Daimler, that supply body manufacturers, such as Thor Industries, Winnebago Industries, Inc. and Fleetwood RV, Inc. We had approximately a 51% share of the fully-automatic transmissions used in Type A diesel and gasoline powered motorhomes and substantially all of the share of the fully-automatic transmissions sold in Type A diesel powered motorhomes. In this market, we compete primarily with Ford, who uses its own internally-produced transmission in the lighter-duty motorhomes.

Hybrid Transit Buses

The global interest in conserving fuel and reducing greenhouse gas emissions is driving demand for more fuel efficient commercial vehicles. As of December 31, 2010, we have delivered over 4,000 H 40/50 EP hybrid-propulsion transit bus systems globally to 178 cities in 9 countries, making us the world’s largest supplier of the hybrid-propulsion transit bus systems. In North America, we sold approximately 70% of all units for the hybrid transit bus market in 2010. Our customers in this end market are typically city, state and federal governmental entities, which utilize government funds to subsidize a portion of the purchase price for the transit buses containing our hybrid-propulsion system. In this market, we compete primarily with BAE.

Off-Highway

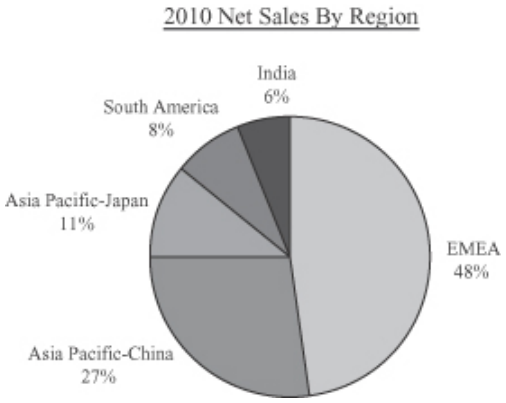
We have provided products used in vehicles and equipment that serve energy, mining and construction applications for over 50 years.

Off-highway energy applications include well-stimulation equipment, pumping equipment, and well-servicing rigs, which often use a fully-automatic transmission to propel the vehicle and drive auxiliary equipment. We maintain a leadership position in this end market, with nearly all producers of well stimulation and well servicing equipment utilizing our heavy-duty off-highway transmissions. Customers include Halliburton Company, BJ Services Company, Weatherford International Ltd., National Oilwell Varco, Inc., and Key Energy Services, Inc. For example, new methods of extracting oil and natural gas from shale formations have driven demand for oil field equipment, which utilize highly engineered heavy-duty fully-automatic transmissions. Competition in both the well stimulation and well servicing markets comes primarily from Caterpillar Inc., or Caterpillar and Twin Disc, Incorporated.

We also provide heavy-duty transmissions used in mining trucks and other specialty vehicles. Mining applications include trucks used to haul various commodities and other products, including rigid dump trucks, underground trucks and long-haul tractor trailer trucks with load capacities between 40 to 110 tons. Our major competitors in this end market are Caterpillar and Komatsu, Ltd., or Komatsu, both of which are vertically integrated and manufacture fully-automatic transmissions for their own vehicles. Specialty vehicles using our heavy-duty transmissions include airport rescue and firefighting vehicles and heavy-equipment transporters.

Outside North America

We are the largest manufacturer of fully-automatic transmissions for the commercial vehicle market outside of North America. The following is a summary of our net sales by region outside of North America.



While the use of fully-automatic transmissions in the medium- and heavy-duty commercial vehicle market has been widely accepted in North America, the markets outside North America continue to be dominated by manual transmissions. In 2010, fully-automatic transmission-equipped medium- and heavy-duty commercial vehicles represented less than 5% of the vehicles in markets outside North America and are concentrated in certain vocational end markets. In other global regions, like Western Europe, where, according to Frost & Sullivan, penetration is expected to grow to 10.9% in 2017 from 6.1% in 2010, we believe we have attractive opportunities for expansion for our fully-automatic transmissions as end users increasingly recognize the benefits that result from the use of our products. However, we cannot assure you that such growth will materialize in any of these emerging markets.

Europe, Middle East, Africa. The Europe, Middle East, Africa region, or EMEA, is composed of several different markets, each of which differs significantly from our core North American market by the degree of market maturity, sophistication and acceptance of fully-automatic transmission technology.

Within Europe, we serve Western European developed markets, as well as Russian and Eastern European emerging markets. Our key on-highway customers in these markets are Daimler, Iveco, Scania, and Volvo. Fully-automatic transmission technology has approximately a 5% market share in European truck applications.

We lead this end market with approximately a 67% share of the fully-automatic transmissions sold in 2010. Transit bus transmission sales are more evenly divided between manual and fully-automatic transmissions. However, we face strong competition from European-based bus-focused competitors in this market such as ZF and Voith. Europe is most notably characterized by a high level of vertical powertrain integration with OEMs such as Daimler, Scania and Volvo often utilizing their own manual transmissions and AMTs in their vehicles. These OEMs have not generally elected to manufacture fully-automatic commercial vehicle transmissions. We believe they have not done so due to the large initial investment required that would be amortized over a limited number of medium and heavy-duty commercial vehicles utilizing fully-automatic transmissions in their European market. The Middle East and Africa regions are generally characterized by very limited local vehicle production, with imports from the U.S., South America, Turkey, China, India and Europe accounting for the majority of vehicles.

Although we have low market penetration today, we supply transmissions to all major European OEMs. We have targeted specific vocations in EMEA that we believe benefit from our value proposition. For example, we are the exclusive transmission in refuse chassis with Daimler, Dennis Eagle and Renault SA. We also supply mining OEMs such as Atlas Copco UK Holdings Ltd., Perlini Equipment, Sandvik AB and Terex. Our major off-highway competitors are Caterpillar and Komatsu, both of which are vertically integrated manufacturers of off-highway mining vehicles, including the specific fully-automatic transmission used in their mining trucks.

Asia-Pacific. Currently, manual transmissions are the predominant transmissions used in commercial vehicles in the Asia-Pacific region. We believe we are well-positioned to capitalize on the relatively low penetration rate of automatic transmissions because of our transmissions' established reputation for performance and durability, as well as our distributor and dealer network presence in most of the key Asia-Pacific markets, particularly in China, where commercial truck sales continue to grow as significant investment is being made in the infrastructure.

In China, our largest growth market, we are the leading provider of fully-automatic commercial vehicle transmissions with a substantial installed base of over 30,000 Allison transmissions, including 21,000 units in transit buses, operated by 72 different bus fleets in 48 cities as of December 31, 2010. Our success in penetrating the domestic commercial vehicle OEMs combined with the value of our fully-automatic transmissions have generated a significant growth opportunity for us as Chinese OEMs have begun to export products. For example, we have grown significantly in commercial vehicles used to transport cargo at shipping ports (dock spotters) in China, increasing our share from essentially 0% in 2004 to virtually 100% in 2010. In targeted vocations such as fire and emergency, construction and specialty vehicles (e.g. crane carriers), we have increased the number of vehicle configurations in which our transmissions are available from 17 in 2008 to 53 in 2010. Specifically, in 2010, we increased our availability in heavy duty mining and construction dump trucks by 13 vehicle configurations and our transmissions are now offered by all major Chinese OEMs serving this market. In 2010, we obtained the first exclusive fully-automatic transmission vehicle configuration in a Chinese fire truck that is being aggressively promoted by FAW and Allison. Our off-highway transmissions are also used in China for energy, mining and construction, by OEM customers including 4th Petroleum and Yantai Jereh Oilfield Services Group Co., Ltd. in energy applications and Qinhuangdao Tolian Speciality Transporter Co., Ltd and Sany Group Co., Ltd and North Hauler in mining and construction applications.

In addition to China, we actively participate in several other important Asia-Pacific countries. Currently, Taiwan, Indonesia, Malaysia and Thailand are primarily importers of commercial vehicles, with limited domestic manufacturing capabilities. Australia and South Korea have a few OEMs with domestic production capabilities for which we are a supplier, including Iveco, Hyundai Motor Company and Daewoo International Corporation. The distribution of our fully-automatic transmissions throughout the broader Asia-Pacific region helps to develop end user relationships and represents an attractive growth opportunity.

The Japanese market for commercial vehicles is unique due to the country's compact size and its transportation congestion constraints, as well as a lack of an "interstate" highway system. This generally encourages the use of smaller engines and commensurately lighter-duty commercial vehicles than those used in North America. Sales of fully-automatic transmissions for use in the domestic Japanese commercial vehicle

market are expected to grow over the long-term as a result of the declining number of drivers in the active workforce who are trained to operate manual transmissions. Historically, the Japanese commercial vehicle fully-automatic transmission market has been served by local suppliers such as Aisin, who supplies its products predominantly for vehicles in the Class 4-5 equivalent and lighter weight categories, but through building our relationships with domestic Japanese vehicle OEMs, including Hino, Isuzu, Mitsubishi and Nissan, we are working to expand our commercial vehicle releases in the Japanese market. We recently secured an exclusive Mitsubishi bus chassis release for the domestic Japanese market and expect our market share in buses to grow. To date, the March 2011 Japanese earthquake and tsunami have not had a material adverse effect on our business. Opportunities for vehicles exported to Australia, Thailand and Indonesia, which are produced by Japanese OEMs, are improving with the Australia refuse, construction and distribution markets representing the most significant near-term potential.

Competition in the Asia-Pacific region includes fully-automatic transmissions from Aisin Seiki Co., Ltd., or Aisin and JATCO Ltd for lighter-duty trucks and ZF and Voith for buses. We also face competition from the captive OEM production of manual transmissions and AMTs from companies such as Mitsubishi Fuso Truck and Bus Corporation, or Mitsubishi, Hino, Isuzu and Nissan Diesel, or Nissan. Shaanxi Fast Gear Co., Ltd., or Fast Gear, has a leading market share of the manual transmissions sold for use in the Chinese truck market, while Qijiang is the leading Chinese tour-coach manual transmission supplier. Both Fast Gear and Qijiang are seeing their market shares erode as the heavy-duty commercial truck OEMs, such as Sinotruk, manufacture both engines and manual transmissions. In the off-highway market our primary competitors are Caterpillar and Danyang Winstar Auto Parts Co., Ltd., in energy applications and vertically integrated OEMs Caterpillar and Komatsu in mining applications.

India. Currently, manual transmissions are the predominant transmissions used in commercial vehicles in India. Since 2007, we have had an established foothold in the India on-highway market, beginning with the low-floor transit bus. We have been successful in obtaining releases and generating sales in support of the desire of the Indian government to upgrade its public transportation infrastructure. Over the last few years, our presence in the bus market has grown, with Allison transmissions operating in over 15 major cities across India.

In order for us to take a more direct and proactive role in the Indian market, we opened a regional office and customization center in 2009 and a manufacturing facility in 2010. At this point, our manufacturing capabilities in India are limited to the production of certain components used in our transmissions, but we expect to have the ability to assemble finished products in India by 2012. We have also launched vehicle release programs within Indian OEMs in the truck, military and off-highway markets.

India’s commercial vehicle industry is dominated by manual transmissions. We believe our opportunity for growth is strong, especially as the various Indian vocational end markets seek to upgrade and modernize their equipment to global specifications. Competition primarily comes from the locally produced manual transmissions, as well as from ZF and Voith, which compete with us predominantly in the bus market with their fully-automatic transmissions. Allison is or is expected to be offered as an option by Indian bus and truck OEMs such as Tata, Ashok Leyland, JCBL Ltd., Asia Motor Works Limited and BEML, and we expect to continue to increase our penetration in this region.

South America. Currently, manual transmissions are the predominant transmissions used in commercial vehicles in South America. We have a long history in South America, dating back to our initial entry into Brazil in 1975, and we continue to maintain a presence supporting OEMs such as Daimler, MAN, Navistar, Agrale S.A., Encava C.A., Scania, Iveco, Randon Veículos Ltda., Technología Avanzada en Transporte S.A. and Ford. Over the past three years, the vast majority of the net sales of our products in the region were for use in buses, while on-highway and off-highway trucks accounted for a small portion of our net sales. Off-highway vehicles and equipment represent a growth opportunity due to heavy mining activity in Chile, Brazil, Colombia and Peru. The South American region is characterized by a high level of integration, with captive manual transmission and AMT manufacturing by OEMs such as Scania and Daimler.

Military

We have a long-standing relationship with the U.S. military, dating back to 1945, when we developed our first-generation tank transmission. Today, we sell substantially all of the transmissions for medium- and heavy-tactical wheeled vehicle platforms including the Family of Medium Tactical Vehicles, Armored Security Vehicles, Heavy Expanded Mobility Tactical Trucks, Heavy Equipment Transporters, Palletized Loading Systems, M915 Series Trucks, Medium Tactical Vehicle Replacements and the Logistic Vehicle System Replacement. Additionally, we supply transmissions for the majority of MRAP Vehicles and the MRAP All Terrain Vehicle and for all three potential manufacturers of the Joint Light Tactical Vehicles, or JLTV. However, the MRAP vehicle production program is in the process of winding down. Transmissions for our wheeled vehicle platforms are typically sold to OEMs, including BAE, Daimler, General Dynamics Land Systems, Oshkosh, Navistar, Force Protection, Inc. and Textron Marine & Land Systems.

We are also the supplier on two of the three key tracked vehicle platforms, the Abrams tank and the M113 family of vehicles, which are sold directly to the U.S. military. Additionally, we sell parts kits to licensees for the production of transmissions for tracked vehicles manufactured outside North America. We have been selected as the transmission supplier for one of the prime contractors bidding for the new U.S. Army ground combat vehicle. Overall, we expect the demand for U.S. military vehicles to decrease as the funding for military vehicles declines as the Iraq and Afghanistan operations wind down. Additionally, DOD budgets and supplemental spending have allowed the military to recapitalize and reset many vehicle systems, which has reduced the average age of the fleet and the need to procure new vehicles.

Globally, we face competition for the supply of our transmissions in tracked military vehicles primarily from Renk AG, L-3 Communications Corporation and ZF. Additionally, we face limited competition from Caterpillar in certain U.S. military wheeled vehicle platforms.

Service Parts, Support, Equipment and Other (Aftermarket)

Aftermarket provides us with a relatively stable source of revenues as the installed base of vehicles utilizing our transmissions continues to grow. The need for replacement parts is driven by normal vehicle maintenance requirements and is not significantly impacted by economic cycles. Uninterrupted operation is generally critical for end users' profitability. End users focus on getting the vehicle back in service, which in some cases results in the aftermarket purchase decision being less price-sensitive.

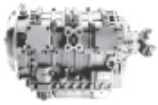
The sale of Allison-branded parts and fluids, remanufactured transmissions and support equipment is fundamental to our brand promise. We have assembled a worldwide network of approximately 1,500 distributor and dealer locations to sell, service and support our transmissions. As part of our brand strategy, our independent distributors and dealers are required to sell genuine Allison-branded parts. Within the aftermarket, we offer remanufactured transmissions under our ReTran brand, which provides a cost-effective alternative for transmission repairs and replacements. We also provide support equipment to our OEMs to assist in installing new Allison transmissions into vehicles, and, therefore, sales of support equipment are dependent upon sales of new transmissions.

Over the last few years, our growth in traditional aftermarket sales has been tempered by improvements in product quality and durability. While traditional aftermarket sales are expected to grow, support equipment sales fluctuate with the introduction of new transmissions. The competition for service parts and ReTran remanufactured transmissions comes from a variety of smaller-scale companies sourcing non-genuine "will-fit" parts from unauthorized manufacturers. These "will-fit" parts often do not meet our product specifications, and therefore may be of lesser quality than genuine Allison parts.

Our Product Offering

Allison transmissions are sold under the Allison Transmission brand name and remanufactured transmissions are sold under the ReTran brand name, which we believe are recognized throughout the industry for delivering the combination of quality, reliability, durability, vocational value and superior customer service. We have 12 transmission product lines with over 100 different product models. Allison transmissions are included in more than 2,500 vehicle configurations that are compatible with more than 500 combinations of engine brands, models and ratings worldwide.

On-Highway Products

Product	Applications	
1000/2000 	■ Distribution ■ Motorhome ■ Services	■ Refuse ■ School / Shuttle Bus ■ Wheeled Military ■ Speciality
3000 	■ Construction ■ Distribution ■ Fire and Emergency ■ Motorhome ■ Wheeled Military	■ Coach and Transit Bus ■ Refuse ■ Speciality ■ Services
4000 	■ Construction ■ Distribution ■ Fire and Emergency ■ Motorhome ■ Wheeled Military	■ Coach and Transit Bus ■ Refuse ■ Speciality ■ Articulated dump truck
H 40/50 EP Drive 	■ Hybrid Bus	

Off-Highway Products

Product	Applications
5000  6000 	■ Underground mine truck ■ Rigid dump truck ■ Well service rigs
8000  9000 	■ Rigid dump truck ■ Hydraulic fracturing equipment

Tracked Military Products

Product	Applications
X1100 	▪ Tracked Military (Abrams)
X200 	▪ Tracked Military (M113 Family of Vehicles)

In addition to our current product offerings, we have various products under development, including the H 3000 and the H 4000 hybrid-propulsion systems designed for use in medium- and heavy-duty commercial trucks and buses and the Class 8 metro truck fully-automatic transmission.

In August 2009, our success with the hybrid-propulsion systems for transit buses helped us secure a $62.8 million DOE cost-share grant award, which along with approximately $85.0 million that we expect to self-fund, will be used to develop and produce another family of hybrid-propulsion systems, including the H 3000 and the H 4000. The first of the two new products, which are hybrid variants of our current 3000 and 4000 products for use in commercial trucks, is expected to begin production in late 2012, and the second new product is expected to begin production in 2014. The objective for this family of hybrid-propulsion systems is to create an improvement in fuel efficiency of 25% to 35% for a typical vehicle, dependent upon the vocation and duty cycle. The reduction in fuel consumption, while delivering the same productive work in the same amount of time, also reduces greenhouse gas emissions and reduces other air pollutants from commercial trucks. The combustion of a lower quantity of fuel within the engine also reduces the wear on the engine and the hybrid regenerative braking captures and stores deceleration energy, thereby reducing wear on the vehicle's service brakes, helping reduce vehicle maintenance and service costs.

The H 3000/4000 products will initially serve medium- and heavy-duty distribution vehicles, shuttle buses, refuse trucks and utility trucks. Given our 20 years of experience with hybrid vehicle technology, eight years production experience with the successful Allison hybrid-propulsion system for transit buses and decades of vocational truck expertise, we will be able to produce a hybrid-propulsion systems for the commercial truck market that we believe will provide a value proposition to end users relative to competing non-automatic hybrid transmission offerings. Demand for our hybrid-propulsion systems has historically been supported by various governmental subsidies to end users. If such subsidies were to be discontinued or if our products failed to qualify for such subsidies, sales of our hybrid-propulsion systems could be negatively impacted.

We have also developed a fully-automatic transmission for the Class 8 metro tractor market, in which we currently have a very limited presence and that accounts for approximately 30% of the Class 8 tractor market. We believe our new metro product is more fuel efficient than the incumbent manual transmissions and AMTs currently used in these vehicles, and is well suited to address end user demands in this market given the high "start and stop" frequency of the Class 8 metro tractor duty cycle.

Product Development and Engineering

We maintain an industry leading product development and engineering capability dedicated to the design, development, refinement and support of our fully-automatic transmissions and hybrid-propulsion systems. Our approximately 350 product development and engineering staff are distinguished by their depth of analytical skills and industry experience and significantly contribute to our product performance. With decades of experience,

knowledge and expertise in our markets, we believe we have the skills to create, evolve and apply products to a wide variety of uses under various vocations and operating conditions. Within the product development engineering process, insights gained in one area can be leveraged across our entire portfolio.

We believe our customers expect our products to provide unparalleled performance and value defined in various ways, including delivering maximum cargo in minimum time, using the least amount of fuel possible while employing the fewest vehicles possible and experiencing maximum vehicle uptime. In response to those needs and the evolving customer focus on fuel efficiency, we provide vehicle specification guidelines, superior transmission control software and mechanical components to optimize fuel economy while delivering desired vehicle performance. Further, we are developing new technology and products to improve fuel efficiency and fuel economy by allowing engines to operate more efficiently and at lower speeds to avoid consuming fuel without compromising performance. Building on our engineering capabilities, we pioneered hybrid propulsion in commercial vehicles and are developing new hybrid variants and alternative technologies for use in our global commercial vehicle markets.

We maintain a test track on our Speedway, Indiana campus for vehicle drive, testing and calibration activities in addition to being a demonstration venue for customers. We also lease test track facilities in New Carlisle, Indiana, and Apache Junction, Arizona, and use a leased facility in Sweden as our European demonstration site. In 2010, we hosted approximately 1,000 OEM and end user representatives at these facilities. We plan to construct a test track at our location in Hungary during 2011.

Sales and Marketing Organization

Our sales and marketing effort is organized along geographic and customer lines and is comprised of marketing, sales and service professionals, supported by application engineers worldwide. In North America, selling efforts in the on-highway end market, our largest end market, are organized by distributor area responsibility, OEM sales and national accounts, for our large end users. Outside North America, we manage our sales, marketing, service and application engineering professionals through regional areas of responsibility. These regional management teams distribute OEM service and application engineering resources globally. Since 2007, we have significantly expanded our sales and marketing teams and distribution relationships in emerging markets to capitalize on growth opportunities in these regions. We manage our military products sales, marketing, service and application engineering through an Indianapolis-based group of professionals with extensive defense industry experience.

We have developed a marketing strategy to reach OEM customers as well as end users. We target our end users primarily through marketing activities by our sales staff, who directly call end users and attend local trade shows, targeting specific vocations globally and through our plant tour program, where end users may test our products on the Speedway test track. We are creating an enhanced test track experience at our new Hungary facility, to provide our global end users an opportunity to test our products.

While our marketing management uses the term “customer” interchangeably for OEMs and end users, the primary objective of our marketing strategy is to create demand for fully-automatic transmissions through:

- OEM promotion of our products and incorporation of fully-automatic transmissions in their commercial vehicle product offerings;
- Allison representative and/or Allison distributor contact with identified, major end users; and
- our network of independent dealers who contact other end users.

The process is interactive, as Allison representatives, Allison distributors and OEM dealers educate customers and respond to the specific applications, requirements and needs of numerous specialty markets.

Similarly, we work with customers, dealers and OEMs to educate, improve and simplify how they specify vehicles and vehicle systems in order to optimize vehicle performance and fuel consumption. This instructional

initiative is known as “Science to Sales.” Our field organization also works closely with distributors who, in turn, work with dealers to provide end users with education, parts, service and warranty support. The military marketing group follows a defined plan that identifies country, vehicle and specific OEMs and then approaches the ultimate end user through a variety of channels.

Manufacturing

Our manufacturing strategy provides for distributed capability in manufacturing and assembly of our products for the global commercial vehicle market. Our primary manufacturing facilities, located in Speedway, Indiana, consist of 3.2 million square feet of usable manufacturing space in seven plants. We also have established customization and parts distribution centers in The Netherlands, Brazil, China and India. We are further expanding our global manufacturing presence to provide access to low-cost manufacturing and a regional presence to support our emerging market growth strategy. Our facilities are designed and located globally to respond to customer orders within competitive lead times and to minimize tangible and intangible market entry costs, while taking full advantage of our global supply chain. In support of these initiatives, we recently opened a plant in Chennai, India and will complete a facility in Szentgotthard, Hungary in 2011. Our Chennai facility manufactures gear components for our global manufacturing operations and allows us to control the quality and durability of the gears, consistent with those produced in our U.S. facilities, at a lower cost. We expect this facility will assemble finished products by the end of 2012. Our new Hungarian facility will relocate our existing assembly and final test operations from a nearby General Motors plant, with which we have had a contract manufacturing arrangement, into a wholly-owned Allison plant. This facility will also be equipped to customize the units it produces to meet unique customer demands, a process formerly handled by our operations in The Netherlands. Our Chennai and Szentgotthard facilities will also provide us with a meaningful level of manufacturing redundancy for our high volume on-highway transmission products.

Our day-to-day manufacturing operations are sustained through the fundamentals of the Allison Transmission Global Manufacturing System, or GMS. This system supports five key principles to ensure the highest quality and reliable products for our customers: people involvement, standardization, built-in quality, short lead time, and continuous improvement. All on-highway products manufacturing plants embrace these concepts in total, while production areas of lower product volumes apply specific GMS concepts applicable to their operations. Each of these principles is supported by key elements that serve as criteria for process execution that ensure minimized waste within the production system.

Our high volume on-highway products are produced in multiple global locations while off-highway, hybrid-propulsion and military tracked products are produced in Indianapolis. The type of facility employed in a given area depends on regional product demand and delivery time requirements. Assemble-to-order is achieved through lean manufacturing processes with short lead times intended to respond to customer line sets in less than 10 days. GMS supports product-focused factories, which include lean-configured manufacturing cells and efficiently designed assembly lines that align with a specific product. We believe a comprehensive quality system and a regimented system structured around Kanban fundamentals are the foundation for the system’s dependability. Each factory is structured with its own dedicated leadership team. We have extensive in-house machining capabilities, significant technical expertise and advanced processes for component manufacturing and total product assembly. Manufacturing operations consist of the vast majority of machining processes utilized in the conversion of cast iron, steel and aluminum products into transmission components, as well as the heat treating facilities that exist in four of our plants.

Approximately 90% of the part numbers that make up our transmissions are purchased from outside suppliers. Based on thorough on-going analyses of our own manufacturing competencies in the context of supply base capabilities, the proportion of purchased parts has increased in our most recent product designs. This has enabled our valuable operations resources to be focused on the most complex, competitively differentiating, value-adding machining and assembly process elements at optimally efficient levels of capital expenditure.

Quality and Reliability

We maintain a dedicated staff of approximately 35 full-time employees reporting to the Vice President of Quality and Reliability focused on driving quality improvements in support of Allison's products and business processes in the fulfillment of the Allison Brand Promise to deliver an unrivaled combination of quality, reliability, durability, vocational value and superior customer service. In addition to the dedicated staff there are approximately 25 salaried and 50 hourly employees dedicated to our quality system execution and reporting throughout the global Allison organization.

Suppliers and Raw Materials

During 2010, we purchased over $695.6 million of direct materials and components from outside suppliers. The largest elements of our direct spending are aluminum and steel castings and forgings that are formed by our suppliers into our larger transmission components and assemblies for use in our transmissions. However, our spending on aluminum and steel raw materials directly and indirectly through our purchase of these components constituted less than 10% of our direct material and component costs in 2010. The balance of our direct and indirect materials and components costs are primarily composed of value-added services and conversion costs. Over 80% of our supply contracts are for terms of greater than one year. Such contracts, along with an intensive supplier selection and performance monitoring process, have enabled us to establish and maintain close relationships with suppliers and have contributed to our overall operating efficiency and industry-leading quality.

Information Technology

We recognize the importance of Information Technology, or IT, in the operation of our business. We utilize several industry standard IT solutions, including a centralized SAP Enterprise Resource Planning system that supports our global business operations in an integrated fashion. In addition, we have developed many custom applications designed to address our specific business needs. These applications are supported by a strong IT infrastructure that operates in four primary data centers (internal and external), to facilitate availability of substantially all mission-critical IT components. Our IT systems and infrastructure have recently undergone a significant expansion to enable stand alone business operations following the separation from General Motors and to support global growth and new product development.

Our Information Systems & Services, or IS&S, organization is responsible for our enterprise-wide IT environment. Our IT operations and services are based largely on a multi-vendor outsourced model with IT services contracts with several "tier-one" and specialized service providers. Our IS&S organization employs processes and methodologies including metrics and status reports to evaluate IT supplier performance against contractual service-level agreements.

Intellectual Property

In conjunction with the sale of Allison by General Motors, we acquired an irrevocable, royalty-free, worldwide license of a large number of U.S. and foreign patents and patent applications, as well as certain unpatented technology and know-how, to manufacture, use and sell fully-automatic transmissions and certain hybrid-propulsion systems for use in vocational and military vehicles and off-highway products. Such licenses are subject to certain limitations. See "Risk Factors" for a complete discussion of these risks and limitations. In addition, we acquired from General Motors an irrevocable, royalty-free, worldwide license under computer software programs that we use to run our business, including product design. Allison also acquired ownership of trademarks and copyrights relating to our business, subject in some cases to a non-exclusive license back to General Motors for use in connection with its existing six-speed A1000 transmission products, but only up to the termination of production of the A1000 transmission product by General Motors.

Our products are highly engineered, requiring advanced manufacturing processes and complex software algorithms for our transmission controls to maximize end user performance. We have developed over 100 different product models that are used in more than 2,500 different vehicle configurations. Our transmissions are

compatible with more than 500 combinations of engine brands, models and ratings (including diesel, gasoline, compressed natural gas and other alternative fuels). In 2010, over 10,000 unique Allison developed calibrations were used with our transmission control modules. We believe our scale, experience and culture of innovation reinforce our leading market position and provide us with a competitive advantage.

Seasonality

Overall, the demand for our products is relatively consistent over the year. However, in typical market conditions, the North American truck market experiences a higher level of production in the first half of the year due to fewer holidays and the practice of plant shutdowns in July and December. However, this pattern has not always held in recent business cycles, particularly during and following an economic downturn. Working capital levels do not fluctuate significantly in the normal course for our business.

Employees

As of December 31, 2010, we had approximately 2,750 employees, with more than 90% of those employees in the U.S. Approximately 60% of our U.S. employees are represented by the UAW and are subject to a collective bargaining agreement. At the time of Allison's divestiture from General Motors, we agreed to assume from General Motors the existing national and local collective bargaining agreements with the UAW. Subsequently, we negotiated a new agreement that expires in November 2012. This agreement included a multi-tier wage and benefits structure and created a profit-sharing incentive compensation plan for the UAW-represented hourly employees tied to identical performance metrics as those used for the management team and salaried employees. As 60% of our represented employees are currently retirement eligible, we anticipate a significant shift toward increasing the number of second tier employees over the coming years. In addition, our UAW-represented hourly employees have received an incentive compensation plan payout for every plan year since such program was established in 2008. There have been no strikes or work stoppages due to Allison-specific issues in over 30 years.

During the fourth quarter of 2008 and the first quarter of 2009, we began implementing expense reduction programs in an effort to better align our cost structure with decreased net sales driven by global economic conditions. The restructuring charges related to these initiatives included retirement incentive and reduction in force programs that resulted in the elimination of approximately 450 hourly and 150 salaried positions. The impact of the programs resulted in restructuring charges of approximately $47.9 million and $15.7 million recorded in the Consolidated Statements of Operations for the years ended December 31, 2009 and 2008, respectively.

In 2010, we increased the size of our overall hourly and salaried workforce to respond to improved global economic conditions.

Environmental

We are subject to a variety of Federal, state, local and foreign environmental laws and regulations, including those governing the discharge of pollutants into the air or water, the management and disposal of hazardous substances or wastes, and the cleanup of contaminated sites. Some of our operations require environmental permits and controls to prevent and reduce air and water pollution. These permits are subject to modification, renewal and revocation by issuing authorities. We believe we are in substantial compliance with all applicable material laws and regulations in the U.S. Historically, our costs of achieving and maintaining compliance with environmental, health and safety requirements have not been material to our results.

In addition, increasing efforts globally to control emissions of carbon dioxide, methane and other greenhouse gases have the potential to impact our facilities, costs, products and customers. Pursuant to the Clean Air Act, or CAA, the EPA has recently taken action to control greenhouse gases from certain stationary and

mobile sources. These actions include issuance of a greenhouse gas reporting rule applicable to specified stationary sources, as well as a rule requiring limits on greenhouse gas emissions for certain sources under the CAA New Source Review of Significant Deterioration and Title V Operating Permit programs. The U.S. Congress is also considering proposals to limit greenhouse gas emissions, and several states have taken steps, such as adoption of cap and trade programs or other regulatory systems, to address greenhouse gases. At the same time, opponents of greenhouse gas regulation have initiated litigation, as well as introduced legislation in Congress, to delay, limit or eliminate the EPA's, and possibly states', actions to regulate greenhouse gases. There have also been international efforts seeking legally binding reductions in emissions of greenhouse gases. These developments and further actions that may be taken in the U.S. and in other countries, states or provinces could affect our operations both positively and negatively (e.g., by affecting the demand for or suitability of some of our products). As described above, we believe increased regulation of greenhouse gases will increase demand for green technologies, including our hybrid technologies.

Also, under the Asset Purchase Agreement, General Motors agreed to indemnify us against certain environmental liabilities, including pre-acquisition offsite waste disposal from our facilities, former facilities associated with our business and any properties or facilities relating to our business that General Motors retained. General Motors also continues to perform remedial activities at our Speedway, Indiana manufacturing facilities relating to historical soil and groundwater contamination at the facilities. General Motors is performing such activities pursuant to a voluntary Corrective Action Agreement with EPA and pursuant to the Asset Purchase Agreement retained responsibility for completing all remediation activities covered by the Corrective Action Agreement. Except to the extent specifically retained by General Motors, we would be responsible for environmental liabilities that may arise at any of our properties, including with respect to contamination that may have occurred at our properties prior to the Acquisition Transaction. Additionally, there can be no assurances that General Motors will comply with its indemnity obligations or with its remedial obligations at the Speedway, Indiana facility, or that future environmental remediation obligations will not have a material adverse impact on our results.

We also may be subject to liability under the Comprehensive Environmental Response, Compensation and Liability Act and similar state or foreign laws for contaminated properties that we currently own, lease or operate or that we or our predecessors have previously owned, leased or operated, and sites to which we or our predecessors sent hazardous substances. Such liability may be joint and several so that we may be liable for more than our share of contamination, and any such liability may be determined without regard to causation or knowledge of contamination. We or our predecessors have been named potentially responsible parties at contaminated sites from time to time. We do not anticipate our liabilities relating to contaminated sites will be material to our results.

Competition

We compete on the basis of product performance, quality, price, distribution capability and service in addition to other factors. We face competition from numerous manufacturers of manual transmissions, AMTs and fully-automatic transmissions for commercial vehicles. We also face competition from manufacturers in our international operations and from international manufacturers entering our domestic market. Furthermore, some of our customers are OEMs that manufacture transmissions for their own products. Despite their transmission manufacturing abilities, our existing OEM customers have chosen to purchase certain transmissions from us due to the quality, reliability and strong brand of our transmissions and in order to limit fixed costs, minimize production risks and maintain company focus on commercial vehicle design, production and marketing.

Properties

Our world headquarters, which we own, is located at 4700 West 10th Street, Indianapolis, Indiana 46222. As of December 31, 2010, we have a total of 17 manufacturing and certain other facilities in six countries. The following table sets forth certain information regarding these facilities.

Plant	Location	Approximate Size (ft^2)	Owned / Leased	Description
Plant #3	Speedway	927,000	Own	Engineering, Operational Support
Plant #4	Speedway	425,900	Own	Manufacturing
Plant #6	Speedway	431,500	Own	Manufacturing
Plant #7	Speedway	391,700	Own	Operational Support
Plant #12	Indianapolis	534,900	Own	Manufacturing
Plant #14	Indianapolis	481,100	Own	Manufacturing
Plant #15	Indianapolis	126,400	Lease	Manufacturing
Plant #17	Indianapolis	389,000	Own	Parts Distribution Center
Plant #20 Tech. Center	Indianapolis	59,000	Own	Engineering & Testing
Plant #21 Tech. Center	Indianapolis	10,000	Own	Engineering & Testing
Szentgotthard	Hungary	57,900	Own(1)	Manufacturing
Sliedrecht	The Netherlands	53,800	Lease	Customization & Distribution
Shanghai	China	70,000	Lease	Customization & Distribution
Santo Amaro	Brazil	31,400	Own	Customization & Distribution
Chennai	India	258,500	Own(2)	Manufacturing
Chennai	India	9,500	Lease	Customization Center
Chennai	India	3,000	Lease	Parts Distribution Center

(1) In the fourth quarter of 2010, we entered into a new manufacturing services agreement with General Motors, which requires that we provide a facility for production of our transmissions while General Motors provides resources to manufacture these transmissions. The new facility is currently under construction with production scheduled to begin in 2011. Beneficial occupancy and the move to the new facility will be followed by reliability testing to approve operations. Plans are currently being executed to build inventory to ship to customers during the period of time the equipment is being relocated, to ensure uninterrupted flow of product to all our European customers.

(2) The manufacturing facility in Chennai, India was completed in 2010.

We believe all our facilities are suitable for their intended purpose, are being efficiently utilized and provide adequate capacity to meet demand for the next several years. The table above does not include sales offices located in various countries.

Litigation

During the second quarter of 2009, we identified certain differences between benefits promised under certain benefit plans and the administration of those plans. We have amended our plan documents to correct these differences and have filed a request with the Internal Revenue Service, or the IRS, to enter into a closing agreement to correct the differences retroactively to the original adoption of our benefit plans. We expect the IRS to grant this request; however, if the IRS does not grant us this request, then we would be required to accrue for and eventually pay these benefits. We estimate the cost of these benefits at approximately $10.0 million. As of December 31, 2010, our expected liability remains approximately $2.5 million, including potential penalties and fines.

We are subject to various other contingencies, including routine legal proceedings and claims arising out of the normal course of business. These proceedings primarily involve commercial claims, product liability claims, personal injury claims and workers' compensation claims. The outcome of these lawsuits, legal proceedings and claims cannot be predicted with certainty. Nevertheless, we believe the outcome of any of these currently existing proceedings, even if determined adversely, would not have a material adverse effect on our financial condition or results of operations.

MANAGEMENT

Management

The following table provides information regarding the executive officers and Board of Directors of Allison Holdings:

Name	Age	Position
Lawrence E. Dewey	54	Chairman, President and Chief Executive Officer
David S. Graziosi	45	Executive Vice President, Chief Financial Officer and Treasurer
Mark A. Anspach	53	Vice President, Global Procurement and Supplier Quality
Sharon L. Dean	55	Vice President, Quality and Reliability
Edward L. Dyer	61	Vice President, Military Programs
Michael G. Headly	60	Vice President, Non-NAFTA Marketing, Sales, and Service
Randall R. Kirk	55	Vice President, Product Engineering
Ryan A. Milburn	39	Vice President and Chief Information Officer
David L. Parish	60	Vice President, Operations
Robert M. Price	53	Vice President, Human Resources
Eric C. Scroggins	40	Vice President, General Counsel and Secretary
Laurie B. Tuttle	56	Vice President, Hybrid Programs
James L. Wanaselja	59	Vice President, NAFTA Marketing, Sales, and Service
Brian A. Bernasek	38	Director
Kosty Gilis	37	Director
Gregory S. Ledford	53	Director
Seth M. Mersky	51	Director
Thomas W. Rabaut	62	Director
Francis Raborn	67	Director
Richard V. Reynolds	62	Director

Lawrence Dewey

Mr. Dewey joined Allison in February 1989. Mr. Dewey currently serves as the Chairman, President and Chief Executive Officer of Allison and has served in that capacity since the sale of Allison to Carlyle and Onex in August 2007. Prior to the sale, Mr. Dewey served in various capacities at Allison, including as President of Allison, a role he assumed in 2000; worldwide Director of Marketing, Sales and Service, Managing Director of Allison Transmission Europe, B.V., based in The Netherlands; Central Region (U.S.) Sales Manager; Marketing Manager; Manager of Aftermarket Products; and Production Manager. From 2003 until 2007, concurrent with his role as President of Allison, he took on the responsibilities of Group Director of Marketing, Sales, Brand Management and Customer Support for General Motors Powertrain group. Before joining Allison, Mr. Dewey held several positions of increasing responsibility in General Motors' Diesel Equipment Division and Rochester Products Division. He began his career in 1974 as a General Motors co-op student at General Motors Institute (now Kettering University).

The Board of Directors has concluded that Mr. Dewey should serve as a director because in addition to his demonstrated leadership skills as Chief Executive Officer and President of Allison, he brings to our Board of

Directors experience and institutional knowledge about Allison from his 22 years of experience with our company and valuable insights on the commercial vehicle industry as a result of his 37 years of experience in the industry. Mr. Dewey is a director nominee designated by Carlyle, one of our Sponsors, pursuant to the terms of the Stockholders Agreement described under "Certain Relationships and Related Party Transactions—Amended and Restated Stockholders Agreement."

David Graziosi

Mr. Graziosi joined Allison in November 2007 as Executive Vice President, Chief Financial Officer and Treasurer and has served in that capacity since then. Before joining Allison, between 2006 and 2007, Mr. Graziosi served as Executive Vice President and Chief Financial Officer of Covalence Specialty Materials Corporation. Prior to joining Covalence Specialty Materials Corporation, Mr. Graziosi held various positions in the industry, including as Vice President of Finance Precursors and Epoxy Resins at Hexion Specialty Chemicals, Inc. from 2005 to 2006 and Executive Vice President and Chief Financial Officer at Resolution Performance Products LLC from 2004 to 2005. Prior to that, he served as Vice President and Chief Financial Officer of General Chemical Industrial Products Inc., as Finance Director of GenTek Inc., and as Internal Audit Director and Assistant Corporate Controller at Sun Chemical Group B.V. While Mr. Graziosi served as an executive officer of General Chemical Industrial Products Inc., the company filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in December 2003 and emerged from bankruptcy proceedings in March 2004. Mr. Graziosi is also a Certified Public Accountant and a Certified Information Systems Auditor (non-practicing).

Mark Anspach

Mr. Anspach joined Allison as Vice President, Global Procurement and Supplier Quality in October 2008 and has served in that position since then. Before joining Allison, from 2005 to 2008, Mr. Anspach served as Director of Supply Chain at Raytheon Space and Airborne Systems, where his responsibilities included managing supply chain/procurement functions in the defense, telecommunications and semiconductor industries. Prior to that, he began his career with Lockheed Missiles & Space Company as a configuration engineer on ground based communications systems, joining in 1987. Mr. Anspach currently holds the rank of Colonel in the U.S. Army Reserve and serves as the Chief of Staff for the Deployment Support Command.

Sharon Dean

Ms. Dean joined Allison in June 1975. She currently serves as Vice President, Quality and Reliability, which includes responsibility for Allison Remanufacturing, and has held that position since 2007. Prior to that, from 1998 until 2007, Ms. Dean served as Director, Quality and Reliability, and from 1975 until 1998, she held various key positions in Sales/Service and Operations, including Director, Customer Support; Manager, Eastern Region (U.S.); Manager, Quality and Reliability and Manager, Product Service. Before joining Allison, Ms. Dean worked in the General Motors Assembly Division, beginning in 1973, when she joined General Motors as a General Motors Institute (now Kettering University) student, assuming full-time responsibilities after graduating in 1978.

Edward Dyer

Mr. Dyer joined Allison as Vice President, Military Programs in March 2010 and has served in that position since then. Before joining Allison, from 2001 until 2010, Mr. Dyer served as the Director of Technology at Lockheed Martin Corporation, where he managed the start up and implementation of a global defense research and engineering network, enabling real time technical collaboration and later managed a corporate Internal Research and Development program in advanced concepts. Prior to that, Mr. Dyer served on active duty in the U.S. Army for 29 years, during which time, he commanded tank and infantry units at every level from platoon to Division, including command of a tank battalion during the first Gulf War. In addition, he served on several senior staffs, including the U.S. Army Staff and Joint Chiefs of Staff where he was in charge of crisis planning and ran the National Military Command Center.

Michael Headly

Mr. Headly joined Allison in November 1988. He currently serves as Vice President, Non-NAFTA Marketing, Sales and Service, a position he has held since 2007. Prior to that, from 2003 until 2007, Mr. Headly was responsible for General Motors Powertrain's non-allied sales/application engineering and powertrain marketing and from 2000 until 2003, he was responsible for our military programs as well as the Business Planning activity in 2003. From 1997 until 2000, Mr. Headly served as Managing Director, Allison Transmission Europe, where he assumed a broader role in management of our international business, assuming responsibility for the Asia Pacific region in 1998 and the South American region in 1999. Before that, from 1988 until 1997, Mr. Headly held a wide variety of military and commercial positions focused both on NAFTA and Non-NAFTA markets. Prior to joining Allison, Mr. Headly worked in General Motors' Military Vehicle Operation in Detroit as the Manager of New Business Development.

Randall Kirk

Mr. Kirk joined Allison in May 1976. He currently serves as Vice President, Product Engineering, a position he has held since 2009. Prior to that, from 2007 until 2009, Mr. Kirk served as Executive Director of the Transition Program Manager Office, leading a cross-functional team with responsibilities for the separation from General Motors, and from 2001 until 2007, he served as Director of Customer Support in Marketing Sales and Service. From 1997 until 2001, Mr. Kirk assumed the responsibilities of Product Team Leader for several product lines. Prior to that, he served in a number of roles with increasing responsibility in the Operations and Quality organizations, including Supervisor, General Supervisor, Production Superintendent, Quality/Reliability Manager, a dual role as Manager of Manufacturing Engineering and Quality and Divisional Program Manager.

Ryan Milburn

Mr. Milburn joined Allison in June 1990. He currently serves as Vice President and Chief Information Officer, a position that he has held since 2007 and where he is responsible for all aspects of Allison's Information Technology Systems, infrastructure and services. Prior to that from 2003 to 2007, Mr. Milburn served as Chief Information Officer, and from 2002 to 2003, he held the positions of Manager of Engineering & Product Development Systems. Prior to that, he served as Manager of Information & Control Systems and was part of the leadership team responsible for the launch and operations of the green-field General Motors (formerly Allison) manufacturing facility in Baltimore, Maryland. Before joining the Information Technology organization, he performed various manufacturing automation and machine controls engineering roles of increasing responsibility in the manufacturing organization.

David Parish

Mr. Parish began his career with Allison in August 1977. He currently serves as Vice President, Operations, a position that he has held since 2007 and where he is responsible for global plant operations, service parts operations, supply chain facilities, environmental, and manufacturing engineering. In his current position, Mr. Parish has facilitated the growth of Allison's global footprint through the construction of new facilities in India and Hungary. From 2006 to 2007, Mr. Parish served as Assistant General Director of Operations and General Director of Operations, and from 1997 to 2006, he was responsible for directing the Manufacturing Engineering and Manufacturing Services organization. Prior to that, Mr. Parish held various positions at Allison, including as Director, Manufacturing Engineering and Plant Manager for the heavy-duty commercial and military products. Prior to that, he held multiple positions in manufacturing at Allison, including industrial engineering, manufacturing engineering, production management, quality, and reliability.

Robert Price

Mr. Price joined Allison in May 2000. He currently serves as Vice President, Human Resources, a position he has held since 2007. From 2004 to 2007, Mr. Price served as Personnel Director, and from 2000 until 2004, he

served as Director, Labor Relations. Before joining Allison, from 1997 to 2000, Mr. Price served as Director, Contract Administration for General Motors of Canada, and from 1993 to 1997, he served as Divisional Labor Relations Administrator at the General Motors Canadian headquarters. From 1988 until 1993, Mr. Price held the position of Supervisor, Labor Relations in the HR group at General Motors, and from 1985 to 1988, he served as Labor Relations Representative in the same group. Before working in the HR group, Mr. Price worked at General Motors as a Production Supervisor, and from 1978 until 1982, Mr. Price held a variety of positions in the HR function, including employment, security, health and safety and workers compensation at the General Motors Windsor Transmission Plant.

Eric Scroggins

Mr. Scroggins joined Allison as Vice President, General Counsel and Secretary in December 2007 and has served in that position since then. He is responsible for advising the Board and leadership team on legal and business matters, managing our legal affairs and overseeing our Office of Export Compliance and Government & Community Relations. Prior to joining Allison, Mr. Scroggins served as General Counsel for Product Action International, LLC from 2006 until 2007, and was an attorney with the law firm of Ice Miller LLP from 2001 to 2006. Prior to joining Ice Miller LLP, Mr. Scroggins worked for the State of Indiana, serving in various roles with the Indiana State Personnel Department, including as Deputy Director of the Indiana State Personnel Department.

Laurie Tuttle

Ms. Tuttle joined Allison in January 1986. She currently serves as Vice President, Hybrid Programs, a position she has held since 2009. Prior to her current position, Ms. Tuttle served as Vice President, Product Engineering beginning in 2007, and from 2003 until 2007, she held the position of Engineering Director. Prior to that, Ms. Tuttle held a variety of management and executive positions of increasing responsibility in engineering, program management and product assurance engineering, including Program Director Light Commercial Transmission. Prior to joining Allison, she held positions in General Motors' Detroit Diesel Allison Division from 1978 until 1986, including as a diesel engine test engineer, a design engineer and a Product Engineering Design Group Supervisor.

James Wanaselja

Mr. Wanaselja joined Allison in April 1995. He currently serves as Vice President, NAFTA Marketing, Sales and Service, a position he has held since 2007. Prior to that, from November 2000 until 2007, Mr. Wanaselja served as Director, NAFTA Marketing, Sales and Service and Global Business Systems, and from May 2000 until November 2000, he served as Director, NAFTA Sales. From 1998 until May 2000, Mr. Wanaselja assumed responsibility for our marketing and OEM sales, and from 1995 until 1998, he served as Manager, National Accounts. Prior to joining Allison, Mr. Wanaselja worked for Voith Transmission, Inc., where he held numerous positions, including Vice President, Product Manager On-Highway Transmissions and General Manager for the North American Voith On-Highway Products Division from 1982 through 1995. Prior to joining Voith Transmission, Inc., Mr. Wanaselja began his career with General Electric in 1974, completing the General Electric Technical Marketing Program and holding various positions there.

Brian Bernasek

Mr. Bernasek has served as a director of Allison Holdings since August 2007. He is currently a Managing Director of Carlyle, where he focuses on investment opportunities in the industrial and transportation sectors. Prior to joining Carlyle in 2000, he held positions with Investcorp International, a private equity firm, and Morgan Stanley & Co., in its Investment Banking Division. Mr. Bernasek currently serves on the Board of Directors of Hertz Global Holdings, Inc.

The Board of Directors has concluded that Mr. Bernasek should serve as a director because in addition to his demonstrated leadership skills as a Managing Director of Carlyle and his extensive experience in investment

banking and private equity, he brings to our Board of Directors knowledge of complex financial and investment issues and valuable insights on the commercial vehicle industry as a result of his current and past service on boards of industrial and transportation related companies. Mr. Bernasek is a director nominee designated by Carlyle, one of our Sponsors, pursuant to the terms of the Stockholders Agreement described under "Certain Relationships and Related Party Transactions — Amended and Restated Stockholders Agreement."

Kosty Gilis

Mr. Gilis has served as a director of Allison Holdings since August 2007. He currently serves as a Managing Director of Onex, where he focuses on investment opportunities in the industrial products and business services sectors. Prior to joining Onex in 2004, he was a Vice President at Willis Stein & Partners, a Chicago-based private equity firm, and before that, Mr. Gilis served as a management consultant at Bain & Company in their Toronto, Canada and Johannesburg, South Africa offices. Mr. Gilis currently serves on the Board of Directors of Gates Corporation and Tomkins Building Products Inc.

The Board of Directors has concluded that Mr. Gilis should serve as a director because in addition to his demonstrated leadership as a Managing Director of Onex and his extensive experience in private equity, he brings to our Board of Directors knowledge of complex financial and investment issues as well as insights on the commercial vehicle industry. As a result of serving on the Boards of Directors of Gates Corporation and Tomkins Building Products Inc., Mr. Gilis brings to our Board of Directors valuable knowledge of finance, corporate governance, and operations of other companies. Mr. Gilis is a director nominee designated by Onex, one of our Sponsors, pursuant to the terms of the Stockholders Agreement described under "Certain Relationships and Related Party Transactions — Amended and Restated Stockholders Agreement."

Gregory Ledford

Mr. Ledford has served as a director of Allison Holdings since August 2007. He currently serves as a Managing Director of Carlyle and as head of the firm's Industrial and Transportation practice. Since joining Carlyle in 1988, Mr. Ledford has held various positions, including serving as Chairman and Chief Executive Officer of The Reilly Corp., a former Carlyle portfolio company, from 1991 to 1997. While at Carlyle, Mr. Ledford served on the Board of Directors of Air Cargo Inc., which filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in December 2004. Prior to joining Carlyle, Mr. Ledford was Director of Capital Leasing for MCI Communications. He currently serves on the Board of Directors of Hertz Global Holdings, Inc.

The Board of Directors has concluded that Mr. Ledford should serve as a director because in addition to his demonstrated leadership and consensus building skills as Managing Director of Carlyle and his service as a director on a number of commercial vehicle industry boards, his years of experience in industrial-related positions provides our Board of Directors with valuable insights and a unique perspective on industrial and transportation related issues. Mr. Ledford is a director nominee designated by Carlyle, one of our Sponsors, pursuant to the terms of the Stockholders Agreement described under "Certain Relationships and Related Party Transactions — Amended and Restated Stockholders Agreement."

Seth Mersky

Mr. Mersky has served as a director of Allison Holdings since August 2007. He currently serves as a Managing Director of Onex where he has worked since 1997, focusing on investment opportunities across the industrial sector. Prior to joining Onex in 1997, he served as Senior Vice President, Corporate Banking with The Bank of Nova Scotia for 13 years, and before that, Mr. Mersky worked for Exxon Corporation as a Tax Accountant. Mr. Mersky currently serves on the Board of Directors of Gates Corporation, SITEL Worldwide Corporation and Hawker Beechcraft Acquisition Company, LLC. He previously served on the Board of Directors of Spirit AeroSystems, Inc.

The Board of Directors has concluded that Mr. Mersky should serve as a director because in addition to his demonstrated leadership as a Managing Director of Onex, he has gained significant experience related to private and public company matters. As a result of his current and past board experience, Mr. Mersky brings to our

Board of Directors valuable knowledge of finance, corporate governance, compensation programs and operations of other companies. Mr. Mersky is a director nominee designated by Onex, one of our Sponsors, pursuant to the terms of the Stockholders Agreement described under "Certain Relationships and Related Party Transactions — Amended and Restated Stockholders Agreement."

Thomas Rabaut

Mr. Rabaut has served as a director of Allison Holdings since August 2007. He currently serves as a Senior Advisor to the Aerospace, Defense and Business/Government Services Group of Carlyle and has held that position since 2007. Prior to joining Carlyle in 2007, Mr. Rabaut served as President of the Land & Armaments Operating Group of BAE, a global leader in the design, development and production of military systems from 2005 to 2007, and as President and Chief Executive Officer of United Defense Industries, Inc., a former Carlyle portfolio company that was acquired by BAE in 2005, from 1994 to 2005. Prior to his tenure at United Defense Industries, Inc., Mr. Rabaut served 17 years in various roles at FMC Corporation where he ultimately became Vice President and General Manager of the Defense Systems Group. He also served five years in the U.S. Army. He currently serves on the Board of Directors of CYTEC Industries Inc., and the KAMAN Corporation.

The Board of Directors has concluded that Mr. Rabaut should serve as a director because in addition to his extensive senior executive leadership experience in the defense industry and his current role as senior advisor with Carlyle, he brings to our Board of Directors his knowledge and insight into providing products and services to the U.S. government. Mr. Rabaut's professional and board experience provides our Board of Directors with additional perspectives about the defense markets, international markets, commercial acquisitions as well as market and sales trends. Mr. Rabaut is a director nominee designated by Carlyle, one of our Sponsors, pursuant to the terms of the Stockholders Agreement described under "Certain Relationships and Related Party Transactions — Amended and Restated Stockholders Agreement."

Francis Raborn

Mr. Raborn has served as a director of Allison Holdings since August 2007. Until his retirement in 2005, Mr. Raborn served as Vice President and Chief Financial Officer of United Defense Industries, Inc. from its formation in 1994, and as a director since 1997. Mr. Raborn joined FMC Corporation, the predecessor of United Defense Industries, Inc., in 1977 and held a variety of financial and accounting positions, including Controller of the Defense Systems Group from 1985 to 1993, and Controller of the Special Products Group from 1979 to 1985. Prior to his tenure at FMC Corporation, Mr. Raborn worked for Chemetron Corporation and Ford Motor Company. Mr. Raborn currently serves on the Board of Directors of Spirit AeroSystems, Inc.

The Board of Directors has concluded that Mr. Raborn should serve as a director because, as a result of his senior financial and accounting positions at FMC Corporation and United Defense Industries, Inc. and his position as the Chairman of Spirit AeroSystems, Inc.'s audit committee, he brings with him significant experience in finance, accounting, defense, production and manufacturing. Mr. Raborn also brings to our Board of Directors valuable knowledge of finance, corporate governance, compensation programs, and operations of other companies gained from his previous service on the Board of Directors of other public and private companies. Mr. Raborn is an independent director appointed pursuant to the terms of our Security Control Agreement.

Richard Reynolds

Lieutenant General (retired) Reynolds has served as a director of Allison Holdings since November 2010. He is currently the owner of The VanFleet Group LLC, an aerospace consulting company and has served in that capacity since 2005. General Reynolds also served as Senior Manager/Senior Business Advisor of Bearing Point, Inc., an international management and technology consulting firm, from 2005 to 2008. He retired from the U.S. Air Force in 2005, after 34 years of active duty, where he served as a combat ready pilot, experimental test pilot,

and program manager. While on active duty, General Reynolds commanded the Aeronautical Systems Center at Wright-Patterson Air Force Base, Ohio and the Air Force Flight Test Center at Edwards Air Force Base, California. He also served as Program Executive Officer, Airlift and Trainers in the Pentagon, and was Program Director for the B-2 Spirit. He currently serves on the Board of Directors of Air Force Museum Foundation, Inc., Apogee Enterprises, Inc. (Audit Committee), Barco Federal Systems, LLC and GE Rolls-Royce Fighter Engine Team.

The Board of Directors has concluded that Mr. Reynolds should serve as a director because, as a result of his service in senior leadership positions in the U.S. Air Force, which has provided valuable business, leadership and management experience, he brings with him expertise in government contracting and procurement; science and technology; major weapon system research, development and acquisition; system test and evaluation; business and operations risk assessment and mitigation; supply chain and logistics management; information technology and leadership development. Mr. Reynolds also brings to our Board of Directors valuable knowledge of finance, corporate governance, compensation programs, and operations of other companies gained from his previous service on the Board of Directors of other public and private companies. General Reynolds is an independent director appointed pursuant to the terms of our Security Control Agreement.

Controlled Company

For purposes of the NYSE rules, we expect to be a “controlled company.” Controlled companies under those rules are companies of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. We expect that Carlyle and Onex will continue to control more than 50% of the combined voting power of our common stock upon completion of this offering and will continue to have the right to designate a majority of the members of our Board of Directors for nomination for election and the voting power to elect such directors following this offering. Accordingly, we expect to be eligible to, and we intend to, take advantage of certain exemptions from corporate governance requirements provided in the NYSE rules. Specifically, as a controlled company, we would not be required to have (i) a majority of independent directors, (ii) a Nominating/Corporate Governance Committee composed entirely of independent directors, (iii) a Compensation Committee composed entirely of independent directors or (iv) an annual performance evaluation of the Nominating/Corporate Governance and Compensation Committees. Therefore, following this offering if we are able to rely on the “controlled company” exemption, we will not have a majority of independent directors, our Nominating and Corporate Governance and Compensation Committees will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations; accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the applicable NYSE rules. The controlled company exemption does not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act and the NYSE rules, which require that our audit committee be composed of at least three members, one of whom will be independent upon the listing of our common stock on the NYSE, a majority of whom will be independent within 90 days of the date of this prospectus, and each of whom will be independent within one year of the date of this prospectus.

Board Composition

The Board of Directors of Allison Holdings currently consists of eight members. Lawrence E. Dewey, our Chief Executive Officer, is Chairman of the Board of Allison Holdings. Pursuant to our Stockholders Agreement, Carlyle has the right to appoint four members of the Board of Directors of Allison Holdings and Onex has the right to appoint two members of the Board of Directors of Allison Holdings. The Board of Directors (with the approval of the DOD) has the right to nominate two independent members of the Board of Directors of Allison Holdings. The exact number of members on our Board may be modified from time to time exclusively by resolution of our Board, subject to the terms of our Stockholders Agreement. Our Board will be divided into three classes whose members will serve three-year terms expiring in successive years.

Board Committees

Our Board directs the management of our business and affairs as provided by Delaware law and conducts its business through meetings of the Board of Directors and four standing committees: the Audit Committee, the Executive Committee, the Compensation Committee and the Government Security Committee. Effective upon completion of this offering, our Board will dissolve the Executive Committee and form a Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will consist of Messrs. Dewey, Ledford and Mersky. Upon completion of this offering, the Audit Committee will consist of Messrs. Raborn (chair), Reynolds, Gilis and Bernasek. The Board has determined that Mr. Raborn is the Audit Committee financial expert and that Messrs. Raborn and Reynolds are independent, determined using the NYSE standard, for purposes of the Audit Committee. The Executive Committee consists of Messrs. Dewey, Ledford and Mersky. The Compensation Committee consists of Messrs. Bernasek (chair) and Gilis. The Government Security Committee consists of Messrs. Dewey, Raborn and Reynolds (chair). In addition, from time to time, other committees may be established under the direction of the Board when necessary to address specific issues.

Compensation Committee Interlocks and Insider Participation

During fiscal 2010, our compensation committee consisted of Messrs. Bernasek and Gilis. Neither of the members of our compensation committee is currently one of our officers or employees. During fiscal 2010, none of our executive officers served as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any entity that has one or more executive officers who serve as members of our board of directors or our compensation committee.

Code of Ethics

We have adopted a code of ethics that applies to our executive officers. A copy of the code of ethics will be available on our website and will also be provided to any person without charge. Request should be made in writing to General Counsel at Allison Transmission, Inc., 4700 West 10th Street, Indianapolis, Indiana 46222.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

This Compensation Discussion and Analysis provides an overview and analysis of (i) the elements of Company's compensation program for our named executive officers identified below, (ii) the material compensation decisions made under that program and reflected in the executive compensation tables that follow this Compensation Discussion and Analysis and (iii) the material factors considered in making those decisions. We intend to provide our named executive officers with compensation that is significantly performance based. Our executive compensation program is designed to align executive pay with the performance of the Company on both short and long-term bases, link executive pay to specific, measurable results intended to create value for stockholders and utilize compensation as a tool to assist the Company in attracting and retaining the high-caliber executives that the Company believes are critical to its long-term success.

Compensation for our executive officers consists primarily of the elements, and their corresponding objectives, identified in the following table.

Compensation Element	Primary Objective
Base Salary	To recognize performance of job responsibilities and to attract and retain individuals with superior talent.
iComp (annual performance-based compensation)	To promote the Company's near-term performance objectives across the entire workforce and reward individual contributions to the achievement of those objectives.
Discretionary long-term equity incentive awards	To emphasize the Company's long-term performance objectives, encourage the maximization of stockholder value and retain key executives by providing an opportunity to participate in the ownership of the Company.
Severance and change in control benefits	To encourage the continued attention and dedication of key individuals and to focus the attention of key individuals when considering strategic alternatives.
Retirement savings (401(k)) and pension plans	To provide an opportunity for tax-efficient savings and long-term financial security.
Other elements of compensation and perquisites	To attract and retain talented executives in a cost-efficient manner by providing benefits with high perceived values at relatively low cost to the Company.

To serve the foregoing objectives, our overall compensation program is generally designed to be adaptive rather than purely formulaic. The compensation committee of our Board of Directors, or the Compensation Committee, has primary authority to determine and approve compensation decisions with respect to our executive officers. In alignment with the objectives set forth above, the Compensation Committee determines overall compensation, and its allocation among the elements described above, in reliance upon the judgment and general industry knowledge of its members obtained through years of service with comparably sized companies in our and similar industries.

For the year ended December 31, 2010, our named executive officers, or our NEOs, are:

- Lawrence E. Dewey, Chairman, President and Chief Executive Officer,
- David S. Graziosi, Executive Vice President, Chief Financial Officer and Treasurer,
- David L. Parish, Vice President of Operations,

- Michael G. Headly, Vice President, Non-NAFTA Marketing, Sales and Service, and
- James L. Wanaselja, Vice President, NAFTA Marketing, Sales and Service.

In addition, we have elected to provide information in this Compensation Discussion and Analysis for Randall R. Kirk, our Vice President of Product Engineering, who is not a named executive officer for 2010 but to whom we refer for simplicity as one of our NEOs in this Compensation Discussion and Analysis. Our compensation decisions for the NEOs in 2010 are discussed below in relation to each of the above-described elements of our compensation program. The below discussion is intended to be read in conjunction with the executive compensation tables and related disclosures that follow this Compensation Discussion and Analysis.

Compensation Overview

The Company's overall compensation program is structured to attract, motivate and retain highly qualified executive officers by paying them competitively, consistent with the Company's success and their contribution to that success. The Company believes compensation should be structured to ensure that a significant portion of compensation opportunity will be related to factors that directly and indirectly influence stockholder value. Accordingly, the Company sets goals designed to link each NEO's compensation to the Company's performance and the NEO's own performance within the Company. Consistent with our performance-based philosophy, the Company provides a base salary to our executive officers and includes a significant incentive-based component, which includes variable awards under our annual incentive bonus program based on the financial and operational performance of the Company, as well as stock option awards and stock purchase rights granted to our NEOs at the time we became a standalone company as a result of the Acquisition Transaction or, if later, upon commencement of employment with us, which option awards and stock purchase rights are meant to align our NEOs' interests with our long-term performance.

Total compensation for our NEOs has been allocated between cash and equity compensation, taking into consideration the balance between providing short-term incentives and long-term investment in our financial performance, to align the interests of management with the interests of stockholders. The variable annual incentive award and the equity awards are designed to ensure that total compensation reflects the overall success or failure of the Company and to motivate the NEOs to meet appropriate performance measures, thereby maximizing total return to stockholders. In anticipation of our initial public offering, we intend to adopt a new equity incentive plan, which we refer to as the "2011 Equity Incentive Plan," or the 2011 Plan, and which is discussed in more detail under "2011 Equity Incentive Plan" below.

Determination of Compensation Awards

The Compensation Committee is provided with the primary authority to determine and approve the compensation awards available to the Company's executive officers and is charged with reviewing executive officer compensation policies and practices to ensure (i) adherence to our compensation philosophies and (ii) that the total compensation paid to our executive officers is fair, reasonable and competitive, taking into account our position within our industry, including our comparative performance, and our named executive officers' level of expertise and experience in their positions, as determined by the Compensation Committee based upon the judgment and industry experience of its members. The Compensation Committee is primarily responsible for (i) determining base salary and target bonus levels (representing the bonus that may be awarded expressed as a percentage of base salary or as a dollar amount for the year), (ii) assessing the performance of the Chief Executive Officer and other NEOs for each applicable performance period and (iii) determining the awards to be paid to our Chief Executive Officer and other NEOs under our annual incentive bonus program for each year. To aid the Compensation Committee in making its determinations, the CEO provides recommendations at least annually to the Compensation Committee regarding the compensation of all officers, excluding himself. The performance of our senior executive management team is reviewed at least annually by the Compensation Committee, and the Compensation Committee determines each NEO's compensation at least annually.

In determining compensation levels for our NEOs, the Compensation Committee considers each NEO's unique position and responsibility and relies upon the judgment and industry experience of its members, including their knowledge of competitive compensation levels in our industry. We believe that executive officer base salaries should be competitive with salaries for executive officers in similar positions and with similar responsibilities in our marketplace, based on the Compensation Committee's general industry knowledge, and adjusted for financial and operating performance and previous work experience. In this regard, each executive officer's current and prior compensation, including compensation paid by our predecessor or the NEO's prior employer, is considered as a reference point against which determinations are made as to whether increases are appropriate to retain the NEO in light of competition or in order to provide continuing performance incentives.

In making compensation determinations, the Compensation Committee historically has not made regular use of benchmarking or of compensation consultants, has not directly compared compensation levels with any other companies and has not referred to any specific compensation survey or other data. The Compensation Committee did not do any of the foregoing in determining 2010 compensation levels for our NEOs. Rather, in alignment with the considerations described above, the Compensation Committee determines the total amount of compensation for our NEOs, and the allocation of total compensation among each of our three main components of compensation, in reliance upon the judgment and general industry knowledge of its members obtained through years of service with comparably sized companies in our industry and other similar industries to ensure we attract, develop and retain superior talent.

The Company currently has no formal policy with respect to requiring officers and directors to own stock of the Company. However, we historically have encouraged direct stock ownership in the Company by NEOs and other employees by granting to such NEOs and other employees at the time we became a separate company or, if later, upon commencement of employment, the right to purchase shares of stock in the Company. We believe that direct ownership in the Company provides our NEOs with a strong incentive to increase the value of the Company.

Base Compensation For 2010

The Company sets base salaries for its NEOs generally at a level it deems necessary to attract and retain individuals with superior talent. Each year the Company determines base salary increases based upon the job responsibilities and demonstrated proficiency of the executive officers as assessed by the Compensation Committee, and for executive officers other than the Chief Executive Officer, in conjunction with recommendations made by the Chief Executive Officer. No formulaic base salary increases are provided to the NEOs.

In June 2010, the Compensation Committee determined to provide base salary increases to each of our NEOs to reward their demonstrated leadership and proficiency in guiding the Company through a period of economic uncertainty and in recognition of the fact that no base salary increases had been provided to the NEOs in 2009. The amount of each NEO's base salary increase was determined by the Compensation Committee, and for NEOs other than the Chief Executive Officer, in conjunction with recommendations made by the Chief Executive Officer, based upon the Compensation Committee's general industry knowledge to ensure base salary compensation is fair, reasonable and competitive with executive officers in similar positions and with similar responsibilities in our marketplace. In addition, Mr. Parish's base salary increase recognized his increased global responsibilities, including oversight of our new manufacturing operations in Chennai, India and greater materials management responsibilities with respect to our product customization centers around the world. Mr. Kirk's base salary increase reflected his promotion from Engineering Executive Director to Vice President of Product Engineering and the associated substantial increase in his level of responsibilities.

The base salaries for our NEOs both before and after the salary increases, which took effect on June 1, 2010 are set forth in the following table:

Name and Principal Position	Base Salary Before Increase ($)	Base Salary After Increase ($)
Lawrence E. Dewey Chairman, President and Chief Executive Officer	420,000	450,000
David S. Graziosi Executive Vice President, Chief Financial Officer and Treasurer	365,000	390,000
David L. Parish Vice President, Operations	250,000	275,000
Michael G. Headly Vice President, Non-NAFTA Marketing, Sales and Service	225,000	240,000
James L. Wanaselja Vice President, NAFTA Marketing, Sales and Service	225,000	240,000
Randall R. Kirk Vice President, Product Engineering	210,000	230,000

Annual Performance-Based Compensation For 2010

The Company structures its compensation programs to reward executive officers based on the Company's performance and the individual executive's relative contribution to that performance. This allows executive officers to receive incentive bonus compensation, which we refer to as iComp, in the event certain specified corporate performance measures are achieved. The annual iComp pool and the NEOs' initial iComp awards are determined by the Compensation Committee based upon a formula with reference to the extent of achievement of corporate-level performance goals established annually by the Compensation Committee. The Compensation Committee may make discretionary adjustments to the initial, formulaic iComp awards to reflect its subjective determination of an individual's impact and contribution to overall corporate performance, as discussed below.

Under the terms of the iComp program, the NEOs' formulaic iComp awards are based upon a percentage of their base salaries and currently range from 40% to 100% for target-level achievement. Maximum formulaic iComp awards vary according to each executive and are set at levels that the Company determines are necessary to maintain competitive compensation practices and properly motivate our NEOs by rewarding them for the Company's short-term performance and their contributions to that performance. None of our NEOs receives a guaranteed annual iComp award.

Once the extent of achievement of corporate iComp targets and the formulaic iComp calculations have been determined, the Compensation Committee may adjust the amount of iComp awards paid upward or downward based upon its overall subjective assessment of each NEO's performance, business impact, contributions, leadership and attainment of individual objectives established periodically throughout the year, as well as other related factors. In addition, iComp funding amounts may be adjusted by the Compensation Committee to account for unusual events such as extraordinary transactions, asset dispositions and purchases, and mergers and acquisitions if, and to the extent, the Compensation Committee does not consider the effect of such events indicative of Company performance.

The following chart sets forth the formulaic iComp awards for target-level achievement and the maximum formulaic iComp awards for our NEOs:

Name and Principal Position	Formulaic iComp at target-level performance (% of base salary)	Maximum formulaic iComp award (% of base salary)
Lawrence E. Dewey Chairman, President and Chief Executive Officer	100%	400%
David S. Graziosi Executive Vice President, Chief Financial Officer and Treasurer	75%	300%
David L. Parish Vice President, Operations	50%	162.5%
Michael G. Headly Vice President, Non-NAFTA Marketing, Sales and Service	50%	162.5%
James L. Wanaselja Vice President, NAFTA Marketing, Sales and Service	50%	162.5%
Randall R. Kirk Vice President, Product Engineering	40%	130%

For the year ended December 31, 2010, iComp performance goals were based upon Adjusted EBITDA, Gross Adjusted Free Cash Flow and Quality metrics. For this purpose, Adjusted EBITDA was defined as the Company's consolidated earnings before interest expense or income, income tax expense or income, depreciation and amortization expenses and other adjustments as defined by the Senior Credit Facility. Adjusted Free Cash Flow was defined as net cash flow before debt repayments and repurchases, cash interest expense or income, government price reduction payments and hedging collateral change. The Quality metric was comprised of two separate components: 90 day (and under) incidents per thousand vehicles, or IPTV, claims for NAFTA markets and 90 day (and under) IPTV claims for non-NAFTA markets. The following chart sets forth the weighting of each performance metric, the threshold, target and maximum performance goals, and the actual performance achieved under our iComp program for the year ended December 31, 2010:

Performance Metric	Weighting (%)	Threshold ($ MM)	Target ($ MM)	Maximum ($ MM)	Achieved ($ MM)
Adjusted EBITDA	75	451.6	531.3	664.1	617.0
Gross Adjusted Free Cash Flow	20	374.0	440.0	550.0	561.1
NAFTA ≤ 90 Day IPTV	2.5	13.2	11.2	7.9	11.2
Non-NAFTA ≤ 90 Day IPTV	2.5	20.2	17.2	12.1	17.3

Based on the foregoing levels of corporate achievement, the formulaic iComp award calculations for Messrs. Dewey and Graziosi equaled 304.1% of their respective target awards (or approximately 304% of base salary for Mr. Dewey and 228% of base salary for Mr. Graziosi), and the formulaic iComp award calculations for Messrs. Headly, Kirk, Parish, and Wanaselja equaled 253.0% of their respective target awards (or approximately 126.5% of base salary for each of Messrs. Parish, Headly and Wanaselja and 101.2% of base salary for Mr. Kirk). The Compensation Committee determined to provide each NEO with discretionary iComp adjustments to reflect the committee's subjective assessments of each NEO's performance, business impact, contributions, and leadership, among other factors. Specifically, the Compensation Committee primarily sought to recognize the following individual achievements when determining the final 2010 iComp awards:

- Mr. Dewey: the Company's exceptional overall performance and his strong and sustained leadership during challenging economic times;
- Mr. Graziosi: the implementation of initiatives to improve the Company's financial performance and his leadership in establishing and maintaining relationships with financial institutions;
- Mr. Parish: substantial improvements in the Company's production and distribution operations and his leadership in bringing our Chennai, India facility online in a timely and cost efficient manner;

- Mr. Headly: the Company's increased presence and strategic development in targeted markets and his dedication to training and mentoring growing foreign management teams;
- Mr. Wanaselja: the strengthened field sales organization of the Company and his leadership in developing customer relationships; and
- Mr. Kirk: the Company's accelerated pace of product development and his general leadership within our product engineering group.

The actual iComp awards earned by the NEOs for 2010 are set forth below in our Summary Compensation Table for 2010 under the column entitled "Non-Equity Incentive Plan Compensation.

Discretionary Long-Term Equity Incentive Awards

The Company's NEOs, along with other key Company employees, were granted Company stock options at the time we became a separate company or, if later, at the commencement of their employment with the Company and are eligible to receive additional awards of stock options or other equity or equity-based awards under our Equity Incentive Plan at the discretion of the Compensation Committee. However, the Compensation Committee has not historically made annual or regular equity grants to our NEOs or other employees.

Equity award grants are tied to time-based vesting requirements and are designed to not only compensate but to also motivate and retain the recipients by providing an opportunity for the recipients to participate in the ownership of the Company. The equity award grants to members of the senior management team also promote the Company's long-term compensation objectives by aligning the interests of the executives with the interests of the Company's stockholders.

Generally, stock options granted under our equity incentive plan have vesting schedules that are designed to encourage an optionee's continued employment and option prices that are designed to reward an optionee for Company performance. Options generally expire ten years from the date of the grant and vest in five equal annual installments following the date of grant, subject to the optionee's continued employment on each applicable vesting date.

The Company has historically granted to key employees options with staggered exercise prices, such that the exercise price of a portion of the option is substantially greater than (in increments of 1.5 times and 2 times) the fair market value of the stock underlying the option on the date of grant, thereby creating incentives for our NEOs and other key employees to seek to generate increased stockholder value.

None of our NEOs received stock options or other equity incentive awards during the year ended December 31, 2010.

Defined Contribution Plans

The Company maintains a defined contribution plan that is tax-qualified under Section 401(k) of the Internal Revenue Code and that we refer to as the 401(k) Plan. The 401(k) Plan permits eligible salaried employees of the Company to defer receipt of portions of their eligible salaries, subject to certain limitations imposed by the Internal Revenue Code, by making contributions to the 401(k) Plan, including flexible compensation contributions, Roth contributions, catch-up contributions and after-tax contributions.

The Company provides matching contributions to the 401(k) Plan in an amount equal to one hundred percent of each participant's pre-tax, after-tax, and Roth contributions, up to a maximum of four percent of the participant's annual eligible salary and subject to certain other limits. The Company makes additional

contributions to the 401(k) Plan on behalf of certain groups of participants, depending on the date of their commencement of service with our predecessor and whether they are eligible to participate in the Company's defined benefit plan as described below. These contributions are in amounts of either one percent and/or four percent of eligible salary, subject to certain other limits. Rollover contributions are also permitted.

Plan participants are 100% vested in pre-tax and pre-tax catch-up contributions, flexible compensation contributions, after-tax contributions, Roth and Roth catch-up contributions, and rollover contributions. Plan participants vest in the amounts contributed by the Company on the earliest of: (i) completing three years of credited service with the Company, (ii) attaining age 65, or (iii) the participant's death. Employees of the Company are eligible to participate in the 401(k) Plan on the first day of the first month on or after completing three months of service with the Company.

The 401(k) Plan is offered on a nondiscriminatory basis to all salaried employees of the Company, including NEOs, who meet the eligibility requirements. The Compensation Committee believes that matching and other contributions provided by the Company assist the Company in attracting and retaining talented employees and executives. The 401(k) Plan provides an opportunity for participants to save money for retirement on a tax-qualified basis and to achieve financial security, thereby promoting retention.

Defined Benefit Plans

Annual retirement benefits under the Allison Transmission Retirement Program for Salaried Employees accrue at a rate of 1.25% of base wages each year. Benefits are payable as a life annuity for the participant. If elected, joint & survivor and other payment options are available. The full retirement benefit is generally payable to participants who retire on or after attaining age 62 with 10 years of service, and a reduced early retirement benefit is generally available to participants who retire on or after age 55 with 10 years of service or who retire at any age with 30 years of service. No offsets are made for the value of any social security benefits earned.

Similar to the 401(k) Plan, this defined benefit plan is a nondiscriminatory tax-qualified retirement plan that provides eligible participants (generally, employees who commenced service with our predecessor on or before January 1, 2007) with an opportunity to earn retirement benefits and provides for financial security. Offering these benefits is an additional means for the Company to retain well-qualified executives.

Employment and Severance Arrangements

The Compensation Committee considers the maintenance of a sound management team to be essential to protecting and enhancing our best interests and the best interests of the Company. To that end, we recognize that the uncertainty that may exist among management with respect to their "at-will" employment with the Company may result in the departure or distraction of management personnel to the detriment of the Company. Accordingly, the Compensation Committee has determined that severance arrangements are appropriate to encourage the continued attention and dedication of certain members of our management and to allow them to focus on the value to stockholders of strategic alternatives without concern for the impact on their continued employment. Each of Messrs. Dewey and Graziosi has an employment agreement which provides for severance benefits upon termination of employment.

Mr. Dewey's employment agreement, dated as of February 7, 2008, has an original five-year term and is extended automatically for successive one-year periods thereafter unless either party delivers notice within specified notice periods to terminate the agreement. Upon termination of Mr. Dewey's employment either by us without cause, by Mr. Dewey for good reason or due to nonextension of the term by us or Mr. Dewey's death or disability, subject to his timely executing a general release of claims against the Company, Mr. Dewey is entitled to receive a lump sum payment equal to 1.5 times his annual base salary plus 1.5 times his annual performance bonus (or his annual target bonus, if performance goals have not been set) for the year in which the termination occurs (calculated with reference to performance for the fiscal quarter that ended prior to the date of termination or the first quarter, if his termination occurs in the first quarter) and, at the Company's expense, continued coverage for 18 months under our group medical plan in which Mr. Dewey and any of his dependents were

participating immediately prior to his termination. During his employment and for 18 months following termination, Mr. Dewey's employment agreement prohibits him from competing with certain businesses of the Company or from soliciting employees, customers or suppliers of the Company to terminate their employment or arrangements with the Company.

Mr. Graziosi's employment agreement, dated as of November 1, 2007, has an original three-year term and is extended automatically for successive one-year periods thereafter unless either party delivers notice within specified notice periods to terminate the agreement. Upon termination of Mr. Graziosi's employment either by us without cause, by Mr. Graziosi for good reason or due to nonextension of the term by us or Mr. Graziosi's death or disability, subject to his timely executing a general release of claims against the Company, Mr. Graziosi is entitled to receive a lump sum payment equal to 1.25 times his stated annual base salary plus 1.25 times his annual performance bonus (or his annual target bonus, if performance goals have not been set) for the year in which the termination occurs (calculated with reference to performance for the fiscal quarter that ended prior to the date of termination or the first quarter, if his termination occurs in the first quarter) and, at the Company's expense, continued coverage for 15 months under our group medical plan in which Mr. Graziosi and any of his dependents were participating immediately prior to his termination. During his employment and for 15 months following termination, Mr. Graziosi's employment agreement prohibits him from competing with certain businesses of the Company or from soliciting employees, customers or suppliers of the Company to terminate their employment or arrangements with the Company.

"Cause" is defined in Messrs. Dewey's and Graziosi's employment agreements to mean (i) a determination by the Board of Directors that the executive has failed to perform his duties (other than a failure resulting from his disability) that is reasonably expected to result in, or has resulted in, material economic damage to us, (ii) a determination by the Board of Directors that the executive has failed to carry out or comply with any lawful and reasonable directive of the Board of Directors that is consistent with the applicable employment agreement, (iii) the executive's conviction, plea of no contest or imposition of unadjudicated probation for any felony or crime involving moral turpitude, (iv) the executive's use or possession of illegal drugs on our premises or while performing his duties and responsibilities to us or (v) the executive's commission of an act of fraud, embezzlement, misappropriation, willful misconduct or breach of fiduciary duty against us. "Good reason" is defined in Mr. Dewey's and Mr. Graziosi's employment agreements to mean (i) a material diminution in the executive's authorities, duties, or responsibilities, (ii) a material relocation of the executive's principal place of employment or (iii) a material diminution in the executive's annual base salary or target annual bonus amount.

Other Elements of Compensation and Perquisites

We provide our executive officers, including our NEOs, with certain personal benefits and perquisites, which we do not consider to be a significant component of executive compensation but which we recognize are an important factor in attracting and retaining talented executives. Executive officers are eligible under the same plans as all other employees for medical, dental, vision and short-term disability insurance, and may participate to the same extent as all other employees in our tuition reimbursement program, which provides assistance to salaried employees who wish to pursue accredited degree programs or selected courses related to their work and their qualified dependents. We provide higher levels of long-term disability and life insurance coverages to our executive officers than is generally available to our non-executive employees. We also provide our executive officers with the personal use of Company fleet automobiles and, for certain executives, an automobile allowance. We provide these supplemental benefits to our executive officers due to the relatively low cost of such benefits and the value they provide in assisting us in attracting and retaining talented executives. None of our executive officers, including our NEOs, receive any tax gross up in connection with our provision of any perquisites or personal benefits. The value of personal benefits and perquisites we provide to each of our NEOs is set forth below in our Summary Compensation Table.

Summary Compensation Table for 2010

The following table sets forth certain information with respect to the compensation paid to our NEOs for the year ended December 31, 2010.

Name and Principal Position	Salary ($)	Non-Equity Incentive Plan Compensation ($)(1)	Change in Pension Value ($)	All Other Compensation ($)	Total ($)
Lawrence E. Dewey Chairman, President and Chief Executive Officer	437,500	1,499,999	31,270	33,346(2)	2,002,115
David S. Graziosi Executive Vice President, Chief Financial Officer and Treasurer	379,583	1,000,000	—	23,793(3)	1,403,376
David L. Parish Vice President, Operations	264,583	500,000	41,659	32,329(4)	838,571
Michael G. Headly Vice President, Non-NAFTA Marketing, Sales and Service	233,750	350,000	41,109	29,936(5)	654,795
James L. Wanaselja Vice President, NAFTA Marketing, Sales and Service	233,750	310,755	39,115	33,294(6)	616,914
Randall R. Kirk Vice President, Product Engineering	221,667	324,932	30,762	31,384(7)	608,745

(1) Represents the awards earned under the Company's annual iComp program for the year ended December 31, 2010. For a discussion of the determination of these amounts, see "Annual Performance-Based Compensation for 2010" above.

(2) Includes $16,200 of automobile allowance, $9,800 of employer contributions under the Company's 401(k) plan, $4,499 of Company-paid life and disability insurance premiums, and $2,847 for the personal use of company automobiles.

(3) Includes $22,050 of employer contributions under the Company's 401(k) plan, $1,692 of Company-paid life and disability insurance premiums and $51 for the personal use of company automobiles.

(4) Includes $16,200 of automobile allowance, $9,406 of employer contributions under the Company's 401(k) plan, $4,902 of Company-paid life and disability insurance premiums, and $1,821 for the personal use of company automobiles.

(5) Includes $16,200 of automobile allowance, $9,350 of employer contributions under the Company's 401(k) plan and $4,386 of Company-paid life and disability insurance premiums.

(6) Includes $16,200 of automobile allowance, $11,688 of employer contributions under the Company's 401(k) plan, $4,386 of Company-paid life and disability insurance premiums and $1,020 for the personal use of company automobiles.

(7) Includes $16,200 of automobile allowance, $8,867 of employer contributions under the Company's 401(k) plan, $3,000 of tuition reimbursements, $1,573 of Company-paid life and disability insurance premiums and $1,744 for the personal use of company automobiles.

Grants of Plan-Based Awards for 2010

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		
		Threshold ($)	Target ($)	Maximum ($)
Lawrence E. Dewey	2/26/2010	—	450,000(1)	1,800,000
David S. Graziosi	2/26/2010	—	292,500(2)	1,170,000
David L. Parish	2/26/2010	—	137,500(3)	446,875
Michael G. Headly	2/26/2010	—	137,500(4)	390,000
James L. Wanaselja	2/26/2010	—	137,500(5)	390,000
Randall R. Kirk	2/26/2010	—	92,000(6)	299,000

(1) Actual award earned under our annual iComp program for 2010 was $1,499,999. See “Annual Performance-Based Compensation For 2010” above for a discussion of the calculation of this amount.

(2) Actual award earned under our annual iComp program for 2010 was $1,000,000. See “Annual Performance-Based Compensation For 2010” above for a discussion of the calculation of this amount.

(3) Actual award earned under our annual iComp program for 2010 was $500,000. See “Annual Performance-Based Compensation For 2010” above for a discussion of the calculation of this amount.

(4) Actual award earned under our annual iComp program for 2010 was $350,000. See “Annual Performance-Based Compensation For 2010” above for a discussion of the calculation of this amount.

(5) Actual award earned under our annual iComp program for 2010 was $310,755. See “Annual Performance-Based Compensation For 2010” above for a discussion of the calculation of this amount.

(6) Actual award earned under our annual iComp program for 2010 was $324,932. See “Annual Performance-Based Compensation For 2010” above for a discussion of the calculation of this amount.

Outstanding Equity Awards at December 31, 2010

The following table provides information regarding the stock options held by the named executive officers as of December 31, 2010.

Name	Number of Securities Underlying Unexercised Options — Exercisable (#)	Number of Securities Underlying Unexercised Options — Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date
Lawrence E. Dewey	368,100(1)	245,400(2)	10.00	9/30/2017
	630,755(1)	420,502(2)	15.00	9/30/2017
	754,496(1)	502,996(2)	20.00	9/30/2017
David S. Graziosi	114,996(3)	76,664(4)	10.00	11/12/2017
	187,718(3)	125,144(4)	15.00	11/12/2017
	224,544(3)	149,695(4)	20.00	11/12/2017
David L. Parish	90,000(5)	60,000(6)	10.00	9/30/2017
	146,426(5)	97,616(6)	15.00	9/30/2017
	175,151(5)	116,767(6)	20.00	9/30/2017
Michael G. Headly	102,000(7)	68,000(8)	10.00	9/30/2017
	146,426(7)	97,616(8)	15.00	9/30/2017
	175,151(7)	116,767(8)	20.00	9/30/2017
James L. Wanaselja	85,500(9)	57,000(10)	10.00	9/30/2017
	146,426(9)	97,616(10)	15.00	9/30/2017
	175,151(9)	116,767(10)	20.00	9/30/2017
Randall R. Kirk	54,000(11)	36,000(12)	10.00	9/30/2017
	45,054(11)	30,036(12)	15.00	9/30/2017
	53,893(11)	35,928(12)	20.00	9/30/2017
	20,000(13)	40,000(14)	10.00	10/21/2019
	37,544(13)	75,090(14)	15.00	10/21/2019
	44,910(13)	89,821(14)	20.00	10/21/2019

(1) The option became exercisable with respect to one third of the underlying shares on each of October 1, 2008, October 1, 2009 and October 1, 2010.

(2) The option will become exercisable with respect to 50% of the underlying shares on each of October 1, 2011 and October 1, 2012, subject to Mr. Dewey's continued employment on each such date.

(3) The option became exercisable with respect to one third of the underlying shares on each of November 13, 2008, November 13, 2009 and November 13, 2010.

(4) The option will become exercisable with respect to 50% of the underlying shares on each of November 13, 2011 and November 13, 2012, subject to Mr. Graziosi's continued employment on each such date.

(5) The option became exercisable with respect to one third of the underlying shares on each of October 1, 2008, October 1, 2009 and October 1, 2010.

(6) The option will become exercisable with respect to 50% of the underlying shares on each of October 1, 2011 and October 1, 2012, subject to Mr. Parish's continued employment on each such date.

(7) The option became exercisable with respect to one third of the underlying shares on each of October 1, 2008, October 1, 2009 and October 1, 2010.

(8) The option will become exercisable with respect to 50% of the underlying shares on each of October 1, 2011 and October 1, 2012, subject to Mr. Headly's continued employment on each such date.

(9) The option became exercisable with respect to one third of the underlying shares on each of October 1, 2008, October 1, 2009 and October 1, 2010.

(10) The option will become exercisable with respect to 50% of the underlying shares on each of October 1, 2011 and October 1, 2012, subject to Mr. Wanaselja's continued employment on each such date.

(11) The option became exercisable with respect to one third of the underlying shares on each of October 1, 2008, October 1, 2009 and October 1, 2010.

(12) The option will become exercisable with respect to 50% of the underlying shares on each of October 1, 2011 and October 1, 2012, subject to Mr. Kirk's continued employment on each such date.

(13) The option became exercisable with respect to the underlying shares on October 2, 2010.

(14) The option will become exercisable with respect to 50% of the underlying shares on each of October 1, 2011 and October 1, 2012, subject tot Mr. Kirk's continued employment on each such date.

Options Exercised and Stock Vested

None of our NEOs exercised options or became vested in shares of the Company's stock during the year ended December 31, 2010.

Pension Benefits for 2010

The following table sets forth information regarding the accrued pension benefits for the NEOs for 2010 under the Company's defined benefit plan.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Lawrence E. Dewey	Allison Transmission Retirement Program for Salaried Employees	3.4	78,967	0
David L. Parish	Allison Transmission Retirement Program for Salaried Employees	3.4	109,377	0
Michael G. Headly	Allison Transmission Retirement Program for Salaried Employees	3.4	106,572	0
James L. Wanaselja	Allison Transmission Retirement Program for Salaried Employees	3.4	100,257	0
Randall R. Kirk	Allison Transmission Retirement Program for Salaried Employees	3.4	70,794	0

Messrs. Dewey, Parish, Headly, Wanaselja, and Kirk participate in the Company's defined benefit plan. Mr. Graziosi did not commence service with our predecessor prior to January 1, 2007 and is therefore not eligible to participate in the Company's defined benefit plan. Annual retirement benefits under the plan accrue at a rate of 1.25% of base wages each year. Benefits are payable as a life annuity for the participant. If elected, joint & survivor payment options are available at reduced benefit levels. The full retirement benefit is payable to participants who retire on or after attaining age 62 with 10 years of service, and a reduced early retirement benefit is available to participants who retire on or after age 55 with 10 years of service. No offsets are made for the value of any social security benefits earned.

For information with respect to the valuation methods and material assumptions applied in quantifying the present value of the accrued benefits under the pension plan, see Note 12 to our consolidated financial statements for the year ended December 31, 2010, included elsewhere in this prospectus.

Nonqualified Deferred Compensation

Our NEOs do not participate in any nonqualified deferred compensation plans and received no nonqualified deferred compensation during the year ended December 31, 2010.

Potential Payments upon Termination or Change-in-Control

Messrs. Dewey and Graziosi each have an agreement which provides for severance benefits upon termination of employment. See "Employment and Severance Arrangements" above for a description of the employment and severance agreements we have with each of Messrs. Dewey and Graziosi. Assuming a termination of employment effective as of December 31, 2010 (i) by us without cause, (ii) due to the executive's death or disability, (iii) due to our nonextension of the executive's employment term or (iv) due to the executive's resignation for good reason, each of our NEOs would have received the following severance payments and benefits:

Name	Payment Type	Termination Without Cause or Due to Death, Disability or Non-Extension of Term ($)
Lawrence E. Dewey	Salary	675,000
	Bonus	2,249,999
	Benefit continuation(1)	24,760
	Total	2,949,759
David S. Graziosi	Salary	487,500
	Bonus	1,250,000
	Benefit continuation(1)	16,580
	Total	1,754,080

(1) Consists of continuation of group health benefits. The value of the health benefits was calculated using an estimate of the cost to the Company of such health coverage based upon past experience.

Pursuant to the stock option agreements covering each NEO's stock options, in the event of certain transactions, which could include a change in control of the Company, generally that result in Carlyle and Onex liquidating at least 70% of their combined equity investment in the Company, the exercisability of all shares underlying the options would be accelerated. In addition, the exercisability of all shares underlying Mr. Dewey's and Mr. Graziosi's options would be accelerated if the applicable executive were terminated without cause or resigned for good reason within ninety days following the date the Company acquires a majority of the equity securities or assets of another company, or is acquired by another company, in a transaction the Board of Directors determines is valued at one billion or more dollars. Assuming such a change in control occurred effective December 31, 2010, based on the estimated fair market value of the Company's common stock on that date, the NEO's would not have received any amounts with respect to the acceleration of their unvested outstanding options.

We provide higher levels of life insurance coverage to our NEOs than is generally available to our other employees. In the event of a termination due to death on December 31, 2010, in addition to the amounts, if any, set forth in the table above, each of our NEOs (or their estates) would be entitled under their respective life insurance policies to receive payments equal to four times their then-current base salaries, which are set forth above in the section entitled "Compensation Discussion and Analysis–Base Compensation for 2010."

Compensation Risk

Management of the Company, through the human resources, finance and legal departments, have analyzed the potential risks arising from the Company's compensation policies and practices, and have determined that there are no such risks that are reasonably likely to have a material adverse effect on the Company.

Director Compensation For 2010

Directors who are employees of the Company (Mr. Dewey) and the Carlyle and Onex directors (Messrs. Ledford, Bernasek, Rabaut, Mersky, and Gilis) receive no additional compensation for serving on our Board of Directors or its committees. However, in consideration of the service of Mr. Rabaut on our Board of Directors, we granted to Mr. Rabaut a stock appreciation right award for 23,334 shares at a base price of $10 per share on December 13, 2007. Carlyle has agreed to be solely responsible for any payments with respect to such award, which is to be settled in cash. For his services as an independent member of our Board of Directors, Mr. Raborn receives an annual retainer of $75,000, which amount is payable 100% in fully vested options (the value of which is based upon a Black-Scholes valuation prepared by the Company prior to the date of grant) or 50% in fully vested options (valued as described above) and 50% in cash. Mr. Raborn also receives meeting fees for board meetings attended up to a maximum of $75,000 annually, which amount is payable 100% in options (valued as described above) that vest ratably over the course of the applicable year or 50% in options (valued as described above) that vest ratable over the course of the applicable year and 50% in cash. In early 2011, in recognition of Mr. Raborn's valuable service and contributions to the Company as an independent director and in connection with an agreement to provide similar compensation to Mr. Reynolds upon his commencement of service on the Government Security Committee, the Compensation Committee determined to award Mr. Raborn an additional annual retainer fee in the amount of $10,000, payable 100% in cash.

Mr. Coats resigned as a member of our Board of Directors in early 2010. The compensation paid to Mr. Coats for his services as an independent director for 2010 is set forth in the table below.

Mr. Reynolds joined our Board of Directors as an independent director in June 2010 and receives compensation similar to that provided to Mr. Raborn, as described above. For Mr. Reynolds' services during 2010, the Company agreed to pay Mr. Reynolds an initial retainer fee of $85,000, payable $10,000 in cash and $75,000 in fully vested options (valued as described above), and meeting fees not to exceed $75,000, payable in the same manner as the meeting fees which Mr. Raborn receives, as described above.

In 2010, we provided the following compensation to our independent directors:

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	Total
Francis Raborn	85,000	—	85,000
Richard V. Reynolds	104,566	—	104,566
Daniel Coats	—	—	—

(1) We did not grant stock options to our non-employee directors during the year ended December 31, 2010. Options intended as 2010 director compensation were granted to Messrs. Raborn and Coats on October 29, 2009 and to Mr. Reynolds on February 9, 2011. As of December 31, 2010, Mr. Raborn held fully-vested options to purchase 95,801 shares of the Company's common stock, with an exercise price of $10 per share, and neither Mr. Coats nor Mr. Reynolds held any options or other equity or equity-based awards.

Executive Compensation Plans

The following are summaries of the short-term and long-term incentive compensation plans for executive officers that our Board of Directors intends to adopt and, as applicable, submit to our stockholders for approval prior to the consummation of this offering. We are still in the process of implementing these plans, and, accordingly, the summaries below are subject to change prior to the effectiveness of the registration statement of which this prospectus is a part.

2011 Equity Incentive Award Plan

Our Board of Directors intends to adopt and submit to our stockholders for approval prior to the consummation of this offering a 2011 Equity Incentive Award Plan, or the 2011 Plan, which will be effective as of the day prior to the consummation of this offering. As of the effective date of the 2011 Plan, no new awards will be granted under our prior equity incentive plan, which we sometimes refer to as the Prior Plan, but our prior equity incentive plan will continue to govern our prior equity incentive awards, as described under "*Compensation Discussion and Analysis—Discretionary Long-Term Equity Incentive Awards*," outstanding as of such date.

The principal purpose of the 2011 Plan is to attract, retain and engage selected employees, consultants and directors through the granting of stock-based compensation awards. The material terms of the 2011 Plan, as it is currently contemplated, are summarized below. We are still in the process of implementing the 2011 Plan, and, accordingly, the summary below is subject to change prior to the effectiveness of the registration statement of which this prospectus is a part.

Eligibility and Administration. Employees, consultants and directors of the Company and its subsidiaries will be eligible to receive awards under the 2011 Plan. Our Compensation Committee will administer the 2011 Plan unless our Board of Directors assumes authority for administration. The Compensation Committee may delegate its duties and responsibilities as plan administrator to subcommittees comprised of our directors and/or officers, subject to certain limitations. Our full Board of Directors will administer the 2011 Plan with respect to awards to non-employee directors.

Subject to the express terms and conditions of the 2011 Plan, the plan administrator has the authority to make all determinations and interpretations under the plan, prescribe all forms for use with the plan and adopt, amend and/or rescind rules for the administration of the plan. The plan administrator also sets the terms and conditions of all awards under the plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available. Initially, the aggregate number of shares of our common stock available for issuance pursuant to awards granted under the 2011 Plan will be . This number will be adjusted due to the following shares becoming eligible to be used or, as applicable, used again for grants under the 2011 Plan:

- shares subject to awards or portions of awards granted under the 2011 Plan, or the Prior Plan, which are forfeited, expire or lapse for any reason, or are settled for cash without the delivery of shares, to the extent of such forfeiture, expiration, lapse or cash settlement, and
- shares that we repurchase prior to vesting or that were granted under the Prior Plan so that such shares are returned to us.

From and after the effective date of the 2011 Plan, we will no longer issue awards under the Prior Plan.

Shares granted under the 2011 Plan may be treasury shares, authorized but unissued shares, or shares purchased in the open market. The payment of dividend equivalents in cash in conjunction with any outstanding awards will not be counted against the shares available for issuance under the 2011 Plan.

Awards. The 2011 Plan provides for the grant of stock options (including non-qualified stock options, or NQSOs, and incentive stock options, or ISOs), restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, performance awards, stock appreciation rights, or SARs, and other equity-based awards, or

any combination thereof. Awards under the 2011 Plan will generally be set forth in award agreements, which will detail the terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards will generally be settled in shares of our common stock, but the plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Non-qualified Stock Options*. NQSOs will provide for the right to purchase shares of our common stock at a specified price which generally, except with respect to certain substitute options granted in connection with corporate transactions, will not be less than fair market value on the date of grant. NQSOs may be granted for any term specified by the administrator that does not exceed ten years and will usually become exercisable in one or more installments after the grant date, subject to vesting conditions which may include continued employment or service with us, satisfaction of performance targets and/or other conditions, as determined by the plan administrator.

- *Incentive Stock Options*. ISOs will be designed in a manner intended to comply with the provisions of Section 422 of the Internal Revenue Code, or the Code, and will be subject to specified restrictions contained in the Code. ISOs will have an exercise price of not less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant shareholders), except with respect to certain substitute ISOs granted in connection with a corporate transaction. Only employees will be eligible to receive ISOs, and ISOs will not have a term of more than ten years (or five years in the case of ISOs granted to certain significant shareholders). Vesting conditions may apply to ISOs as determined by the plan administrator and may include continued employment with us, satisfaction of performance targets and/or other conditions.

- *Restricted Stock*. Restricted Stock may be granted to any eligible individual and made subject to such restrictions as may be determined by the plan administrator. Unless the Administrator determines otherwise, restricted stock may be forfeited for no consideration or repurchased by us if the conditions or restrictions on vesting are not met. In general, restricted stock may not be sold or otherwise transferred until restrictions are removed or expire. Recipients of restricted stock, unlike recipients of options, will have voting rights and will have the right to receive dividends, if any, prior to the time when the restrictions lapse, subject to the terms of an applicable award agreement, which may provide for dividends to be placed in escrow and not released until the restrictions are removed or expire.

- *Restricted Stock Units*. RSUs may be awarded to any eligible individual, typically without payment of consideration but subject to vesting conditions based upon continued employment or service with us, satisfaction of performance criteria and/or other conditions, all as determined by the administrator. Like restricted stock, RSUs generally may not be sold or otherwise transferred or hypothecated until the applicable vesting conditions are removed or expire. Unlike restricted stock, shares of stock underlying RSUs will not be issued until the RSUs have vested, and recipients of RSUs generally will have no voting or dividend rights with respect to such shares prior to the time when the applicable vesting conditions are satisfied.

- *Dividend Equivalents*. Dividend equivalents represent the per share value of the dividends, if any, paid by us, calculated with reference to the number of shares covered by an award. Dividend equivalents may be settled in cash or shares and at such times as determined by the administrator.

- *Stock Payments*. Stock Payments may be authorized by the administrator in the form of common stock or an option or other right to purchase common stock as part of a deferred compensation or other arrangement in lieu of all or any part of compensation, including bonuses, that would otherwise be payable in cash to an employee, consultant or non-employee director.

- *Stock Appreciation Rights*. SARs may be granted in connection with stock options or other awards or separately. SARs typically provide for payment to the holder based upon increases in the price of a share of our common stock over a set exercise price. The exercise price of any SAR granted under the 2011 Plan generally, except with respect to certain substitute SARs granted in connection with a corporate transaction, will be at least 100% of the fair market value of the underlying share on the date of grant. The term of a SAR may not be longer than ten years. There are no restrictions specified in the 2011 Plan on the exercise of SARs or the amount of gain realizable therefrom, although restrictions may be imposed by the administrator in the SAR agreements. SARs granted under the 2011 Plan may be settled in cash or shares of our common stock, or in a combination of both, at the election of the administrator. Vesting conditions may apply to SARs as determined by the plan administrator and may include continued employment or service with us, satisfaction of performance goals and/or other conditions.

- *Performance Awards*. Performance awards may be granted by the administrator on an individual or group basis. Generally, these awards will consist of equity-based bonuses linked to the attainment of specific performance targets. Performance awards may also include "phantom" stock awards that provide for payments based upon the value of our common stock.

Certain Transactions. The plan administrator has broad discretion to equitably adjust the provisions of the 2011 Plan and the terms and conditions of existing and future awards, including with respect to aggregate number and type of shares subject to the 2011 Plan and awards granted pursuant to the 2011 Plan, to prevent the dilution or enlargement of intended benefits and/or facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In the event of a change in control where the acquiror does not assume or replace awards granted under the 2011 Plan, such awards will be subject to accelerated vesting so that 100% of such awards will become vested and exercisable or payable, as applicable, prior to the consummation of the change in control transaction and, if not exercised or paid, will terminate upon consummation of the transaction. The administrator may also provide for the acceleration, cash-out, termination, assumption, substitution or conversion of awards in the event of a change in control or certain other unusual or nonrecurring events or transactions. A change in control is defined in the 2011 Plan to mean (i) the acquisition by a person or group of more than 50% of the total combined voting power of our outstanding securities, (ii) during any consecutive two-year period, the replacement of a majority of our incumbent directors with directors whose election was not supported by at least two-thirds of our incumbent directors, (iii) a merger, consolidation, reorganization or business combination or the sale of substantially all of our assets, in each case, other than a transaction which results in our voting securities before such transaction continuing to represent or being converted into a majority of the voting securities of the surviving entity and after which no person or group owns a majority of the combined voting power of the surviving entity or (iv) our stockholders approving a liquidation or dissolution of the Company.

Transferability, Repricing and Participant Payments. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2011 Plan are generally non-transferable prior to vesting and are exercisable only by the participant. The price per share of a stock option or SAR may not be decreased and an underwater stock option or SAR may not be replaced or cashed out without stockholder approval. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2011 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a "market sell order" or such other consideration as it deems suitable.

Amendment and Termination. Our Board of Directors may terminate, amend or modify the 2011 Plan at any time and from time to time. However, we must generally obtain stockholder approval to increase the number of shares available under the 2011 Plan (other than in connection with certain corporate events, as described above) or to the extent required by applicable law, rule or regulation (including any applicable NYSE rule).

Expiration Date. The 2011 Plan will expire on, and no option or other award may be granted pursuant to the 2011 Plan after, the tenth anniversary of the date the 2011 Plan is approved by our Board of Directors. Any award that is outstanding on the expiration date of the 2011 Plan will remain in force according to the terms of the 2011 Plan and the applicable award agreement.

Awards in connection with this offering. In connection with and shortly following the consummation of this offering, the Compensation Committee expects to grant awards under the 2011 Plan to certain key employees, including some or all of our named executive officers. The forms of such awards and the amounts to be granted to each award recipient have not yet been determined.

Incentive Plan

Our Board of Directors intends to adopt an incentive plan, which we refer to as the Incentive Plan, under which we will provide cash incentives to our executive officers and other key employees following the consummation of this offering. The purpose of the Incentive Plan is to enable the Company and its subsidiaries to attract, retain, motivate and reward the best qualified executive officers and key employees by providing them with the opportunity to earn competitive compensation directly linked to the Company's performance. The material terms of the Incentive Plan, as it is currently contemplated, are summarized below. We are still in the process of implementing the Incentive Plan, and, accordingly, the summary below is subject to change prior to the effectiveness of the registration statement of which this prospectus is a part.

Administration. The Incentive Plan is administered by our Compensation Committee, which may delegate its authority under the Incentive Plan to any of its duly constituted subcommittees.

Performance Criteria. The Compensation Committee may establish the performance objective or objectives that must be satisfied in order for a participant to receive an award under the Incentive Plan or may make discretionary payments from the plan. Performance objectives under the Incentive Plan may be based upon the relative or comparative achievement of performance criteria, whether in absolute terms or relative to the performance of one or more similarly situated companies or a published index covering the performance of a number of companies, as determined by the Compensation Committee for the applicable performance period, which performance criteria may include: earnings before interest, taxes, depreciation and amortization; operating earnings; net earnings; income; earnings before interest and taxes; total shareholder return; return on the Company's assets; increase in the Company's earnings or earnings per share; revenue; revenue growth; share price performance; return on invested capital; operating income; pre- or post-tax income; net income; economic value added; profit margins; cash flow; improvement in or attainment of expense or capital expenditure levels; improvement in or attainment of working capital levels; return on equity; debt reduction; gross profit; market share; cost reductions; workforce satisfaction and diversity goals; workplace health and safety goals; product quality goals; employee retention; customer satisfaction; customer retention; completion of key projects and strategic plan development and/or implementation; job profit or performance against a multiplier. Performance objectives may be established on a company-wide basis or with respect to one or more business units, divisions, subsidiaries or products, or with respect to an individual. The Compensation Committee may exclude any or all extraordinary, unusual or non-recurring items and the cumulative effects of accounting changes from performance objectives for a performance period and may also adjust performance objectives in its discretion.

Payment. Payment of awards will be made as soon as practicable after the Compensation Committee certifies that one or more of the applicable performance criteria have been attained or determines the payable amount of an award. The Compensation Committee will determine whether an award will be paid in cash, stock (including restricted stock or restricted stock units) or other awards under the 2011 Plan, or in a combination of cash, stock and other awards, and may impose whatever additional conditions on such shares or other awards as it deems appropriate, including conditioning the vesting of such shares or other awards on the performance of additional service.

Maximum Award; Discretion. The maximum award amount payable per fiscal year under the Incentive Plan is $. The Compensation Committee may, in its discretion, increase, reduce or eliminate awards otherwise payable under the Incentive Plan for any reason.

Termination of Employment. Unless otherwise determined by the Compensation Committee in its discretion, any participant whose employment terminates will forfeit all rights to any and all unpaid awards under the Incentive Plan.

Forfeiture; Disgorgement. If we are required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, and a participant knowingly or grossly negligently engaged in the misconduct or knowingly or grossly negligently failed to prevent the misconduct, or if the participant is one of the individuals subject to automatic forfeiture under section 304 of the Sarbanes-Oxley Act of 2002, then the participant must forfeit and disgorge any awards received during the twelve months following the filing of the financial document embodying such financial reporting requirement and any other awards earned based on the materially non-complying financial reporting. In addition, any award paid to a current or former executive officer during the three-year period preceding the date on which the restatement is required, based on erroneous data, must be forfeited and disgorged to us to the extent the award is in excess of what would have been paid to the officer under the restated data. Participants must also forfeit and disgorge any awards to the extent required by applicable law or regulations in effect on or after the effective date of the plan.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Our Board expects to adopt a written statement of policy, effective upon completion of this offering, for the evaluation of and the approval, disapproval and monitoring of transactions involving us and "related persons." For the purposes of the policy, "related persons" will include our executive officers, directors and director nominees or their immediate family members, or stockholders owning five percent or more of our outstanding common stock and their immediate family members.

The policy will cover any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, the amount involved exceeds $120,000 and a related person had or will have a direct or indirect material interest. Pursuant to this policy, our management will present to our audit committee each proposed related party transaction, including all relevant facts and circumstances relating thereto. Our audit committee will then:

- review the relevant facts and circumstances of each related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the related party's interest in the transaction; and
- take into account the conflicts of interest and corporate opportunity provisions of our code of business conduct and ethics.

All related party transactions may only be consummated if our audit committee has approved or ratified such transaction in accordance with the guidelines set forth in the policy. Certain types of transactions have been pre-approved by our audit committee under the policy. These pre-approved transactions include:

- certain employment and compensation arrangements;
- transactions in the ordinary course of business where the related party's interest arises only from:

  (i) his or her position as a director of another entity that is party to the transaction;

  (ii) an equity interest of less than 10% in another entity that is party to the transaction; or

  (iii) a limited partnership interest of less than 10%, subject to certain limitations;

- transactions in the ordinary course of business where the interest of the related party arises solely from the ownership of a class of equity securities in our company where all holders of such class of equity securities will receive the same benefit on a pro rata basis; and
- transactions determined by competitive bids.

No director may participate in the approval of a related party transaction for which he or she is a related party.

Services Agreement

On August 7, 2007, the Sponsors entered into a services agreement with ATI, pursuant to which ATI pays the Sponsors an annual fee of approximately $3.0 million (shared equally by the Sponsors) for certain advisory, consulting and other services to be performed by the Sponsors, exclusive of the reimbursements for certain out-of-pocket expenses incurred in connection with the performance of such services, and additional reasonable compensation for other services provided by the Sponsors from time to time, including consulting and other services with respect to acquisitions and divestitures or sales of equity or debt instruments. For the years ended December 31, 2010, 2009 and 2008, the Sponsors did not provide any additional services beyond customary advisory services. The Company will pay Carlyle and Onex a fee of approximately $16 million to terminate the services agreement in connection with the consummation of this offering. The fee represents the estimated net present value of the payments over the estimated term of the services agreement.

Amended and Restated Stockholders Agreement

In connection with the Acquisition Transaction, on August 7, 2007, we entered into a stockholders agreement with the Sponsors and members of management who hold common stock or options to purchase common stock. Upon effectiveness of the registration statement of which this prospectus forms a part, the stockholders agreement will be amended and restated.

Pursuant to the amended and restated stockholders agreement, our Board of Directors will consist of eight members, with Carlyle having the right to designate four of the board members (one of whom must be a member of the management of the Company and be a U.S. citizen eligible to be issued the requisite DOD personnel security clearance), who we refer to as the Carlyle directors, Onex having the right to designate two of the board members, who we refer to as the Onex directors, and the Board of Directors (with the approval of the DOD) having the right to nominate the two remaining board members (both of whom must be independent of the Sponsors, satisfy the independence requirements of the Exchange Act and the NYSE rules and be U.S. citizens eligible to be issued the requisite DOD personnel security clearances).

The amended and restated stockholders agreement will contain restrictions on the sale of shares under Rule 144 under the Securities Act by the Sponsors, will contain restrictions on transfers of certain shares held by our NEOs, will provide tag-along rights to the Sponsors and will grant the Sponsors the right to cause Allison Holdings, at its own expense, to use its best efforts to register the securities held by such stockholders for public resale, in each case, subject to certain conditions and exceptions. In the event Allison Holdings registers any of its common stock following its initial public offering, these stockholders will also have the right to require Allison Holdings to use its best efforts to include the securities held by them, subject to certain limitations, including as determined by the underwriters. The amended and restated stockholders agreement will also require Allison Holdings to indemnify the stockholders party to that agreement and their affiliates in connection with any such registration of our securities.

Allison Holdings will have certain repurchase rights under the amended and restated stockholders agreement with respect to common stock and options to purchase common stock issued under Allison Holdings' equity incentive plans and held by members of management for up to one year after the termination of any such individual's employment with the Company, subject to extension upon the occurrence of certain events to be specified in the amended and restated stockholders agreement.

The amended and restated stockholders agreement will terminate upon the written agreement of Allison Holdings and the Sponsors.

Senior Notes and the New Notes Held by Executive Officers

As of December 31, 2010, Lawrence Dewey, our Chairman, President and Chief Executive Officer, David Graziosi, our Executive Vice President, Chief Financial Officer and Treasurer, and Robert M. Price, our Vice President, Human Resources, held approximately $100,000, $400,000 and $200,000, respectively, in aggregate principal amount of the Senior Notes and/or the New Notes.

PRINCIPAL AND SELLING STOCKHOLDERS

We had 153,059,740 shares of voting and non-voting common stock outstanding as of March 31, 2011 prior to the for stock split described elsewhere in this prospectus, which were owned by 52 stockholders. As of March 31, 2011, certain investment funds affiliated with Carlyle owned approximately 49.8% of our common stock, and certain investment funds affiliated with Onex owned approximately 49.8% of our common stock while the remainder is owned by members of our Board of Directors, our Chairman, President and Chief Executive Officer and certain current employees of the Company.

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 31, 2011, and as adjusted to reflect the shares of our common stock offered hereby, by:

- each person known to own beneficially more than 5% of the capital stock, including each of our selling stockholders;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a “beneficial” owner of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are not deemed to be outstanding for purposes of computing any other person’s percentage. Under these rules, more than one person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

The following table assumes a one-to-one conversion of shares of non-voting common stock held by members of management to common stock and does not give effect to the for stock split described elsewhere in this prospectus. Except as otherwise indicated in these footnotes, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the shares of capital stock and the business address of each such beneficial owner is c/o Allison Transmission Holdings, Inc., 4700 West 10th Street, Indianapolis, Indiana 46222.

	Shares Beneficially Owned Prior to this Offering		Shares to be Sold in this Offering		Shares Beneficially Owned After this Offering			
					Excluding Exercise of Option Overallotment		Including Exercise of Option Overallotment	
Name of Beneficial Owner	Number	Percent	Excluding Exercise of Option Overallotment	Including Exercise of Option Overallotment	Number	Percent	Number	Percent
Principal Stockholders								
TCG Holdings, L.L.C.(1)	76,250,000	49.8%				%		%
Onex Corporation(2)	76,250,000	49.8						
Executive Officers and Directors								
Lawrence E. Dewey(3)	1,827,849	1.1						
David S. Graziosi(4)	565,945	*						
Mark A. Anspach(5)	206,905	*						
Sharon L. Dean(6)	256,756	*						
Edward L. Dyer(7)	31,614	*						
Michael G. Headly(8)	466,639	*						
Randall R. Kirk(9)	307,257	*						
Ryan A. Milburn(10)	279,643	*						
David L. Parish(11)	439,409	*						
Robert M. Price(12)	326,311	*						
Eric C. Scroggins(13)	116,153	*						
Laurie B. Tuttle(14)	495,549	*						
James L. Wanaselja(15)	422,013	*						
Brian A. Bernasek(16)	—	—						
Kosty Gilis(17)	—	—						
Gregory S. Ledford(18)	—	—						
Seth M. Mersky(19)	—	—						
Thomas W. Rabaut(20)	—	—						
Francis Raborn(21)	102,789	*						
Richard V. Reynolds(22)	21,544	*						
All executive officers and directors as a group (20 persons)	7,901,447	4.9%				%		%

* Denotes less than 1.0% of beneficial ownership.

(1) Carlyle Partners IV AT Holdings, L.P. is the record holder of 76,250,000 shares of our common stock. TC Group IV Managing GP, L.L.C. is the general partner of Carlyle Partners IV AT Holdings, L.P. TC Group, L.L.C. is the managing member of TC Group IV Managing GP, L.L.C. TCG Holdings, L.L.C. is the managing member of TC Group, L.L.C. Accordingly, TC Group IV Managing GP, L.L.C., TC Group, L.L.C. and TCG Holdings, L.L.C. each may be deemed owners of shares of our common stock owned of record by Carlyle Partners IV AT Holdings, L.P. TCG Holdings, L.L.C. is managed by a three-person managing board, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. William E. Conway, Jr., Daniel A. D'Aniello and David M. Rubenstein are the three members of the managing board of TCG Holdings, L.L.C. and, in such capacity, may be deemed to share beneficial ownership of shares of our common stock beneficially owned by TCG Holdings, L.L.C. Such individuals expressly disclaim any such beneficial ownership. The principal address of TCG Holdings, L.L.C. is c/o The Carlyle Group, 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004-2505.

(2) Includes: (i) 33,115,664.26 shares of common stock and 1,356,272.94 shares of non-voting common stock held by Onex Partners II LP; (ii) 21,036,633.97 shares of common stock and 861,568.63 shares of non-voting common stock held by Onex American Holdings II LLC; (iii) 311,252.46 shares of common stock and 12,747.54 shares of non-voting common stock held by Onex Partners II GP LP; (iv) 623,865.40 shares of common stock and 25,550.80 shares of non-voting common stock held by Onex US Principals LP; (v) 15,610,655.74 shares of common stock and 639,344.26 shares of non-voting common stock held by Onex Allison Co-Invest LP; and (vi) 1,226,799.65 shares of common stock and 50,244.35 shares of non-voting common stock held by Allison Executive Investco LLC. Onex Corporation may be deemed to beneficially own the common stock and non-voting common stock held by (a) Onex Partners II LP, through Onex Corporation's ownership of all of the common stock of Onex Partners GP Inc., the general partner of Onex Partners II GP LP, the general partner of Onex Partners II LP, (b) Onex American Holdings II LLC, through Onex Corporation's ownership of all of the equity of Onex American Holdings II LLC, (c) Onex Partners II GP LP, through Onex Corporation's ownership of all of the common stock of Onex Partners GP Inc., the general partner of Onex Partners II GP LP, (d) Onex US Principals LP, through Onex Corporation's ownership of all of the equity of Onex American Holdings II LLC, which owns all of the equity of Onex American Holdings GP LLC, the general partner of Onex US Principals LP, (e) Onex Allison Co-Invest LP, through Onex Corporation's ownership of all of the common stock of Onex Partners GP Inc., the general partner of Onex Partners II GP LP, the general partner of Onex Allison Co-Invest LP, and (f) Allison Executive Investco LLC, through Onex Corporation's ownership of all of the equity of Onex American Holdings II LLC, which owns 100% of the equity of Allison Executive Investco LLC. Also includes 1,325,128.52 shares of common stock and 54,271.48 shares of non-voting common stock held by Onex Advisors III LLC, an independent entity that is controlled by Mr. Gerald W. Schwartz. Mr. Schwartz, the Chairman, President and Chief Executive Officer of Onex Corporation, owns shares representing a majority of the voting rights of the shares of Onex Corporation and as such may be deemed to own beneficially all of the common stock and non-voting common stock owned beneficially by Onex Corporation. Mr. Schwartz disclaims such beneficial ownership. Mr. Schwartz has indirect voting and investment control of Onex Corporation. The address for Onex Corporation is 161 Bay Street, Toronto, ON M5J 2S1.

(3) Includes 1,753,349 vested, but unexercised options granted to Mr. Dewey in October 2007, including 32,100 $10 Equity Match Options, 336,000 $10 options, 630,754 $15 options and 754,495 $20 options.

(4) Includes 527,257 vested, but unexercised options granted to Mr. Graziosi in October 2007, including 15,000 $10 Equity Match Options, 99,996 $10 options, 187,717 $15 options and 224,543 $20 options.

(5) Includes $204,880 vested, but unexercised options granted to Mr. Anspach in May 2009, including 40,000 $10 options, 75,080 $15 options and 89,800 $20 options.

(6) Includes 230,156 vested, but unexercised options granted to Ms. Dean in October 2007, including 15,000 $10 Equity Match Options, 42,000 $10 options, 78,844 $15 options and 94,312 $20 options.

(7) Includes 26,614 vested, but unexercised options granted to Mr. Dyer in June 2010, including 5,000 $10 options, 9,386 $15 options, 11,228 $20 options and 1,000 vested, but unexercised $10 Equity Match Options granted to Mr. Dyer in February 2011.

(8) Includes 423,576 vested, but unexercised options granted to Mr. Headly in October 2007, including 24,000 $10 Equity Match Options, 78,000 $10 options, 146,425 $15 options and 175,151 $20 options.

(9) Includes 152,947 vested, but unexercised options granted to Mr. Kirk in October 2007, including 30,000 $10 Equity Match Options, 24,000 $10 options, 45,054 $15 options and 53,893 $20 options, and 102,454 vested but unexercised options granted to Mr. Kirk in October 2009, including 20,000 $10 options, 37,544 $15 options and 44,910 $20 options.

(10) Includes (i) 257,893 vested, but unexercised options granted to Mr. Milburn in October 2007, including 12,000 $10 Equity Match Options, 48,000 $10 options, 90,108 $15 options and 107,785 $20 options and (ii) 9,500 shares held in the 7,600 Shares IRA.

(11) Includes 411,576 vested, but unexercised options granted to Mr. Parish in October 2007, including 12,000 $10 Equity Match Options, 78,000 $10 options, 146,425 $15 options and 175,151 $20 options.

(12) Includes 303,998 vested, but unexercised options granted to Mr. Price in October 2007, including 12,000 $10 Equity Match Options, 57,000 $10 options, 107,003 $15 options and 127,995 $20 options.

(13) Includes 109,978 vested, but unexercised options granted to Mr. Scroggins in October 2007, including 2,400 $10 Equity Match Options, 21,000 $10 options, 39,422 $15 options and 47,156 $20 options.

(14) Includes 473,049 vested, but unexercised options granted to Ms. Tuttle in October 2007, including 12,000 $10 Equity Match Options, 90,000 $10 options, 168,952 $15 options and 202,097 $20 options.

(15) Includes 407,076 vested, but unexercised options granted to Mr. Wanaselja in October 2007, including 7,500 $10 Equity Match Options, 78,000 $10 options, 146,425 $15 options and 175,151 $20 options.

(16) Does not include shares of common stock held by Carlyle Partners IV AT Holdings, L.P., which is an affiliate of Carlyle. Mr. Bernasek is a director of Allison Holdings and a Managing Director of Carlyle. Mr. Bernasek disclaims beneficial ownership of the shares held by Carlyle Partners IV AT Holdings, L.P.

(17) Does not include shares of common stock and non-voting common stock held by Onex Partners II LP, Onex American Holdings II LLC, Onex Allison Co-Invest LP, Allison Executive Investco LLC, Onex US Principals LP and Onex Partners II GP LP, collectively, the Onex Entities, each of which is an affiliate of Onex. Mr. Gilis is a director of Allison Holdings and a Managing Director of Onex. Mr. Gilis disclaims beneficial ownership of the shares held by the Onex Entities.

(18) Does not include shares of common stock held by Carlyle Partners IV AT Holdings, L.P., which is an affiliate of Carlyle. Mr. Ledford is a director of Allison Holdings and a Managing Director of Carlyle. Mr. Ledford disclaims beneficial ownership of the shares held by Carlyle Partners IV AT Holdings, L.P.

(19) Does not include shares of common stock and non-voting common stock held by the Onex Entities, each of which is an affiliate of Onex. Mr. Mersky is a director of Allison Holdings and a Managing Director of Onex. Mr. Mersky disclaims beneficial ownership of the shares held by the Onex Entities.

(20) Does not include shares of common stock held by Carlyle Partners IV AT Holdings, L.P., which is an affiliate of Carlyle. Mr. Rabaut is a director of Allison Holdings and a Senior Advisor of Carlyle. Mr. Rabaut disclaims beneficial ownership of the shares held by Carlyle Partners IV AT Holdings, L.P.

(21) Includes 102,789 vested, but unexercised $10 options granted to Mr. Raborn.

(22) Includes 21,544 vested, but unexercised $10 options granted to Mr. Reynolds.

DESCRIPTION OF CAPITAL STOCK

The following is a description of our capital stock and the material provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as each is anticipated to be in effect upon the closing of this offering, and other agreements to which we and our stockholders are parties. The following is only a summary and is qualified by applicable law and by the provisions of the amended and restated certificate of incorporation and amended and restated bylaws and other agreements, copies of which are available as set forth under the caption entitled "Where You Can Find More Information."

General

Prior to the effectiveness of our amended and restated certificate of incorporation, our authorized capital stock consists of 180,000,000 shares of common stock, par value $0.01 per share, 20,000,000 shares of non-voting common stock, par value $0.01 per share, and 20,000,000 shares of preferred stock, par value $0.01 per share. Upon effectiveness of our amended and restated certificate of incorporation, our authorized capital stock will consist of shares of common stock, par value $0.01 per share, shares of non-voting common stock, par value $0.01 per share and shares of preferred stock, par value $0.01 per share. The rights and privileges of holders of our common stock and non-voting common stock are subject to any series of preferred stock that we may issue in the future.

Excluding the shares offered hereby, as of , shares of our voting common stock were issued and outstanding and shares of our non-voting common stock were issued and outstanding.

Common Stock

Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, including the election of directors. There will be no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock will be able to elect all of the directors, and holders of less than a majority of such shares will be unable to elect any director. Under the amended and restated certificate of incorporation, subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock and non-voting common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available for dividend payments. The Senior Secured Credit Facility and the indentures governing the Senior Notes and the New Notes impose restrictions on our ability to declare dividends on our common stock. All outstanding shares of common stock are fully paid and non-assessable, and the shares of common stock to be issued upon completion of this offering will be fully paid and non-assessable. The holders of common stock have no preferences or rights of conversion, exchange, pre-emption or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. In the event of any liquidation, dissolution or winding-up of our affairs, holders of common stock and non-voting common stock will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations and after liquidation payments to holders of outstanding shares of preferred stock, if any.

Non-voting Common Stock

Holders of our non-voting common stock are not entitled to a vote for any share held of record on any matter submitted to a vote of the stockholders, including the election of directors. Under the amended and restated certificate of incorporation, subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of non-voting common stock and common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available for dividend payments. The Senior Secured Credit Facility and the indentures governing the Senior Notes and the New Notes impose restrictions on our ability to declare dividends on our non-voting common stock. All outstanding shares of non-voting common stock are fully paid and non-assessable. The holders of non-voting common stock have no preferences or rights of exchange, pre-emption or other subscription rights; provided that

shares of non-voting stock automatically convert into voting common stock upon a sale pursuant to an effective registration statement or a resale under Rule 144. There are no redemption or sinking fund provisions applicable to the non-voting common stock. In the event of any liquidation, dissolution or winding-up of our affairs, holders of non-voting common stock and common stock will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations and after liquidation payments to holders of outstanding shares of preferred stock, if any.

Preferred Stock

The preferred stock, if issued, would have priority over the common stock and non-voting common stock with respect to dividends and other distributions, including the distribution of our assets upon liquidation. Unless required by law or by the NYSE, our Board of Directors will have the authority without further stockholder authorization to issue from time to time shares of preferred stock in one or more series and to fix the terms, limitations, relative rights and preferences and variations of each series. Although we have no present plans to issue any shares of preferred stock, the issuance of shares of preferred stock, or the issuance of rights to purchase such shares, could decrease the amount of earnings and assets available for distribution to the holders of common stock and non-voting common stock, could adversely affect the rights and powers, including voting rights, of the common stock, and could have the effect of delaying, deterring or preventing a change in control of us or an unsolicited acquisition proposal.

Amended and Restated Stockholders Agreement

Pursuant to the amended and restated stockholders agreement, Carlyle and Onex will have certain rights to appoint directors to our Board of Directors. See “Certain Relationships and Related Party Transactions.”

Limitations on Directors’ Liability

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions indemnifying our directors and officers to the fullest extent permitted by law. Prior to the completion of this offering, we entered into indemnification agreements with each of our directors which, in some cases, are broader than the specific indemnification provisions contained under Delaware law.

In addition, as permitted by Delaware law, our amended and restated certificate of incorporation provides that no director will be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duty as a director, except that a director will be personally liable for:

- any breach of his or her duty of loyalty to us or our stockholders;
- acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
- the payment of dividends or the redemption or purchase of stock in violation of Delaware law; or
- any transaction from which the director derived an improper personal benefit.

This provision does not affect a director’s liability under the federal securities laws.

To the extent our directors, officers and controlling persons are indemnified under the provisions contained in our amended and restated certificate of incorporation, our amended and restated bylaws, Delaware law or contractual arrangements against liabilities arising under the Securities Act, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Provisions of Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware Law that May Have an Anti-Takeover Effect

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

Certain provisions in our amended and restated certificate of incorporation and amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Among other things, our amended and restated certificate of incorporation and amended and restated bylaws:

- authorize the issuance of blank check preferred stock that our Board of Directors could issue to increase the number of outstanding shares and to discourage a takeover attempt;
- limit the ability of stockholders to remove directors only "for cause" if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock;
- prohibit our stockholders from calling a special meeting of stockholders if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders, if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock;
- provide that the Board of Directors is expressly authorized to adopt, alter or repeal our bylaws;
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- establish a classified Board of Directors, with three classes of directors; and
- require the approval of holders of at least two-thirds of the outstanding shares of common stock to amend the bylaws and certain provisions of the certificate of incorporation if the Sponsors and their respective affiliates (other than Allison Holdings) collectively cease to own more than 50% of our common stock.

The foregoing provisions of our amended and restated certificate of incorporation and amended and restated bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors and in the policies formulated by the Board of Directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management.

Delaware Takeover Statute

Subject to certain exceptions, Section 203 of the DGCL prohibits a Delaware corporation from engaging in any "business combination" (as defined below) with any "interested stockholder" (as defined below) for a period of three years following the date that such stockholder became an interested stockholder, unless: (1) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (2) on consummation of the transaction that

resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (3) on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In our amended and restated certificate of incorporation, we elect not to be governed by Section 203 of the DGCL, as permitted under and pursuant to subsection (b)(3) of Section 203. Section 203 of the DGCL defines "business combination" to include: (1) any merger or consolidation involving the corporation and the interested stockholder; (2) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (3) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (4) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (5) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

Listing

We intend to apply for listing of our common stock on the NYSE under the symbol "ALSN."

Transfer Agent and Registrar

We will appoint as the transfer agent and registrar for our common stock.

SHARES ELIGIBLE FOR FUTURE SALE

Upon the completion of this offering, we will have outstanding shares of common stock, assuming no exercise of outstanding options and assuming the sale of shares of common stock offered by the selling stockholders in this offering and that the underwriters have not exercised their overallotment option. Of these shares, shares of common stock will be freely transferable without restriction or further registration under the Securities Act by persons other than "affiliates," as that term is defined in Rule 144 under the Securities Act. Generally, the balance of our outstanding common stock are "restricted securities" within the meaning of Rule 144 under the Securities Act, subject to the limitations and restrictions that are described below. Common stock purchased by our affiliates will be "restricted securities" under Rule 144. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 promulgated under the Securities Act.

Lock-Up Agreements

In connection with this offering, we, our executive officers and directors and our existing security holders, including the selling shareholders, have agreed, subject to certain exceptions, not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of . See "Underwriting."

Rule 144

In general, under Rule 144 as in effect on the date of this prospectus, beginning 90 days after the consummation of this offering, a person (or persons whose common stock is required to be aggregated) who is an affiliate and who has beneficially owned our common stock for at least six months is entitled to sell in any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares then outstanding, which will equal approximately shares immediately after consummation of this offering; or
- the average weekly trading volume in our shares on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such a sale.

Sales by our affiliates under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. An "affiliate" is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with an issuer.

Under Rule 144, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least six months (including the holding period of any prior owner other than an affiliate), would be entitled to sell those shares subject only to availability of current public information about us, and after beneficially owning such shares for at least 12 months (including the holding period of any prior owner other than an affiliate), would be entitled to sell an unlimited number of shares without restriction. To the extent that our affiliates sell their common stock, other than pursuant to Rule 144 or a registration statement, the purchaser's holding period for the purpose of effecting a sale under Rule 144 commences on the date of transfer from the affiliate.

Rule 701

In general, under Rule 701 as in effect on the date of this prospectus, any of our employees, directors, officers, consultants or advisors who purchased shares from us in reliance on Rule 701 in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering, or who purchased shares from us after that date upon the exercise of options granted before that date, are eligible to resell such shares 90 days after the effective date of this offering in reliance upon Rule 144. If such person is not

an affiliate, such sale may be made subject only to the manner of sale provisions of Rule 144. If such a person is an affiliate, such sale may be made under Rule 144 without compliance with the holding period requirement, but subject to the other Rule 144 restrictions described above.

S-8 Registration Statement

In conjunction with this offering, we expect to file a registration statement on Form S-8 under the Securities Act, which will register up to shares of common stock underlying stock options or restricted stock awards or reserved for issuance under our equity incentive plans. That registration statement will become effective upon filing, and shares of common stock covered by such registration statement are eligible for sale in the public market immediately after the effective date of such registration statement, subject to the lock-up agreements described above.

Registration Rights

Pursuant to the amended and restated stockholders agreement, we have granted Carlyle and Onex the right to cause us, in certain instances, at our expense, to file registration statements under the Securities Act covering resales of our common stock held by them and other stockholders party to that agreement or to piggyback on such registration statements in certain circumstances. See “Certain Relationships and Related Party Transactions.” These shares will represent approximately % of our outstanding common stock after this offering, or % if the underwriters exercise their overallotment option in full. Subject to the amended and restated stockholder agreement, these shares also may be sold under Rule 144 under the Securities Act, depending on their holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences applicable to non-U.S. holders (as defined below) with respect to the acquisition, ownership and disposition of our common stock issued pursuant to this offering. This discussion is not a complete analysis of all the potential U.S. federal income tax consequences relating thereto, nor does it address any tax consequences arising under any state, local or non-U.S. tax laws or any other U.S. federal tax laws, including U.S. federal estate and gift tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service, or IRS, all as in effect as of the date of this offering. These authorities may change, or be subject to differing interpretations, possibly with retroactive effect, resulting in U.S. federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the acquisition, ownership or disposition of our common stock, or that any such contrary position would not be sustained by a court.

This summary is limited to non-U.S. holders that purchase our common stock issued pursuant to this offering and that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences that may be relevant to a particular non-U.S. holder in light of that holder's particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to non-U.S. holders subject to special rules under the U.S. federal income tax laws, including, without limitation:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- controlled foreign corporations;
- passive foreign investment companies;
- corporations that accumulate earnings to avoid U.S. federal income tax;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities, commodities or currencies;
- tax-exempt organizations;
- tax-qualified retirement plans;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment; and
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OUR COMMON STOCK, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS AND ANY OTHER U.S. FEDERAL TAX LAWS (INCLUDING THE U.S. FEDERAL ESTATE AND GIFT TAX LAWS).

Definition of Non-U.S. Holder

For purposes of this discussion, a non-U.S. holder is any beneficial owner of our common stock that is not a "U.S. person" or a partnership for U.S. federal income tax purposes. A U.S. person is any of the following:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (2) has validly elected to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership or other pass-through entity for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership or member in such other entity generally will depend on the status of the partner or member, upon the activities of the partnership or such other entity, and upon certain determinations made at the partner or member level. Accordingly, partnerships and other pass-through entities that hold our common stock and the partners in such partnerships and the members in such other entities are urged to consult their tax advisors regarding the specific U.S. federal income tax consequences to them.

Distributions on our Common Stock

As described in the section entitled "Dividend Policy," we have not paid a dividend on our common stock in the past and do not anticipate paying dividends on our common stock in the foreseeable future. If, however, we make cash or other property distributions on our common stock, such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder's adjusted tax basis in the common stock, but not below zero. Any remaining amounts will be treated as gain realized on the sale or other disposition of the common stock and will be treated as described under the section entitled "— Dispositions of our Common Stock" below.

Dividends paid to a non-U.S. holder of our common stock that are not effectively connected with a U.S. trade or business conducted by such holder generally will be subject to U.S. federal withholding tax at a rate of 30% (or such lower rate specified by an applicable tax treaty) of the gross amount of the dividends. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish a valid IRS Form W-8BEN (or applicable successor form) certifying such holder's qualification for the reduced rate. This certification must be provided to us or our paying agent prior to the payment of dividends and must be updated periodically. Non-U.S. holders that do not timely provide us or our paying agent with the required certification, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If a non-U.S. holder holds our common stock in connection with the conduct of a trade or business in the United States, and dividends paid on the common stock are effectively connected with such holder's U.S. trade or business (and, if required by an applicable tax treaty that a non-U.S. holder relies upon, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States), the non-U.S. holder will generally be exempt from U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must furnish a properly executed IRS Form W-8ECI (or applicable successor form) to us or our paying agent prior to the payment of such dividends.

Any dividends paid on our common stock that are effectively connected with a non-U.S. holder's U.S. trade or business (and, if required by an applicable tax treaty that a non-U.S. holder relies upon, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States) generally will be subject to

U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a corporation also may be subject to a branch profits tax equal to 30% (or such lower rate specified by an applicable tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

Dispositions of our Common Stock

Subject to the discussions below regarding backup withholding and foreign accounts, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States, and if required by an applicable tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States;
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a "United States real property interest" by reason of our status as a "United States real property holding corporation," which we refer to as a USRPHC, at any time during the shorter of the five-year period preceding the date of disposition or the holder's holding period for our common stock, and certain other requirements are met.

Unless an applicable tax treaty provides otherwise, gain described in the first bullet point above will be subject to U.S. federal income tax on an net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such holder were a resident of the United States. A non-U.S. holder that is a corporation also may be subject to a branch profits tax equal to 30% (or such lower rate specified by an applicable tax treaty) of all or a portion of its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Gain described in the second bullet point above generally will be subject to U.S. federal income tax at a flat 30% rate but may be offset by U.S. source capital losses.

Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

With respect to the third bullet point above, we believe we are not currently and do not anticipate becoming a USRPHC for United States federal income tax purposes. However, because the determination of whether we are a USRPHC depends on the fair market value of our United States real property interests relative to the fair market value of our other trade or business assets and our non-United States real property interests, there can be no assurance that we will not become a USRPHC in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock will not be subject to tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such non-U.S. holder owned, actually or constructively, five percent (5%) or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or exchange or the non-U.S. holder's holding period for such stock. We expect our common stock to be "regularly traded" on an established securities market, although we cannot guarantee it will be so traded. If gain on the sale or other taxable disposition of our stock were subject to taxation under the third bullet point above, the non-U.S. holder would be subject to regular United States federal income tax with respect to such gain in generally the same manner as a United States person.

Information Reporting and Backup Withholding

We must report annually to the IRS and to each non-U.S. holder the amount of dividends on our common stock paid to such holder, the name and address of the recipient, and the amount of any tax withheld with respect to those dividends. These information reporting requirements apply in certain circumstances even if no withholding was required, including in the event that the dividends were effectively connected with the holder's conduct of a U.S. trade or business or withholding was reduced or eliminated by an applicable tax treaty. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding, however, generally will not apply to payments of dividends to a non-U.S. holder of our common stock provided the non-U.S. holder furnishes the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN or W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a United States person that is not an exempt recipient.

Unless a non-U.S. holder complies with certification procedures to establish that it is not a United States person, information returns may be filed with the IRS in connection with, and the non-U.S. holder may be subject to backup withholding on the proceeds from, a sale or other disposition of our common stock. The certification procedures described in the above paragraph will satisfy these certification requirements as well.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax Relating to Foreign Accounts

An additional withholding tax will apply to certain types of payments made after December 31, 2012 to "foreign financial institutions" (as specially defined under these rules) and certain other non-U.S. entities. Specifically, a 30% withholding tax will be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or to a non-financial foreign entity after such date, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the non-financial foreign entity either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. Prospective investors should consult their tax advisors regarding these rules.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us, the selling stockholders and the underwriters, we and the selling stockholders have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us and the selling stockholders, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Citigroup Global Markets Inc.	
J.P. Morgan Securities LLC	
Credit Suisse Securities (USA) LLC	
Morgan Stanley & Co. Incorporated	
Goldman, Sachs & Co.	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the shares sold under the underwriting agreement if any of these shares are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The representatives have advised us and the selling stockholders that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us and the selling stockholders. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount paid by:			
Us	$	$	$
The selling stockholders	$	$	$
Proceeds, before expenses, to us	$	$	$
Proceeds, before expenses, to the selling stockholders	$	$	$

The expenses of the offering, including expenses incurred by the selling stockholders but not including the underwriting discount, are estimated at $ million and are payable by us.

We and the selling stockholders have granted an option to the underwriters to purchase up to additional shares and additional shares, respectively, at the public offering price, less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover

any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

We, our executive officers and directors and our existing security holders, including the selling stockholders, have agreed, subject to certain exceptions, not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of . Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock,
- sell any option or contract to purchase any common stock,
- purchase any option or contract to sell any common stock,
- grant any option, right or warrant for the sale of any common stock,
- lend or otherwise dispose of or transfer any common stock,
- request or demand that we file a registration statement related to the common stock, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lock-up provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition. In the event that either (x) during the last 17 days of the lock-up period referred to above, we issue an earnings release or material news or a material event relating to us occurs or (y) prior to the expiration of the lock-up period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the lock-up period, the restrictions described above shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

At our request, the underwriters have reserved up to % of the shares for sale at the initial public offering price to persons who are directors, officers or employees, or who are otherwise associated with us through a directed share program. The number of shares available for sale to the general public will be reduced by the number of directed shares purchased by participants in the program. Except for certain of our officers, directors and employees who have entered into lock-up agreements as contemplated in the two immediately preceding paragraphs, each person buying shares through the directed share program has agreed that, for a period of 180 days from the date of this prospectus, he or she will not, without the prior written consent of , sell or transfer any common stock or any securities convertible into, exchangeable for, exercisable for or repayable with our common stock with respect to shares purchased in the program. For certain officers, directors and employees purchasing shares through the directed share program, the lock-up agreements contemplated in the two immediately preceding paragraphs shall govern with respect to their purchases. in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. Any directed shares not purchased will be offered by the underwriters to the general public on the same basis as all other shares offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed shares.

We will apply to list our common stock on the NYSE under the symbol "ALSN." In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of shares to a minimum number of beneficial owners as required by that exchange.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, the Company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future net sales,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ overallotment option described above. The underwriters may close out any covered short position by either exercising their overallotment option or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. “Naked” short sales are sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, the representatives may facilitate Internet distribution for this offering to certain of its Internet subscription customers. The representatives may allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on Internet web sites maintained by the representatives. Other than the prospectus in electronic format, the information on the web sites of the representatives is not part of this prospectus.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, investment banking, commercial banking and other services for us for which they received or will receive customary fees and expenses. Furthermore, certain of the underwriters and their respective affiliates may, from time to time, enter into arms-length transactions with us in the ordinary course of their business.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated were initial purchasers in connection with our October 2007 offering of the Senior Cash Pay Notes and the Senior Toggle Notes.

Affiliates of Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are lenders and/or agents under the Senior Secured Credit Facility.

Citigroup Global Markets Inc. acted as a dealer manager in our recent tender offer for any and all of our Senior Toggle Notes and as an initial purchaser in our recent private placement of the New Notes.

In addition, we have entered into an interest rate swap agreement with an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

Notice to Prospective Investors in the EEA

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), including each Relevant Member State that has implemented the 2010 PD Amending Directive with regard to persons to whom an offer of securities is addressed and the denomination per unit of the offer of securities (each, an “Early Implementing Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), no offer of shares will be made to the public in that Relevant Member State (other than offers (the “Permitted Public Offers”) where a prospectus will be published in relation to the shares that has been approved by the competent authority in a Relevant Member State or, where appropriate, approved

in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive), except that with effect from and including that Relevant Implementation Date, offers of shares may be made to the public in that Relevant Member State at any time:

A. to "qualified investors" as defined in the Prospectus Directive, including:

(a) (in the case of Relevant Member States other than Early Implementing Member States), legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities, or any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43.0 million and (iii) an annual turnover of more than €50.0 million as shown in its last annual or consolidated accounts; or

(b) (in the case of Early Implementing Member States), persons or entities that are described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC, and those who are treated on request as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or

B. to fewer than 100 (or, in the case of Early Implementing Member States, 150) natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), as permitted in the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State (other than a Relevant Member State where there is a Permitted Public Offer) who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a "qualified investor", and (B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the Subscribers has been given to the offer or resale, or (y) where shares have been acquired by it on behalf of persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71 EC (including

the 2010 PD Amending Directive, in the case of Early Implementing Member States) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Issuer, the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This document is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with exempt offers. The DFSA has not approved this document nor taken steps to verify the information set forth herein and has no responsibility for it. The shares to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this document you should consult an authorized financial advisor.

Notice to Prospective Investors in Hong Kong

This prospectus has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The shares will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be

offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Relationship with Solebury Capital LLC

Pursuant to an engagement agreement, we retained Solebury Capital LLC, or Solebury, a FINRA member, to provide certain financial consulting services (which do not include underwriting services) in connection with this offering. We agreed to pay Solebury, only upon successful completion of this offering, a fee of $800,000 and, at our sole discretion, an additional potential incentive fee of $400,000. In determining whether we elect to award any or all of the incentive fee, we will consider the level of, and our satisfaction with, the services provided by Solebury throughout the initial public offering process. We also agreed to reimburse Solebury for reasonable and documented out–of–pocket expenses up to a maximum of $25,000 without our prior written consent and have provided indemnification of Solebury pursuant to the engagement agreement. Solebury's services include advice with respect to selection of underwriters for this offering, deal structuring, fee and economics recommendations, distribution strategy recommendations and preparation of presentation materials. Solebury is not acting as an underwriter and has no contact with any public or institutional investor on behalf of the Company or the underwriters. In addition, Solebury will not underwrite or purchase any of our common stock in this offering or otherwise participate in any such undertaking.

VALIDITY OF COMMON STOCK

The validity of the shares being sold in this offering will be passed upon for us and the selling stockholders by Latham & Watkins LLP, Washington, D.C. Certain legal matters relating to this offering will be passed upon for the underwriters by Cleary Gottlieb Steen & Hamilton LLP, New York, NY.

EXPERTS

The consolidated financial statements as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 pursuant to the Securities Act of 1933, as amended, covering the common stock being offered hereby. This prospectus, which constitutes part of the registration statement, does not contain all the information set forth in the registration statement. For further information about us and the common stock we propose to sell in this offering, we refer you to the registration statement and the exhibits and schedules filed as a part of the registration statement. Statements contained in this prospectus as to the contents of any contract or other document filed as an exhibit to the registration statement are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copy of the contract or document that has been filed.

You may inspect a copy of the registration statement and the exhibits and schedules to the registration statement without charge at the Public Reference Room of the SEC at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You can receive copies of these documents upon payment of a duplicating fee by writing to the SEC. The SEC maintains a web site at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. You can also inspect our registration statement on this web site.

Upon completion of this offering, we will become subject to the information and reporting requirements of the Exchange Act pursuant to Section 13 thereof. Our filings with the SEC (other than those exhibits specifically incorporated by reference into the registration statement of which this prospectus forms a part) are not incorporated by reference into this prospectus.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Allison Transmission Holdings, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and stockholders' equity (deficit) present fairly, in all material respects, the financial position of Allison Transmission Holdings, Inc. and its subsidiaries at December 31, 2010 and December 31, 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule presented with these financial statements presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Indianapolis, Indiana
March 18, 2011

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

	December 31, 2010	December 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 252.2**	$ 153.1
Accounts receivables — net of allowance for doubtful accounts of $2.8 and $1.8, respectively	**171.1**	196.9
Inventories	**147.9**	136.7
Other current assets	**74.3**	26.6
Total Current Assets	**645.5**	513.3
Property, plant & equipment — net	**595.3**	621.1
Intangible assets — net	**2,018.1**	2,172.0
Goodwill	**1,941.0**	1,941.0
Other non-current assets	**110.5**	163.4
TOTAL ASSETS	**$ 5,310.4**	$ 5,410.8
LIABILITIES		
Current Liabilities		
Accounts payable	**$ 138.3**	$ 135.4
Product warranty liability	**35.7**	34.1
Current portion of long term debt	**31.0**	31.0
Notes payable	**2.4**	2.2
Deferred revenue	**14.8**	12.4
Other current liabilities	**195.3**	178.5
Total Current Liabilities	**417.5**	393.6
Product warranty liability	**92.8**	141.6
Deferred revenue	**41.4**	32.3
Long term debt	**3,637.7**	3,840.9
Deferred income taxes	**175.3**	120.9
Other non-current liabilities	**204.0**	144.9
TOTAL LIABILITIES	**4,568.7**	4,674.2
Commitments and contingencies (see NOTE 16)		
STOCKHOLDERS' EQUITY		
Common stock, $0.01 par value, 180,000,000 shares authorized, 149,500,000 issued and outstanding	**1.5**	1.5
Non-voting common stock, $0.01 par value, 20,000,000 shares authorized, 3,579,740 issued and 3,559,740 outstanding	**—**	—
Preferred stock, $0.01 par value, 20,000,000 shares authorized, none issued and outstanding	**—**	—
Treasury stock	**(0.2)**	(0.2)
Paid in capital	**1,553.1**	1,544.6
Accumulated deficit	**(786.7)**	(816.3)
Accumulated other comprehensive (loss) income, net of tax	**(26.0)**	7.0
TOTAL STOCKHOLDERS' EQUITY	**741.7**	736.6
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**$ 5,310.4**	$ 5,410.8

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

Allison Transmission Holdings, Inc.
Consolidated Statements of Operations
(dollars in millions, except share data)

	Year ended December 31,		
	2010	**2009**	**2008**
Net sales	**$1,926.3**	$1,766.7	$2,061.4
Cost of sales	**1,098.1**	1,146.9	1,325.5
Gross profit	**828.2**	619.8	735.9
Selling, general and administrative expenses	**384.9**	391.2	412.6
Engineering — research and development	**101.5**	89.7	88.6
Trade name impairment	**—**	190.0	179.8
Operating income (loss)	**341.8**	(51.1)	54.9
Interest income	**3.5**	1.4	5.1
Interest expense	**(281.0)**	(235.6)	(391.0)
Other income, net	**19.0**	2.8	40.0
Income (Loss) before income taxes	**83.3**	(282.5)	(291.0)
Income tax expense	**(53.7)**	(41.4)	(37.1)
Net income (loss)	**$ 29.6**	$ (323.9)	$ (328.1)
Basic and diluted earnings (loss) per share attributable to common stockholders	**$ 0.19**	$ (2.12)	$ (2.14)

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

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

	Year ended December 31,		
	2010	**2009**	**2008**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	**$ 29.6**	$(323.9)	$(328.1)
Add (deduct) items included in net income (loss) not using (providing) cash:			
Amortization of intangible assets	**154.2**	155.9	156.5
Depreciation of property, plant and equipment	**99.6**	105.9	106.6
Deferred income taxes	**51.5**	37.3	30.5
Unrealized loss (gain) on derivatives	**28.8**	(30.3)	59.7
Amortization of deferred financing costs	**11.6**	12.3	12.9
Stock-based compensation	**8.5**	7.3	7.1
Gain on repurchases of long-term debt	**(3.3)**	(8.9)	(21.0)
Accretion of assumed non-current assets and liabilities	**1.0**	5.0	8.6
Trade name impairment	**—**	190.0	179.8
Loss on Old GM OPEB Receivable	**—**	36.6	—
Capitalized accrued interest on Senior Toggle Notes	**—**	28.6	—
Restructuring charges	**—**	12.6	—
Realized gain on interest rate derivatives	**—**	(4.9)	—
Pension curtailment adjustment	**—**	(1.3)	—
Net change in Old GM OPEB Receivable / Payable	**—**	—	(14.6)
Other	**1.1**	0.3	(0.3)
Changes in assets and liabilities:			
Accounts receivable	**23.7**	11.8	66.1
Inventories	**(11.8)**	18.1	24.2
Accounts payable	**3.2**	(53.1)	(18.4)
Other assets and liabilities	**(8.8)**	(30.6)	(1.5)
Net cash provided by operating activities	**388.9**	168.7	268.1
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions of long-lived assets	**(73.8)**	(88.2)	(75.3)
Collateral for interest rate derivatives	**(21.8)**	(22.0)	—
Purchase of available-for-sale securities	**—**	(3.4)	—
Proceeds from disposal of assets	**0.3**	0.4	0.4
Net cash used for investing activities	**(95.3)**	(113.2)	(74.9)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net capital contribution	**—**	—	0.4
Repurchases of long-term debt	**(91.9)**	(74.3)	(115.2)
Payments on long-term debt	**(106.0)**	(52.2)	(73.3)
Payments on notes payable	**—**	(8.9)	—
Net cash used for financing activities	**(197.9)**	(135.4)	(188.1)
Effect of exchange rate changes on cash	**3.4**	(4.9)	1.7
Net increase (decrease) in cash and cash equivalents	**99.1**	(84.8)	6.8
Cash and cash equivalents at beginning of period	**153.1**	237.9	231.1
Cash and cash equivalents at end of period	**$ 252.2**	$ 153.1	$ 237.9
Supplemental disclosures:			
Interest paid	**$ 239.1**	$ 242.5	$ 334.2
Income taxes paid	**$ 2.2**	$ 5.5	$ 4.3

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

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

	Common Stock	Non-voting Common Stock	Preferred Stock	Treasury Stock	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), net of tax	Stockholders' Equity
Balance at December 31, 2007	$ 1.5	$ —	$ —	$ —	$1,529.6	$ (164.3)	$ 5.8	$ 1,372.6
Additional investment	—	—	—	—	0.6	—	—	0.6
Treasury stock purchase	—	—	—	(0.2)	—	—	—	(0.2)
Stock-based compensation	—	—	—	—	7.1	—	—	7.1
Pension and OPEB liability adjustment	—	—	—	—	—	—	(36.1)	(36.1)
Foreign currency translation adjustment	—	—	—	—	—	—	(0.4)	(0.4)
Net loss	—	—	—	—	—	(328.1)	—	(328.1)
Balance at December 31, 2008	$ 1.5	$ —	$ —	$ (0.2)	$1,537.3	$ (492.4)	$ (30.7)	$ 1,015.5
Stock-based compensation	—	—	—	—	7.3	—	—	7.3
Pension and OPEB liability adjustment	—	—	—	—	—	—	34.5	34.5
Foreign currency translation adjustment	—	—	—	—	—	—	1.7	1.7
Available-for-sale securities	—	—	—	—	—	—	1.5	1.5
Net loss	—	—	—	—	—	(323.9)	—	(323.9)
Balance at December 31, 2009	$ 1.5	$ —	$ —	$ (0.2)	$1,544.6	$ (816.3)	$ 7.0	$ 736.6
Additional investment	—	—	—	—	0.1	—	—	0.1
Stock-based compensation	—	—	—	—	8.4	—	—	8.4
Pension and OPEB liability adjustment	—	—	—	—	—	—	(31.9)	(31.9)
Foreign currency translation adjustment	—	—	—	—	—	—	0.1	0.1
Available-for-sale securities	—	—	—	—	—	—	(1.2)	(1.2)
Net income	—	—	—	—	—	29.6	—	29.6
Balance at December 31, 2010	**$ 1.5**	**$ —**	**$ —**	**$ (0.2)**	**$1,553.1**	**$ (786.7)**	**$ (26.0)**	**$ 741.7**

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

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements

NOTE 1. OVERVIEW

Overview

Allison Transmission Holdings, Inc. and its subsidiaries (the "Company," "Successor," "our," "us," "we" or "Allison"), design and manufacture commercial and military fully-automatic transmissions.

The business was founded in 1915 and has been headquartered in Speedway, Indiana since inception. The Company has approximately 2,750 employees and 12 different transmission product lines. Although approximately 82% percent of revenues are generated in North America, the Company has a global presence by serving customers in Europe, Asia, South America and Africa. The Company serves customers through an independent network of approximately 1,500 independent distributor and dealer locations worldwide.

Since the introduction of the Company's first fully-automatic transmission over 60 years ago, the Company's products have gained acceptance in a variety of applications, including on-highway trucks (distribution, refuse, construction, fire and emergency), buses (primarily school and transit), motor homes, off-highway vehicles and equipment (primarily energy, mining and construction) and military vehicles (wheeled and tracked). The Company has developed over 100 different product models that are used in more than 2,500 different vehicle configurations, which are compatible with more than 500 combinations of engine brands, models and ratings. The Company also sells support equipment and Allison-branded replacement parts for the Company's transmissions and remanufactured transmissions for use in the vehicle aftermarket.

History

The Company was formerly known as Allison Transmission (the "Predecessor"), an operating unit of General Motors Corporation, which, in the course of its bankruptcy proceeding was renamed Motors Liquidation Company ("Old GM"). On August 7, 2007 (the "Acquisition Date"), substantially all of the assets and liabilities of the Predecessor were acquired by the Company, under an Asset Purchase Agreement (the "Asset Purchase Agreement") dated June 28, 2007 and entered into between Clutch Operating Company, Inc., a Delaware corporation owned by investment funds affiliated with The Carlyle Group and Onex Corporation (collectively the "Sponsors"), and Old GM, the direct parent of the Predecessor, pursuant to which the Company acquired certain equity interests of, and certain assets and liabilities held by, direct and indirect operating subsidiaries of Old GM (the "Acquisition Transaction"). After completion of the Acquisition Transaction, Clutch Holdings, Inc., changed its name to Allison Transmission Holdings, Inc. ("Holdings") and Clutch Operating Company, Inc. changed its name to Allison Transmission, Inc. In addition to the Asset Purchase Agreement, the Company entered into a Transition Services Agreement (the "Transition Services Agreement") under which Old GM provided services to the Company. The agreement covered such services as information technology, human resources, payroll, Accounts receivable, Accounts payable and some engineering, among others, and generally allowed up to 18 months of transitional services depending on the service and the Company's ability to develop such services on its own.

On July 10, 2009, General Motors Company ("GM") emerged from bankruptcy. On August 3, 2009, the Company and GM finalized an agreement (the "Cure Agreement"), pursuant to which GM assumed certain contracts and agreements between the Company and Old GM, including among others, the Asset Purchase Agreement, the Transition Services Agreement and certain other intellectual property and software license agreements, lease agreements, engineering services agreements, proving grounds use agreements, an employee matter agreement, a contract manufacturing agreement and a hybrid co-branding agreement. GM also assumed certain other commercial contracts, arrangements and purchase orders with the Company in connection with conducting its business.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 1. OVERVIEW (Continued)

Recent Developments

During the fourth quarter of 2010, the Company and General Motors — Powertrain Hungary, Ltd. ("GM-PTH") entered into an agreement to terminate a current contract manufacturing agreement related to production of its medium- and heavy-duty transmissions. The current agreement has been replaced with a new agreement that will expire in the second quarter of 2016. As part of the new agreement, the Company will provide a facility and inventory components for production of Allison transmissions while GM-PTH will provide the personnel and technical resources to manufacture the transmissions. The Company commenced construction of a new facility in Szentgotthard, Hungary in the fourth quarter of 2010 and expects to be completed with the facility by 2011. Production at the facility is expected to begin during 2011.

The termination of the original agreement resulted in the Company eliminating a severance reserve of $3.4 million that had been required under the original agreement. In addition, the Company expects to invest approximately $14.5 million to construct a new manufacturing facility in Hungary. The Company expects the operating costs incurred under the new agreement to remain approximately the same as the costs incurred under the original agreement.

During the fourth quarter of 2010, the Company committed to expand its production in its Chennai, India facility by manufacturing components for our global manufacturing operations as well as assembling transmission products for emerging markets. Production is expected to commence during the second half of 2012.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements as of December 31, 2010 and 2009 have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The information herein reflects all normal recurring material adjustments, which are, in the opinion of management, necessary for the fair presentation of the results for the periods presented. The consolidated financial statements herein consist of all wholly-owned domestic and foreign subsidiaries with all significant intercompany transactions eliminated.

These consolidated financial statements present the results of operations, financial position, cash flows and statements of equity. Certain reclassifications have been made in the consolidated financial statements of prior years to conform to the current year presentation. These reclassifications have no impact on previously reported net income, total stockholders' equity or cash flows.

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. Significant estimates include, but are not limited to, allowance for doubtful accounts, sales allowances, fair market values and future cash flows associated with Goodwill, indefinite life intangibles, long-lived asset impairment tests, useful lives for depreciation and amortization, warranty liability, determination of discount and other assumptions for pension and other post-retirement benefit ("OPEB") expense, income taxes and deferred tax valuation allowances, lease classification, derivative valuation, 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. Changes in estimates are recorded in results of operations in the period that the events or circumstances giving rise to such changes occur.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment Reporting

In accordance with the FASB's authoritative accounting guidance on segment reporting, the Company has one operating segment and reportable segment. The Company is in one business, which is in the manufacturing and distribution of fully-automatic transmissions.

Government Grants

The Company recognizes government grants when there is reasonable assurance that the Company will comply with the conditions attached to the grant arrangement and the funds will be received. When the government grants relate to reimbursement of costs, the grant income is recognized in Other income, net in the Consolidated Statements of Operations. When the government grants relate to a reimbursement of capital expenditures, the grants are recognized as a reduction of the basis of the assets in the Consolidated Balance Sheets.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less. Under the Company's cash management system, checks issued but not presented to banks may result in book overdraft balances for accounting purposes and are classified within Accounts payable in the Consolidated Balance Sheets. The change in book overdrafts is reported as a component of operating cash flows for Accounts payable.

Marketable Securities

The Company determines the appropriate classification of all marketable securities as "held-to-maturity," "available-for-sale" or "trading" at the time of purchase, and re-evaluates such classifications as of each balance sheet date. As of December 31, 2010, the Company's only marketable security was classified as available-for-sale.

Available-for-sale securities are carried at fair value with the unrealized gain or loss, net of tax, reported in Accumulated other comprehensive income ("AOCI"). Unrealized losses considered to be "other-than-temporary" are recognized in income. The fair value of the Company's investment securities is determined by currently available market prices. See NOTE 6 for more details.

Allowance for Doubtful Accounts

The allowance for doubtful trade accounts receivable reflects estimated losses to be incurred in the collection of the receivables. Estimated losses are based on historical collection experience as well as a review by management of the current status of all receivables. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Inventories

Inventories are stated at the lower of cost or market. The Company determines cost using the first-in, first-out method. The Company analyzes inventory on a periodic basis to determine whether it is excess or

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

obsolete inventory. Any decline in carrying value of estimated excess or obsolete inventory is recorded as a reduction of inventory and as an expense included in Cost of sales in the period it is identified.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation expense is recorded using the straight-line method over the following estimated lives:

	Range in Years
Land improvements	5 – 30
Buildings and building improvements	10 – 40
Machinery and equipment	2 – 20
Software	2 – 5
Special tools	2 – 10

Software represents the costs of software developed or obtained for internal use. Software costs are amortized on a straight-line basis over their estimated useful lives. Software assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable over the remaining lives of the assets. Upgrades and enhancements are capitalized if they result in added functionality, which enables the software to perform tasks it was previously incapable of performing. Software maintenance, training, data conversion and business process reengineering costs are expensed in the period in which they are incurred.

Special tooling represents the costs to design and develop tools, dies, jigs and other items owned by the Company and used in the manufacture of components by suppliers under long-term supply agreements. Special tooling is depreciated over the tool's expected life. Special tooling used in the development of new technology is expensed as incurred. Engineering, testing and other costs incurred in the design and development of production parts are expensed as incurred.

Impairment of Long-Lived Assets

The carrying value of long-lived assets is evaluated whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. Events or circumstances that would result in an impairment review primarily include a significant change in the use of an asset, or the planned sale or disposal of an asset. The asset would be considered impaired when the future net undiscounted cash flows generated by the asset are less than its carrying value. An impairment loss would be recognized based on the amount by which the carrying value of the assets exceeds its fair value.

Assumptions and estimates used to determine cash flows in the evaluation of impairment and the fair values used to determine the impairment are subject to a degree of judgment and complexity. Any changes to the assumptions and estimates resulting from changes in actual results or market conditions from those anticipated may affect the carrying value of long-lived assets and could result in an impairment charge.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price paid over the fair value of net assets acquired. In accordance with the Financial Accounting Standards Board ("FASB") authoritative accounting guidance on Goodwill and Other intangibles, the Company does not amortize Goodwill but rather evaluates it for impairment

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

on an annual basis or more often if events or circumstances change that could cause Goodwill to become impaired. The Company has elected to perform its annual impairment test on October 31 of every year.

Other intangible assets have both indefinite and finite useful lives. Intangible assets with indefinite useful lives are not amortized but are tested annually on October 31 for impairment or more often if events or circumstances change that could cause impairment. The Company has one indefinite life intangible, its Trade name. Intangible assets with finite lives are amortized over their estimated useful lives and reviewed for impairment when circumstances change that would create a triggering event. Customer relationships are amortized over the life in which expected benefits are to be consumed. The remaining finite useful life intangibles are amortized on a straight-line basis over their useful lives. The Company evaluates the remaining useful life of intangible assets on a periodic basis to determine whether events or circumstances warrant a revision to the remaining useful life.

The result of the 2010 annual impairment test indicated that the fair value of Goodwill and Trade name each exceeded its carrying, or book value, and therefore the recorded Goodwill and Trade name were not subject to impairment.

In the second quarter of 2009, the Company recorded a Trade name impairment charge of $190.0 million. The impairment charge was triggered by lower projected Net sales as a result of weak general economic conditions at that time.

In the fourth quarter of 2008, the Company recorded a Trade name impairment charge of $179.8 million as a result of its annual impairment test. The impairment was driven principally by an increase in the discount factor that was in effect on the measurement date and lower projected Net sales as a result of general economic conditions at that time.

The valuation of the Trade name intangible was derived from an income approach by which the relief from royalty method was applied valuing the savings as cash flow. The relief from royalty method requires assumptions be made concerning forecasted Net sales, a discount rate, and a royalty rate. The underlying concept of the relief from royalty method is that the value of the Trade name can be estimated by determining the cost savings the Company achieves by not having to license the Trade name. Changes in projections or estimates, a deterioration of operating results and the related cash flow effect or a significant increase in the discount rate could decrease the estimated fair value and result in future impairments. NOTE 5 provides further information on Goodwill and Other intangible assets.

Deferred Financing Costs

Deferred financing costs are stated at cost as a component of other non-current assets and amortized over the life of the related debt using the effective interest method. Amortization of deferred financing costs is recorded as part of interest expense and totaled $11.6 million, $12.3 million and $12.9 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Financial Instruments

The Company’s cash equivalents are invested in U.S. Government backed securities and recorded at fair value in the Consolidated Balance Sheets.

The carrying values of Accounts receivable, Accounts payable and short-term debt approximate fair value due to their short-term nature.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's financial derivative instruments, including interest rate swaps, foreign currency and commodity forward contracts, are carried at fair values on the Consolidated Balance Sheets. Refer to NOTE 6 for more detail.

The Company's long-term debt obligations are carried at historical amounts with the Company providing fair value disclosure in NOTE 7.

Insurable Liabilities

The Company records liabilities for its medical, workers' compensation, long-term disability, product, general and auto liabilities. The determination of these liabilities and related expenses is dependent on claims experience. For most of these liabilities, claims incurred but not yet reported are estimated based upon historical claims experience. In December 2008, the Company implemented an insurance-based coverage program for long-term disability, thus eliminating the requirement to record future liabilities related to long-term disability. However, employees on disability at the time of the change who remain on disability will continue to be covered under the Company's previous program.

Revenue Recognition

The Company records sales when title has transferred to the customer, there is evidence of an agreement, the sales price is fixed and determinable, and the collection of the related accounts receivable is reasonably assured. The Company sells extended transmission coverage ("ETC") for which sales are deferred. ETC sales are recognized ratably over the period of the ETC, which typically ranges from three to five years. Distributor and customer sales incentives, consisting of allowances and other rebates, are estimated at the time of sale based upon our history and experience and are recorded as a reduction to Net sales. Incentive programs are generally product specific or region specific. Some factors used in estimating the cost of incentives include the number of transmissions that will be affected by the incentive program and rate of acceptance of any incentive program. If the actual number of affected transmissions differs from this estimate, or if a different mix of incentives is actually paid, the impact on Net sales would be recorded in the period that the change was identified. Consideration to commercial customers recorded as a reduction of Net sales in the Consolidated Statements of Operations included $55.6 million, $61.1 million and $73.9 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Sales under U.S. government production contracts are recorded when the product is accepted and title has transferred to the U.S. government. Under the terms of the U.S. government contracts, there are certain price reduction clauses and provisions for potential price reductions which are estimated at the time of sale based upon our history and experience and are recorded as a reduction to net sales. Potential reductions may be attributed to a change in projected sales volumes or plant efficiencies which impact overall costs. As of December 31, 2010 and 2009, the Company had $25.1 million and $24.8 million recorded in the price reduction reserve account, respectively.

The Company classifies shipping and handling costs billed to customers in Net sales and shipping and handling costs in Cost of sales, in accordance with authoritative accounting guidance.

The Company contracts with various third parties to provide engineering services. These services are recorded as Net sales in accordance with the terms of the contract. The saleable engineering recorded was $14.4 million, $14.5 million and $19.8 million for the years ended December 31, 2010, 2009 and 2008, respectively. The associated costs are recorded in Cost of sales.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pursuant to an ancillary agreement between the Company and Old GM, assumed by GM, the parties provided engineering services to each other through 2010. The Company incurred $0.0 million, $4.7 million and $8.4 million of expense related to the engineering service agreement offset by $0.0 million, $0.5 million and $8.4 million of engineering revenue for the years ended December 31, 2010, 2009 and 2008, respectively.

Warranty

Provisions for estimated expenses related to product warranties are made at the time products are sold. Warranty claims arise when a transmission fails while in service during the relevant warranty period. The warranty reserve is provided for by adjusting Selling, general and administrative expenses by an amount based on the Company's current and historical warranty claims paid and associated repair costs. These estimates are established using historical information including the nature, frequency, and average cost of warranty claims and are adjusted as actual information becomes available. Costs associated with ETC programs are recorded as incurred during the extended warranty period. From time to time, the Company may get involved in a specific field action program. As a result of the uncertainty surrounding the nature and frequency of specific field action programs, the liability for such programs is recorded when the Company commits to an action. The Company reviews and assesses the liability for these programs on a quarterly basis. The Company also assesses its ability to recover certain costs from its suppliers and record a receivable from the supplier when it believes a recovery is probable.

The Company's current product warranty liabilities as of December 31, 2010 are made up of two components. The first is identified as the liabilities arising subsequent to the Acquisition Transaction and related to the Successor. The second is identified as the liabilities existing prior to the acquisition and related to the Predecessor. All deferred revenue recorded under the ETC program by the Predecessor was retained by Old GM at the time of the Acquisition Transaction. Thus, the Company recorded all pre-existing product warranty liabilities and estimated costs for ETC policies sold prior to the Acquisition Transaction at a present value with accretion recorded as part of Interest expense in the Consolidated Statements of Operations.

Research and Development

The Company incurs costs in connection with research and development programs that are expected to contribute to future earnings. Such costs are charged to Engineering — research and development as incurred.

Foreign Currency Translation

Most of the subsidiaries outside the United States prepare financial statements in currencies other than the U.S. dollar. The functional currency for all these subsidiaries is the local currency, except for the Company's Hong Kong subsidiary which currently uses the U.S. dollar as its functional currency and is translated at period-end exchange rates for assets and liabilities and monthly weighted-average exchange rates for revenues and expenses. The translation gains (losses) are stated as a component of AOCI as disclosed in NOTE 15.

Derivative Instruments

In the normal course of business, the Company is exposed to fluctuations in interest rates, foreign currency exchange rates, and commodity prices. The risk is managed through the use of financial derivative instruments including interest rate swaps, and foreign currency and commodity forward contracts. Despite the fact that the Company has not elected hedge accounting treatment on nearly all of its derivative instruments, the contracts are

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

used strictly as an economic hedge and not for speculative purposes. As necessary, the Company adjusts the values of the derivative instruments for counter-party or credit risk. NOTE 8 provides further information on the accounting treatment of the Company's derivative instruments.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The future tax benefits associated with operating loss and tax credit carryforwards are recognized as deferred tax assets. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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 the FASB's authoritative accounting guidance on income taxes. Appropriate consideration is given to all positive and negative evidence related to that realization. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, experience with tax attributes expiring unused, and tax planning alternatives. The weight given to these considerations depends upon the degree to which they can be objectively verified.

Share-Based Compensation

The Company maintains a stock-based compensation plan which allows employees (including executive officers), consultants and directors to receive awards of options to purchase shares of common stock. The Company has adopted the FASB's authoritative accounting guidance on share-based payments and recognizes the fair value of the awards under the modified prospective method of adoption. The accounting guidance also requires that forfeitures be estimated over the vesting period of an award instead of being recognized as a reduction of compensation expense when the forfeiture actually occurs.

Pension and Post-retirement Benefit Plans

For pension and OPEB plans in which employees participate, costs are determined within the FASB's authoritative accounting guidance set forth in employers' defined benefit pensions including accounting for settlements and curtailments of defined benefit pension plans, termination of benefits and accounting for post-retirement benefits other than pensions. In accordance with the authoritative accounting guidance, the Company recognizes the funded status of its defined benefit pension plans and OPEB plan in its Consolidated Balance Sheets with a corresponding adjustment to AOCI, net of tax.

Post-retirement benefit costs consist of service cost, interest cost on accrued obligations and the expected return on assets (calculated using a smoothed market value of assets). Any difference between actual and expected returns on assets during a year and actuarial gains and losses on liabilities together with any prior service costs are charged (or credited) to income over the average remaining service lives of employees.

The benefit cost components shown in the Consolidated Statements of Operations are based upon certain data specific to the Company, actuarial assumptions that were used for OPEB accounting disclosures, and certain allocation methodologies such as population demographics.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In January 2010, the FASB issued authoritative accounting guidance to require disclosure of transfers between the observable input categories and activity in the unobservable input category for fair value measurements. The guidance also requires disclosures about the inputs and valuation techniques used to measure fair value. This guidance became effective for companies interim and annual reporting periods beginning January 1, 2010. The Company's adoption of this accounting guidance did not have an impact on its financial condition and results of operations.

In October 2009, the FASB issued authoritative accounting guidance on multiple-deliverable arrangements to enable vendors to account for products and services (deliverables) separately rather than as a combined unit. The objective of the guidance is to address the timing of revenue recognition as it relates to the delivery of multiple products or services. It addresses how the vendor should separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. If a vendor does not have appropriate evidence for the undelivered elements in an arrangement, the revenue associated with both delivered and undelivered elements are combined into one unit of accounting. Any revenue attributable to the delivered products is then deferred and recognized as the undelivered elements are delivered by the vendor. This guidance was effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Earlier adoption is permitted. The Company's adoption of this guidance on January 1, 2011 did not have a material impact on its consolidated financial statements.

NOTE 3. INVENTORIES

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

	December 31, 2010	December 31, 2009
Purchased parts and raw materials	**$ 67.2**	$ 74.6
Work in progress	**7.1**	8.0
Service parts	**44.8**	39.7
Finished goods	**28.8**	14.4
Total inventories	**$ 147.9**	$ 136.7

Inventory components shipped to third parties, primarily cores, parts to re-manufacturers, and contract manufacturers, in which the Company has an obligation to buyback, are included in purchased parts and raw materials, with an offsetting liability in Other current liabilities.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

The cost and accumulated depreciation of property, plant and equipment are as follows (dollars in millions):

	December 31, 2010	December 31, 2009
Land and land improvements	**$ 15.0**	$ 12.7
Buildings and building improvements	**212.5**	205.7
Machinery and equipment	**439.1**	421.8
Software	**79.8**	74.5
Special tools	**152.9**	96.6
Construction in progress	**38.9**	55.7
Total property, plant and equipment	**938.2**	867.0
Accumulated depreciation and amortization	**(342.9)**	(245.9)
Property, plant and equipment (net)	**$ 595.3**	$ 621.1

Depreciation and amortization of property, plant and equipment included $99.6 million, $105.9 million and $106.6 million for the years ended December 31, 2010, 2009 and 2008, respectively.

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS

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

	Expected useful life (years)	December 31, 2010	December 31, 2009
Goodwill	Indefinite	**$ 1,941.0**	$ 1,941.0
Other intangible assets:			
Trade name	Indefinite	**$ 870.0**	$ 870.0
Customer relationships — military	18.5	**62.3**	62.3
Customer relationships — commercial	16.5	**831.8**	831.8
Proprietary technology	12.5	**476.3**	476.3
Non-compete agreement	10.0	**17.3**	17.3
Patented technology — military	8.5	**28.2**	28.2
Tooling rights	6.0	**4.5**	4.2
Patented technology — commercial	5.5	**260.6**	260.6
Other intangible assets — gross		**2,551.0**	2,550.7
Less: accumulated amortization		**(532.9)**	(378.7)
Other intangible assets — net		**$ 2,018.1**	$ 2,172.0

As of December 31, 2010, the net value of our Goodwill and other intangibles was $3,959.1 million. The Company’s 2010 annual goodwill impairment test indicated that the fair value of the reporting unit exceeded its carrying value of net assets by 40%, indicating no impairment. The fair value was determined utilizing a discounted cash flow model which includes key assumptions. Key assumptions incorporated into the analysis comprised of net sales growth derived from market information, industry reports, marketing programs and future new product introductions; operating margin improvements derived from cost reduction programs and fixed cost leverage driven by higher sales volumes; and a risk-adjusted discount rate. Events or circumstances that could unfavorably impact the key assumptions include lower net sales driven by market conditions, our inability to execute on marketing programs and/or delay in the introduction of new products; lower gross margins as a result

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

of market conditions or failure to obtain forecasted cost reductions; or higher discount rate as a result of market conditions. While unpredictable and inherently uncertain, the Company believes its forecast estimates were reasonable and incorporate information that market participants would use in their estimates of fair value.

The Company's 2010 annual trade name impairment test indicated that the fair value of the trade name exceeded its carrying value by 13%, indicating no impairment. The fair value was determined utilizing an income approach by which the relief from royalty method was applied. Key assumptions incorporated into the analysis were net sales growth derived from market information, industry reports, marketing programs and new production introductions; and risk-adjusted discount rates. Events or circumstances that could unfavorably impact the key assumptions include lower net sales driven by market conditions, our inability to execute on marketing programs and/or delay in introduction of new products; and higher discount rate as a result of market conditions. While unpredictable and inherently uncertain, the Company believes its forecast estimates are reasonable and incorporate those that market participants would use in their estimates of fair value.

The expected tax basis for Goodwill and Trade name deductions were $1,523.0 million and $2,256.0 million as of December 31, 2010 and $1,651.4 million and $2,450.5 million as of December 31, 2009, respectively.

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

	2011	2012	2013	2014	2015	Thereafter
Amortization expense	$151.9	$150.0	$105.3	$98.8	$97.1	$ 545.0

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the FASB's authoritative accounting guidance on fair value measurements, 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 Company primarily applies the market approach for recurring fair value measurements and utilizes the best available information that maximizes the use of observable inputs and minimizes the use of unobservable inputs. The Company is able to classify fair value balances based on the observability of those inputs. 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. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities and publicly traded bonds.

Level 2 — Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 3 — Pricing inputs include significant inputs that are generally less observable from objective sources. 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 December 31, 2010, the Company did not have any Level 3 financial assets or liabilities.

The Company's assets and liabilities that are measured at fair value include cash equivalents, available-for-sale securities and derivatives. The Company's cash equivalents consist of short-term U.S. Government backed securities. The Company's available-for-sale securities consist of ordinary shares of Torotrak associated with a license and exclusivity agreement with Torotrak. Torotrak's listed shares are traded on the London Stock Exchange under the ticker symbol "TRK." The Company's derivative instruments consist of interest rate swaps, and foreign currency and commodity forward contracts.

The Company's valuation techniques used to fair value cash equivalents and available-for-sale securities represents a market approach in active markets for identical assets that qualifies as Level 1 in the fair value hierarchy. The Company's valuation techniques used to calculate the fair value of derivatives represents a market approach with observable inputs that qualify as Level 2 in the fair value hierarchy.

The foreign currency contracts consist of forward rate contracts which are intended to hedge exposure of transactions denominated in certain currencies and reduce the impact of currency price volatility on the Company's financial results. The commodity contracts consist of forward rate contracts which are intended to hedge exposure of transactions involving purchases of component parts containing aluminum and reduce the impact of aluminum price volatility on the Company's financial results.

For its foreign currency derivatives, the Company uses independent valuations which use the current spot market data adjusted for the time value of money. The foreign currency hedges have been accounted for within the authoritative accounting guidance set forth on accounting for derivative instruments and hedging activities and have been recorded at fair value based upon quoted market rates. The fair values are included in other current or non-current assets and liabilities in the Consolidated Balance Sheets. For the foreign currency derivatives that qualify for hedge accounting, the Company recognizes the unrealized gains and losses arising from the revaluation of the contracts in AOCI, net of tax in the Consolidated Balance Sheets. For the foreign currency derivatives in which the Company has not elected hedge accounting, the unrealized gains and losses from the revaluation of the contracts are recorded in Other income, net in the Consolidated Statements of Operations. As of December 31, 2010, the Company elected not to apply hedge accounting to any of its foreign currency contracts.

For its commodity derivatives, the Company uses independent valuations which use current quoted market rates adjusted for the time value of money. The fair values are included in Other current and non-current assets in the Consolidated Balance Sheets. The Company has not elected hedge accounting treatment for these commodity contracts and, as a result, unrealized fair value adjustments and realized gains or losses will be charged directly to Other income, net in the Consolidated Statements of Operations.

For its interest rate derivatives, the Company uses independent valuations which approximate the current economic value of the swaps and collar using prices and rates at the average of the estimated bid and offer for the respective underlying assets. The floating-to-fixed interest rate swaps and collar are based on the London Interbank Offered Rate ("LIBOR") which is observable at commonly quoted intervals. The fair values are included in other current and non-current assets and liabilities in the Consolidated Balance Sheets. The Company has not elected hedge accounting treatment for the interest rate swaps and collar and, as a result, fair value adjustments are charged directly to Interest expense in the Consolidated Statements of Operations.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table summarizes the fair value of our financial assets and (liabilities) as of December 31 (dollars in millions):

	Fair Value Measurements Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		TOTAL	
	2010	2009	2010	2009	2010	2009
Cash equivalents	**$ 117.9**	$ 47.9	**$ —**	$ —	**$117.9**	$ 47.9
Available-for-sale securities	**4.9**	6.3	**—**	—	**4.9**	6.3
Derivative assets	**—**	—	**5.8**	7.1	**5.8**	7.1
Derivative liabilities	**—**	—	**(70.8)**	(42.9)	**(70.8)**	(42.9)
Total	**$ 122.8**	$ 54.2	**$ (65.0)**	$ (35.8)	**$ 57.8**	$ 18.4

NOTE 7. DEBT

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

	December 31, 2010	December 31, 2009
Long-term debt:		
Senior Secured Credit Facility, variable, due 2014	**$ 2,685.4**	$ 2,888.6
Senior Cash Pay Notes, fixed 11.00%, due 2015	**478.0**	478.0
Senior Toggle Notes, fixed 11.25%, PIK 12.00%, due 2015	**505.3**	505.3
Total long-term debt	**3,668.7**	3,871.9
Less: current maturities of long-term debt	**31.0**	31.0
Total long-term debt less current portion	**$ 3,637.7**	$ 3,840.9

Principal payments required on long-term debt during the next five years are $31.0 million in 2011, $31.0 million in 2012, $31.0 million in 2013, $2,592.4 million in 2014, and $983.3 million in 2015.

As of December 31, 2010, the Company had $2,685.4 million of indebtedness associated with the Senior Secured Credit Facility due August 2014. The Company also had indebtedness of $478.0 million of 11.0% senior notes due November 2015 (the “Senior Cash Pay Notes”) and $505.3 million of 11.25% senior toggle notes due November 2015 (the “Senior Toggle Notes” and, together with the Senior Cash Pay Notes, the “Senior Notes”).

The fair value of the Company’s long-term debt obligations as of December 31, 2010 is $3,680.3 million. The fair value is based on quoted market yields as of December 31, 2010. The difference between the fair value and carrying value of the Company’s long-term debt is driven primarily, but not entirely, by the recent upward trend of the financial markets.

Senior Secured Credit Facility

In 2007, the Company entered into a Senior Secured Credit Facility having a term loan in the amount of $3,100 million with a maturity date of August 2014 with Citigroup Global Markets Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint lead arrangers and joint bookrunners, Lehman Brothers Commercial Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated as

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 7. DEBT (Continued)

syndication agents, Sumitomo Mitsui Banking Corporation as documentation agent and co-arranger, and Citicorp North America, Inc., as administrative agent (the "Senior Secured Credit Facility"). The Senior Secured Credit Facility is collateralized by a lien on substantially all assets of the Company. Interest on the term loan is variable and currently is equal to the LIBOR plus an applicable margin based on the Company's total senior secured leverage ratio. As of December 31, 2010 this rate was approximately 3.03%. The Senior Secured Credit Facility requires minimum quarterly principal payments of $7.75 million on the term loan, which commenced December 2007, as well as prepayments from certain net cash proceeds of non-ordinary course asset sales and casualty and condemnation events and from a percentage of excess cash flow, if applicable. The remaining principal balance of the term loan is due upon maturity. In accordance with the Senior Secured Credit Facility, net cash proceeds of non-ordinary course asset sales and casualty and condemnation events will only be required to prepay the term loan if the Company does not reinvest or commit to reinvest such net cash proceeds in assets to be used in its business or to make certain other permitted investments within 15 months of the related transactions or events, subject to certain limitations. The Company must apply 50% of its excess cash flow (as defined in the Senior Secured Credit Facility) to the prepayment of the term loan. This percentage reduces to certain levels and eventually to zero upon achievement of certain total senior secured leverage ratios. For the year ended December 31, 2010, the excess cash flow percentage was 25%. As a result of voluntary payments made during 2010, the Company does not expect any excess cash flow payment to be made for the year ended December 31, 2010. The Company paid approximately $0.0 million and $21.2 million as excess cash flow for the years ended December 31, 2009 and 2008.

The Senior Secured Credit Facility also provides for $400.0 million in revolving credit borrowings, less an allowance for up to $50.0 million in outstanding letters of credit. Revolving credit borrowings bear interest at a rate equal to LIBOR plus an applicable margin based on the Company's total senior secured leverage ratio. In addition, there is an annual commitment fee currently equal to 0.50% of the average unused revolving credit borrowings available under the Senior Secured Credit Facility which may fluctuate based on the Company's total senior secured leverage ratio. Revolving credit borrowings are payable at the option of the Company throughout the term of the Senior Secured Credit Facility, with the balance due in August 2013. As of December 31, 2010, the Company had no revolving credit facility borrowings and $10.2 million in letters of credit issued and outstanding.

In September of 2008 Lehman Brothers Holdings, Inc. filed for bankruptcy, effectively reducing the Company's available revolving credit facility from $400.0 million to $317.5 million. On August 11, 2009, the Company and Lehman Commercial Paper Inc. ("LCPI") reached an agreement that eliminated LCPI's requirement to fund their $82.5 million commitment to the revolving credit facility in exchange for eliminating LCPI's annual commitment fee paid by the Company. At this time, LCPI's commitment has not been assigned to or assumed by any party.

In November of 2008, the Company entered into an amendment to its Senior Secured Credit Facility that permits the Company to make discounted voluntary prepayments of its term loan in an aggregated amount not to exceed $750 million pursuant to a modified Dutch auction. This provision is available to the Company for so long as the term loan is outstanding. For the years ended December 31, 2010, 2009 and 2008, the Company repurchased $97.2 million, $58.5 million and $19.7 million of its term loan under this amendment, respectively. The repurchases of the term loan resulted in gains (the discount between the purchase price of the term loan and the face value of such term loan) for the years ended December 31, 2010, 2009 and 2008 of $4.1 million, $4.4 million and $6.8 million, net of deferred financing fees written off, respectively.

In addition, the Company made principal payments of $106.0 million, $52.2 million and $73.3 million on its Senior Secured Credit Facility for the years ended December 31, 2010, 2009 and 2008, respectively. The

NOTE 7. DEBT (Continued)

principal payments made on the Senior Secured Credit Facility for the years ended December 31, 2010, 2009 and 2008 resulted in losses of $0.8 million, $0.3 million and $0.7 million associated with the write off of related deferred debt issuance costs, respectively.

The Senior Secured Credit Facility requires the Company to maintain a specified maximum total senior secured leverage ratio that becomes more restrictive over the term of the loan. In addition, the Senior Secured Credit Facility, 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 or declare or pay any dividends. As of December 31, 2010, the Company believes it is in compliance with all covenants under its Senior Secured Credit Facility. The entire amount of our consolidated net assets are subject to these restrictions.

Senior Notes

In October of 2007, the Company issued $550.0 million of our 11.00% Senior Cash Pay Notes due November 2015 and $550.0 million of our 11.25% Senior Toggle Notes due November 2015. Interest on the Senior Cash Pay Notes accrues at a rate of 11.00% per year and is payable semi-annually in arrears on May 1 and November 1 of each year. Interest on the Senior Toggle Notes accrues at a rate of 11.25% per year with respect to cash payments and 12.00% per year with respect to pay-in-kind ("PIK") interest payments, payable semi-annually in arrears on May 1 and November 1 of each year. For any interest period through November 1, 2011, the Company may elect to pay interest on the Senior Toggle Notes, entirely in cash, entirely with PIK interest payments, or 50% in cash and 50% with PIK interest payments. After November 1, 2011, the Company must make all interest payments in cash only. The Senior Notes are unsecured and guaranteed by the Company's domestic subsidiaries that guarantee the Senior Secured Credit Facility and will be unconditionally guaranteed, jointly and severally, by any future domestic subsidiaries that guarantee the Senior Secured Credit Facility.

Prior to November 1, 2011, the Company may redeem some or all of the Senior Notes by paying the applicable "make-whole" premium. At any time on or after November 1, 2011, the Company may redeem some or all of the Senior Notes at specified redemption prices in the indentures governing the Senior Cash Pay Notes and Senior Toggle Notes. As of December 31, 2010, the Company had not redeemed any of the Senior Notes.

The Company may from time to time seek to retire Senior Notes through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. For the years ended December 31, 2010, 2009 and 2008 the Company repurchased $0.0 million, $26.3 million and $119.0 million (at face value) of its Senior Notes, respectively. The repurchases resulted in a gain (the discount between the purchase price of the notes and the face value of such notes) for the years ended December 31, 2010, 2009 and 2008 of $0.0 million, $4.8 million and $14.9 million, net of deferred financing fees written off.

On October 29, 2010, the Company continued to elect to pay cash interest on its Senior Toggle Notes for the interest period November 1, 2010 through April 30, 2011.

Notes Payable

As of December 31, 2010 and 2009, the Company had Japanese Yen denominated unsecured short-term notes of 200 million Yen (approximately $2.4 million) and 200 million Yen (approximately $2.2 million), respectively. The weighted average interest rates related to the debt as of December 31, 2010 and 2009 were 1.24% and 1.36%, respectively. As of December 31, 2010, all of the outstanding Japanese Yen denominated short-term notes are payable within the next three months.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 8. DERIVATIVES

The Company is exposed to certain financial risk from volatility in interest rates, foreign exchange rates and commodity prices. The risk is managed through the use of financial derivative instruments including interest rate swaps, and foreign currency and commodity forward contracts. Despite the fact that the Company has not elected hedge accounting treatment on all of its current derivative instruments, the contracts are used strictly as an economic hedge and not for speculative purposes. As necessary, the Company adjusts the values of the derivative instruments for counter-party or credit risk.

Interest Rate

As a result of the variable interest rate risk on the Senior Secured Credit Facility, the Company currently has nine floating-to-fixed interest rate swap contracts that qualify as derivatives under the FASB's authoritative accounting guidance. The Company has not elected hedge accounting treatment for these derivatives and, as a result, fair value adjustments are charged directly to Interest expense in the Consolidated Statements of Operations.

The maturities of the swaps and collar outstanding as of December 31, 2010 and 2009 do not correspond with the maturity of the term loan, but are similar in all other respects. A summary of the Company's derivatives as of December 31, 2010 and 2009 follows (dollars in millions):

	December 31, 2010		December 31, 2009	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest Rate Swap A, due 2010	**$ —**	**$ —**	$ 537.0	$ (17.4)
Interest Rate Swap B, due 2011	**250.0**	**(2.8)**	250.0	(8.4)
Interest Rate Swap D, due 2013	**125.0**	**(10.8)**	125.0	(9.0)
Interest Rate Swap E, due 2013	**150.0**	**(7.3)**	150.0	(0.1)
Interest Rate Swap F, due 2013	**75.0**	**(3.4)**	75.0	0.2
Interest Rate Swap G, due 2013	**75.0**	**(4.1)**	75.0	(0.5)
Interest Rate Swap H, due 2014	**350.0**	**(20.8)**	350.0	0.5
Interest Rate Swap I, due 2014	**350.0**	**(21.1)**	350.0	0.2
Interest Rate Swap J, due 2014	**125.0**	**(0.2)**	—	—
Interest Rate Swap K, due 2014	**125.0**	**(0.3)**	—	—
Collar B, due 2010	**—**	**—**	268.5	(7.5)
	$1,625.0	**$ (70.8)**	$2,180.5	$ (42.0)

In the third quarter of 2010, the Company entered into two interest rate swaps. The first swap, Interest Rate Swap J, is a $125.0 million interest rate swap, effective August 1, 2013 through August 1, 2014, at an all-in-rate of 2.96% and an independent collateral requirement of $1.0 million. The second swap, Interest Rate Swap K, is a $125.0 million interest rate swap, effective August 1, 2013 through August 1, 2014, at an all-in-rate of 3.05% and an independent collateral requirement of $1.0 million.

As of December 31, 2010, certain of the Company's interest rate derivatives contain credit-risk and collateral contingent features. Certain interest rate derivatives contain provisions under which downgrades in the Company's credit rating could require the Company to increase its collateral. Certain interest rate derivatives also contain provisions under which the Company may be required to post additional collateral if the LIBOR interest rate curve reaches certain levels. As of December 31, 2010 and 2009, the Company recorded additional collateral of $41.9 million and $2.0 million in Other current assets in the Consolidated Balance Sheets, respectively, as the balances are subject to frequent change.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 8. DERIVATIVES (Continued)

Currency Exchange

The Company's business is subject to foreign exchange rate risk. As a result, the Company enters into various forward rate contracts that qualify as derivatives under the authoritative accounting guidance to manage certain of these exposures. Forward contracts are used to hedge forecasted transactions and known exposure of payables denominated in a foreign currency. The Company generally does not elect to apply hedge accounting under the authoritative accounting guidance and records the gains and losses associated with these contracts in Other income, net in the Consolidated Statements of Operations during the period of change.

The following table summarizes the outstanding foreign currency forward contracts as of December 31, 2010 and 2009 (amounts in millions):

	December 31, 2010		December 31, 2009	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Euro (EUR)	**€ 11.2**	**$ 0.1**	N/A	$ —
Japanese Yen (JPY)	**¥ 110.0**	**0.1**	N/A	—
British Pound Sterling (GBP)	**N/A**	**—**	£ 3.8	0.4
		$ 0.2		$ 0.4

Commodity

As a result of the Company's commodity price risk with component suppliers, it has chosen to manage steel and aluminum exposure by entering into forward rate contracts that qualify as derivatives under authoritative accounting guidance. The Company has not elected hedge accounting treatment for these commodity contracts and, as a result, unrealized fair value adjustments and realized gains or losses will be charged directly to Other income, net in the Consolidated Statements of Operations.

The following table summarizes the outstanding commodity forward contracts as of December 31, 2010 and 2009 (dollars in millions):

	December 31, 2010			December 31, 2009		
	Notional Amount	Quantity	Fair Value	Notional Amount	Quantity	Fair Value
Steel	**$ 1.6**	**2,480 short tons**	**$ 0.1**	N/A	N/A	$ —
Aluminum	**$ 18.7**	**9,800 metric tons**	**5.5**	$ 21.0	11,575 metric tons	5.8
			$ 5.6			$ 5.8

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 8. DERIVATIVES (Continued)

The following tabular disclosures further describe the Company's derivative instruments and their impact on the financial condition of the Company.

(dollars in millions)	December 31, 2010 Balance Sheet Location	December 31, 2010 Fair Value	December 31, 2009 Balance Sheet Location	December 31, 2009 Fair Value
Derivatives not designated as hedging instruments				
Foreign currency contracts	**Other current assets**	**$ 0.2**	Other current assets	$ 0.4
Commodity contracts	**Other current and non-current assets**	**5.6**	Other current and non-current assets	5.8
Interest rate contracts	**Other current and non-current liabilities**	**(70.8)**	Other current and non-current assets and liabilities	(42.0)
Total derivatives not designated as hedging instruments		**$ (65.0)**		$ (35.8)

The fair values of the derivatives are recorded between current and non-current assets and current and non-current liabilities as appropriate in the Consolidated Balance Sheets. As of December 31, 2010, the amount recorded to Other current assets for foreign currency contracts was $0.2 million. The amounts recorded to other current and non-current assets for commodity contracts were $4.5 million and $1.1 million, respectively. The amounts recorded to current and non-current liabilities for interest rate contracts were ($18.4) million and ($52.4) million, respectively.

As of December 31, 2009, the amount recorded to Other current assets for foreign currency contracts was $0.4 million. The amounts recorded to current and non-current assets for the commodity contracts were $1.5 million and $4.3 million, respectively. The amounts recorded to non-current assets, current and non-current liabilities for the interest rate contracts as of December 31, 2009, were $0.9 million, ($28.8) million and ($14.1) million, respectively.

The following tabular disclosures further describe the Company's derivative instruments and their impact on the results of operations of the Company.

(dollars in millions)	Year ended December 31, 2010 Location of gain (loss) recognized on derivatives	Year ended December 31, 2010 Amount of gain (loss) recognized on derivatives	Year ended December 31, 2009 Location of gain (loss) recognized on derivatives	Year ended December 31, 2009 Amount of gain (loss) recognized on derivatives	Year ended December 31, 2008 Location of gain (loss) recognized on derivatives	Year ended December 31, 2008 Amount of gain (loss) recognized on derivatives
Derivatives not designated as hedging instruments						
Foreign currency contracts	**Other income, net**	**$ 0.4**	Other income, net	$ 0.3	N/A	$ —
Commodity contracts	**Other income, net**	**1.4**	Other income, net	5.8	N/A	—
Interest rate contracts	**Interest expense**	**(28.8)**	Interest expense	29.4	Interest expense	(59.7)
Total derivatives not designated as hedging instruments		**$ (27.0)**		$ 35.5		$ (59.7)

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 9. PRODUCT WARRANTY LIABILITIES

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

	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Beginning balance	**$ 175.7**	$ 159.3	$ 163.9
Payments	**(36.5)**	(42.7)	(37.8)
Increase in liability (warranties issued during period)	**21.0**	60.1	47.7
Net adjustments to liability	**(35.5)**	(6.5)	(23.5)
Accretion (for Predecessor liabilities)	**3.8**	5.5	9.0
Ending balance	**$ 128.5**	$ 175.7	$ 159.3

During June 2007, Old GM recognized the estimated cost of replacing the Dual Power Inverter Module (“DPIM”) used on H 40/50 EP hybrid systems. Certain units were falling short of their expected service life and the Predecessor decided to cover repair or replacement for an extended period. The Company is responsible for the first $12.0 million of qualified cost while GM is responsible for the next $34.0 million of costs, with any amount over $46.0 million being shared one-third by the Company and two-thirds by GM for shipments through June 30, 2009.

For the years ended December 31, 2010, 2009 and 2008, newly issued DPIM warranties recorded were $0.0 million, $34.2 million and $20.6 million, respectively.

During 2010, the Company reviewed its DPIM costs associated with the extended coverage resulting in a $22.7 million adjustment to the total liability. The associated GM receivable was reduced by $20.8 million as a result of the review. The reduction in the DPIM liability was the result of additional claims data and field information becoming available. The Company will continue to review the total DPIM liability and GM receivable for any changes in estimate as data becomes available. As of December 31, 2010, the DPIM liability was $60.7 million with the associated receivable from GM of $38.9 million. To date, the Company has paid approximately $7.0 million in DPIM claims.

The remaining $12.8 million adjustment to the total liability in 2010 was the result of general changes in estimates for various products as additional claims data and field information became available.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 9. PRODUCT WARRANTY LIABILITIES (Continued)

The remainder of the reduction in product warranty liabilities for the year ended December 31, 2010, was the result of general changes in estimates for various products as additional claims data and field information became available.

Deferred revenue for ETC activity (dollars in millions):

	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Beginning balance	**$ 40.3**	$ 26.4	$ 9.5
Increases	**24.2**	17.4	17.9
Revenue earned	**(8.3)**	(3.5)	(1.0)
Ending balance	**$ 56.2**	$ 40.3	$ 26.4

As of December 31, 2010, the current and non-current liabilities were $14.8 million and $41.4 million, respectively. As of December 31, 2009, the current and non-current liabilities were $12.4 million and $32.3 million, respectively. As of December 31, 2008, the current and non-current liabilities were $9.0 million and $24.9 million, respectively. The activity above excludes deferred revenue related to military contracts of $0.0 million, $4.4 million and $7.5 million as of December 31, 2010, 2009 and 2008, respectively.

NOTE 10. OTHER INCOME, NET

Other income, net consists of the following (dollars in millions):

	Year ended December 31,		
	2010	2009	2008
Grant Program income	**$12.0**	$ 1.8	$ —
Reduction of supply contract liability	**3.4**	—	—
Gain on repurchases of long-term debt	**3.3**	8.9	21.0
(Loss) gain on foreign exchange	**(2.3)**	(0.1)	4.2
Realized gain on derivative contracts	**1.9**	0.3	—
Unrealized (loss) gain on derivative contracts	**(0.1)**	5.8	—
Net change in Old GM OPEB Receivable / Payable	**—**	(17.3)	14.6
Settlement gains related to the Cure Agreement	**—**	2.7	—
Other	**0.8**	0.7	0.2
Total	**$19.0**	$ 2.8	$40.0

In 2009, the Company was notified by the U.S. Department of Energy that it was selected to receive up to $62.8 million of matching funds from a cost-share grant program funded by the American Recovery and Reinvestment Act for the development of Hybrid manufacturing capacity in the U.S. (the “Grant Program”). All applicable costs associated with the Grant Program have been charged to Engineering — research and development while the Government’s matching reimbursement is recorded to Other income, net in the Consolidated Statements of Operations.

For the years ended December 31, 2010 and 2009, the Company recorded $12.0 million and $1.8 million of reimbursement of allowable expense to Other income, net under the Grant Program in the Consolidated Statements of Operations, respectively. Since inception of the Grant Program, the Company has recorded

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 10. OTHER INCOME, NET (Continued)

$13.8 million of reimbursable expenses to Other income, net in the Consolidated Statements of Operations. For the years ended December 31, 2010 and 2009, the Company also recorded $2.2 million and $0.0 million, respectively as a reduction of the basis of capital assets purchased under the Grant Program; however, no depreciation has been recorded as these assets have not yet been placed in service.

In 2010, the Company recorded $3.4 million as a reduction to a GM supply contract liability as a result of a new agreement with GM-PTH. The Company and GM-PTH entered into an agreement to terminate a current contract manufacturing agreement related to production of the Company's medium and heavy duty transmissions. The current agreement is effectively terminated and replaced with a new agreement that will expire in the second quarter of 2016. The terms of the original agreement held the Company responsible for all severance payments regardless of which party terminated the agreement. The terms of the new agreement only require the Company to make severance payments if the Company terminates the new agreement.

NOTE 11. OTHER CURRENT LIABILITIES

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

	As of December 31, 2010	As of December 31, 2009
Payroll and related costs	**$ 56.3**	$ 32.5
Sales allowances	**36.7**	42.1
Accrued interest payable	**29.5**	31.6
Vendor buyback obligation	**19.4**	11.3
Accrued derivative payable	**18.4**	28.8
Military price reduction reserve	**13.5**	5.5
Taxes payable	**10.4**	9.1
Research and development payable	**—**	6.1
Other accruals	**11.1**	11.5
Total	**$ 195.3**	$ 178.5

NOTE 12. EMPLOYEE BENEFIT PLANS

The Company's hourly defined benefit pension plan generally provides benefits of negotiated, stated amounts for each year of service as well as significant supplemental benefits for employees who retire with 30 years of service before normal retirement age. On May 1, 2008, the Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW") Local 933 reached an agreement on a labor contract covering approximately 2,200 hourly employees that replaced the hourly defined benefit pension plan with a defined contribution pension plan effective for all new hires from May 19, 2008 through November 14, 2012. The agreement also eliminated retiree healthcare for those hired after May 18, 2008. The charge to expense for the hourly defined contribution pension plan was $0.5 million, $0.2 million and $0.2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

In accordance with the Asset Purchase Agreement, the Company's hourly employees who retire prior to October 2, 2011 (the "Cutoff Date") will have their pension and OPEB paid by GM. The Company is required, pursuant to the Asset Purchase Agreement, to transfer pension assets to GM's pension plan to cover the Company's portion of its pension liability related to the employees who retire prior to the Cutoff Date. Currently, the amount of this payment is being negotiated between the Company and GM. Employees that retire subsequent to the Cutoff Date will have their Allison pension and OPEB paid by the Company and their GM pension benefit paid by GM.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 12. EMPLOYEE BENEFIT PLANS (Continued)

The Company's salaried defined benefit plan covering salaried employees with a service date prior to January 1, 2001 is generally based on years of service and compensation history. The salaried defined contribution retirement savings plan requires the Company to match employee contributions up to certain predefined limits based upon eligible base salary. In addition to the matching contribution, the Company is required to make a contribution equal to 1% of eligible base salary for salaried employees with a service date on or after January 1, 1993 to cover certain benefits in retirement that are different from salaried employees with a service date prior to January 1, 1993. In addition, for salaried employees with a service date on or after January 1, 2001, the Company is required to contribute to its defined contribution retirement savings plan an amount equal to 4% of eligible base salary under the program. The charge to expense for the salaried defined contribution retirement savings plan was $4.4 million, $3.3 million and $4.3 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The Company is also responsible for OPEB costs (medical, dental, vision, and life insurance) for hourly employees hired prior to May 19, 2008. Post-retirement benefit costs consist of service cost, interest cost on accrued obligations and the expected return on assets (calculated using a smoothed market value of assets). Any difference between actual and expected returns on assets during a year and actuarial gains and losses on liabilities together with any prior service costs are charged (or credited) to income over the average remaining service lives of employees. The benefit cost components shown in the Consolidated Statements of Operations are based upon certain data specific to the Company, actuarial assumptions that were used for OPEB accounting disclosures, and certain allocation methodologies such as population demographics. The plan is unfunded and any future payments will be funded by the Company's operating cash flows. As of December 31, 2010 and 2009, the Company has an estimated OPEB liability for hourly employees hired prior to May 19, 2008 of $127.0 million and $96.5 million.

GM retained all responsibility for OPEB costs for salaried employees who were eligible to retire at the time of the Acquisition Transaction. As a result, the Company has not recorded any liabilities for these salaried employees' post-retirement benefits going forward.

In addition, in accordance with the Asset Purchase Agreement, GM is responsible for OPEB liabilities for hourly employees who retire prior to the expiration of the current collective bargaining agreement between the UAW and GM that expires in September 2011. Employees who retire after the expiration of the current agreement and were not eligible for retirement as of the date of the Acquisition Transaction, will be covered by the Company's OPEB plan. At this time, it is unknown how many employees will retire prior to expiration of the agreement between the UAW and GM. Currently, there are approximately three hundred hourly employees who would be eligible to retire prior to the expiration of the agreement between the UAW and GM. For valuation purposes, the Company has assumed that none of those employees will retire prior to expiration of the agreement between the UAW and GM.

As part of the Health Care Reform Act issued in 2010, the Company has evaluated the impact on "High-cost Health Plans" in which employers offering health plan coverage exceeding certain thresholds must pay an excise tax equal to 40% of the value of the plan that exceeds the threshold amount. Although the excise tax does not come into effect until 2018, the Company has recorded $2.9 million in its OPEB liability as of December 31, 2010 with a corresponding adjustment to AOCI, net of tax.

The Company provides contributions to certain international benefit plans; however, these contributions are not material for all periods presented.

For all pension and OPEB plans in which employees participate, costs are determined within the FASB's authoritative accounting guidance set forth on employers' defined benefit pensions including accounting for

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 12. EMPLOYEE BENEFIT PLANS (Continued)

settlements and curtailments of defined benefit pension plans, termination of benefits and accounting for post-retirement benefits other than pensions. In accordance with the authoritative accounting guidance, the Company recognizes the funded status of its defined benefit pension plans and OPEB plan in its Consolidated Balance Sheets with a corresponding adjustment to AOCI, net of tax.

Information about the net periodic benefit cost for the pension and post-retirement benefit plans is as follows (dollars in millions):

	Pension Plans			Post-retirement Benefits		
	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Net Periodic Benefit Cost:						
Service cost	**$ 13.9**	$ 14.7	$ 17.7	**$ 2.8**	$ 4.7	$ 4.4
Interest cost	**2.9**	1.9	0.4	**5.9**	8.9	8.2
Expected return on assets	**(3.4)**	(2.3)	(1.0)	**—**	—	—
Prior service cost	**0.1**	0.1	0.1	**—**	—	—
Loss (gain)	**0.4**	0.1	—	**(2.4)**	0.5	(0.0)
Net Periodic Benefit Cost	**$ 13.9**	$ 14.5	$ 17.2	**$ 6.3**	$ 14.1	$ 12.6

The table below provides the weighted-average actuarial assumptions used to determine the net periodic benefit cost.

	Pension Plans			Post-retirement Benefits		
	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Discount rate	**6.10%**	6.00%	6.70%	**6.10%**	6.00%/7.25%[1]	6.70%
Rate of compensation increase (salaried)	**4.00%**	4.00%	4.00%	**N/A**	N/A	4.00%
Expected return on assets	**7.00%**	7.00%	7.00%	**N/A**	N/A	N/A

[1] As a result of the first quarter 2009 re-measurement, 6.00% was used from January 1, 2009 to March 31, 2009 and 7.25% was used from April 1, 2009 to December 31, 2009.

The table below provides the weighted-average actuarial assumptions used to determine the benefit obligations of our plans.

	Pension Plans		Post-retirement Benefits	
	As of December 31,			
	2010	2009	2010	2009
Discount rate	**5.60%**	6.10%	**5.60%**	6.10%
Rate of compensation increase (salaried)	**4.00%**	4.00%	**N/A**	N/A

The Company's pension and OPEB costs are calculated using various actuarial assumptions and methodologies as prescribed by authoritative accounting guidance. These assumptions include discount rates, expected return on plan assets, health care cost trend rates, inflation, rate of compensation increases, mortality rates, and other factors. The Company reviews all actuarial assumptions on an annual basis.

The discount rate is used to determine the present value of the Company's future benefit obligations. The Company's discount rate is determined by matching the plans projected cash flows to a yield curve based on long-term, fixed income debt instruments available as of the measurement date of December 31, 2010.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 12. EMPLOYEE BENEFIT PLANS (Continued)

The overall expected rate of return on plan assets is based upon historical and expected future returns consistent with the expected benefit duration of the plan for each asset group adjusted for investment and administrative fees.

Health care cost trends are used to project future post-retirement benefits payable from the Company's plans. For the Company's December 31, 2010 obligations, future post-retirement medical care costs were forecasted assuming an initial annual increase of 7.73%, decreasing to 4.50% by the year 2028. Future post-retirement prescription drug costs were forecasted assuming an initial annual increase of 8.79%, decreasing to 4.50% by the year 2028.

As health care costs trends have a significant effect on the amounts reported, the following effects of an increase and decrease of one-percentage-point would have the following effects in the year ended December 31, 2010 (dollars in millions):

	1% Increase	1% Decrease
Effect on total of service and interest cost	$ 1.7	$ (1.3)
Effect on post-retirement benefit obligation	$ 26.1	$ (20.4)

The following table provides a reconciliation of the changes in the net benefit obligations and fair value of plan assets for the years ended December 31, 2010, 2009 and 2008 (dollars in millions):

	Pension Plans			Post-retirement Benefits		
	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Benefit Obligations:						
Net benefit obligation at beginning of year	**$ 48.5**	$ 27.0	$ 6.2	**$ 96.5**	$ 170.5	$ 123.3
Service cost	**13.9**	14.7	17.7	**2.8**	4.7	4.4
Interest cost	**2.9**	1.9	0.4	**5.9**	8.9	8.2
Plan Amendments	**—**	—	0.6	**—**	(23.7)	(1.0)
Curtailments	**—**	3.4	0.1	**—**	—	(0.2)
Benefits paid	**(0.2)**	(0.2)	(0.0)	**—**	—	—
Actuarial loss (gain)	**6.3**	1.7	2.0	**21.8**	(63.9)	35.8
Net benefit obligation at end of year	**$ 71.4**	$ 48.5	$ 27.0	**$ 127.0**	$ 96.5	$ 170.5
Fair Value of Plan Assets:						
Fair value of plan assets at beginning of year	**$ 39.5**	$ 24.8	$ 7.2	**$ —**	$ —	$ —
Actual return on plan assets	**1.9**	(0.1)	0.0	**—**	—	—
Employer contributions	**13.7**	15.0	17.6	**—**	—	—
Benefits paid	**(0.2)**	(0.2)	(0.0)	**—**		
Fair value of plan assets at end of year	**$ 54.9**	$ 39.5	$ 24.8	**$ —**	$ —	$ —
Net Funded Status	**$ (16.5)**	$ (9.0)	$ (2.2)	**$ (127.0)**	$ (96.5)	$ (170.5)

The Company's pension plan assets consist of money market funds, mutual funds, listed equities and publicly traded bonds. The Company's valuation techniques used to fair value pension plan assets represents a market approach in active markets for identical assets that qualifies as Level 1 in the fair value hierarchy.

NOTE 12. EMPLOYEE BENEFIT PLANS (Continued)

The fair values of plan assets for the Company's pension plans as of December 31, 2010 and 2009 are as follows (dollars in millions):

	Quoted Prices in Active Markets for Identical Assets (Level 1)			
	2010		2009	
Asset Category	Fair Value	%	Fair Value	%
Cash and cash equivalents	**$ 8.1**	**15%**	$ 39.5	100%
Diversified equity securities	**11.4**	**21%**	—	—
Diversified debt securities	**35.4**	**64%**	—	—
Total	**$ 54.9**	**100%**	$ 39.5	100%

The Company's investment strategy with respect to pension plan assets is to invest the assets in accordance with laws and regulations. The long-term primary objectives for our pension assets are to provide results that meet or exceed the plans' actuarially assumed long-term rate of return without subjecting the funds to undue risk. To achieve these objectives the Company has established the following targets:

Asset Category	Target
Cash and cash equivalents	3%
Diversified equity securities	51%
Diversified debt securities	46%
Total	100%

The following table discloses the amounts recognized in the balance sheet and in AOCI at December 31, 2010 and 2009, on a pre-tax basis (dollars in millions):

	Pension Plans		Post-retirement Benefits	
	As of December 31,			
	2010	2009	2010	2009
Amounts Recognized in Balance Sheet:				
Current liabilities	**$ —**	$ —	**$ (0.6)**	$ (0.3)
Noncurrent liabilities	**(16.5)**	(9.0)	**(126.4)**	(96.2)
Total liability	**$(16.5)**	$ (9.0)	**$(127.0)**	$ (96.5)
Accumulated Other Comprehensive Income:				
Unrecognized prior service cost	**$ (0.6)**	$ (0.7)	**$ —**	$ —
Unrecognized actuarial (loss) gain	**(15.3)**	(7.9)	**9.1**	33.3
Total	**$(15.9)**	$ (8.6)	**$ 9.1**	$ 33.3

The amounts in AOCI expected to be amortized and recognized as a component of net periodic benefit cost in 2011 are as follows (dollars in millions):

	2011	
	Pension Plans	Post-retirement Benefits
Prior service cost	$ (0.1)	$ —
Actuarial loss	(1.0)	—
Total	$ (1.1)	$ —

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 12. EMPLOYEE BENEFIT PLANS (Continued)

The accumulated benefit obligation for the Company's pension plans as of December 31, 2010 and 2009 was $69.3 million and $46.4 million, respectively.

As of December 31, 2010 and 2009, the projected benefit obligation, the accumulated benefit obligation, and the fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets and for pension plans with an accumulated benefit obligation in excess of plan assets were as follows (dollars in millions):

	Projected Benefit Obligation Exceeds the Fair Value of Plan Assets		Accumulated Benefit Obligation Exceeds the Fair Value of Plan Assets	
	As of December 31,			
	2010	2009	2010	2009
Pension Benefits:				
Projected benefit obligation	**$ 71.4**	$ 48.5	**$ 71.4**	$ 48.5
Accumulated benefit obligation	**—**	—	**69.3**	46.4
Fair value of plan assets	**54.9**	39.5	**54.9**	39.5

Information about expected cash flows for the Company's pension and post-retirement benefit plans is as follows (dollars in millions):

	Pension Plans	Post-retirement Benefits
Employer Contributions:		
2011 expected contributions	$ 11.2	$ 0.6
Expected Benefit Payments:		
2011	$ 2.1	$ 0.6
2012	2.7	1.2
2013	3.3	2.0
2014	4.0	2.8
2015	4.7	3.8
2016-2020	33.2	33.5

Expected benefit payments for pension and post-retirement benefits will be paid from plan trusts or corporate assets. Our funding policy is to contribute amounts annually that are at least equal to the amounts required by applicable laws and regulations or to directly fund payments to plan participants. Additional discretionary contributions will be made when deemed appropriate to meet the Company's long-term obligation to the plans.

As discussed above, that Company is required, in accordance with the Asset Purchase Agreement, to transfer pension assets to GM's pension plan to cover the Company's portion of its pension liability related to the employees who retire prior to the Cutoff Date. As the amount of this payment is currently being negotiated between the Company and GM, it has not been included in the expected cash flows table above. The expected cash flows table does, however, assume that the Company would pay pension benefits directly to all of its retired employees, which we believe represents the amount of assets required to meet our pension obligations for all of our hourly employees.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 13. STOCK-BASED COMPENSATION

The Company has an equity plan under which certain employees (including executive officers), consultants and directors are eligible to receive awards of options to purchase shares of common stock. The aggregate number of shares issuable pursuant to the grants under the plan is approximately 8.8% of the fully diluted equity of the Company, or 14.8 million authorized shares, based on the Company's equity capitalization immediately after the consummation of the Acquisition Transaction.

The employee options will vest upon the continued performance of services by the option holder over time, with 20% of the award vesting on each anniversary of the grant date over five years. The consultant and director options will vest in full within one year from grant date. Options granted after the completion of the Acquisition Transaction have a per share exercise price based on the fair market value of the Company at the date of grant and expire 10 years after the grant dates. Upon termination of employment for reasons other than cause, death or disability, the options shall cease to be exercisable ninety days following the date of the optionees' termination of service. Upon termination of employment for cause, the options shall not be exercisable on the date of such termination. Upon termination of employment for death or disability, the options shall cease to be exercisable twelve months following such date.

In accordance with the FASB's authoritative accounting guidance on stock compensation, each option grant is to be recorded at fair value. The Company uses a Black-Scholes option pricing model to calculate the fair value of each option award using the assumptions noted in the following table.

	2010	2009
Expected volatility	**101%**	72%
Expected dividend yield	**0.0%**	0.0%
Expected term (in years)	**3.6**	6.0
Expected forfeitures	**0%**	0%
Risk-free rate	**0.6% – 1.7**	1.6% – 3.2

Expected volatility is based on "the average volatilities of otherwise similar public entities" as defined by authoritative accounting guidance. The Company does not currently pay and does not anticipate paying a dividend. The expected term is derived from the average of the weighted vesting life and the contractual term. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The Company has assumed no forfeitures primarily because of a history of retaining senior executives.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 13. STOCK-BASED COMPENSATION (Continued)

A summary of option activity under the equity plan as of December 31, 2010 and 2009, and changes during the period then ended is presented below:

	Options (in 000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2008	11,562	$ 15.87	8.77 years
Exercisable at December 31, 2008	2,361	$ 15.71	8.79 years
Granted	1,031	$ 16.02	
Exercised	—	—	
Forfeited or expired	(205)	$ 16.22	
Outstanding at December 31, 2009	12,388	$ 15.88	7.90 years
Exercisable at December 31, 2009	4,671	$ 15.77	7.80 years
Granted	169	$ 16.22	
Exercised	—	—	
Forfeited or expired	(57)	$ 12.78	
Outstanding at December 31, 2010	12,500	$ 15.90	6.94 years
Exercisable at December 31, 2010	7,128	$ 15.86	6.84 years

The weighted-average grant-date fair value of options granted during the years ended December 31, 2010 and 2009 was $5.59 and $4.77, respectively. The total fair value of shares vested during the years ended December 31, 2010 and 2009 was $7.6 million and $7.1 million, respectively.

A summary of the status of the Company's non-vested shares as of December 31, 2010 and 2009, and changes during the period ended December 31, 2010 and 2009 is presented below:

Non-vested Shares:	Options (in 000's)	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2008	9,201	$ 2.93
Granted	1,031	4.77
Vested	(2,310)	3.07
Forfeited	(205)	4.07
Non-vested at December 31, 2009	7,717	$ 3.07
Granted	169	5.59
Vested	(2,457)	3.10
Forfeited	(57)	3.92
Non-vested at December 31, 2010	5,372	$ 3.10

As of December 31, 2010 and 2009, there was $16.7 million and $23.7 million, respectively, of unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the equity plan. This cost is expected to be recognized, on a straight line basis, over a period of approximately 2 years. Stock-based incentive compensation expense recorded was $8.5 million, $7.3 million and $7.1 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 14. INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The future tax benefits associated with operating loss and tax credit carryforwards are recognized as deferred tax assets. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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. Appropriate consideration is given to all positive and negative evidence related to that realization. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, experience with tax attributes expiring unused, and tax planning alternatives. The weight given to these considerations depends upon the degree to which they can be objectively verified.

Income (loss) before income taxes included the following (dollars in millions):

	Year ended December 31,		
	2010	**2009**	**2008**
U.S. income (loss)	**$75.3**	$(296.0)	$(302.7)
Foreign income	**8.0**	13.5	11.7
Total	**$83.3**	$(282.5)	$(291.0)

The provision for income tax expense was estimated as follows (dollars in millions):

	Year ended December 31,		
	2010	**2009**	**2008**
Estimated current income taxes:			
U.S. federal	**$ —**	$ —	$ —
Foreign	**1.6**	2.5	4.5
U.S. state and local	**0.6**	1.6	2.1
Total Current	**$ 2.2**	$ 4.1	$ 6.6
Deferred income tax expense (credit), net:			
U.S. federal	**$45.7**	$33.5	$28.7
Foreign	**1.1**	0.7	(1.0)
U.S. state and local	**4.7**	3.1	2.8
Total Deferred	**$51.5**	$37.3	$30.5
Total income tax expense	**$53.7**	$41.4	$37.1

Cash paid for income taxes for the years ended December 31, 2010, 2009 and 2008 was $2.2 million, $5.5 million and $4.3 million, respectively.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 14. INCOME TAXES (Continued)

A reconciliation of the provision for income taxes compared with the amounts at the U.S. federal statutory rate is as follows (dollars in millions):

	Year ended December 31,		
	2010	2009	2008
Tax at U.S. statutory income tax rate	**$29.2**	$ (98.9)	$(101.9)
Foreign rate differential	**(0.5)**	(1.6)	(1.0)
Non-deductible expenses	**4.5**	5.0	(0.1)
Valuation allowance	**24.1**	140.9	148.3
State tax expense	**3.5**	(5.4)	(9.4)
Adjustment to deferred	**(4.2)**	—	—
Branch income taxes-not creditable	**0.1**	0.0	(0.5)
Other adjustments	**(3.0)**	1.4	1.7
Total income tax expense	**$53.7**	$ 41.4	$ 37.1

Deferred income tax assets and liabilities for 2010 and 2009 reflect the effect of temporary differences between amounts of assets, liabilities, and equity for financial reporting purposes and the bases of such assets, liabilities, and equity as measured by tax laws, as well as tax loss and tax credit carry forwards. The Company has not recognized any deferred tax liabilities associated with investments and earnings in foreign subsidiaries as they are intended to be permanent in duration. Such amounts may become taxable upon an actual or deemed repatriation in the future. Management believes it is not practicable to estimate any unrecognized deferred tax liability.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 14. INCOME TAXES (Continued)

Temporary differences and carryforwards that gave rise to deferred tax assets and liabilities included the following (dollars in millions):

	As of December 31, 2010	As of December 31, 2009
Deferred tax assets:		
Deferred interest	**$ 13.3**	$ 13.3
Inventories	**3.7**	3.6
Warranty accrual	**41.2**	28.9
Sales allowances and rebates	**11.7**	14.2
Deferred revenue	**21.7**	17.1
Post-retirement health care	**7.3**	3.0
Intangibles	**85.0**	68.1
Other accrued liabilities	**27.5**	21.1
Unrealized loss on interest rate derivatives	**25.1**	13.9
Trade name	**33.7**	65.1
Operating loss carryforwards	**158.3**	141.2
Stock based compensation	**9.2**	6.1
Other comprehensive income	**6.6**	—
Other	**8.1**	11.1
Total Deferred tax assets	**452.4**	406.7
Valuation allowances	**(401.9)**	(366.5)
Deferred tax liabilities:		
Property, plant and equipment	**(29.8)**	(26.3)
Loan fees	**(0.8)**	(1.5)
Goodwill	**(171.2)**	(120.9)
Post-retirement benefits	**(13.9)**	—
Other comprehensive income	**(5.6)**	(10.6)
Other liabilities	**(0.2)**	(0.4)
Total Deferred tax liabilities	**(221.5)**	(159.7)
Net Deferred tax liability	**$ (171.0)**	$ (119.5)

The following deferred tax balances are included in the Consolidated Balance Sheets (dollars in millions):

	As of December 31, 2010	As of December 31, 2009
Current deferred tax assets	**$ 4.3**	$ 1.4
Non-current deferred tax liabilities	**(175.3)**	(120.9)
Net Deferred tax liability	**$ (171.0)**	$ (119.5)

Of the estimated net operating loss carryforwards as of December 31, 2010, approximately 87% relates to U.S. federal net operating loss carryforwards and approximately 13% relates to the U.S. state net operating loss carryforwards. Both U.S. Federal and State operating loss carryforwards will not expire until 2027-2030.

NOTE 14. INCOME TAXES (Continued)

The valuation allowances that the Company has recognized relate to certain U.S. federal and state jurisdictions net deferred tax assets. In determining the amount of the valuation allowance necessary, $171.2 million of the deferred tax liabilities related to indefinite life intangibles have been excluded from the calculation. The change in the valuation allowance and related considerations are as follows (dollars in millions):

December 31, 2007	$ 89.7
Additions	135.9
December 31, 2008	$225.6
Additions	140.9
December 31, 2009	$366.5
Additions	35.4
December 31, 2010	$401.9

No uncertain tax positions were identified for the years ended December 31, 2010, 2009 and 2008. All of the returns (when filed) will remain subject to examination by the various taxing authorities for the duration of the applicable statute of limitations (generally three years from the earlier of the date of filing or the due date of the return).

From the years ended December 31, 2010, 2009 and 2008, the Company recognized no interest and penalties in the Consolidated Statements of Operations because no uncertain tax positions were identified. The Company follows a policy of recording any interest or penalties in Income tax expense.

NOTE 15. COMPREHENSIVE INCOME (LOSS)

The Company's comprehensive income (loss) consists of unrealized net gains and losses on the translation of the assets and liabilities of its foreign operations, derivative instruments that qualify for hedge accounting, available-for-sale securities, and pension and OPEB liability adjustments. The following table reconciles net income (loss) to comprehensive income (loss) with the related tax effects (dollars in millions):

Comprehensive Income (Loss)

	Before Tax	Tax Expense	After Tax
Year ended December 31, 2008			
Net loss	$ (291.0)	$ (37.1)	$(328.1)
Foreign currency translation	(0.5)	—	(0.5)
Pension and OPEB liability adjustment	(36.1)	—	(36.1)
Total comprehensive loss	$ (327.6)	$ (37.1)	$(364.7)
Year ended December 31, 2009			
Net loss	$ (282.5)	$ (41.4)	$(323.9)
Foreign currency translation	1.7	—	1.7
Pension and OPEB liability adjustment	57.2	(22.7)	34.5
Available-for-sale securities	2.5	(1.0)	1.5
Total comprehensive loss	$ (221.1)	$ (65.1)	$(286.2)
Year ended December 31, 2010			
Net income	**$ 83.3**	**$ (53.7)**	**$ 29.6**
Foreign currency translation	**0.1**	**—**	**0.1**
Pension and OPEB liability adjustment	**(31.8)**	**(0.1)**	**(31.9)**
Available-for-sale securities	**(1.2)**	**—**	**(1.2)**
Total comprehensive income (loss)	**$ 50.4**	**$ (53.8)**	**$ (3.4)**

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases certain facilities under various operating leases. Rent expense under the non-cancelable operating leases was $8.2 million, $9.6 million, and $9.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. Certain leases contain renewal options.

As of December 31, 2010, future payments under non-cancelable operating leases with a remaining term greater than one year are as follows over each of the next five years and thereafter (dollars in millions):

2011	$ 5.5
2012	2.9
2013	1.4
2014	0.3
2015	0.2
Thereafter	0.1
Total	$10.4

Claims, Disputes, and Litigation

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 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.

During the second quarter of 2009, the Company identified certain differences between benefits promised under certain benefit plans and the administration of those plans. The Company amended its plan documents to correct these differences and has filed a request with the Internal Revenue Service ("IRS") to enter into a closing agreement to correct the differences retroactively to the original adoption of the Company's benefit plans. The Company expects the IRS to grant this request; however, if the IRS does not grant the Company this request, then the Company would be required to accrue for and eventually pay these benefits. The Company estimates the cost of these benefits at approximately $10.0 million. As of December 31, 2010, the Company's expected liability remains approximately $2.5 million, including potential penalties and fines.

NOTE 17. CONCENTRATION OF RISK

As of December 31, 2010 and 2009, the Company employed approximately 2,750 employees with more than 90% of those employees in the U.S. Approximately 60% of the Company's U.S. employees were represented by unions and subject to a collective bargaining agreement as of December 31, 2010 and 2009, respectively. In addition, many of the hourly employees outside the U.S. are represented by various unions. The Company is currently operating under a collective bargaining agreement with the UAW Local 933 that expires in November 2012.

Two customers accounted for greater than 10% of net sales within the last three years presented.

	Year ended December 31,		
% of Net sales	2010	2009	2008
Navistar, Inc.	**11%**	12%	14%
Daimler AG	**10%**	9%	11%

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 17. CONCENTRATION OF RISK (Continued)

No other customers accounted for more than 10% of net sales of the Company during the years ended December 31, 2010, 2009 and 2008.

Three customers accounted for greater than 10% of outstanding Accounts receivable within the last two years presented.

% of Accounts receivable	As of December 31, 2010	As of December 31, 2009
Navistar, Inc.	**10%**	10%
Daimler AG	**10%**	6%
BAE Systems plc	**1%**	15%

No other customers accounted for more than 10% of the outstanding Accounts receivable as of December 31, 2010 or December 31, 2009.

One supplier accounted for greater than 10% of materials purchased for the periods presented:

	Year ended December 31,		
% of material purchased	2010	2009	2008
Linamar Corporation Inc.	**13%**	13%	15%

No other supplier accounted for more than 10% of material purchases during the years ended December 31, 2010, 2009 and 2008.

NOTE 18. RESTRUCTURING CHARGES

During the fourth quarter of 2008 and the first quarter of 2009, the Company began implementing expense reduction programs in an effort to better align its cost structure with decreased sales driven by general economic conditions. The restructuring charges related to these initiatives included retirement incentive and reduction in force programs, which are included in the Consolidated Statements of Operations. The result of the programs was the elimination of approximately 450 hourly and 150 salary positions in the Company. These reductions resulted in curtailment of pension benefits during the first quarter of 2009, resulting in the recognition of a loss related to an increase in the Company’s projected benefit obligation and unrecognized prior service costs. The effect of the curtailment on the Company’s earnings was a loss of $2.5 million.

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 18. RESTRUCTURING CHARGES (Continued)

By the end of 2009, the expense reduction programs were completed. The following table summarizes the restructuring reserves and charges associated with the programs during the year ended December 31, 2009 (dollars in millions):

		Total
Restructuring reserve at December 31, 2008(1)		$ 15.7
Restructuring charges:		
Severance expense(2)	$ 35.3	
Pension curtailment loss(3)	2.5	
OPEB related pro-rata share adjustment(4)	(7.2)	
Net change in Old GM OPEB Receivable / Payable(5)	17.3	
Total restructuring charges		$ 47.9
Payments against reserve(6)	$(51.0)	
Adjustments to pension and OPEB liabilities(7)	(12.6)	
Total		$(63.6)
Restructuring reserve at December 31, 2009		$ —

(1) Represents the Company's known liabilities of existing programs as of December 31, 2008.

(2) Represents lump sum payments and benefit continuation payments.

(3) Represents the one-time curtailment charge (non-cash) related to the defined benefit pension plan for U.S. hourly employees.

(4) Represents the Company's reduced OPEB obligation (non-cash) due to the change in its pro-rata share with Old GM.

(5) Represents the Company's increased contractual obligations (non-cash) with Old GM, incurred in 2009, as it relates to OPEB for hourly employees driven by the re-measurement of the OPEB plan.

(6) Represents lump sum payments and benefit continuation payments made in 2009.

(7) Represents (non-cash) adjustments to pension and OPEB liability accounts as they relate to items (3), (4) and (5) above.

For the years ended December 31, 2010, 2009 and 2008, total restructuring charges were $0.0 million, $47.9 million and $15.7 million, respectively.

NOTE 19. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company pays the Sponsors an annual fee of approximately $3.0 million (shared equally by the Sponsors) for certain services to be performed by the Sponsors, including certain out-of-pocket expenses incurred in connection with the performance of such services; and additional reasonable compensation for other services provided by the Sponsors from time to time, including advisory and other services with respect to acquisitions and divestitures or sales of equity or debt instruments. For the years ended December 31, 2010, 2009 and 2008, the Sponsors did not provide any additional services beyond the customary services.

NOTE 20. EARNINGS (LOSS) PER SHARE

The Company presents both basic and diluted earnings per share ("EPS") amounts. Basic EPS is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is calculated by dividing net income (loss) by the weighted average number of common shares and common equivalent shares outstanding during the reporting period that are calculated using the treasury stock method for stock options. 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. The assumed proceeds under the treasury stock method include the purchase price that the grantee will pay in the future, compensation cost for future service that the Company has not yet recognized and any tax benefits that would be credited to additional paid-in-capital when the award generates a tax deduction. If there would be a shortfall resulting in a charge to additional paid-in-capital, such an amount would be a reduction of the proceeds. For the years ended December 31, 2010, 2009 and 2008, outstanding stock options were not included in the diluted EPS computation because they were anti-dilutive.

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

	Year ended December 31,		
	2010	**2009**	**2008**
Net income (loss)	**$ 29.6**	$(323.9)	$(328.1)
Weighted average shares of common stock outstanding	**153.1**	153.0	153.1
Dilutive effect stock-based awards	**—**	—	—
Diluted weighted average shares of common stock outstanding	**153.1**	153.0	153.1
Basic earnings (loss) per share attributable to common stockholders	**0.19**	(2.12)	(2.14)
Diluted earnings (loss) per share attributable to common stockholders	**$ 0.19**	$ (2.12)	$ (2.14)

NOTE 21. GEOGRAPHIC INFORMATION

The Company had the following Net sales by country as follows (dollars in millions):

	Year ended December 31,		
	2010	**2009**	**2008**
United States	**$ 1,411.0**	$ 1,303.1	$ 1,504.3
Canada	**133.1**	145.2	134.3
China	**67.3**	42.4	52.4
United Kingdom	**49.0**	52.7	80.0
Germany	**33.9**	29.3	41.4
Japan	**33.7**	29.6	26.0
India	**24.6**	25.7	5.6
Other	**173.7**	138.7	217.4
Total	**$ 1,926.3**	$ 1,766.7	$ 2,061.4

Allison Transmission Holdings, Inc.

Notes to Consolidated Financial Statements — (Continued)

NOTE 21. GEOGRAPHIC INFORMATION (Continued)

The Company had net long-lived assets by country as follows (dollars in millions):

	Year ended December 31,		
	2010	2009	2008
United States	**$523.1**	$564.1	$624.9
India	**54.0**	42.5	—
Netherlands	**7.1**	8.0	9.2
Hungary	**4.2**	—	—
Others	**6.9**	6.5	3.8
Total	**$595.3**	$621.1	$637.9

NOTE 22. QUARTERLY FINANCIAL INFORMATION

The following is a summary of the unaudited quarterly results of operations. The Company believes that all adjustments considered necessary for a fair presentation in accordance with GAAP have been included (in millions).

	Quarter ended,			
	March 31	June 30	September 30	December 31
2010				
Net sales	**$ 473.7**	**$ 510.2**	**$ 482.0**	**$ 460.4**
Gross profit	**209.3**	**222.6**	**202.1**	**194.2**
Operating income	**91.3**	**103.8**	**80.8**	**65.9**
Income before income taxes	**24.7**	**16.5**	**7.1**	**35.0**
Net income (loss)	**10.4**	**1.1**	**(6.0)**	**24.1**
2009				
Net sales	$ 443.7	$ 433.4	$ 419.8	$ 469.8
Gross profit	144.3	128.9	153.4	193.2
Operating income (loss)	14.3	(178.0)	44.9	67.7
(Loss) income before income taxes	(64.1)	(229.5)	(17.5)	28.6
Net (loss) income	(81.3)	(241.1)	(44.3)	42.8

The Company's 2009 quarterly results were affected by certain nonrecurring charges. In the quarter ended March 31, 2009, the Company recorded $42.5 million of restructuring charges as discussed in NOTE 18 "Restructuring Charges." In the quarter ended June 30, 2009, the Company recorded a $190.0 million impairment charge as discussed in NOTE 5 "Goodwill and Other Intangibles," a $36.6 million loss on Old GM OPEB receivable as discussed in NOTE 12 "Benefit Plans," and $5.5 million of restructuring charges as discussed in NOTE 18 "Restructuring Charges."

NOTE 23. SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through March 18, 2011, which is the date the financial statements were issued, and no material subsequent events have been identified.

UNAUDITED

On April 15, 2011, the Company announced it has commenced a cash tender offer to purchase any and all of its outstanding 11.25% Senior Toggle Notes due 2015. The tender offer is scheduled to expire at midnight, New York City time, on May 12, 2011, unless extended.

On April 26, 2011, the Company commenced an offering of $500.0 million of senior notes due 2019.

Allison Transmission Holdings, Inc.
Schedule I—Parent Company only Balance Sheets

(In Millions)	December 31, 2010	December 31, 2009
ASSETS		
Current Assets:		
Cash	$ 0.0	$ 0.0
Total Current Assets	0.0	0.0
Investments in and advances to/from subsidiaries	741.7	736.6
Total Assets	$ 741.7	$ 736.6
LIABILITIES and STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 0.0	$ 0.0
Total Current Liabilities	0.0	0.0
Capital stock	1.5	1.5
Additional paid-in-capital	1,553.1	1,544.6
Treasury stock	(0.2)	(0.2)
Accumulated deficit	(786.7)	(816.3)
Accumulated other comprehensive (loss) income, net of tax	(26.0)	7.0
Total Liabilities and Stockholders' Equity	$ 741.7	$ 736.6

The accompanying note is an integral part of the financial statements.

Allison Transmission Holdings, Inc.
Schedule I—Parent Company only Statement of Operations

(In Millions)	Year ended December 31, 2010	2009	2008
Net sales	$ 0.0	$ 0.0	$ 0.0
General and administrative fees	0.0	0.0	0.0
Total Operating Expense (Income)	0.0	0.0	0.0
Other (Expense) Income			
Equity earnings of consolidated subsidiary	29.6	(323.9)	(328.1)
Earnings (loss) before income taxes	29.6	(323.9)	(328.1)
Income tax expense (benefit)	0.0	0.0	0.0
Net earnings (loss)	$29.6	($ 323.9)	($ 328.1)

The accompanying note is an integral part of the financial statements.

Allison Transmission Holdings, Inc.
Schedule I—Parent Company only Statements of Cash Flows

(In Millions)	Year ended December 31, 2010	2009	2008
Cash Flows from Operating Activities			
Net income (loss)	$ 29.6	($323.9)	($328.1)
Add (deduct) items included in net income (loss) not using (providing) cash:			
Equity in earnings in consolidated subsidiary	($29.6)	$ 323.9	$ 328.1
Net cash provided by operating activities	0.0	0.0	0.0
Cash Flows from Investing Activities			
Investments from (in) subsidiaries	($ 0.1)	—	($ 0.4)
Net cash provided by (used in) investing activities	(0.1)	0.0	(0.4)
Cash Flows from Financing Activities			
Capital contributions	$ 0.1	—	$ 0.6
Repurchase of common stock	—	—	($ 0.2)
Net cash provided by (used in) in financing activities	0.1	0.0	0.4
Cash and Cash Equivalents			
Net increase (decrease) during period	0.0	0.0	0.0
Cash and cash equivalents at beginning of period	0.0	0.0	0.0
Cash and cash equivalents at end of period	$ 0.0	$ 0.0	$ 0.0

The accompanying note is an integral part of the financial statements.

Allison Transmission Holdings, Inc.
Schedule I—Parent Company only Footnote

NOTE 1—BASIS OF PRESENTATION

Allison Transmission Holdings, Inc. (the "Parent Company") is a holding company that conducts all of its business operations through its subsidiaries. There are restrictions on the Parent Company's ability to obtain funds from its subsidiaries through dividends (refer to Note 7 to our Consolidated Financial Statements entitled "DEBT"). The entire amount of our consolidated net assets was subject to restrictions on payment of dividends at the end of December 31, 2010 and 2009. Accordingly, these financial statements have been presented on a "parent-only" basis. Under a parent-only presentation, the Parent Company's investments in its consolidated subsidiaries are presented under the equity method of accounting. These parent-only financial statements should be read in conjunction with Allison Transmission Holdings, Inc.'s audited Consolidated Financial Statements included elsewhere herein.

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

	March 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 352.4**	$ 252.2
Accounts receivables — net of allowance for doubtful accounts of $2.9 and $2.8, respectively	**215.4**	171.1
Inventories	**159.2**	147.9
Other current assets	**72.1**	74.3
Total Current Assets	**799.1**	645.5
Property, plant & equipment — net	**580.8**	595.3
Intangible assets — net	**1,980.0**	2,018.1
Goodwill	**1,941.0**	1,941.0
Other non-current assets	**112.5**	110.5
TOTAL ASSETS	**$5,413.4**	$ 5,310.4
LIABILITIES		
Current Liabilities		
Accounts payable	**$ 172.6**	$ 138.3
Product warranty liability	**33.4**	35.7
Current portion of long term debt	**38.8**	31.0
Notes payable	**2.4**	2.4
Deferred revenue	**16.4**	14.8
Other current liabilities	**204.0**	195.3
Total Current Liabilities	**467.6**	417.5
Product warranty liability	**91.6**	92.8
Deferred revenue	**40.7**	41.4
Long term debt	**3,629.9**	3,637.7
Deferred income taxes	**190.5**	175.3
Other non-current liabilities	**202.6**	204.0
TOTAL LIABILITIES	**4,622.9**	4,568.7
Commitments and contingencies (see NOTE N)		
STOCKHOLDERS' EQUITY		
Common stock, $0.01 par value, 180,000,000 shares authorized, 149,500,000 issued and outstanding	**1.5**	1.5
Non-voting common stock, $0.01 par value, 20,000,000 shares authorized, 3,579,740 issued and 3,559,740 outstanding	**—**	—
Preferred stock, $0.01 par value, 20,000,000 shares authorized, none issued and outstanding	**—**	—
Treasury stock	**(0.2)**	(0.2)
Paid in capital	**1,555.0**	1,553.1
Accumulated deficit	**(749.8)**	(786.7)
Accumulated other comprehensive loss, net of tax	**(16.0)**	(26.0)
TOTAL STOCKHOLDERS' EQUITY	**790.5**	741.7
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**$5,413.4**	$ 5,310.4

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

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

	Three months ended March 31,	
	2011	2010
Net sales	**$ 517.0**	$ 473.7
Cost of sales	**287.0**	264.4
Gross profit	**230.0**	209.3
Selling, general and administrative expenses	**100.9**	92.0
Engineering — research and development	**30.3**	26.0
Operating income	**98.8**	91.3
Interest income	**0.2**	0.4
Interest expense	**(49.8)**	(73.1)
Other income, net	**5.7**	6.1
Income before income taxes	**54.9**	24.7
Income tax expense	**(18.0)**	(14.3)
Net income	**$ 36.9**	$ 10.4
Basic and diluted earnings per share attributable to common stockholders	**$ 0.24**	$ 0.07

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)

	Three months ended March 31,	
	2011	**2010**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 36.9**	$ 10.4
Add (deduct) items included in net income not using (providing) cash:		
Amortization of intangible assets	**38.0**	38.6
Depreciation of property, plant and equipment	**25.7**	23.5
Deferred income taxes	**15.2**	12.8
Unrealized (gain) loss on derivatives	**(8.1)**	7.5
Amortization of deferred financing costs	**2.9**	3.0
Stock-based compensation	**2.0**	2.0
Gain on repurchases of long-term debt	**—**	(4.1)
Other	**(0.6)**	0.6
Changes in assets and liabilities:		
Accounts receivable	**(43.0)**	3.8
Inventories	**(10.8)**	(15.1)
Accounts payable	**33.9**	26.1
Other assets and liabilities	**17.8**	9.8
Net cash provided by operating activities	**109.9**	118.9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions of long-lived assets	**(11.6)**	(7.1)
Collateral for interest rate derivatives	**3.7**	(3.1)
Proceeds from disposal of assets	**2.1**	0.2
Net cash used for investing activities	**(5.8)**	(10.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchases of long-term debt	**—**	(92.0)
Payments on long-term debt	**—**	(7.8)
Net cash used for financing activities	**—**	(99.8)
Effect of exchange rate changes on cash	**(3.9)**	6.6
Net increase in cash and cash equivalents	**100.2**	15.7
Cash and cash equivalents at beginning of period	**252.2**	153.1
Cash and cash equivalents at end of period	**$ 352.4**	$ 168.8
Supplemental disclosures:		
Interest paid	**$ 29.9**	$ 32.4
Income taxes paid	**$ 1.6**	$ 1.2

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

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements

NOTE A. OVERVIEW

Overview

Allison Transmission Holdings, Inc. and its subsidiaries (the "Company," "Successor," "our," "us," "we" or "Allison"), design and manufacture commercial and military fully-automatic transmissions.

The business was founded in 1915 and has been headquartered in Speedway, Indiana since inception. The Company has approximately 2,750 employees and 12 different transmission product lines. Although approximately 82% percent of revenues are generated in North America, the Company has a global presence by serving customers in Europe, Asia, South America and Africa. The Company serves customers through an independent network of approximately 1,500 independent distributor and dealer locations worldwide.

Since the introduction of the Company's first fully-automatic transmission over 60 years ago, the Company's products have gained acceptance in a variety of applications, including on-highway trucks (distribution, refuse, construction, fire and emergency), buses (primarily school and transit), motor homes, off-highway vehicles and equipment (primarily energy, mining and construction) and military vehicles (wheeled and tracked). The Company has developed over 100 different product models that are used in more than 2,500 different vehicle configurations, which are compatible with more than 500 combinations of engine brands, models and ratings. The Company also sells support equipment and Allison-branded replacement parts for the Company's transmissions and remanufactured transmissions for use in the vehicle aftermarket.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2011 and 2010 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 unaudited 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 presentation 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 results of operations, financial position, cash flows and statements of equity. Certain reclassifications have been made in the consolidated financial statements of prior years to conform to the current year presentation. These reclassifications have 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 for the year ended December 31, 2010 included in the Company's Form S-1/A. The interim period financial results for the three 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. Significant estimates include, but are not limited to,

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

allowance for doubtful accounts, sales allowances, fair market values and future cash flows associated with Goodwill, indefinite life intangibles, long-lived asset impairment tests, useful lives for depreciation and amortization, warranty liability, determination of discount and other assumptions for pension and other post-retirement benefit ("OPEB") expense, income taxes and deferred tax valuation allowances, lease classification, derivative valuation, 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. Changes in estimates are recorded in results of operations in the period that the events or circumstances giving rise to such changes occur.

NOTE C. INVENTORIES

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

	March 31, 2011	December 31, 2010
Purchased parts and raw materials	**$ 73.5**	$ 67.2
Work in progress	**7.8**	7.1
Service parts	**46.8**	44.8
Finished goods	**31.1**	28.8
Total inventories	**$ 159.2**	$ 147.9

Inventory components shipped to third parties, primarily cores, parts to re-manufacturers, and contract manufacturers, in which the Company has an obligation to buyback, are included in purchased parts and raw materials, with an offsetting liability in Other current liabilities.

NOTE D. GOODWILL AND OTHER INTANGIBLE ASSETS

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

	Expected useful life (years)	March 31, 2011	December 31, 2010
Goodwill	Indefinite	**$1,941.0**	$ 1,941.0
Other intangible assets:			
Trade name	Indefinite	**$ 870.0**	$ 870.0
Customer relationships — military	18.5	**62.3**	62.3
Customer relationships — commercial	16.5	**831.8**	831.8
Proprietary technology	12.5	**476.3**	476.3
Non-compete agreement	10.0	**17.3**	17.3
Patented technology — military	8.5	**28.2**	28.2
Tooling rights	6.0	**4.5**	4.5
Patented technology — commercial	5.5	**260.6**	260.6
Other intangible assets — gross		**2,551.0**	2,551.0
Less: accumulated amortization		**(571.0)**	(532.9)
Other intangible assets — net		**$1,980.0**	$ 2,018.1

As of March 31, 2011 and December 31, 2010, the net carrying value of our Goodwill and Other intangibles was $3,921.0 million and $3,959.1 million, respectively.

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE E. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the FASB's authoritative accounting guidance on fair value measurements, 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 Company primarily applies the market approach for recurring fair value measurements and utilizes the best available information that maximizes the use of observable inputs and minimizes the use of unobservable inputs. The Company is able to classify fair value balances based on the observability of those inputs. 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. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities and publicly traded bonds.

Level 2 — Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 — Pricing inputs include significant inputs that are generally less observable from objective sources. 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 March 31, 2011, the Company did not have any Level 3 financial assets or liabilities.

The Company's assets and liabilities that are measured at fair value include cash equivalents, available-for-sale securities and derivatives. The Company's cash equivalents consist of short-term U.S. Government backed securities. The Company's available-for-sale securities consist of ordinary shares of Torotrak associated with a license and exclusivity agreement with Torotrak. Torotrak's listed shares are traded on the London Stock Exchange under the ticker symbol "TRK." The Company's derivative instruments consist of interest rate swaps, and foreign currency and commodity forward contracts.

The Company's valuation techniques used to fair value cash equivalents and available-for-sale securities represents a market approach in active markets for identical assets that qualifies as Level 1 in the fair value hierarchy. The Company's valuation techniques used to calculate the fair value of derivatives represents a market approach with observable inputs that qualify as Level 2 in the fair value hierarchy.

The foreign currency contracts consist of forward rate contracts which are intended to hedge exposure of transactions denominated in certain currencies and reduce the impact of currency price volatility on the Company's financial results. The commodity contracts consist of forward rate contracts which are intended to hedge exposure of transactions involving purchases of component parts containing aluminum and reduce the impact of aluminum price volatility on the Company's financial results.

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE E. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

For its foreign currency derivatives, the Company uses independent valuations which use the current spot market data adjusted for the time value of money. The foreign currency hedges have been accounted for within the authoritative accounting guidance set forth on accounting for derivative instruments and hedging activities and have been recorded at fair value based upon quoted market rates. The fair values are included in other current or non-current assets and liabilities in the Condensed Consolidated Balance Sheets. As of March 31, 2011, the Company elected not to apply hedge accounting to any of its foreign currency contracts, therefore all unrealized gains and losses from the revaluation of the contracts are recorded in Other income, net in the Condensed Consolidated Statements of Operations.

For its commodity derivatives, the Company uses independent valuations which use current quoted market rates adjusted for the time value of money. The fair values are included in Other current and non-current assets in the Condensed Consolidated Balance Sheets. The Company has not elected hedge accounting treatment for these commodity contracts and, as a result, unrealized fair value adjustments and realized gains or losses will be charged directly to Other income, net in the Condensed Consolidated Statements of Operations.

For its interest rate derivatives, the Company uses independent valuations which approximate the current economic value of the swaps using prices and rates at the average of the estimated bid and offer for the respective underlying assets. The floating-to-fixed interest rate swaps are based on the London Interbank Offered Rate ("LIBOR") which is observable at commonly quoted intervals. The fair values are included in other current and non-current assets and liabilities in the Condensed Consolidated Balance Sheets. The Company has not elected hedge accounting treatment for the interest rate swaps and, as a result, fair value adjustments are charged directly to Interest expense in the Condensed Consolidated Statements of Operations.

The following table summarizes the fair value of our financial assets and (liabilities) as of March 31, 2011 and December 31, 2010 (dollars in millions):

	Fair Value Measurements Using					
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		TOTAL	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
Cash equivalents	**$ 187.9**	$ 117.9	**$ —**	$ —	**$ 187.9**	$ 117.9
Available-for-sale securities	**9.4**	4.9	**—**	—	**9.4**	4.9
Derivative assets	**—**	—	**7.4**	5.8	**7.4**	5.8
Derivative liabilities	**—**	—	**(64.3)**	(70.8)	**(64.3)**	(70.8)
Total	**$ 197.3**	$ 122.8	**$ (56.9)**	$ (65.0)	**$ 140.4**	$ 57.8

NOTE F. DEBT

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

	March 31, 2011	December 31, 2010
Long-term debt:		
Senior Secured Credit Facility, variable, due 2014	**$2,685.4**	$ 2,685.4
Senior Cash Pay Notes, fixed 11.00%, due 2015	**478.0**	478.0
Senior Toggle Notes, fixed 11.25%, PIK 12.00%, due 2015	**505.3**	505.3
Total long-term debt	**3,668.7**	3,668.7
Less: current maturities of long-term debt	**38.8**	31.0
Total long-term debt less current portion	**$3,629.9**	$ 3,637.7

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE F. DEBT (Continued)

As of March 31, 2011, the Company had $2,685.4 million of indebtedness associated with the Senior Secured Credit Facility due August 2014. The Company also had indebtedness of $478.0 million of 11.0% senior notes due November 2015 (the “Senior Cash Pay Notes”) and $505.3 million of 11.25% senior toggle notes due November 2015 (the “Senior Toggle Notes” and, together with the Senior Cash Pay Notes, the “Senior Notes”).

The fair value of the Company’s long-term debt obligations as of March 31, 2011 is $3,725.7 million. The fair value is based on quoted market yields as of March 31, 2011. The difference between the fair value and carrying value of the Company’s long-term debt is driven primarily, but not entirely, by the recent upward trend of the financial markets.

Senior Secured Credit Facility

The Senior Secured Credit Facility provides for $400.0 million in revolving credit borrowings, net of an allowance for up to $50.0 million in outstanding letter of credit commitments. As of March 31, 2011 and December 31, 2010, the Company had no revolving credit facility borrowings and $10.6 million and $10.2 million in letters of credit issued and outstanding, respectively.

In September of 2008 Lehman Brothers Holdings, Inc. ("Lehman") filed for bankruptcy, effectively reducing the Company’s available revolving credit facility from $400.0 million to $317.5 million. On August 11, 2009, the Company and Lehman Commercial Paper Inc. (“LCPI”) reached an agreement that eliminated LCPI’s requirement to fund their $82.5 million commitment to the revolving credit facility in exchange for eliminating LCPI’s annual commitment fee paid by the Company. At this time, LCPI’s commitment has not been assigned to or assumed by any party.

For the three months ended March 31, 2011 and 2010, the Company repurchased $0.0 million and $97.2 million of its term loan pursuant to a modified Dutch auction, respectively. The repurchases of the term loans resulted in gains (the discount between the purchase price of the term loans and the face value of such term loans) of $0.0 million and $4.1 million, net of deferred financing fees written off, respectively.

In addition, the Company made principal payments of $0.0 million and $7.8 million on its Senior Secured Credit Facility for the three months ended March 31, 2011 and 2010, respectively. The principal payment for the first quarter of 2011 was made on April 1, 2011 within terms of the Senior Secured Credit Facility.

The Senior Secured Credit Facility requires the Company to maintain a specified maximum total senior secured leverage ratio that becomes more restrictive over the term of the loan. As of March 31, 2011, we were in compliance with the maximum total senior secured leverage ratio achieving a 3.71x ratio versus a 6.00x requirement threshold. In addition, the Senior Secured Credit Facility, 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 or declare or pay any dividends. As of March 31, 2011, the Company is in compliance with all covenants under its Senior Secured Credit Facility.

Senior Notes

Prior to November 1, 2011, the Company may redeem some or all of the Senior Notes by paying the applicable “make-whole” premium. At any time on or after November 1, 2011, the Company may redeem some or all of the Senior Notes at specified redemption prices in the indentures governing the Senior Cash Pay Notes and Senior Toggle Notes. As of March 31, 2011, the Company had not redeemed any of the Senior Notes.

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE F. DEBT (Continued)

On October 29, 2010, the Company continued to elect to pay cash interest on its Senior Toggle Notes for the interest period November 1, 2010 through April 30, 2011.

Notes Payable

As of March 31, 2011 and December 31, 2010, the Company had Japanese Yen denominated unsecured short-term notes of 200 million Yen (approximately $2.4 million). The weighted average interest rate related to the debt as of March 31, 2011 and December 31, 2010 was 1.24%. As of March 31, 2011, all of the outstanding Japanese Yen denominated short-term notes are payable within the next three months.

NOTE G. DERIVATIVES

Interest Rate

The maturities of the swaps outstanding as of March 31, 2011 and December 31, 2010 do not correspond with the maturity of the term loan, but are similar in all other respects. A summary of the Company's derivatives as of March 31, 2011 and December 31, 2010 follows (dollars in millions):

	March 31, 2011		December 31, 2010	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Interest Rate Swap B, due 2011	**$ 250.0**	**$ (0.9)**	$ 250.0	$ (2.8)
Interest Rate Swap D, due 2013	**125.0**	**(9.6)**	125.0	(10.8)
Interest Rate Swap E, due 2013	**150.0**	**(6.3)**	150.0	(7.3)
Interest Rate Swap F, due 2013	**75.0**	**(2.9)**	75.0	(3.4)
Interest Rate Swap G, due 2013	**75.0**	**(3.6)**	75.0	(4.1)
Interest Rate Swap H, due 2014	**350.0**	**(20.3)**	350.0	(20.8)
Interest Rate Swap I, due 2014	**350.0**	**(20.6)**	350.0	(21.1)
Interest Rate Swap J, due 2014	**125.0**	**(0.0)**	125.0	(0.2)
Interest Rate Swap K, due 2014	**125.0**	**(0.1)**	125.0	(0.3)
	$1,625.0	**$ (64.3)**	$1,625.0	$ (70.8)

As of March 31, 2011, certain of the Company's interest rate derivatives contain credit-risk and collateral contingent features. Certain interest rate derivatives contain provisions under which downgrades in the Company's credit rating could require the Company to increase its collateral. Certain interest rate derivatives also contain provisions under which the Company may be required to post additional collateral if the LIBOR interest rate curve reaches certain levels. As of March 31, 2011 and December 31, 2010, the Company recorded collateral of $38.3 million and $41.9 million in Other current assets in the Condensed Consolidated Balance Sheets, respectively, as the balances are subject to frequent change.

Currency Exchange

The following table summarizes the outstanding foreign currency forward contracts as of March 31, 2011 and December 31, 2010 (amounts in millions):

	March 31, 2011		December 31, 2010	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Euro (EUR)	**€ 8.1**	**$ 0.9**	€ 11.2	$ 0.1
Japanese Yen (JPY)	**N/A**	**—**	¥ 110.0	0.1
British Pound Sterling (GBP)	**£ 0.9**	**0.0**	N/A	—
		$ 0.9		$ 0.2

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE G. DERIVATIVES (Continued)

Commodity

The following table summarizes the outstanding commodity forward contracts as of March 31, 2011 and December 31, 2010 (dollars in millions):

	March 31, 2011			December 31, 2010		
	Notional Amount	Quantity	Fair Value	Notional Amount	Quantity	Fair Value
Steel	**$ 1.3**	**2,040 short tons**	**$ 0.3**	$ 1.6	2,480 short tons	$ 0.1
Aluminum	**$ 16.2**	**8,425 metric tons**	**6.2**	$ 18.7	9,800 metric tons	5.5
			$ 6.5			$ 5.6

The following tabular disclosures further describe the Company's derivative instruments and their impact on the financial condition of the Company.

	March 31, 2011		December 31, 2010	
(dollars in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives not designated as hedging instruments				
Foreign currency contracts	**Other current assets**	**$ 0.9**	Other current assets	$ 0.2
Commodity contracts	**Other current and non-current assets**	**6.5**	Other current and non-current assets	5.6
Interest rate contracts	**Other current and non-current liabilities**	**(64.3)**	Other current and non-current liabilities	(70.8)
Total derivatives not designated as hedging instruments		**$ (56.9)**		$ (65.0)

The fair values of the derivatives are recorded between current and non-current assets and current and non-current liabilities as appropriate in the Condensed Consolidated Balance Sheets. As of March 31, 2011, the amount recorded to Other current assets for foreign currency contracts was $0.9 million. The amounts recorded to other current and non-current assets for commodity contracts were $5.4 million and $1.1 million, respectively. The amounts recorded to current and non-current liabilities for interest rate contracts were ($19.4) million and ($44.9) million, respectively.

As of December 31, 2010, the amount recorded to Other current assets for foreign currency contracts was $0.2 million. The amounts recorded to other current and non-current assets for commodity contracts were $4.5 million and $1.1 million, respectively. The amounts recorded to current and non-current liabilities for interest rate contracts were ($18.4) million and ($52.4) million, respectively.

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE G. DERIVATIVES (Continued)

The following tabular disclosures further describe the Company's derivative instruments and their impact on the results of operations of the Company.

(dollars in millions)	Three months ended March 31, 2011		Three months ended March 31, 2010	
	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives	Location of gain (loss) recognized on derivatives	Amount of gain (loss) recognized on derivatives
Derivatives not designated as hedging instruments				
Foreign currency contracts	**Other income, net**	**$ 1.0**	Other income, net	$ (0.4)
Commodity contracts	**Other income, net**	**1.9**	Other income, net	0.8
Interest rate contracts	**Interest expense**	**6.5**	Interest expense	(8.1)
Total derivatives not designated as hedging instruments		**$ 9.4**		$ (7.7)

NOTE H. PRODUCT WARRANTY LIABILITIES

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

	Three months ended March 31, 2011	Three months ended March 31, 2010
Beginning balance	**$ 128.5**	$ 175.7
Payments	**(10.3)**	(9.6)
Increase in liability (warranties issued during period)	**6.3**	1.7
Net adjustments to liability	**0.2**	(0.6)
Accretion (for Predecessor liabilities)	**0.3**	0.7
Ending balance	**$ 125.0**	$ 167.9

As of March 31, 2011, the current and non-current liabilities were $33.4 million and $91.6 million, respectively. As of March 31, 2010, the current and non-current liabilities were $33.2 million and $134.7 million, respectively.

Deferred revenue for ETC activity (dollars in millions):

	Three months ended March 31, 2011	Three months ended March 31, 2010
Beginning balance	**$ 56.2**	$ 44.7
Increases	**4.1**	5.9
Revenue earned	**(3.2)**	(4.3)
Ending balance	**$ 57.1**	$ 46.3

As of March 31, 2011, the current and non-current liabilities were $16.4 million and $40.7 million, respectively. As of March 31, 2010, the current and non-current liabilities were $11.2 million and $35.1 million, respectively.

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE I. OTHER INCOME, NET

Other income, net consists of the following (dollars in millions):

	Three months ended March 31,	
	2011	2010
Grant Program income	$ 3.7	$ 2.8
Unrealized gain on derivative contracts	1.6	0.6
Realized gain on derivative contracts	1.3	0.2
Loss on foreign exchange	(1.3)	(1.5)
Gain on repurchases of long-term debt	—	4.1
Other	0.4	(0.1)
Total	$ 5.7	$ 6.1

In 2009, the Company was notified by the U.S. Department of Energy that it was selected to receive up to $62.8 million of matching funds from a cost-share grant program funded by the American Recovery and Reinvestment Act for the development of hybrid-propulsion system manufacturing capacity in the U.S. (the “Grant Program”). All applicable costs associated with the Grant Program have been charged to Engineering — research and development while the Government’s matching reimbursement is recorded to Other income, net in the Condensed Consolidated Statements of Operations.

For the three months ended March 31, 2011 and 2010, the Company recorded $3.7 million and $2.8 million of reimbursement of allowable expense to Other income, net under the Grant Program in the Condensed Consolidated Statements of Operations, respectively. Since inception of the Grant Program, the Company has recorded $17.5 million of reimbursable expenses to Other income, net in the Condensed Consolidated Statements of Operations. For the three months ended March 31, 2011 and 2010, the Company also recorded $0.9 million and $0.0 million, respectively as a reduction of the basis of capital assets purchased under the Grant Program; however, no depreciation has been recorded as these assets have not yet been placed in service.

NOTE J. OTHER CURRENT LIABILITIES

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

	As of March 31, 2011	As of December 31, 2010
Payroll and related costs	$ 28.5	$ 56.3
Sales allowances	37.5	36.7
Accrued interest payable	52.8	29.5
Vendor buyback obligation	22.7	19.4
Accrued derivative payable	19.4	18.4
Military price reduction reserve	13.4	13.5
Taxes payable	13.9	10.4
Research and development payable	2.8	—
Other accruals	13.0	11.1
Total	$ 204.0	$ 195.3

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE K. EMPLOYEE BENEFIT PLANS

Components of net periodic benefit expense consist of the following (dollars in millions):

	Pension Plans		Post-retirement Benefits	
	Three months ended March 31,		Three months ended March 31,	
	2011	2010	2011	2010
Net periodic benefit expense:				
Service cost	**$ 3.7**	$ 3.5	**$ 0.9**	$ 0.7
Interest cost	**1.0**	0.7	**1.8**	1.5
Expected return on assets	**(1.1)**	(0.9)	**—**	—
Prior service cost	**0.1**	0.1	**—**	—
Loss (gain)	**0.2**	0.1	**—**	(0.6)
Net periodic benefit expense	**$ 3.9**	$ 3.5	**$ 2.7**	$ 1.6

NOTE L. INCOME TAXES

The Effective Tax Rate (“ETR”) for the three months ended March 31, 2011 is 32.8%. The Company continues to record a full valuation allowance related to its net deferred tax asset with the exception of the deferred tax liability associated with its indefinite lived intangibles. Adjustments to the tax basis of these indefinite lived intangibles resulting from tax amortization of the intangible assets or changes in the fair value of the Company’s assumed liabilities continues to give rise to deferred tax expense. For the three months ended March 31, 2011, the Company recorded total tax expense of $18.0 million. The pretax income recorded for the three months ended March 31, 2011 includes $0.7 million of income from the sale of land.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Because the timing of the reversal of the amortizable goodwill and trade name intangible are indefinite, these deferred tax liabilities are not considered in evaluating the reversal of the temporary differences. Based upon the estimated historical taxable loss and projections for future taxable income over the periods in which the temporary differences are expected to reverse, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences. As a result, a valuation allowance has been established against the deferred tax assets net of deferred tax liabilities having a definite life.

In accordance with the FASB’s authoritative guidance on accounting for uncertainty in income taxes, the Company had no liability for unrecognized tax benefits as of March 31, 2011 and December 31, 2010. The accounting guidance prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For the year ended December 31, 2010, the return will remain subject to examination by the various taxing authorities for the duration of the applicable statute of limitations (generally three years from the earlier of the date of filing or the due date of the return).

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE M. COMPREHENSIVE INCOME

The Company's comprehensive income consists of unrealized net gains and losses on available-for-sale securities and the translation of the assets and liabilities of its foreign operations. The following table reconciles net income to comprehensive income with the related tax effects (dollars in millions):

Comprehensive income	Before Tax	Tax Expense	After Tax
Three months ended March 31, 2011			
Net income	**$ 54.9**	**$ (18.0)**	**$ 36.9**
Foreign currency translation	**5.5**	**—**	**5.5**
Available-for-sale securities	**4.5**	**—**	**4.5**
Total comprehensive income	**$ 64.9**	**$ (18.0)**	**$ 46.9**
Three months ended March 31, 2010			
Net income	$ 24.7	$ (14.3)	$ 10.4
Foreign currency translation	0.3	—	0.3
Available-for-sale securities	(1.0)	—	(1.0)
Total comprehensive income	$ 24.0	$ (14.3)	$ 9.7

NOTE N. COMMITMENTS AND CONTINGENCIES

Claims, Disputes, and Litigation

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 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.

During the second quarter of 2009, the Company identified certain differences between benefits promised under certain benefit plans and the administration of those plans. The Company has amended its plan documents to correct these differences and has filed a request with the Internal Revenue Service ("IRS") to enter into a closing agreement to correct the differences retroactively to the original adoption of the Company's benefit plans. The Company expects the IRS to grant this request; however, if the IRS does not grant the Company this request, then the Company would be required to accrue for and eventually pay these benefits. The Company estimates the cost of these benefits at approximately $10.0 million. As of March 31, 2011, the Company's expected liability remains approximately $2.5 million, including potential penalties and fines.

NOTE O. EARNINGS PER SHARE

The Company presents both basic and diluted earnings per share ("EPS") amounts. Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is calculated by dividing net income by the weighted average number of common shares and common equivalent shares outstanding during the reporting period that are calculated using the treasury stock method for stock options. 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. The assumed

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE O. EARNINGS PER SHARE (Continued)

proceeds under the treasury stock method include the purchase price that the grantee will pay in the future, compensation cost for future service that the Company has not yet recognized and any tax benefits that would be credited to additional paid-in-capital when the award generates a tax deduction. If there would be a shortfall resulting in a charge to additional paid-in-capital, such an amount would be a reduction of the proceeds. For the three months ended March 31, 2011 and 2010, outstanding stock options were not included in the diluted EPS computation because they were anti-dilutive.

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 March 31,	
	2011	2010
Net income	**$ 36.9**	$ 10.4
Weighted average shares of common stock outstanding	**153.1**	153.0
Dilutive effect stock-based awards	**—**	—
Diluted weighted average shares of common stock outstanding	**153.1**	153.0
Basic earnings per share attributable to common stockholders	**0.24**	0.07
Diluted earnings per share attributable to common stockholders	**$ 0.24**	$ 0.07

NOTE P. GEOGRAPHIC INFORMATION

The Company had the following Net sales by country as follows (dollars in millions):

	Three months ended March 31,	
	2011	2010
United States	**$ 365.1**	$ 355.7
Canada	**46.8**	34.6
China	**24.5**	11.1
United Kingdom	**12.2**	9.6
Germany	**9.1**	8.2
Turkey	**7.3**	3.6
Japan	**5.8**	5.8
Other	**46.2**	45.1
Total	**$ 517.0**	$ 473.7

The Company had net long-lived assets by country as follows (dollars in millions):

	As of March 31, 2011	As of December 31, 2010
United States	**$ 502.7**	$ 523.1
India	**54.0**	54.0
Netherlands	**7.2**	7.1
Hungary	**10.3**	4.2
Others	**6.6**	6.9
Total	**$ 580.8**	$ 595.3

Allison Transmission Holdings, Inc.

Notes to Condensed Consolidated Financial Statements — (Continued)

NOTE Q. SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through April 26, 2011, which is the date the financial statements were issued, and no material subsequent events have been identified.

On April 1, 2011, the Company made its first quarter principal payment of $7.8 million for its Senior Secured Credit Facility within the terms of the Senior Secured Credit Facility.

On April 4, 2011, the Company elected to continue its engineering development agreement with Torotrak through March 2013.

On April 15, 2011, the Company announced it has commenced a cash tender offer to purchase any and all of its outstanding 11.25% Senior Toggle Notes due 2015. The tender offer is scheduled to expire at midnight, New York City time, on May 12, 2011, unless extended.

On April 26, 2011, the Company commenced an offering of $500.0 million of senior notes due 2019.

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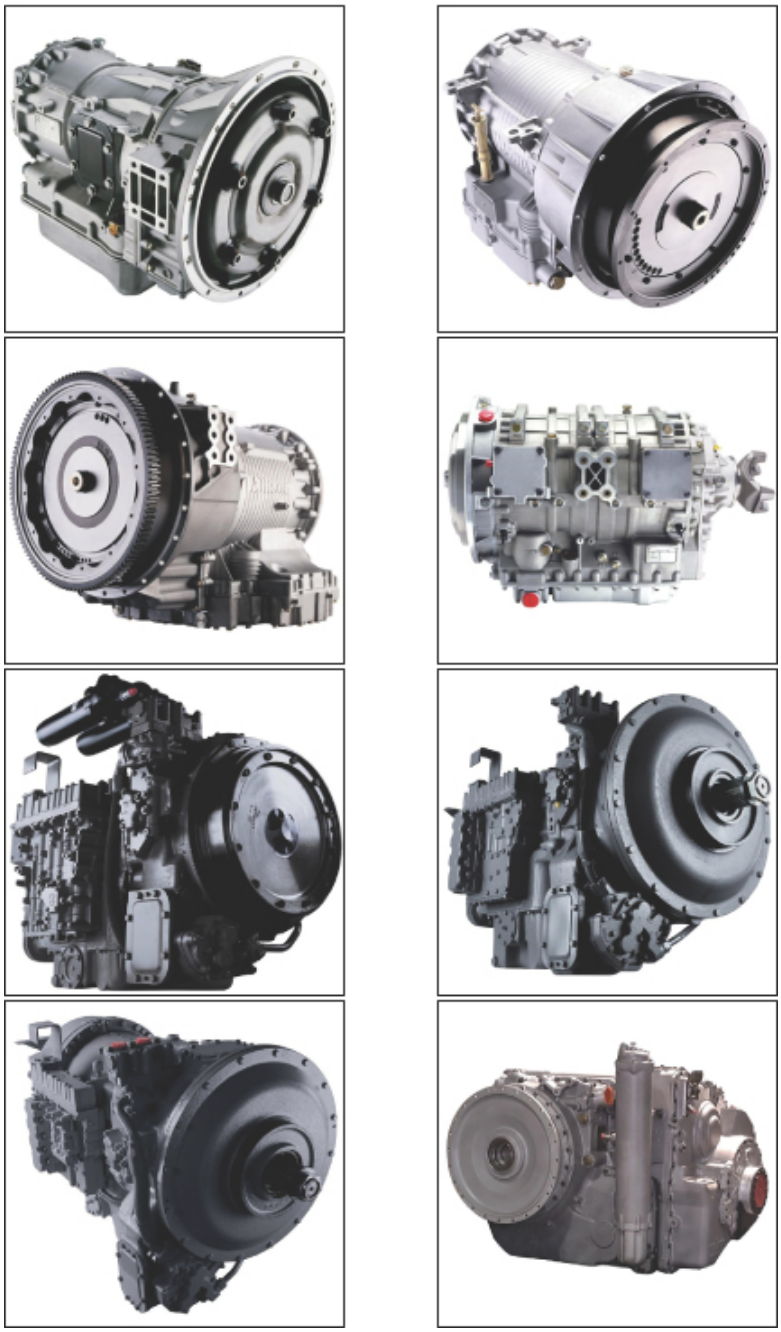

Through and including (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

Allison Transmission Holdings, Inc.

Common Stock

PROSPECTUS

BofA Merrill Lynch	**Citi**	**J.P. Morgan**
Credit Suisse	**Morgan Stanley**	**Goldman, Sachs & Co.**

, 2011

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The actual and estimated expenses in connection with this offering, all of which will be borne by us, are as follows:

SEC Registration Fee	$ 87,075
FINRA Filing Fee	75,500
Printing and Engraving Expense	
Legal Fees	
Accounting Fees	
Blue Sky Fees	
NYSE Listing Fees	
Transfer Agent Fee	
Miscellaneous	
Total	$

Item 14. Indemnification of Directors and Officers

Reference is made to Section 102(b)(7) of the DGCL, which enables a corporation in its original certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director for violations of the director's fiduciary duty, except (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) pursuant to Section 174 of the DGCL, which provides for liability of directors for unlawful payments of dividends or unlawful stock purchase or redemptions or (4) for any transaction from which a director derived an improper personal benefit.

Reference is also made to Section 145 of the DGCL, which provides that a corporation may indemnify any person, including an officer or director, who is, or is threatened to be made, party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of such corporation, by reason of the fact that such person was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee or agent acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the Company's best interest and, for criminal proceedings, had no reasonable cause to believe that his conduct was unlawful. A Delaware corporation may indemnify any officer or director in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses that such officer or director actually and reasonably incurred.

Our amended and restated certificate of incorporation filed as Exhibit 3.1 to this registration statement provides that our directors will not be personally liable to the Company or its stockholders for monetary damages resulting from breach of their fiduciary duties. However, nothing contained in such provision will eliminate or limit the liability of directors (1) for any breach of the director's duty of loyalty to us or our stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL or (4) for any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws provides for indemnification of the officers and directors to the full extent permitted by applicable law.

In addition, we entered into agreements to indemnify our directors and executive officers containing provisions which are in some respects broader than the specific indemnification provisions contained in the DGCL. The indemnification agreements require us, among other things, to indemnify our directors against certain liabilities that may arise by reason of their status or service as directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. The form of such indemnification agreement is filed as Exhibit to this Registration Statement.

The proposed form of Underwriting Agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the underwriters of the registrant and its officers and directors for certain liabilities arising under the Securities Act, or otherwise.

Item 15. Recent Sales of Unregistered Securities.

Since March 31, 2008, we have granted to our directors, officers and employees options to purchase an aggregate of 1,362,893 shares of our common stock with per share exercise prices equal to $10.00, $15.00 or $20.00 under our equity incentive plan, which we refer to as the existing equity incentive plan.

Since March 31, 2008, none of our directors, officers and employees have exercised options granted under our existing equity incentive plan.

Since March 31, 2008, we have issued to certain of our officers and employees an aggregate of 66,000 shares of our common stock for aggregate consideration of $660,000 pursuant to stock purchase rights that were granted under our existing equity incentive plan.

Since March 31, 2008, we have issued to certain of our officers and employees an aggregate of 62,240 shares of our common stock as partial payment of annual incentive bonus compensation in consideration of services performed in 2008 and 2009.

Unless otherwise stated, the sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or pursuant to benefit plans and contracts relating to compensation as provided under Rule 701. Individuals who purchased stock as described above represented their intention to acquire the stock for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates issued in such transactions.

Item 16. Exhibits and Financial Statement Schedules.

(A) Exhibits

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
1.1	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of Allison Transmission Holdings, Inc.
3.2	Amended and Restated Bylaws of Allison Transmission Holdings, Inc.
4.1*	Form of Stock Certificate
4.2**	Indenture governing the 11.0% Senior Notes due 2015, among Allison Transmission, Inc. as Issuer, the Guarantors named therein, and Wells Fargo Bank, National Association, as trustee, dated October 16, 2007
4.3**	Form of 11.0% Senior Note due 2015 (included in Exhibit 4.2)
4.4**	Indenture governing the 11.25% Senior Toggle Notes due 2015, among Allison Transmission, Inc. as Issuer, the Guarantors named therein, and Wells Fargo Bank, National Association, as trustee, dated October 17, 2007
4.5**	Form of 11.25% Senior Toggle Note due 2015 (included in Exhibit 4.4)
4.6	Indenture governing the 7.125% Senior Notes due 2019, among Allison Transmission, Inc. as Issuer, the Guarantors named therein, and Wells Fargo Bank, National Association, as trustee, dated May 6, 2011
4.7	Form of 7.125% Senior Note due 2019 (included in Exhibit 4.6)
5.1	Form of Opinion of Latham & Watkins LLP
10.1**	Credit Agreement among Allison Transmission Holdings, Inc., Allison Transmission, Inc., as Borrower, the Several Lenders from time to time parties thereto, Citicorp North America, Inc., as Administrative Agent, Lehman Brothers Commercial Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agents, Sumitomo Mitsui Banking Corporation, as Documentation Agent and Co-Arranger and Citigroup Global Markets Inc., Lehman Brothers Inc. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, As Joint Lead Arrangers And Joint Bookrunners, dated as of August 7, 2007
10.2**	First Amendment to the Credit Agreement among Allison Transmission Holdings, Inc., Allison Transmission, Inc., as Borrower, the Several Lenders from time to time parties thereto, Citicorp North America, Inc., as Administrative Agent, Lehman Brothers Commercial Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agents, Sumitomo Mitsui Banking Corporation, as Documentation Agent and Co-Arranger and Citigroup Global Markets Inc., Lehman Brothers Inc. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, As Joint Lead Arrangers And Joint Bookrunners, dated as of November 21, 2008
10.3**	Guarantee And Collateral Agreement made by Allison Transmission Holdings, Inc. Allison Transmission, Inc. as Borrower, and the Subsidiary Guarantors party hereto in favor of Citicorp North America, Inc., as Administrative Agent, dated as of August 7, 2007
10.4**	Trademark Security Agreement made by Allison Transmission, Inc. in favor of Citicorp North America, Inc., as Administrative Agent, dated as of August 7, 2007
10.5	Copyright Security Agreement made by Allison Transmission, Inc. in favor of Citicorp North America, Inc., as Administrative Agent, dated as of August 7, 2007
10.6	Form of Amended and Restated Stockholders Agreement
10.7	Employment and Severance Agreement, between Allison Transmission, Inc. and Lawrence E. Dewey, dated as of February 7, 2008
10.8	Employment and Severance Agreement, between Allison Transmission, Inc. and David S. Graziosi, dated as of November 1, 2007

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.9	Form of Allison Transmission Holdings, Inc. Indemnification Agreement
10.10*	Allison Transmission Holdings, Inc. 2011 Equity Incentive Award Plan
10.11*	Form of 2011 Equity Incentive Award Plan Restricted Stock Agreement
10.12*	Form of 2011 Equity Incentive Award Plan Restricted Stock Unit Agreement
10.13*	Form of 2011 Equity Incentive Award Plan Stock Option Agreement
10.14	Equity Incentive Plan of Allison Transmission Holdings, Inc.
10.15	Form of Employee Stock Option Agreement under Equity Incentive Plan of Allison Transmission Holdings, Inc.
10.16	Form of Independent Director Stock Option Agreement under Equity Incentive Plan of Allison Transmission Holdings, Inc.
10.17	Second Amendment to the Credit Agreement among Allison Transmission Holdings, Inc., Allison Transmission, Inc., as Borrower, the several banks and other financial institutions or entities from time to time parties thereto as Lenders, Citicorp North America, Inc., as Administrative Agent and Collateral Agent, Lehman Brothers Commercial Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agents, Sumitomo Mitsui Banking Corporation, as Documentation Agent and Co-Arranger, and Citigroup Global Markets Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners, dated as of May 13, 2011
21.1**	List of Subsidiaries
23.1	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
23.2	Consent of PricewaterhouseCoopers LLP
24.1**	Powers of Attorney (included in the signature pages to this registration statement)

* To be filed by amendment.
** Previously filed.

(B) Financial Statement Schedules

Schedule I

Parent Company only Financial Statements required to be filed under this item are set forth in Item 8 of this registration statement.

Schedule II — Valuation and Qualifying Accounts

Certain information required in Schedule II, Valuation and Qualifying Accounts, has been omitted because equivalent information has been included in the financial statements included in this Registration Statement.

Other financial statement schedules have been omitted because they either are not required, are immaterial or are not applicable.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer, or controlling person of us in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, we will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

We hereby undertake that:

(i) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) for purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Indianapolis, state of Indiana, on May 13, 2011.

ALLISON TRANSMISSION HOLDINGS, INC.

By: /s/ Lawrence E. Dewey
Lawrence E. Dewey
Chairman of the Board, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and as of the dates indicated.

Signature	Title	Date
/s/ Lawrence E. Dewey Lawrence E. Dewey	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	May 13, 2011
/s/ David S. Graziosi David S. Graziosi	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	May 13, 2011
* Brian A. Bernasek	Director	May 13, 2011
* Kosty Gilis	Director	May 13, 2011
* Gregory S. Ledford	Director	May 13, 2011
* Seth M. Mersky	Director	May 13, 2011
* Thomas W. Rabaut	Director	May 13, 2011
* Francis Raborn	Director	May 13, 2011
* Richard V. Reynolds	Director	May 13, 2011

*By: /s/ David S. Graziosi
David S. Graziosi
Attorney-in-fact

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
1.1	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of Allison Transmission Holdings, Inc.
3.2	Amended and Restated Bylaws of Allison Transmission Holdings, Inc.
4.1*	Form of Stock Certificate
4.2**	Indenture governing the 11.0% Senior Notes due 2015, among Allison Transmission, Inc. as Issuer, the Guarantors named therein, and Wells Fargo Bank, National Association, as trustee, dated October 16, 2007
4.3**	Form of 11.0% Senior Note due 2015 (included in Exhibit 4.2)
4.4**	Indenture governing the 11.25% Senior Toggle Notes due 2015, among Allison Transmission, Inc. as Issuer, the Guarantors named therein, and Wells Fargo Bank, National Association, as trustee, dated October 17, 2007
4.5**	Form of 11.25% Senior Toggle Note due 2015 (included in Exhibit 4.4)
4.6	Indenture governing the 7.125% Senior Notes due 2019, among Allison Transmission, Inc. as Issuer, the Guarantors named therein, and Wells Fargo Bank, National Association, as trustee, dated May 6, 2011
4.7	Form of 7.125% Senior Note due 2019 (included in Exhibit 4.6)
5.1	Form of Opinion of Latham & Watkins LLP
10.1**	Credit Agreement among Allison Transmission Holdings, Inc., Allison Transmission, Inc., as Borrower, the Several Lenders from time to time parties thereto, Citicorp North America, Inc., as Administrative Agent, Lehman Brothers Commercial Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agents, Sumitomo Mitsui Banking Corporation, as Documentation Agent and Co-Arranger and Citigroup Global Markets Inc., Lehman Brothers Inc. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, As Joint Lead Arrangers And Joint Bookrunners, dated as of August 7, 2007
10.2**	First Amendment to the Credit Agreement among Allison Transmission Holdings, Inc., Allison Transmission, Inc., as Borrower, the Several Lenders from time to time parties thereto, Citicorp North America, Inc., as Administrative Agent, Lehman Brothers Commercial Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agents, Sumitomo Mitsui Banking Corporation, as Documentation Agent and Co-Arranger and Citigroup Global Markets Inc., Lehman Brothers Inc. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, As Joint Lead Arrangers And Joint Bookrunners, dated as of November 21, 2008
10.3**	Guarantee And Collateral Agreement made by Allison Transmission Holdings, Inc. Allison Transmission, Inc. as Borrower, and the Subsidiary Guarantors party hereto in favor of Citicorp North America, Inc., as Administrative Agent, dated as of August 7, 2007
10.4**	Trademark Security Agreement made by Allison Transmission, Inc. in favor of Citicorp North America, Inc., as Administrative Agent, dated as of August 7, 2007
10.5	Copyright Security Agreement made by Allison Transmission, Inc. in favor of Citicorp North America, Inc., as Administrative Agent, dated as of August 7, 2007
10.6	Form of Amended and Restated Stockholders Agreement
10.7	Employment and Severance Agreement, between Allison Transmission, Inc. and Lawrence E. Dewey, dated as of February 7, 2008
10.8	Employment and Severance Agreement, between Allison Transmission, Inc. and David S. Graziosi, dated as of November 1, 2007
10.9	Form of Allison Transmission Holdings, Inc. Indemnification Agreement
10.10*	Allison Transmission Holdings, Inc. 2011 Equity Incentive Award Plan
10.11*	Form of 2011 Equity Incentive Award Plan Restricted Stock Agreement
10.12*	Form of 2011 Equity Incentive Award Plan Restricted Stock Unit Agreement

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EXHIBIT NO.	DESCRIPTION OF EXHIBIT
10.13*	Form of 2011 Equity Incentive Award Plan Stock Option Agreement
10.14	Equity Incentive Plan of Allison Transmission Holdings, Inc.
10.15	Form of Employee Stock Option Agreement under Equity Incentive Plan of Allison Transmission Holdings, Inc.
10.16	Form of Independent Director Stock Option Agreement under Equity Incentive Plan of Allison Transmission Holdings, Inc.
10.17	Second Amendment to the Credit Agreement among Allison Transmission Holdings, Inc., Allison Transmission, Inc., as Borrower, the several banks and other financial institutions or entities from time to time parties thereto as Lenders, Citicorp North America, Inc., as Administrative Agent and Collateral Agent, Lehman Brothers Commercial Bank and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agents, Sumitomo Mitsui Banking Corporation, as Documentation Agent and Co-Arranger, and Citigroup Global Markets Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners, dated as of May 13, 2011
21.1**	List of Subsidiaries
23.1	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
23.2	Consent of PricewaterhouseCoopers LLP
24.1**	Powers of Attorney (included in the signature pages to this registration statement)

* To be filed by amendment.
** Previously filed.

Exhibit 1.1

ALLISON TRANSMISSION HOLDINGS, INC.

(A Delaware corporation)

[—] Shares of Common Stock

UNDERWRITING AGREEMENT

Dated: —, 2011

ALLISON TRANSMISSION HOLDINGS, INC.

(A Delaware corporation)

[—] Shares of Common Stock

UNDERWRITING AGREEMENT

—, 2011

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Citigroup Global Markets Inc.
J.P. Morgan Securities LLC
as Representatives of the several Underwriters

c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Bryant Park
New York, New York 10036

c/o Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Ladies and Gentlemen:

Allison Transmission Holdings, Inc., a Delaware corporation (the "Company"), and the persons listed in Schedule B hereto (the "Selling Shareholders"), confirm their respective agreements with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Citigroup Global Markets Inc. ("Citigroup"), J.P. Morgan Securities LLC ("J.P. Morgan") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, Citigroup and J.P. Morgan are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the sale by the Company and the Selling Shareholders, acting severally and not jointly, and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, par value $0.01 per share, of the Company ("Common Stock") set forth in Schedules A and B hereto and (ii) the grant by the Company and the Selling Shareholders to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of [—] additional shares of Common Stock to cover overallotments, if any. The aforesaid [—] shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the [—] shares of Common

Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are herein called, collectively, the "Securities."

The Company and the Selling Shareholders understand that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

On or prior to the Closing Time (as defined below), the Company will complete a series of transactions (the "Stock Split") as described in the General Disclosure Package (as defined below) and the Prospectus (as defined below).

The Company, the Selling Shareholders and the Underwriters agree that up to [—] shares of the Initial Securities to be purchased by the Underwriters (the "Reserved Securities") shall be reserved for sale by the Underwriters to certain persons designated by the Company (the "Invitees"), as part of the distribution of the Securities by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the Financial Industry Regulatory Authority, Inc. ("FINRA") and all other applicable laws, rules and regulations. The Company solely determined, without any direct or indirect participation by the Underwriters, the Invitees who will purchase Reserved Securities (including the amount to be purchased by such persons) sold by the Underwriters. To the extent that such Reserved Securities are not orally confirmed for purchase by Invitees by 9:00 A.M. (New York City time) on the first business day after the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 333-172932), including the related preliminary prospectus or prospectuses, covering the registration of the sale of the Securities under the Securities Act of 1933, as amended (the "1933 Act"). Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and Rule 424(b) ("Rule 424(b)") of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to Rule 430A(b) is herein called the "Rule 430A Information." Such registration statement, including the amendments thereto, the exhibits thereto and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein called the "Rule 462(b) Registration Statement" and, after such filing, the term "Registration Statement" shall include the Rule 462(b) Registration Statement. Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." The final prospectus, in the form first furnished to the Underwriters for use in connection with the offering of the Securities, is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system or any successor system ("EDGAR").

As used in this Agreement:

"Affiliate" shall have the meaning specified in Rule 501(b) under the 1933 Act.

"Applicable Time" means [__:00 P./A.M.], New York City time, on [—], 2011 or such other time as agreed by the Company and the Representatives.

"General Disclosure Package" means any Issuer General Use Free Writing Prospectuses issued at or prior to the Applicable Time, the prospectus that is included in the Registration Statement as of the Applicable Time and the information included on Schedule C-1 hereto, all considered together.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 of the 1933 Act Regulations ("Rule 433"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the 1933 Act Regulations ("Rule 405")) relating to the Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Issuer General Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433 (the "Bona Fide Electronic Road Show")), as evidenced by its being specified in Schedule C-2 hereto.

"Issuer Limited Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company*. The Company represents and warrants to each Underwriter as of the date hereof, the Applicable Time, the Closing Time (as defined below) and any Date of Delivery (as defined below), and agrees with each Underwriter, as follows:

(i) Registration Statement and Prospectuses. Each of the Registration Statement and any post-effective amendment thereto has become effective under the 1933 Act. No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated. The Company has complied with each request (if any) from the Commission for additional information.

Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus, the Prospectus and any amendment or supplement thereto, at the time each was filed with the Commission, complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus delivered by the Company to the Underwriters for use in connection with this offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Accurate Disclosure. Neither the Registration Statement nor any amendment thereto, at its effective time, at the Closing Time or at any Date of Delivery, contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Applicable Time, neither (A) the General Disclosure Package nor (B) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date or at any Date of Delivery, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement (or any amendment thereto), the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives expressly for use therein. For purposes of this Agreement, the only information so furnished shall be the information in the [fifth] paragraph under the heading "Underwriting" relating to commissions and discounts, the information in the [seventeenth, eighteenth and nineteenth] paragraphs under the heading "Underwriting" relating to price stabilization, short positions and penalty bids, and the information in the [twenty-first] paragraph under the heading "Underwriting" relating to electronic offer, sale and distribution of shares in each case contained in the Prospectus (collectively, the "Underwriter Information").

(iii) Issuer Free Writing Prospectuses. No Issuer Free Writing Prospectus conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) such that no filing of any "road show" (as defined in Rule 433(h)) is required in connection with the offering of the Securities.

(iv) Company Not Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Securities and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

(v) Independent Accountants. To the Company's knowledge, the accountants who certified the audited financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act, the 1933 Act Regulations and the Public Accounting Oversight Board.

(vi) Financial Statements; Non-GAAP Financial Measures. The financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial

position of the Company and its consolidated subsidiaries at the dates indicated and the statements of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, present fairly in all material respects in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included or incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus under the 1933 Act or the 1933 Act Regulations. All disclosures contained in the Registration Statement, the General Disclosure Package or the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) comply with Regulation G of the Securities Exchange Act of 1934, as amended (the "1934 Act") and Item 10 of Regulation S-K of the 1933 Act, to the extent applicable.

(vii) No Material Adverse Change in Business. Except as otherwise stated therein, since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, (A) there has been no material adverse change in the financial condition, or otherwise, or in the earnings or business affairs of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there has been no development involving a prospective material adverse change in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, (C) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (D) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(viii) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(ix) Good Standing of Subsidiaries. Each "significant subsidiary" of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (each, a "Subsidiary" and, collectively,

the “Subsidiaries”) has been duly organized and is validly existing in good standing under the laws of the jurisdiction of its incorporation or organization, has corporate or similar power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect. Except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, all of the issued and outstanding capital stock of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of capital stock of any Subsidiary were issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are (A) the subsidiaries listed on Exhibit 21 to the Registration Statement and (B) certain other subsidiaries which, considered in the aggregate as a single subsidiary, do not constitute a “significant subsidiary” as defined in Rule 1-02 of Regulation S-X.

(x) Capitalization. The authorized, issued and outstanding shares of capital stock of the Company are as set forth in the Registration Statement, the General Disclosure Package and the Prospectus in the column entitled “Actual” under the caption “Capitalization” (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Registration Statement, the General Disclosure Package and the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Registration Statement, the General Disclosure Package and the Prospectus). The outstanding shares of capital stock of the Company, including the Securities to be purchased by the Underwriters from the Selling Shareholders, have been duly authorized and validly issued and are fully paid and non-assessable. None of the outstanding shares of capital stock of the Company, including the Securities to be purchased by the Underwriters from the Selling Shareholders, were issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(xi) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(xii) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued and fully paid and non-assessable; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company. The Common Stock conforms in all material respects to all statements relating thereto contained in the Registration Statement, the General Disclosure Package and the Prospectus and such description conforms in all material respects to the rights set forth in the instruments defining the same. No holder of Securities will be subject to personal liability by reason of being such a holder.

(xiii) Registration Rights. There are no persons with registration rights or other similar rights to have any securities registered for sale pursuant to the Registration Statement or otherwise registered for sale or sold by the Company under the 1933 Act, other than those rights that have been disclosed in the Registration Statement, the General Disclosure Package and the Prospectus.

(xiv) Absence of Violations, Defaults and Conflicts. Neither the Company nor any of its subsidiaries is (A) in violation of its charter, by-laws or similar organizational document, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the properties or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments"), except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, assets or operations (each, a "Governmental Entity"), except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, by the Stock Split and in the Registration Statement, the General Disclosure Package and the Prospectus (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described therein under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of (A) the provisions of the charter, by-laws or similar organizational document of the Company or any of its subsidiaries or (B) any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity, except in the case of clause (B) only, for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect or as would not have a material adverse effect on the transactions contemplated by this Agreement. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(xv) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in either case, would reasonably be expected to result in a Material Adverse Effect.

(xvi) Stock Awards. With respect to the stock awards (the "Stock Awards") granted pursuant to the stock-based compensation plans of the Company and its subsidiaries (the "Company Stock Plans") except as could, singly or in the aggregate, not reasonably be expected to result in a Material Adverse Effect, (i) each Stock Award grant was made in accordance with the terms of the Company Stock Plans and (ii) each such grant was properly accounted for in accordance with GAAP in the consolidated financial statements (including the related notes) of the Company.

(xvii) ERISA. Except as could, singly or in the aggregate, not reasonably be expected to result in a Material Adverse Effect, (i) each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"),

for which the Company or any member of its "Controlled Group" (defined as an organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "Code")) would have any liability (each a "Plan") has been maintained in compliance with its terms and with the requirements of all applicable statutes, rules and regulations including ERISA and the Code; (ii) with respect to each Plan subject to Title IV of ERISA (a) no "reportable event" (within the meaning of Section 4043(c) of ERISA) has occurred or is reasonably expected to occur, (b) no "accumulated funding deficiency" (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, has occurred or is reasonably expected to occur and (c) neither the Company nor any member of its Controlled Group has incurred, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the Pension Benefit Guaranty Corporation in the ordinary course and without default) in respect of a Plan (including a "multiemployer plan," within the meaning of Section 4001(c)(3) of ERISA); and (iii) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified (or may rely upon an opinion letter for a prototype plan) and, to the knowledge of the Company, nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(xviii) Absence of Proceedings. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries, which could reasonably be expected to result in a Material Adverse Effect, or which could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this Agreement or by the Stock Split or the performance by the Company of its obligations hereunder or thereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any such subsidiary is a party or of which any of their respective properties or assets is the subject which are not described in the Registration Statement, the General Disclosure Package and the Prospectus, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(xix) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement which have not been so described and filed as required.

(xx) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement or the Stock Split and the transactions contemplated thereby, except (A) such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the rules of the New York Stock Exchange, state securities laws or the rules of FINRA and (B) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities were offered.

(xxi) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate Governmental Entities necessary to conduct the business now operated by them, except where the failure to so possess would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. The Company and its

subsidiaries are in compliance with the terms and conditions of all Governmental Licenses, except where the failure to so comply would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. All of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would reasonably be expected to result in a Material Adverse Effect.

(xxii) Title to Property. The Company and its subsidiaries have good and marketable title to all real property owned by them and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (A) are described in the Registration Statement, the General Disclosure Package and the Prospectus or (B) do not, singly or in the aggregate, materially adversely affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Registration Statement, the General Disclosure Package or the Prospectus, are in full force and effect, and neither the Company nor any such subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease.

(xxiii) Possession of Intellectual Property. The Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, “Intellectual Property”) necessary to carry on the business now operated by them in all material respects. Neither the Company nor any of its subsidiaries has received any notice of any infringement of or conflict with asserted rights of others with respect to, any Intellectual Property or of any facts or circumstances which would render any Intellectual Property owned or, with respect to patents (without having made an inquiry), exclusively licensed by the Company or any of its subsidiaries and registered with or issued by a governmental authority (e.g., patents, registered copyrights, registered trademarks) invalid or unenforceable, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or unenforceability, singly or in the aggregate, would result in a Material Adverse Effect.

(xxiv) Environmental Laws. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus or as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, “Hazardous Materials”) or to the manufacture,

processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxv) Accounting Controls. The Company and each of its subsidiaries maintain effective internal control over financial reporting (as defined under Rule 13-a15 and 15d-15 under the rules and regulations of the Commission under the 1934 Act (the "1934 Act Regulations")) and a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, since the end of the Company's most recent audited fiscal year, there has been (1) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(xxvi) Compliance with the Sarbanes-Oxley Act. The Company has taken all necessary actions to ensure that, upon the effectiveness of the Registration Statement, it will be in compliance with all provisions of the Sarbanes-Oxley Act of 2002 and all rules and regulations promulgated thereunder or implementing the provisions thereof (the "Sarbanes-Oxley Act") that are then in effect and with which the Company is required to comply as of the effectiveness of the Registration Statement.

(xxvii) Payment of Taxes. All United States federal income tax returns of the Company and its subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. The Company and its subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, state, local or other law except insofar as the failure to file such returns would not result in a Material Adverse Effect, and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and its subsidiaries, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been established by the Company. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not result in a Material Adverse Effect.

(xxviii) Insurance. The Company and its subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such

risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company has no reason to believe that it or any of its subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Effect. Neither of the Company nor any of its subsidiaries has been denied any material insurance coverage which it has sought or for which it has applied.

(xxix) Investment Company Act. The Company is not required, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Registration Statement, the General Disclosure Package and the Prospectus will not be required, to register as an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xxx) Absence of Manipulation. Neither the Company nor, to the Company's knowledge, any Affiliate of the Company has taken, nor will the Company or, to the Company's knowledge, any Affiliate take, directly or indirectly, any action which is designed, or would be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or to result in a violation of Regulation M under the 1934 Act.

(xxxi) Foreign Corrupt Practices Act. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, Affiliate or other person acting on behalf of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in violation of the FCPA and the Company and, to the knowledge of the Company, its Affiliates have conducted their businesses on behalf of the Company in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xxxii) Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(xxxiii) OFAC. None of the Company, any of the Company's subsidiaries or, to the knowledge of the Company, any director, officer, employee, agent, Affiliate or representative of the Company or its subsidiaries is an individual or entity currently the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control

("OFAC"); and the Company will not directly or indirectly use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any of its subsidiaries, joint venture partners or other person, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(xxxiv) Sales of Reserved Securities. In connection with any offer and sale of Reserved Securities outside the United States, each preliminary prospectus, the Prospectus, any prospectus wrapper and any amendment or supplement thereto, at the time it was filed, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions in which the same is distributed. The Company has not offered, or caused the Representatives to offer, Reserved Securities to any person with the specific intent to unlawfully influence (i) a customer or supplier of the Company or any of its Affiliates to alter the customer's or supplier's level or type of business with any such entity or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of its Affiliates, or their respective businesses or products.

(xxxv) Lending Relationship. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company (i) does not have any material lending or other relationship with any bank or lending Affiliate of any Underwriter and (ii) does not intend to use any of the proceeds from the sale of the Securities to repay any outstanding debt owed to any Affiliate of any Underwriter.

(xxxvi) Statistical and Market-Related Data. Any statistical and market-related data included in the Registration Statement, the General Disclosure Package or the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate.

(xxxvii) Stock Split. The consummation of the Stock Split and the transactions contemplated thereby have been duly authorized by the Company.

(b) *Representations and Warranties by the Selling Shareholders*. Each Selling Shareholder severally represents and warrants to each Underwriter as of the date hereof, as of the Applicable Time, as of the Closing Time and, if the Selling Shareholder is selling Option Securities on a Date of Delivery, as of each such Date of Delivery, and agrees with each Underwriter, as follows:

(i) Accurate Disclosure. Neither the General Disclosure Package nor the Prospectus or any amendments or supplements thereto includes any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that such representations and warranties set forth in this subsection (b)(i) apply only to statements or omissions made in reliance upon and in conformity with information relating to such Selling Shareholder furnished in writing by or on behalf of such Selling Shareholder expressly for use in the Registration Statement, the General Disclosure Package, the Prospectus or any other Issuer Free Writing Prospectus or any amendment or supplement thereto (the "Selling Shareholder Information"); such Selling Shareholder is not prompted to sell the Securities to be sold by such Selling Shareholder hereunder by any information concerning the Company or any subsidiary of the Company which is not set forth in the General Disclosure Package or the Prospectus.

(ii) Authorization of this Agreement. This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Shareholder.

(iii) Noncontravention. The execution and delivery of this Agreement and the sale and delivery of the Securities to be sold by such Selling Shareholder and the consummation of the transactions contemplated herein and compliance by such Selling Shareholder with its obligations hereunder do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Securities to be sold by such Selling Shareholder or any property or assets of such Selling Shareholder pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other agreement or instrument to which such Selling Shareholder is a party or by which such Selling Shareholder may be bound, or to which any of the property or assets of such Selling Shareholder is subject, nor will such action result in any violation of the provisions of the charter or by-laws or other organizational instrument of such Selling Shareholder, if applicable, or any applicable treaty, law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over such Selling Shareholder or any of its properties.

(iv) Valid Title. Such Selling Shareholder has, and at the Closing Time and, if such Selling Shareholder is selling Option Securities on a Date of Delivery, at each Date of Delivery, will have, valid title to the Securities to be sold by such Selling Shareholder free and clear of all security interests, claims, liens, equities or other encumbrances and the legal right and power, and all authorization and approval required by law, to enter into this Agreement and to sell, transfer and deliver the Securities to be sold by such Selling Shareholder.

(v) Delivery of Securities. The Securities to be sold by such Selling Shareholder pursuant to this Agreement are certificated securities in registered form and are not held in any securities account or by or through any securities intermediary within the meaning of the Uniform Commercial Code as in effect in the State of New York (the "UCC").

(vi) Absence of Manipulation. Such Selling Shareholder has not taken, and will not take, directly or indirectly, any action which is designed to or which has constituted or would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(vii) Absence of Further Requirements. No filing with, or consent, approval, authorization, order, registration, qualification or decree of any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency, domestic or foreign, is necessary or required for the performance by each Selling Shareholder of its obligations hereunder, or in connection with the sale and delivery of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except (A) such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the rules of the New York Stock Exchange, state securities laws or the rules of FINRA and (B) such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities were offered.

(viii) No Registration or Other Similar Rights. Such Selling Shareholder does not have any registration or other similar rights to have any equity or debt securities registered for sale by the Company under the Registration Statement or included in the offering contemplated by this Agreement, other than those rights that have been disclosed in the Registration Statement, the General Disclosure Package and the Prospectus.

(ix) No Free Writing Prospectuses. Such Selling Shareholder has not prepared or had prepared on its behalf or used or referred to, any "free writing prospectus" (as defined in Rule 405), and has not distributed any written materials in connection with the offer or sale of the Securities.

(x) No Association with FINRA. Neither such Selling Shareholder nor any of its Affiliates directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with any member firm of FINRA or is a person associated with a member (within the meaning of the FINRA By-Laws) of FINRA.

(xi) Sales of Reserved Securities. Each Selling Shareholder has not offered, or caused the Representatives to offer, Reserved Securities to any person with the specific intent to unlawfully influence (i) a customer or supplier of the Company or any of its Affiliates to alter the customer's or supplier's level or type of business with any such entity or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of its Affiliates, or their respective businesses or products.

(c) *Officer's Certificates*. Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby; and any certificate signed by or on behalf of the Selling Shareholders as such and delivered to the Representatives or to counsel for the Underwriters pursuant to the terms of this Agreement shall be deemed a representation and warranty by such Selling Shareholder to the Underwriters as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company and each Selling Shareholder, severally and not jointly, agree to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company and each Selling Shareholder, at the price per share set forth in Schedule A, that proportion of the number of Initial Securities set forth in Schedule B opposite the name of the Company or such Selling Shareholder, as the case may be, which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, bears to the total number of Initial Securities, subject, in each case, to such adjustments among the Underwriters as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company and the Selling Shareholders, acting severally and not jointly, hereby grant an option to the Underwriters, severally and not jointly, to purchase up to an additional [—] shares of Common Stock, as set forth in Schedule B, at the price per share set forth in Schedule A, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted may be exercised for 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering overallotments made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company and the Selling Shareholders setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by

the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject, in each case, to such adjustments as the Representatives in their sole discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment*. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, New York, 10006, or at such other place as shall be agreed upon by the Representatives and the Company and the Selling Shareholders, at 9:00 A.M. (New York City time) on the third (fourth, if the pricing occurs after 4:30 P.M. (New York City time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company and the Selling Shareholders (such time and date of payment and delivery being herein called “Closing Time”).

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company and the Selling Shareholders, on each Date of Delivery as specified in the notice from the Representatives to the Company and the Selling Shareholders.

Payment shall be made to the Company and the Selling Shareholders by wire transfer of immediately available funds to bank accounts designated by the Company and each Selling Shareholder, as the case may be, against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch, Citigroup and J.P. Morgan, individually and not as representatives of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) *Denominations; Registration*. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (New York City time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company and the Selling Shareholders. The Company and each Selling Shareholder covenant with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests*. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A, and will notify the Representatives promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(e) of the 1933 Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the 1933 Act in connection with the offering of the Securities. The Company will effect all filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Continued Compliance with Securities Laws*. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Registration Statement, the General Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172 of the 1933 Act Regulations ("Rule 172"), would be) required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) amend or supplement the General Disclosure Package or the Prospectus in order that the General Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the General Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly (A) give the Representatives notice of such event, (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the General Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representatives with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representatives or counsel for the Underwriters shall object.

The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company will give the Representatives notice of its intention to make any filing pursuant to the 1934 Act or 1934 Act Regulations from the Applicable Time to the Closing Time and will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall reasonably object.

(c) *Delivery of Registration Statements*. The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses*. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Blue Sky Qualifications*. The Company will use its reasonable best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may designate and to maintain such qualifications in effect so long as required to complete the distribution of the Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(f) *Rule 158*. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide to the Underwriters the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(g) *Use of Proceeds*. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Registration Statement, the General Disclosure Package and the Prospectus under “Use of Proceeds.”

(h) *Listing*. The Company will use its reasonable best efforts to effect and maintain the listing of the Common Stock (including the Securities) on the New York Stock Exchange.

(i) *Restriction on Sale of Securities*. During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of , (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale or lend or otherwise dispose of or transfer

any shares of Common Stock or any securities convertible into or exercisable or exchangeable for or repayable with Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Registration Statement, the General Disclosure Package and the Prospectus, (C) any shares of Common Stock issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the Registration Statement, the General Disclosure Package and the Prospectus or (D) any shares of Common Stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan referred to in the Registration Statement, the General Disclosure Package and the Prospectus. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will issue an earnings release or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day restricted period, the restrictions imposed in this clause (i) shall continue to apply until the expiration of the 18-day period beginning on the date of the issuance of the earnings release or the occurrence of the material news or material event, unless waive, in writing, such extension. If , in their sole discretion, agree to release or waive the restrictions set forth in a lock-up agreement described in Section 5(k) hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service at least two business days before the effective date of the release or waiver.

(j) *Reporting Requirements*. The Company, during the period when a Prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and 1934 Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Shares as may be required under Rule 463 under the 1933 Act.

(k) *Issuer Free Writing Prospectuses*. Each of the Company and each Selling Shareholder agrees that, unless it obtains the prior written consent of the Representatives, it will not make any offer relating to the Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representatives will be deemed to have consented to the Issuer Free Writing Prospectuses listed on Schedule C-2 hereto and any "road show that is a written communication" within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representatives. Each of the Company and each Selling Shareholder represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Representatives as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, any preliminary prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact

necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(l) *Compliance with FINRA Rules*. The Company hereby agrees that it will ensure that the Reserved Securities will be restricted as required by FINRA or the FINRA rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. The Underwriters will notify the Company as to which persons will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Securities, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

SECTION 4. Payment of Expenses.

(a) *Expenses*. The Company and the Selling Shareholders will pay or cause to be paid all expenses incident to the performance of their obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of copies of each preliminary prospectus, each Issuer Free Writing Prospectus and the Prospectus and any amendments or supplements thereto and any costs associated with electronic delivery of any of the foregoing by the Underwriters to investors, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(e) hereof, including filing fees and the reasonable and documented fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, up to $25,000, (vi) the fees and expenses of any transfer agent or registrar for the Securities, (vii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and 50% of the cost of aircraft and other transportation chartered in connection with the road show, (viii) the filing fees incident to, and the reasonable and documented fees and disbursements of counsel to the Underwriters in connection with, the review by FINRA of the terms of the sale of the Securities, provided that such fees and disbursements of counsel to the Underwriters do not exceed $25,000 in the aggregate, (ix) the fees and expenses incurred in connection with the listing of the Securities on the New York Stock Exchange and (x) all costs and expenses of the Underwriters, including the fees and disbursements of counsel for the Underwriters, in connection with matters related to the Reserved Securities which are designated by the Company for sale to Invitees.

(b) *Expenses of the Selling Shareholders*. The Selling Shareholders, jointly and severally, will pay all expenses incident to the performance of their respective obligations under, and the consummation of the transactions contemplated by, this Agreement, including (i) any stamp and other duties and stock and other transfer taxes, if any, payable upon the sale of the Securities to the

Underwriters and their transfer between the Underwriters pursuant to an agreement between such Underwriters, and (ii) the fees and disbursements of their respective counsel and other advisors.

(c) *Termination of Agreement*. If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5, Section 9(a)(i) or (iii) or Section 11 hereof, the Company and the Selling Shareholders shall reimburse the Underwriters for all of their reasonable and documented out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

(d) *Allocation of Expenses*. The provisions of this Section shall not affect any agreement that the Company and the Selling Shareholders may make for the sharing of such costs and expenses.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company and the Selling Shareholders contained herein or in certificates of any officer of the Company or any of its subsidiaries or on behalf of any Selling Shareholder delivered pursuant to the provisions hereof, to the performance by the Company and each Selling Shareholder of their respective covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement; Rule 430A Information*. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company's knowledge, contemplated; and the Company has complied with each request (if any) from the Commission for additional information. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

(b) *Opinion of Counsel for Company*. At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Latham & Watkins LLP, counsel for the Company, in form and substance reasonably acceptable to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters.

(c) *Opinion of Counsel for the Selling Shareholders*. At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Latham & Watkins LLP, counsel for the Selling Shareholders, in form and substance reasonably acceptable to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters.

(d) *Opinion of Counsel for Underwriters*. At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Cleary Gottlieb Steen & Hamilton LLP, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters in a form reasonably acceptable to the Underwriters. In giving such opinion such counsel may rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the General Corporation Law of the State of Delaware and the federal securities laws of the United States, upon the opinions of counsel satisfactory to the Representatives. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon

certificates of officers and other representatives of the Company and its subsidiaries and certificates of public officials.

(e) *Officers' Certificate*. At the Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any material adverse change, or development including a prospective change, in the financial condition, or otherwise, or in the earnings or business affairs of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the President and Chief Executive Officer of the Company and of the Chief Financial Officer of the Company, dated the Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement under the 1933 Act has been issued, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to their knowledge, contemplated.

(f) *Certificate of Selling Shareholders*. At the Closing Time, the Representatives shall have received a certificate of each Selling Shareholder, dated the Closing Time, to the effect that (i) the representations and warranties of each Selling Shareholder in this Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time and (ii) each Selling Shareholder has complied with all agreements and all conditions on its part to be performed under this Agreement at or prior to the Closing Time.

(g) *Accountant's Comfort Letters*. At the time of the execution of this Agreement, the Representatives shall have received from each of PricewaterhouseCoopers, LLP and Deloitte & Touche LLP a letter, dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letters for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(h) *Bring-down Comfort Letters*. At the Closing Time, the Representatives shall have received from each of PricewaterhouseCoopers, LLP and Deloitte & Touche LLP a letter, dated as of the Closing Time, to the effect that they reaffirm the statements made in each of their letters furnished pursuant to subsection (g) of this Section, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(i) *Approval of Listing*. At the Closing Time, the Securities shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance.

(j) *No Objection*. FINRA has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements relating to the offering of the Securities.

(k) *Lock-up Agreements*. At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit A hereto signed by the persons listed on Schedule D hereto.

(l) *Maintenance of Rating*. Since the execution of this Agreement, there shall not have been any decrease in or withdrawal of the rating of any securities of the Company or any of its subsidiaries by any "nationally recognized statistical rating organization" (as used in Rule 15c3-1(c)(2)(vi)(F) under the 1934 Act) or any notice given of any intended or potential decrease in or withdrawal of any such rating or of a possible change in any such rating that does not indicate the direction of the possible change

(m) *Stock Split*. The Stock Split, as described in the General Disclosure Package and the Prospectus, shall have been consummated.

(n) *Conditions to Purchase of Option Securities*. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company and the Selling Shareholders contained herein and the statements in any certificates furnished by the Company, any of its subsidiaries and the Selling Shareholders hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President and Chief Executive Officer of the Company and of the Chief Financial Officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(e) hereof remains true and correct as of such Date of Delivery.

(ii) Certificate of Selling Shareholders. A certificate, dated such Date of Delivery, of each Selling Shareholder confirming that the certificate delivered at Closing Time pursuant to Section 5(f) remains true and correct as of such Date of Delivery.

(iii) Opinion of Counsel for Company. If requested by the Representatives, the opinion of Latham & Watkins LLP, counsel for the Company, in form and substance reasonably acceptable to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iv) Opinion of Counsel for the Selling Shareholders. If requested by the Representatives, the opinion of Latham & Watkins LLP, counsel for the Selling Shareholders, in form and substance reasonably acceptable to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(v) Opinion of Counsel for Underwriters. If requested by the Representatives, the opinion of Cleary Gottlieb Steen & Hamilton LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(vi) Bring-down Comfort Letters. If requested by the Representatives, a letter from each of PricewaterhouseCoopers, LLP and Deloitte & Touche LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letters furnished to the Representatives pursuant to Section 5(g) hereof, except that the "specified date" in each letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(o) *Additional Documents*. At the Closing Time and at each Date of Delivery (if any) counsel for the Underwriters shall have been furnished with such documents and opinions as they may

reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and the Selling Shareholders in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(p) *Termination of Agreement*. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company and the Selling Shareholders at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7, 8, 15, 16 and 17 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters*. The Company agrees to indemnify and hold harmless each Underwriter, its Affiliates, its selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(e) below) any such settlement is effected with the written consent of the Company and the Selling Shareholders;

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representatives), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement (or any amendment thereto), including the Rule 430A

Information, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(b) *Indemnification of Underwriters by Selling Shareholders*. Each Selling Shareholder, severally and not jointly, agrees to indemnify and hold harmless each Underwriter, its Affiliates and selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act to the extent and in the manner set forth in clauses (a)(i), (ii) and (iii) above and in Section 6(f); provided that each Selling Shareholder shall be liable only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission has been made in the Registration Statement, any preliminary prospectus, the General Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Issuer Free Writing Prospectus in reliance upon and in conformity with the Selling Shareholder Information; provided, further, that the liability under this subsection of each Selling Shareholder shall be limited to an amount equal to the aggregate gross proceeds after underwriting commissions and discounts, but before expenses, to such Selling Shareholder from the sale of Securities sold by such Selling Shareholder hereunder.

(c) *Indemnification of Company, Directors and Officers and Selling Shareholders*. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each Selling Shareholder and each person, if any, who controls any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(d) *Actions against Parties; Notification*. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) and 6(b) above, counsel to the indemnified parties shall be selected by the Representatives, and, in the case of parties indemnified pursuant to Section 6(c) above, counsel to the indemnified parties shall be selected by the Company and the Selling Shareholders. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances.

No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) *Settlement without Consent if Failure to Reimburse*. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) or settlement of any claim in connection with any violation referred to in Section 6(f) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(f) *Indemnification for Reserved Securities*. In connection with the offer and sale of the Reserved Securities, the Company agrees to indemnify and hold harmless the Underwriters, their Affiliates and selling agents and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against any and all loss, liability, claim, damage and expense (including, without limitation, any legal or other expenses reasonably incurred in connection with defending, investigating or settling any such action or claim), as incurred, (i) arising out of the violation of any applicable laws or regulations of foreign jurisdictions where Reserved Securities have been offered, (ii) arising out of any untrue statement or alleged untrue statement of a material fact contained in any prospectus wrapper or other material prepared by or with the consent of the Company for distribution to Invitees in connection with the offering of the Reserved Securities or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) caused by the failure of any Invitee to pay for and accept delivery of Reserved Securities which have been orally confirmed for purchase by any Invitee by 9:00 A.M. (New York City time) on the first business day after the date of the Agreement or (iv) related to, or arising out of or in connection with, the offering of the Reserved Securities.

(g) *Other Agreements with Respect to Indemnification*. The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to indemnification.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholders, on the one hand, and the Underwriters, on the other hand, from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Selling Shareholders, on the one hand, and of the Underwriters, on the other hand, in connection with the statements or omissions, or in connection with any violation of the nature referred to in Section 6(f) hereof, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Selling Shareholders, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the Selling Shareholders, on the one hand, and the total underwriting discount received by the Underwriters, on the other hand, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Company and the Selling Shareholders, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or the Selling Shareholders or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or any violation of the nature referred to in Section 6(f) hereof.

The Company, the Selling Shareholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the underwriting commissions received by such Underwriter in connection with the Shares underwritten by it and distributed to the public.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company or any Selling Shareholder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company or such Selling Shareholder, as the case may be. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

The provisions of this Section shall not affect any agreement among the Company and the Selling Shareholders with respect to contribution.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries or the Selling Shareholders submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors, any person controlling the Company or any person controlling any Selling Shareholder and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) *Termination*. The Representatives may terminate this Agreement, by notice to the Company and the Selling Shareholders, at any time at or prior to the Closing Time (i) if there has been, in the judgment of the Representatives, since the time of execution of this Agreement or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any material adverse change, or development including a prospective change, in the financial condition, or otherwise, or in the earnings or business affairs of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the completion of the offering or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange, or (iv) if trading generally on the NYSE Amex Equities or the New York Stock Exchange or in the Nasdaq Global Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by order of the Commission, FINRA or any other governmental authority, or (v) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream

or Euroclear systems in Europe, or (vi) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities*. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7, 8, 15, 16 and 17 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase, and the Company to sell, the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the (i) Representatives or (ii) the Company and any Selling Shareholder shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement, the General Disclosure Package or the Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Default by one or more of the Selling Shareholders or the Company. (a) If a Selling Shareholder shall fail at the Closing Time or a Date of Delivery, as the case may be, to sell and deliver the number of Securities which such Selling Shareholder or Selling Shareholders are obligated to sell hereunder, and the remaining Selling Shareholders do not exercise the right hereby granted to increase, pro rata or otherwise, the number of Securities to be sold by them hereunder to the total number to be sold by all Selling Shareholders as set forth in Schedule B hereto, then the Underwriters may, at option of the Representatives, by notice from the Representatives to the Company and the non-defaulting Selling Shareholders, either (i) terminate this Agreement without any liability on the fault of any non-defaulting party except that the provisions of Sections 1, 4, 6, 7, 8, 15, 16 and 17 shall remain in full force and effect or (ii) elect to purchase the Securities which the non-defaulting Selling Shareholders and the

Company have agreed to sell hereunder. No action taken pursuant to this Section 11 shall relieve any Selling Shareholder so defaulting from liability, if any, in respect of such default.

In the event of a default by any Selling Shareholder as referred to in this Section 11, each of the Representatives, the Company and the non-defaulting Selling Shareholders shall have the right to postpone the Closing Time or any Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required change in the Registration Statement, the General Disclosure Package or the Prospectus or in any other documents or arrangements.

(b) If the Company shall fail at the Closing Time or a Date of Delivery, as the case may be, to sell the number of Securities that it is obligated to sell hereunder, then this Agreement shall terminate without any liability on the part of any nondefaulting party; provided, however, that the provisions of Sections 1, 4, 6, 7, 8, 15, 16 and 17 shall remain in full force and effect. No action taken pursuant to this Section shall relieve the Company from liability, if any, in respect of such default.

SECTION 12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036, attention of Syndicate Department, with a copy to ECM Legal, Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York, 10013, attention of General Counsel and J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, 212-622-8358, attention of Equity Syndicate Desk; notices to the Company shall be directed to it at 4700 West 10th Street, Indianapolis, IN 46222, (416) 362-7711, attention of General Counsel, with a copy to Latham & Watkins LLP, 555 11th Street, NW, Washington, DC 20004, attention of Rachel Sheridan, Esq.; and notices to the Selling Shareholders shall be directed to The Carlyle Group, 1001 Pennsylvania Avenue, NW, Suite 220 South, Washington, DC 20004, attention of Greg Ledford and Brian Bernasek and to Onex Corporation, 161 Bay Street, Suite 4900, Toronto, Canada M5J 2S1, attention of Seth Mersky and Kosty Gilis, with a copy to Latham & Watkins LLP, 555 11th Street, NW, Washington, DC 20004, attention of Rachel Sheridan, Esq.

SECTION 13. No Advisory or Fiduciary Relationship. Each of the Company and each Selling Shareholder acknowledges and agrees that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the initial public offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company and the Selling Shareholder, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering of the Securities and the process leading thereto, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, any of its subsidiaries or any Selling Shareholder, or its respective stockholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company or any Selling Shareholder with respect to the offering of the Securities or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company, any of its subsidiaries or any Selling Shareholder on other matters) and no Underwriter has any obligation to the Company or any Selling Shareholder with respect to the offering of the Securities except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of each of the Company and each Selling Shareholder, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering of the Securities and the Company and each of the Selling Shareholders has consulted its own respective legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 14. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters, the Company and the Selling Shareholders and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters, the Company and the Selling Shareholders and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters, the Company and the Selling Shareholders and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. Trial by Jury. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and Affiliates), each of the Selling Shareholders and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 16. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS.

SECTION 17. Consent to Jurisdiction; Waiver of Immunity. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("Related Proceedings") shall be instituted in the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan, unless any such Federal court determines that it lacks jurisdiction over a Related Proceeding in which case such Related Proceeding shall be instituted in the courts of the State of New York, in each case located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum. Each party not located in the United States irrevocably appoints CT Corporation System as its agent to receive service of process or other legal summons for purposes of any such suit, action or proceeding that may be instituted in any state or federal court in the City and County of New York. With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

SECTION 18. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 19. Partial Unenforceability. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

SECTION 20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 21. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company and the Selling Shareholders a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters, the Company and the Selling Shareholders in accordance with its terms.

Very truly yours,

ALLISON TRANSMISSION HOLDINGS, INC.

By _____
Title:

[—]

By _____
[Selling Shareholder]

[—]

By _____
[Selling Shareholder]

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
CITIGROUP GLOBAL MARKETS INC.
J.P. MORGAN SECURITIES LLC

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By _____
Authorized Signatory

By: CITIGROUP GLOBAL MARKETS INC.

By _____
Authorized Signatory

By: J.P. MORGAN SECURITIES LLC

By _____
Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

SCHEDULE A

The initial public offering price per share for the Securities shall be $—.

The purchase price per share for the Securities to be paid by the several Underwriters shall be $—, being an amount equal to the initial public offering price set forth above less $— per share, subject to adjustment in accordance with Section 2(b) for dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

Name of Underwriter	Number of Initial Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Citigroup Global Markets Inc.	
J.P. Morgan Securities LLC	
Credit Suisse Securities (USA) LLC	
Morgan Stanley & Co. Incorporated	
Goldman Sachs & Co.	
Total	[—]

SCHEDULE B

	Number of Initial Securities to be Sold	Maximum Number of Option Securities to Be Sold
ALLISON TRANSMISSION HOLDINGS, INC.		
[—]		
Total		

SCHEDULE C-1

Pricing Terms

1. The Company and the Selling Shareholders are selling [—] shares of Common Stock.

2. The Company and the Selling Shareholders have granted an option to the Underwriters, severally and not jointly, to purchase up to an additional [—] shares of Common Stock.

3. The initial public offering price per share for the Securities shall be $—.

SCHEDULE C-2

Free Writing Prospectuses

[SPECIFY EACH ISSUER GENERAL USE FREE WRITING PROSPECTUS]

SCHEDULE D

List of Persons and Entities Subject to Lock-up

[—]

Form of lock-up from directors, officers or other stockholders pursuant to Section 5(k)

Exhibit A

—, 2011

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Citigroup Global Markets Inc.
J.P. Morgan Securities LLC
as Representatives of the several Underwriters

c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Bryant Park
New York, New York 10036

c/o Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

Re: Proposed Public Offering by Allison Transmission Holdings, Inc.

Dear Sirs:

The undersigned, a stockholder [and an officer and/or director] of Allison Transmission Holdings, Inc., a Delaware corporation (the "Company"), understands that Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Citigroup Global Markets Inc. ("Citigroup") and J.P. Morgan Securities LLC (together with Merrill Lynch and Citigroup, the "Representatives") propose to enter into an Underwriting Agreement (the "Underwriting Agreement") with the Company and the Selling Shareholders providing for the public offering (the "Public Offering") of shares (the "Securities") of the Company's common stock, par value $0.01 per share (the "Common Stock"). In recognition of the benefit that such an offering will confer upon the undersigned as a stockholder [and an officer and/or director] of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the Underwriting Agreement that, during the period beginning on the date hereof and ending on the date that is 180 days from the date of the Underwriting Agreement (subject to extensions as discussed below), the undersigned will not, without the prior written consent of , directly or indirectly, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or transfer any shares of the Company's Common Stock or any securities convertible into or exchangeable or exercisable for Common Stock, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (collectively, the "Lock-Up Securities"), or exercise any right with respect to the registration of any of the Lock-up Securities, or file or cause to be filed any registration statement in connection therewith, under the Securities Act of 1933, as amended, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities,

whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing restrictions shall be equally applicable to any issuer-directed shares of Common Stock the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Lock-Up Securities without the prior written consent of , provided that (1) the Representatives receive a signed lock-up agreement having the same restrictions as the foregoing restrictions for the balance of the lockup period from each donee, trustee, distributee, or transferee, as the case may be, (2) any such transfer shall not involve a disposition for value, (3) such transfers are not required to be reported with the Securities and Exchange Commission on Form 4 in accordance with Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and (4) the undersigned does not otherwise voluntarily effect any public filing or report regarding such transfers:

(i) as a *bona fide* gift or gifts; or

(ii) by way of testate or intestate succession or by operation of law, or to any members of the immediate family of the undersigned, or to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned (for purposes of this lock-up agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin); or

(iii) if the Lock-Up Securities are held by a corporation, partnership, limited liability company or other entity, to any of its stockholders, partners, members or affiliates (as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate")) or any of its Affiliates' directors, officers and employees; or

(iv) to any investment fund or other entity controlled or managed by the undersigned.

Furthermore, the undersigned may sell shares of Common Stock of the Company purchased by the undersigned on the open market following the Public Offering if and only if (i) such sales are not required to be reported in any public report or filing with the Securities Exchange Commission, or otherwise and (ii) the undersigned does not otherwise voluntarily effect any public filing or report regarding such sales.

The foregoing restrictions shall not apply to the establishment of any contract, instruction or plan (a "Plan") that satisfies all of the requirements of Rule 10b5-1(c)(1) under the Exchange Act; provided

that no sales of the undersigned's Lock-Up Securities shall be made pursuant to such a Plan prior to the expiration of the lockup period, and such a Plan may only be established if no public announcement of the establishment or existence thereof and no filing with the Securities and Exchange Commission or other regulatory authority in respect thereof or transactions thereunder or contemplated thereby, by the undersigned, the Company or any other person, shall be required, and no such announcement or filing is made voluntarily, by the undersigned, the Company or any other person, prior to the expiration of the lockup period.

Notwithstanding the foregoing, if:

(1) during the last 17 days of the 180-day lock-up period, the Company issues an earnings release or material news or a material event relating to the Company occurs; or

(2) prior to the expiration of the 180-day lock-up period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the 180-day lock-up period,

the restrictions imposed by this lock-up agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, as applicable, unless waive, in writing, such extension.

The undersigned agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this lock-up agreement during the period from the date of this lock-up agreement to and including the 34th day following the expiration of the initial 180-day lock-up period, it will give notice thereof to the Company and will not consummate such transaction or take any such action unless it has received written confirmation from the Company that the 180-day lock-up period (as may have been extended pursuant to the previous paragraph) has expired.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions.

This agreement shall lapse and become null and void if (i) prior to entering the Underwriting Agreement, the Company, The Carlyle Group or Onex Corporation notifies the Representatives in writing that the Company does not intend to proceed with the offering of the Common Stock through the Representatives and files an application to withdraw the registration statement related to the offering, (ii) the Company, the Selling Shareholders and the Representatives have not entered into the Underwriting Agreement on or before December 31, 2011, or (iii) for any reason the Underwriting Agreement is terminated prior to the Closing Date (as defined therein).

Very truly yours,

Signature:_____

Print Name:_____

Form of press release by Company for release or waiver of lock-up restrictions

ALLISON TRANSMISSION HOLDINGS, INC.
[Date]

Allison Transmission Holdings, Inc. (the "Company") announced today that Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. and J. P. Morgan Securities LLC, the joint lead book-running managers in the Company's recent public sale of [—] shares of common stock, is [waiving] [releasing] a lock-up restriction with respect to [—] shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on [—], 20[—], and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ALLISON TRANSMISSION HOLDINGS, INC.

Allison Transmission Holdings, Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify that:

1. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 22, 2007 under the name Clutch Holdings, Inc. The original Certificate of Incorporation was subsequently amended and restated on August 7, 2007.

2. In an action taken by written consent by the Board of Directors of the Corporation, a resolution was duly adopted pursuant to Sections 141(f), 242 and 245 of the General Corporation Law of the State of Delaware, setting forth this Second Amended and Restated Certificate of Incorporation, which restates and integrates and also further amends the Amended and Restated Certificate of Incorporation, and declaring this Second Amended and Restated Certificate of Incorporation to be advisable. The stockholders of the Corporation duly approved and adopted this Second Amended and Restated Certificate of Incorporation by written consent in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

3. The Corporation's Amended and Restated Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

FIRST: The name of the corporation (hereinafter sometimes referred to as the "Corporation") is:

Allison Transmission Holdings, Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, New Castle County, Wilmington, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

FOURTH: The Corporation is authorized to issue three classes of stock designated, respectively, as common stock ("Common Stock"), non-voting common stock ("Non-Voting Common Stock") and preferred stock ("Preferred Stock"). The total number of shares of capital stock that the Corporation is authorized to issue is two billion (2,000,000,000). The total number of shares of Common Stock that the Corporation is authorized to issue is one billion eight hundred and eighty million (1,880,000,000), with a par value of $0.01 per share, the total number of shares of Non-Voting Common Stock that the Corporation is authorized to issue is twenty million (20,000,000), with a par value of $0.01 per share, and the total number of shares of Preferred Stock that the Corporation is authorized to issue is one hundred million (100,000,000), with a par value of $0.01 per share.

FIFTH: The rights, preferences, privileges and restrictions granted or imposed upon the Common Stock and the Non-Voting Common Stock are as follows:

1. Dividends. Subject to the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, the holders of Common Stock and Non-Voting Common Stock shall be entitled to the payment of dividends when and as declared by the board of directors of the Corporation (the "Board") in accordance

with applicable law and to receive other distributions from the Corporation. Any dividends declared by the Board to the holders of the then outstanding Common Stock and Non-Voting Common Stock shall be paid to the holders thereof pro rata in accordance with the number of shares of Common Stock and Non-Voting Common Stock held by each such holder as of the record date of such dividend, as if the two classes of stock constituted a single class.

2. Liquidation, Dissolution or Winding Up. Subject to the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the funds and assets of the Corporation that may be legally distributed to the Corporation's stockholders shall be distributed among the holders of the then outstanding Common Stock and Non-Voting Common Stock pro rata in accordance with the number of shares of Common Stock and Non-Voting Common Stock held by each such holder, as if the two classes of stock constituted a single class.

3. Voting. Each holder of Common Stock shall be entitled to one (1) vote for each share of Common Stock held by such holder. Each holder of Common Stock shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation (as in effect at the time in question) and applicable law on all matters put to a vote of the stockholders of the Corporation. Except as otherwise required by law, each share of Non-Voting Common Stock shall not entitle the holder thereof to any voting rights, including, but not limited to, any right to approve any increase or decrease (but not below the number of shares then outstanding) in the number of authorized shares of Non-Voting Common Stock irrespective of the provisions of Section 242(b)(2) of the DGCL, or to have any right to be represented at, or to receive notice of, any meeting of stockholders of the Corporation. The number of authorized shares of Common Stock, Non-Voting Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of either the Common Stock, Non-Voting Common Stock or the Preferred Stock voting separately as a class shall be required therefor.

4. Conversion of Non-Voting Common Stock to Common Stock. Each outstanding share of Non-Voting Common Stock shall, without the payment of any additional consideration or other action on the part of the Corporation or the holder thereof, convert into one fully paid and nonassessable share of Common Stock upon the sale of such share pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or the resale of such share under Rule 144 promulgated under the Securities Act. Upon the filing and effectiveness of this Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the "Effective Time"), each outstanding share of Non-Voting Common Stock (other than 1,000 shares held by Onex Advisor III LLC) shall, without any further action on the part of the Corporation or the holders of such shares of Non-Voting Common Stock and whether or not certificates representing such holders' shares are surrendered for cancellation or exchange, be automatically converted into one fully paid and nonassessable share of Common Stock. Certificates dated as of a date prior to the Effective Time representing outstanding shares of Non-Voting Common Stock that are not held by an Onex Stockholder shall, immediately after the Effective Time, represent a number of shares of

Common Stock equal to the same number of shares of Non-Voting Common Stock as is reflected on the face of such certificates. The Corporation may, but shall not be obliged to, issue new certificates evidencing the shares of Common Stock outstanding as a result of such automatic conversion unless and until the certificates evidencing the shares held by a holder prior to such automatic conversion are either delivered to the Corporation or its transfer agent or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates.

5. **[Stock Split]**. **[TBD whether necessary.]** [At the Effective Time, immediately following the conversion of Non-Voting Common Stock to Common Stock, each then-outstanding share of Common Stock ("Old Common Stock") shall be automatically converted into [_____] validly issued, fully paid and non-assessable shares of Common Stock without any further action by the holder of such shares of Old Common Stock (the "Stock Split"). Each stock certificate representing shares of Old Common Stock shall thereafter represent the number of whole shares of Common Stock into which the shares of Old Common Stock previously represented by such stock certificate shall have been converted; provided, however, that each person holding of record a stock certificate or certificates that represented shares of Old Common Stock shall receive, upon surrender of such certificate or certificates, a new certificate or certificates evidencing and representing the number of shares of the Common Stock to which such person is entitled as a result of the Stock Split based on the aggregate number of shares of Old Common Stock held by such person. All share and numbers set forth herein give effect to the Stock Split.]

SIXTH: The Board is hereby expressly authorized, subject to limitation prescribed by law, to provide by resolution or resolutions for the issuance of the shares of Preferred Stock as a class or in one or more series and, by filing a certificate of designation, pursuant to the DGCL, setting forth a copy of such resolution or resolutions to establish from time to time the number of shares to be included in the class or in each such series, and to fix the designations, powers, preferences, and rights of the shares of the class or of each such series and the qualifications, limitations, and restrictions thereof. The authority of the Board with respect to the class or each such series shall include, but not be limited to, determination of the following:

1. the number of shares constituting the class or any series and the distinctive designation of that class or series;

2. the dividend rate or rates on the shares of the class or any series, the terms and conditions upon which and the periods in respect of which dividends shall be payable, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that class or series;

3. whether the class or any series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

4. whether the class or any series shall have conversion privileges and, if so, the terms and conditions of conversion, including provision for adjustment of the conversion rate upon such events as the Board shall determine;

5. whether or not the shares of the class or any series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

6. whether the class or any series shall have a sinking fund for the redemption or purchase of shares of that class or series, and, if so, the terms and amount of such sinking fund;

7. the rights of the shares of the class or any series in the event of voluntary or involuntary dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that class or series; and

8. any other powers, preferences, rights, qualifications, limitations, and restrictions of the class or any series.

SEVENTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation and for the purpose of creating, defining, limiting and regulating the powers of the Corporation and its directors and stockholders:

1. Classified Board. The directors of the Corporation, other than any directors elected by the holders of shares of any class or series of Preferred Stock provided for or fixed pursuant to the provisions of Article Sixth hereof (the "Preferred Stock Directors"), shall be classified with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible, designated as Class I, Class II and Class III. The initial Class I directors shall serve for a term expiring at the first annual meeting of the stockholders following the Effective Time, the initial Class II directors shall serve for a term expiring at the second annual meeting of the stockholders following the Effective Time and the initial Class III directors shall serve for a term expiring at the third annual meeting of stockholders following the Effective Time, with directors of each class to hold office until their successors are duly elected and qualified; provided that the term of each director shall continue until the election and qualification of a successor and be subject to such director's earlier death, resignation or removal. At each annual meeting of stockholders of the Corporation beginning with the first annual meeting of stockholders following the Effective Time, subject to any rights of the holders of shares of any class or series of Preferred Stock, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual

meeting of stockholders held in the third year following the year of their election; provided that the term of each director shall continue until the election and qualification of a successor and be subject to such director's earlier death, resignation or removal. In the case of any increase or decrease, from time to time, in the authorized number of directors of the Corporation (other than Preferred Stock Directors), the number of directors in each class shall be apportioned as nearly equal as possible. No decrease in the number of directors shall shorten the term of any incumbent director. The Board is authorized to assign members of the Board already in office to Class I, Class II and Class III.

2. Board Size. Subject to any rights of the holders of shares of any class or series of Preferred Stock to elect directors and the then-applicable terms of the Amended and Restated Stockholders Agreement among the Corporation and certain of its stockholders, dated as of [_____], 2011 (as amended from time to time, the "Stockholders Agreement") and the SCA (as defined in the Stockholders Agreement), the precise number of directors of the Corporation shall be fixed, and may be altered from time to time, exclusively by resolution of the Board.

3. Removal of Directors. Subject to any rights of the holders of shares of any class or series of Preferred Stock to elect directors and the then-applicable terms of the Stockholders Agreement and the SCA, (i) until the Trigger Date (as defined in Article Fifteenth), a director may be removed at any time, either for or without cause, upon the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class, and (ii) from and after the Trigger Date, a director may be removed only for cause, upon the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote generally for the election of directors, voting together as a single class.

4. Board Vacancies. Subject to any rights of the holders of shares of any class or series of Preferred Stock to elect directors and the then-applicable terms of the Stockholders Agreement and the SCA, and except as otherwise provided by law, any newly-created directorship on the Board that results from an increase in the number of directors, or vacancy that results from the death, disability, resignation, disqualification or removal of any director or from any other cause shall be filled solely by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director. Any director so chosen shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified.

5. Stockholder Action by Written Consent. Until the Trigger Date, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, are: (i) signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted (but not less than the minimum number of votes otherwise prescribed by law) and (ii) delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of the stockholders are recorded

within 60 days of the earliest dated consent so delivered to the Corporation. From and after the Trigger Date, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken only upon the vote of the stockholders at an annual or special meeting duly called and may not be taken by written consent of the stockholders. The bylaws of the Corporation may establish procedures regulating the submission by stockholders of nominations and proposals for consideration at meetings of stockholders of the Corporation.

6. Special Meetings. A special meeting of the stockholders of the Corporation for any purpose or purposes may be called at any time only by or at the direction of the Board pursuant to a resolution of the Board adopted by a majority of the total number of directors then in office; provided that, until the Trigger Date, a special meeting of the stockholders shall also be called by the Secretary of the Corporation at the request of the holders of record of a majority of the outstanding shares of Common Stock. From and after the Trigger Date, the stockholders of the Corporation do not have the power to call a special meeting of the stockholders.

EIGHTH: In furtherance and not in limitation of the power conferred by the laws of the State of Delaware, the Board is expressly authorized to make, alter or repeal the bylaws of the Corporation subject to any limitations contained therein.

NINTH: No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection existing under this Second Amended and Restated Certificate of Incorporation immediately prior to such amendment, modification or repeal, including any right or protection of a current or former director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal. If the DGCL is amended after the Effective Time to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

TENTH: Election of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

ELEVENTH: The Corporation shall, through its bylaws or otherwise, indemnify and advance expenses to the fullest extent permitted under the DGCL, as it now exists or as amended from time to time, any person who is or was a director or officer of the Corporation or its subsidiaries. The Corporation may, by action of the Board, provide rights to indemnification and to advancement of expenses to such other employees or agents of the Corporation or its subsidiaries to such extent and to such effect as the Board shall determine to be appropriate and authorized by the DGCL.

TWELFTH: To the fullest extent permitted by Section 122(17) of the DGCL (or any successor provision) and except as may be otherwise expressly agreed in writing by the Corporation and the Investor Stockholders (as defined below), the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities, that are from time to time presented to the Investor Stockholders or any of their respective agents or representatives, even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so and no such person shall be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries unless, in the case of any such person who is a director of the Corporation, such business opportunity is

expressly offered to such director in writing solely in his or her capacity as a director of the Corporation. Any person purchasing or otherwise acquiring any interest in any shares of stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article Twelfth. Neither the alteration, amendment or repeal of this Article Twelfth, nor the adoption of any provision of this Second Amended and Restated Certificate of Incorporation inconsistent with this Article Twelfth, nor, to the fullest extent permitted by Delaware law, any modification of law, shall eliminate or reduce the effect of this Article Twelfth in respect of any business opportunity first identified or any other matter occurring, or any cause of action, suit or claim that, but for this Article Twelfth, would accrue or arise, prior to such alteration, amendment, repeal, adoption or modification. If any provision or provisions of this Article Twelfth shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Twelfth (including, without limitation, each portion of any paragraph of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (b) to the fullest extent possible, the provisions of this Article Twelfth (including, without limitation, each such portion of any paragraph of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law. This Article Twelfth shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Corporation under this Second Amended and Restated

Certificate of Incorporation, the Corporation's bylaws or applicable law. For purposes of this Second Amended and Restated Certificate of Incorporation, (i) the "Carlyle Stockholders" shall mean Carlyle Partners IV AT Holdings, L.P. and its affiliates and their respective affiliates, subsidiaries, members, partners, directors, officers and employees (in each case other than the Corporation and its subsidiaries), (ii) the "Onex Stockholders" shall mean Onex Partners II LP, Onex Advisor III LLC, Allison Executive Investco LLC, Onex Partners II GP LP, Onex American Holdings II LLC, Onex US Principals LP, Onex Allison Co-Invest LP and their affiliates and their respective affiliates, subsidiaries, members, partners, directors, officers and employees (in each case other than the Corporation and its subsidiaries), and (iii) the "Investor Stockholders" shall mean the Onex Stockholders and the Carlyle Stockholders.

THIRTEENTH: The Corporation elects not to be governed by, and shall not be subject to the provisions of, Section 203 of the DGCL, "Business Combinations With Interested Stockholders," as permitted under and pursuant to subsection (b)(3) thereof.

FOURTEENTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL, this Second Amended and Restated Certificate of Incorporation or the Corporation's bylaws, or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or

otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article Fourteenth.

FIFTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Second Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by the DGCL. All rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding any other provision of this Second Amended and Restated Certificate of Incorporation or the Corporation's bylaws, and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law, this Second Amended and Restated Certificate of Incorporation, the Corporation's bylaws or otherwise, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock required by law, this Second Amended and Restated Certificate of Incorporation, the Corporation's bylaws or otherwise, on or following the Trigger Date, the affirmative vote of the holders of at least two-thirds of the voting power of all outstanding shares of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt any provision inconsistent with, to amend or repeal any provision of, or to adopt a bylaw inconsistent with, Articles Third, Seventh, Ninth, Eleventh, Twelfth, Thirteenth and Fifteenth of this Second Amended and Restated Certificate of Incorporation. For purposes of this Second Amended and Restated Certificate of Incorporation, the "Trigger Date" shall mean the first date on which the Investor Stockholders, collectively, cease to beneficially own (directly or indirectly) shares representing a majority of the then issued and outstanding shares of Common Stock.

[Signature Page Follows]

IN WITNESS WHEREOF, the Corporation has caused this Second Amended and Restated Certificate of Incorporation to be duly executed as of the ____ day of _____, 2011.

By: _____
Name: Lawrence E. Dewey
Title: President and Chief Executive Officer

ALLISON TRANSMISSION HOLDINGS, INC.

THIRD AMENDED AND RESTATED BYLAWS

As Adopted on [_____], 2011

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ALLISON TRANSMISSION HOLDINGS, INC.

THIRD AMENDED AND RESTATED BYLAWS

As adopted on [_____], 2011

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1.01 Annual Meetings.

The annual meeting of the stockholders of Allison Transmission Holdings, Inc. (the "Corporation") for the election of directors (each, a "Director") and for the transaction of such other business as properly may come before such meeting shall be held each year either within or without the State of Delaware at such place, if any, and on such date and at such time, as may be fixed from time to time by resolution of the Corporation's Board of Directors (the "Board") and set forth in the notice or waiver of notice of the meeting, unless, subject to the certificate of incorporation of the Corporation (the "certificate of incorporation") and Section 1.11 of these bylaws, the stockholders have acted by written consent to elect Directors as permitted by the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL"). The Board may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

Section 1.02 Special Meetings.

A special meeting of the stockholders of the Corporation for any purpose or purposes may be called at any time only by or at the direction of the Board pursuant to a resolution of the Board adopted by a majority of the total number of Directors then in office; provided that, until the Trigger Date (as such term is defined in the certificate of incorporation), a special meeting of the stockholders shall also be called by the Secretary at the request of the holders of record of a majority of the shares entitled to vote at a meeting of stockholders. Any special meeting of the stockholders shall be held at such place, if any, within or without the State of Delaware, and on such date and at such time, as shall be specified in such resolution. From and after the Trigger Date, the stockholders of the Corporation do not have the power to call a special meeting of the stockholders. Business transacted at any special meeting of the stockholders shall be limited to the purpose(s) stated in the notice. The Board may postpone, reschedule or cancel any special meeting of the stockholders previously scheduled by the Board.

Section 1.03 Participation in Meetings by Remote Communication.

The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the DGCL and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of

stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

Section 1.04 Notice of Meetings; Waiver of Notice.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. The Secretary or any Assistant Secretary shall cause notice of each meeting of stockholders to be given in writing in a manner permitted by the DGCL not less than ten (10) days nor more than sixty (60) days prior to the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, subject to such exclusions as are then permitted by the DGCL. The notice shall specify (i) the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting), (ii) the place, if any, date and time of such meeting, (iii) the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, (iv) in the case of a special meeting, the purpose or purposes for which such meeting is called and (v) such other information as may be required by law or as may be deemed appropriate by the Board, the President or the Secretary of the Corporation. If the stockholder list referred to in Section 1.06 of these bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting.

(b) A written waiver of notice of meeting signed by a stockholder or a waiver by electronic transmission by a stockholder, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a waiver of notice. Attendance of a stockholder at a meeting is a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 1.05 Proxies.

(a) Each stockholder entitled to vote at a meeting of stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy.

(b) A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by

any reasonable means, including but not limited to by facsimile signature, or by transmitting or authorizing an electronic transmission (as defined in Section 8.08 of these bylaws) setting forth an authorization to act as proxy to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. Proxies by electronic transmission must either set forth, or be submitted with, information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used if such copy, facsimile telecommunication or other reproduction is a complete reproduction of the entire original writing or transmission.

(c) No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary.

Section 1.06 Voting Lists.

The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare, at least ten (10) days before every meeting of the stockholders (and before any adjournment thereof for which a new record date has been set), a complete list of the stockholders of record entitled to vote at the meeting (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10^{th}) day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. This list, which may be in any format including electronic format, shall be open to the examination of any stockholder prior to and during the meeting for any purpose germane to the meeting in the manner required by the DGCL and other applicable law. The stock ledger shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of stockholders.

Section 1.07 Quorum.

Except as otherwise provided in the certificate of incorporation or by law, the presence in person or by proxy of the holders of record of a majority in voting power of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting, provided, however, that where a separate vote by a class or series is required, the holders of a majority in voting power of all issued and outstanding stock of such class or series entitled to vote on such matter, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 1.09 of these bylaws until a quorum shall attend.

Section 1.08 Voting.

Except as otherwise provided in the certificate of incorporation or by law, every holder of record of shares entitled to vote at a meeting of stockholders is entitled to one vote for each share outstanding in his or her name on the books of the Corporation (x) at the close of business on the record date for such meeting, or (y) if no record date has been fixed, at the close of business on the day next preceding the day on which notice of the meeting is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law, the certificate of incorporation, these bylaws, the rules and regulations of any stock exchange applicable to the Corporation or pursuant to any other rule or regulation applicable to the Corporation, its securities or its stockholders, the vote of a majority of the voting power of the shares entitled to vote at a meeting of stockholders on the subject matter in question represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting. The stockholders do not have the right to cumulate their votes for the election of Directors.

Section 1.09 Adjournment.

Any meeting of stockholders may be adjourned from time to time, by the chairperson of the meeting or by the vote of a majority of the shares of stock present in person or represented by proxy at the meeting, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the place, if any, and date and time thereof (and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting) are announced at the meeting at which the adjournment is taken unless the adjournment is for more than thirty (30) days or a new record date is fixed for the adjourned meeting after the adjournment, in which case notice of the adjourned meeting in accordance with Section 1.04 of these bylaws shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

Section 1.10 Organization; Procedure; Inspection of Elections.

(a) At every meeting of stockholders the presiding officer shall be the Chairman of the Board, or in the event of his or her absence or disability, a presiding officer chosen by resolution of the Board. The Secretary, or in the event of his or her absence or disability, the Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding officer, shall act as secretary of the meeting. The Board may make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to any such rules and regulations, the presiding officer of any

meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting and to prescribe rules, regulations and procedures for such meeting and to take all such actions as in the judgment of the presiding officer are appropriate for the proper conduct of such meetings. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter of business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(b) Preceding any meeting of the stockholders, the Board may, and when required by law shall, appoint one or more persons to act as inspectors of elections who may be employees of the Corporation, and may designate one or more alternate inspectors. If no inspector or alternate so appointed by the Board is able to act, or if no inspector or alternate has been appointed and the appointment of an inspector is required by law, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No Director or nominee for the office of Director shall be appointed as an inspector of elections. Each inspector, before entering upon the discharge of the duties of an inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall discharge their duties in accordance with the requirements of applicable law.

Section 1.11 Stockholder Action by Written Consent.

(a) Until the Trigger Date and except as otherwise provided in the certificate of incorporation, any action required or permitted to be taken at an annual or special meeting of the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, are: (i) signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted (but not less than the minimum number of votes otherwise prescribed by law) and (ii) delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded within sixty (60) days of the earliest dated consent so delivered to the Corporation.

(b) From and after the Trigger Date and except as otherwise provided in the certificate of incorporation, any action required or permitted to be taken at any annual or special

meeting of stockholders of the Corporation may be taken only upon the vote of the stockholders at an annual or special meeting duly called and may not be taken by written consent of the stockholders.

(c) If a stockholder action by written consent is permitted under these bylaws and not restricted by the certificate of incorporation, and the Board has not fixed a record date for the purpose of determining the stockholders entitled to participate in such consent to be given, then: (i) if the DGCL does not require action by the Board prior to the proposed stockholder action, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation at any of the locations referred to in Section 1.11(a)(ii) of these bylaws; and (ii) if the DGCL requires action by the Board prior to the proposed stockholder action, the record date shall be at the close of business on the day on which the Board adopts the resolution taking such prior action. Every written consent to action without a meeting shall bear the date of signature of each stockholder who signs the consent, and shall be valid if timely delivered to the Corporation at any of the locations referred to in Section 1.11(a)(ii) of these bylaws.

(d) The Secretary shall give prompt notice of the taking of an action without a meeting by less than unanimous written consent to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation in accordance with the DGCL.

Section 1.12 Notice of Stockholder Proposals and Nominations.

(a) Annual Meetings.

(i) Nominations of persons for election to the Board and proposals of business to be considered by the stockholders at an annual meeting of stockholders may be made only (x) as specified in the Corporation's notice of meeting (or any notice supplemental thereto), (y) by or at the direction of the Board, or a committee appointed by the Board for such purpose, or (z) subject to the then-applicable provisions of the Amended and Restated Stockholders Agreement among the Corporation and certain of its stockholders, dated as of [_____], 2011 (as amended from time to time, the "Stockholders Agreement"), by any stockholder of the Corporation who or which (1) is entitled to vote at the meeting, (2) complies in a timely manner with all notice procedures set forth in this Section 1.12, and (3) is a stockholder of record when the required notice is delivered and at the date of the meeting. A stockholder proposal must constitute a proper matter for corporate action under the DGCL.

(ii) Notice in writing of a stockholder nomination or stockholder proposal must be delivered to the attention of the Secretary at the principal place of business of the Corporation by the close of business not fewer than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting (which anniversary date, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public

offering of common stock, shall be deemed to be [_____], 2012); provided that if the date of the annual meeting is advanced by more than 30 days or delayed by more than 70 days from such anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. If the number of Directors to be elected to the Board at an annual meeting is increased, and if the Corporation does not make a public announcement naming all of the nominees for Director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual meeting, then any stockholder nomination in respect of the increased number of positions shall be considered timely if delivered not later than the close of business on the 10th day following the day on which a public announcement naming all nominees or specifying the size of the increased Board is first made by the Corporation.

(iii) Notice of a stockholder nomination shall include, as to each person whom the stockholder proposes to nominate for election or reelection as a Director, all information relating to such person required to be disclosed in solicitations of proxies for election of Directors or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected. Notice of a stockholder proposal shall include a brief description of the business desired to be brought before the meeting, the text of the proposal (including the text of any resolutions proposed for consideration and if such business includes proposed amendments to the certificate of incorporation and/or bylaws of the Corporation, the text of the proposed amendments), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made.

(iv) Notice of a stockholder nomination or proposal shall also set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

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

(2) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and any such beneficial owner;

(3) a description of any agreement, arrangement or understanding between or among such stockholder and any such beneficial owner, any of their respective affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination or other business;

(4) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on

behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or any such beneficial owner or any such nominee with respect to the Corporation's securities (a "Derivative Instrument");

(5) to the extent not disclosed pursuant to clause (4) above, the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such stockholder or by any such beneficial owner, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such stockholder or such beneficial owner relating to the value or payment of any indebtedness of the Corporation or any such subsidiary;

(6) a representation that such stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination;

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

(8) a representation as to whether such stockholder or any such beneficial owner intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee or to approve or adopt the proposal or and/or (y) otherwise to solicit proxies from stockholders in support of such nomination or proposal.

If requested by the Corporation, the information required under clauses (iv)(2), (3), (4) and (5) of the preceding sentence of this Section 1.12(a) shall be supplemented by such stockholder and any such beneficial owner not later than ten (10) days after the record date for notice of the meeting to disclose such information as of such record date. The foregoing notice requirements of this Section 1.12(a) shall be deemed satisfied by a stockholder with respect to business or a nomination if such stockholder has notified the Corporation of his or her intention to present a proposal or make a nomination at an annual meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal or nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(b) Special Meetings.

(i) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 1.04 of these bylaws. Nominations of persons for election to the Board at a special meeting of stockholders may be made only (x) by or at the direction of the Board, or a committee appointed by the Board for such purpose, (or the stockholders pursuant to Section 1.02 hereof) if the Corporation's notice of meeting indicated that the purposes of meeting

included the election of Directors and specified the number of Directors to be elected, or (y) provided that the Board of Directors (or stockholders pursuant to Section 1.02 hereof) has determined that directors shall be elected at such meeting, by any stockholder of the Corporation. Subject to the then-applicable provisions of the Stockholders Agreement, a stockholder may nominate persons for election to the Board (a "stockholder nomination") at a special meeting only if the stockholder (1) is entitled to vote at the meeting, (2) complies in a timely manner with the notice procedures set forth in paragraph (ii) of this Section 1.12(b), and (3) is a stockholder of record when the required notice is delivered and at the date of the meeting.

(ii) Notice in writing of a stockholder nomination must be delivered to the attention of the Secretary at the principal place of business of the Corporation not more than 120 days prior to the date of the meeting and not later than the close of business on the later of the 90th day prior to the meeting or the 10th day following the last to occur of the public announcement by the Corporation of the date of such meeting and the public announcement by the Corporation of the nominees proposed by the Board to be elected at such meeting, and must comply with the provisions of Sections 1.12(a)(iii) and (iv) of these bylaws. The foregoing notice requirements of this Section 1.12(b) shall be deemed satisfied by a stockholder with respect to a nomination if the stockholder has notified the Corporation of his or her intention to present a nomination at such special meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such special meeting.

(c) General.

(i) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as Directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law, the certificate of incorporation or these bylaws, the presiding officer of a meeting of stockholders shall have the power and duty (x) to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.12, and (y) if any proposed nomination or business is not in compliance with this Section 1.12, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(ii) The Corporation may require any proposed stockholder nominee for Director to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. Unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 1.12 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and/or the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 1.12, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an

electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(iii) For purposes of this Section 1.12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iv) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.12; provided, however, that any references in these bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 1.12 and compliance with paragraphs (a) and (b) of this Section 1.12 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the last sentences of paragraphs (a) and (b) hereof, business or nominations brought properly under and in compliance with Rule 14a-8 or Rule 14a-11 of the Exchange Act, as such Rules may be amended from time to time). Nothing in this Section 1.12 shall be deemed to affect any rights of (x) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (y) the holders of any series of preferred stock to elect Directors pursuant to any applicable provisions of the certificate of incorporation or of the relevant preferred stock certificate or designation.

(v) The announcement of an adjournment or postponement of an annual or special meeting does not commence a new time period (and does not extend any time period) for the giving of notice of a stockholder nomination or a stockholder proposal.

ARTICLE II

BOARD OF DIRECTORS

Section 2.01 General Powers.

Except as may otherwise be provided by law or by the certificate of incorporation, the affairs and business of the Corporation shall be managed by or under the direction of the Board and the Board may exercise all the powers and authority of the Corporation. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

Section 2.02 Number and Term of Office.

The number of Directors, other than any directors elected by the holders of shares of any class or series of preferred stock provided for or fixed pursuant to the provisions of Article Sixth of the certificate of incorporation (the "Preferred Stock Directors"), shall initially be eight, classified (including Directors in office as of the date hereof) with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible, designated as

Class I, Class II and Class III, which number may be modified (but not reduced to less than three) from time to time exclusively by resolution of the Board, subject to the rights of the holders of shares of any class or series of preferred stock, if any, and the then-applicable terms of the Stockholders Agreement and the SCA (as defined in the Stockholders Agreement). The initial Class I directors shall serve for a term expiring at the first annual meeting of the stockholders following the date hereof, the initial Class II directors shall serve for a term expiring at the second annual meeting of the stockholders following the date hereof and the initial Class III directors shall serve for a term expiring at the third annual meeting of stockholders following the date hereof, with Directors of each class to hold office until their successors are duly elected and qualified, provided that the term of each Director shall continue until the election and qualification of a successor and be subject to such Director's earlier death, resignation or removal. At each annual meeting of stockholders of the Corporation beginning with the first annual meeting of stockholders following the date hereof, subject to any rights of the holders of shares of any class or series of preferred stock, the successors of the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election, provided that the term of each Director shall continue until the election and qualification of a successor and be subject to such Director's earlier death, resignation or removal. In the case of any increase or decrease, from time to time, in the authorized number of Directors (other than Preferred Stock Directors), the number of Directors in each class shall be apportioned as nearly equal as possible. No decrease in the number of Directors shall shorten the term of any incumbent Director. At each meeting of the stockholders for the election of Directors, provided a quorum is present, the Directors shall be elected by a plurality of the votes validly cast in such election. The Board is authorized to assign members of the Board already in office to Class I, Class II and Class III.

Section 2.03 Regular Meetings.

Regular meetings of the Board shall be held on such dates, and at such times and places as are determined from time to time by resolution of the Board.

Section 2.04 Special Meetings.

Special meetings of the Board shall be held whenever called by the President or, in the event of his or her absence or disability, by any Vice President, or by a majority of the Directors then in office, at such place, date and time as may be specified in the respective notices or waivers of notice of such meetings. Any business may be conducted at a special meeting.

Section 2.05 Notice of Meetings; Waiver of Notice.

(a) Notices of special meetings shall be given to each Director, and notice of each resolution or other action affecting the date, time or place of one or more regular meetings shall be given to each Director not present at the meeting adopting such resolution or other action, subject to Section 2.08 of these bylaws. Notices shall be given personally, or by telephone confirmed by facsimile or email dispatched promptly thereafter, or by facsimile or email

confirmed by a writing delivered by a recognized overnight courier service, directed to each Director at the address from time to time designated by such Director to the Secretary. Each such notice and confirmation must be given (received in the case of personal service or delivery of written confirmation) at least 24 hours prior to the time of a meeting.

(b) A written waiver of notice of meeting signed by a Director or a waiver by electronic transmission by a Director, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Attendance of a Director at a meeting is a waiver of notice of such meeting, except when the Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 2.06 Quorum; Voting.

At all meetings of the Board, the presence of a majority of the total authorized number of Directors shall constitute a quorum for the transaction of business. Except as otherwise provided by law, the certificate of incorporation or these bylaws, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board.

Section 2.07 Action by Telephonic Communications.

Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.08 Adjournment.

A majority of the Directors present may adjourn any meeting of the Board to another date, time or place, whether or not a quorum is present. No notice need be given of any adjourned meeting unless (a) the date, time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 of these bylaws shall be given to each Director, or (b) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (a) shall be given to those Directors not present at the announcement of the date, time and place of the adjourned meeting.

Section 2.09 Action Without a Meeting.

Unless otherwise restricted in the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.10 Regulations.

To the extent consistent with applicable law, the certificate of incorporation and these bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate. The Board may elect from among its members a chairperson and one or more vice-chairpersons to preside over meetings and to perform such other duties as may be designated by the Board.

Section 2.11 Resignations of Directors.

Any Director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such Director, to the President or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event.

Section 2.12 Removal of Directors.

(a) Until the Trigger Date and subject to the rights of the holders of shares of any class or series of preferred stock, if any, to elect additional Directors pursuant to the certificate of incorporation (including any certificate of designation thereunder) and the then-applicable terms of the Stockholders Agreement and the SCA, any Director may be removed at any time, either for or without cause, upon the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote generally for the election of Directors, acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, the certificate of incorporation and these bylaws.

(b) From and after the Trigger Date and subject to the rights of the holders of shares of any class or series of preferred stock, if any, to elect additional Directors pursuant to the certificate of incorporation (including any certificate of designation thereunder) and the then-applicable terms of the Stockholders Agreement and the SCA, any Director may be removed only for cause, upon the affirmative vote of the holders of at least a majority of the outstanding shares of stock of the Corporation entitled to vote generally for the election of Directors, acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, the certificate of incorporation and these bylaws.

Section 2.13 Vacancies and Newly Created Directorships.

Subject to the rights of the holders of shares of any class or series of preferred stock, if any, to elect additional Directors pursuant to the certificate of incorporation (including any certificate of designation thereunder) and the then-applicable terms of the Stockholders Agreement and the SCA, any vacancy in the Board that results from the death, disability, resignation, disqualification or removal of any Director or from any other cause or newly created directorship shall be filled solely by the affirmative vote of a majority of the total number of Directors then in office, even if less than a quorum, or by a sole remaining Director. Any Director filling a vacancy shall be of the same class as that of the Director whose death, resignation, disqualification, removal or other event caused the vacancy, and any Director filling a newly created directorship shall be of the class specified by the Board at the time the newly

created directorship was created. A Director elected to fill a vacancy or newly created Directorship shall hold office until his or her successor has been elected and qualified or until his or her earlier death, resignation or removal.

Section 2.14 Director Fees and Expenses.

The amount, if any, which each Director shall be entitled to receive as compensation for his or her services shall be fixed from time to time by the Board. The Corporation will cause each non-employee Director serving on the Board to be reimbursed for all reasonable out-of-pocket costs and expenses incurred by him or her in connection with such service.

Section 2.15 Reliance on Accounts and Reports, etc.

A Director, as such or as a member of any committee designated by the Board, shall in the performance of his or her duties be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE III

COMMITTEES

Section 3.01 Designation of Committees.

The Board shall designate such committees as may be required by applicable laws, regulations, stock exchange rules or the SCA (if in effect) and may designate such additional committees as it deems necessary or appropriate. Each committee shall consist of such number of Directors, with such qualifications, as may be required by applicable laws, regulations, stock exchange rules or the SCA (if in effect) or as from time to time may be fixed by the Board and shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation to the extent delegated to such committee by resolution of the Board, which delegation shall include all such powers and authority as may be required by applicable laws, regulations, stock exchange rules or the SCA. No committee shall have any power or authority as to (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, (b) adopting, amending or repealing any of these bylaws or (c) as may otherwise be excluded by law or by the certificate of incorporation.

Section 3.02 Members and Alternate Members.

Subject to the terms of the SCA (if in effect), the members of each committee and any alternate members shall be selected by the Board. The Board may provide that the members and alternate members serve at the pleasure of the Board. An alternate member may replace any absent or disqualified member at any meeting of the committee. An alternate member shall be given all notices of committee meetings, may attend any meeting of the committee, but may

count towards a quorum and vote only if a member for whom such person is an alternate is absent or disqualified. Each member (and each alternate member) of any committee shall hold office only until the time he or she shall cease for any reason to be a Director, or until his or her earlier death, resignation or removal.

Section 3.03 Committee Procedures.

A quorum for each committee shall be a majority of its members, unless the committee has only one or two members, in which case a quorum shall be one member, or unless a greater quorum is established by the Board. The vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep regular minutes of its meetings and report to the Board when required. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations, stock exchange rules or the SCA (if in effect) may adopt a charter for any other committee, and may adopt other rules and regulations for the government of any committee not inconsistent with the provisions of these bylaws or any such charter, and each committee may adopt its own rules and regulations of government, to the extent not inconsistent with these bylaws or any charter or other rules and regulations adopted by the Board.

Section 3.04 Meetings and Actions of Committees.

Except to the extent that the same may be inconsistent with the terms of any committee charter required by applicable laws, regulations, stock exchange rules or the SCA (if in effect), meetings and actions of each committee shall be governed by, and held and taken in accordance with, the provisions of the following sections of these bylaws, with such bylaws being deemed to refer to the committee and its members in lieu of the Board and its members:

(a) Section 2.03 (to the extent relating to place and time of regular meetings);

(b) Section 2.04 (relating to special meetings);

(c) Section 2.05 (relating to notice and waiver of notice);

(d) Sections 2.07 and 2.9 (relating to telephonic communication and action without a meeting); and

(e) Section 2.08 (relating to adjournment and notice of adjournment).

Special meetings of committees may also be called by resolution of the Board.

Section 3.05 Resignations and Removals.

Any member (and any alternate member) of any committee may resign from such position at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such member, to the President or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event. Any member (and any alternate member)

of any committee may be removed from such position by the Board at any time, either for or without cause.

Section 3.06 Vacancies.

If a vacancy occurs in any committee for any reason, the remaining members (and any alternate members) may continue to act if a quorum is present. A committee vacancy may be filled only by the Board.

Section 3.07 Government Security Committee.

As long as the SCA shall remain in force and effect and solely to the extent required by the terms of the SCA:

(a) there shall be established, in accordance with the provisions of the SCA, a permanent committee of the Board, to be known as the Government Security Committee ("GSC"), consisting of all Outside Directors and the Management Director (each as defined in the Stockholders Agreement), to ensure that the Corporation and Allison Transmission, Inc., its wholly owned subsidiary ("ATI"), maintain policies and procedures to safeguard the classified information and controlled unclassified information in the possession of the Corporation and ATI and to ensure that the Corporation and ATI comply with the United States Department of Defense ("DoD") Security Agreement (DD Form 441), the SCA and other contract provisions regarding security, United States Government export control laws and the National Industrial Security Program;

(b) the members of the GSC shall exercise their reasonable best efforts to ensure the implementation within the Corporation and ATI of all procedures, organizational matters and other aspects pertaining to the security and safeguarding of classified and controlled unclassified information called for by the SCA, including the exercise of appropriate oversight and monitoring of the operations of the Corporation and ATI, to ensure that the protective measures contained in the SCA are effectively maintained and implemented throughout its duration;

(c) the GSC shall designate one of the Outside Directors to serve as Chairman of the GSC. In the absence of the designated Chairman from a meeting where a quorum is otherwise present, the attending members of the GSC shall designate any other Outside Director who is present at the meeting to serve as temporary chairman of the meeting. The Chairman of the GSC shall designate the Management Director to be Secretary of the GSC, whose responsibilities shall include ensuring that all records, journals and minutes of GSC meetings and other documents sent to or received by GSC are prepared and retained for inspection by the Defense Security Service ("DSS");

(d) a Facility Security Officer ("FSO") shall be appointed by the Corporation. The FSO shall report to the GSC as its principal advisor concerning the safeguarding of classified information. The FSO's responsibilities shall include the operational oversight of the Corporation and ATI's compliance with the requirements of the National Industrial Security Program. The advice and consent of the Chairman of the GSC shall be required to select the FSO;

(e) the members of the GSC shall ensure that the Corporation develops and implements a Technology Control Plan ("TCP"), which shall be subject to review by DSS. The GSC shall have authority to establish the policy for the Corporation's TCP. The TCP shall prescribe measures to prevent unauthorized disclosure or export of controlled unclassified information consistent with applicable United States laws;

(f) a Technology Control Officer ("TCO") shall be appointed by the Corporation. The TCO shall report to the GSC as its principal advisor concerning the protection of controlled unclassified information. The TCO's responsibilities shall include the establishment and administration of all intracompany procedures to prevent unauthorized disclosure and export of controlled unclassified information and to ensure that the Corporation and ATI otherwise comply with the requirements of United States Government export control laws; and

(g) the Chairman of the GSC shall provide, to the extent authorized by the SCA, for regular quarterly meetings of the GSC. Discussions of classified and controlled unclassified information by the GSC shall be held in closed sessions and accurate minutes of such meetings shall be kept and shall be made available only to such authorized individuals as are so designated by the GSC.

ARTICLE IV

OFFICERS

Section 4.01 Officers.

The Board shall elect a President and a Secretary as officers of the Corporation. The Board may also elect a Treasurer, one or more Vice Presidents (any one or more of whom may be designated an Executive Vice President or Senior Vice President), Assistant Secretaries and Assistant Treasurers, and such other officers and agents as the Board may determine. In addition, the Board from time to time may delegate to any officer the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any action by an appointing officer may be superseded by action by the Board. Any number of offices may be held by the same person, except that one person may not hold both the office of President and the office of Secretary. No officer need be a Director of the Corporation. For the avoidance of doubt, the term Vice President shall refer to an officer elected by the Board as Vice President and shall not include any employees of the Corporation whose employment title is "Vice President" unless such individual has been elected as a Vice President of the Corporation in accordance with these bylaws.

Section 4.02 Election.

Unless otherwise determined by the Board, the officers of the Corporation need not be elected for a specified term but shall serve at the pleasure of the Board or for such terms as may be agreed in the individual case by each officer and the Board. Officers and agents appointed pursuant to delegated authority as provided in Section 4.01 (or, in the case of agents, as provided in Section 4.06) shall hold their offices for such terms as may be determined from time to time by the appointing officer. Each officer shall hold office until his or her successor has been

elected or appointed and qualified, or until his or her earlier death, resignation or removal. A failure to elect officers shall not dissolve or otherwise affect the Corporation.

Section 4.03 Compensation.

The salaries and other compensation of all officers and agents of the Corporation shall be fixed by the Board or in the manner established by the Board.

Section 4.04 Removal and Resignation; Vacancies.

Any officer may be removed for or without cause at any time by the Board, without prejudice to the rights, if any, of such officer under any contract to which such officer is a party. Any officer granted the power to appoint subordinate officers and agents as provided in Section 4.01 may remove any subordinate officer or agent appointed by such officer, at any time, for or without cause, without prejudice to the rights, if any, of such officer under any contract to which such officer is a party. Any officer or agent may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board or the President, without prejudice to the rights, if any, of the Corporation under any contract to which such officer is a party. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, may be filled by the Board or by the officer, if any, who appointed the person formerly holding such office.

Section 4.05 Authority and Duties of Officers.

An officer of the Corporation shall have such authority and shall exercise such powers and perform such duties (a) as may be required by law, (b) to the extent not inconsistent with law, as are specified in these bylaws, (c) to the extent not inconsistent with law or these bylaws, as may be specified by resolution of the Board, and (d) to the extent not inconsistent with any of the foregoing, as may be specified by the appointing officer with respect to a subordinate officer appointed pursuant to delegated authority under Section 4.01.

Section 4.06 President.

The President shall preside at all meetings of the stockholders and Directors at which he or she is present, shall be the chief executive officer of the Corporation, shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. He or she shall manage and administer the Corporation’s business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer of a corporation, including, without limitation under the DGCL. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation. Except as otherwise determined by the Board, he or she shall have the authority to cause the employment or appointment of such employees (other than the President) or agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend such employee or any agent employed or appointed by any officer or to suspend any agent appointed by the Board. The President shall have the duties and powers of the Treasurer if

no Treasurer is elected and shall have such other duties and powers as the Board may from time to time prescribe.

Section 4.07 Vice Presidents.

Unless otherwise determined by the Board, if one or more Vice Presidents have been elected, each Vice President shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board or the President. In the event of absence or disability of the President, the duties of the President shall be performed, and his or her powers may be exercised, by such Vice President as shall be designated by the Board or, failing such designation, by the Vice President in order of seniority of election to that office.

Section 4.08 Secretary.

Unless otherwise determined by the Board, the Secretary shall have the following powers and duties:

(a) The Secretary shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders, the Board and any committees thereof (with the exception of the GSC to the extent required by Section 3.07 of these bylaws) in books provided for that purpose.

(b) The Secretary shall cause all notices to be duly given in accordance with the provisions of these bylaws and as required by law.

(c) Whenever any committee shall be appointed pursuant to a resolution of the Board, the Secretary shall furnish a copy of such resolution to the members of such committee.

(d) The Secretary shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to all certificates representing shares of the Corporation prior to the issuance thereof and to all documents and instruments that the Board or any officer of the Corporation has determined should be executed under seal, may sign (together with any other authorized officer) any such document or instrument, and when the seal is so affixed he or she may attest the same.

(e) The Secretary shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the certificate of incorporation or these bylaws.

(f) The Secretary shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the number of shares held by each holder and the date as of which each such holder became a holder of record.

(g) The Secretary shall sign (unless the Treasurer, an Assistant Treasurer or an Assistant Secretary shall have signed) certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board.

(h) The Secretary shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these bylaws or as may be assigned to the Secretary from time to time by the Board or the President.

Section 4.09 Treasurer.

Unless otherwise determined by the Board, the Treasurer, if there be one, shall be the chief financial officer of the Corporation and shall have the following powers and duties:

(a) The Treasurer shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records thereof.

(b) The Treasurer shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be determined by the Board or the President, or by such other officers of the Corporation as may be authorized by the Board or the President to make such determinations.

(c) The Treasurer shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board or the President may determine from time to time) upon the authorized depositaries of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(d) The Treasurer shall render to the Board or the President, whenever requested, a statement of the financial condition of the Corporation and of the transactions of the Corporation, and render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(e) The Treasurer shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation.

(f) The Treasurer may sign (unless an Assistant Treasurer or the Secretary or an Assistant Secretary shall have signed) certificates representing shares of stock of the Corporation the issuance of which shall have been authorized by the Board.

(g) The Treasurer shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these bylaws or as may be assigned to the Treasurer from time to time by the Board or the President.

Section 4.10 Security.

The Board may require any officer, agent or employee of the Corporation to provide security for the faithful performance of his or her duties, in such amount and of such character as may be determined from time to time by the Board.

ARTICLE V

CAPITAL STOCK

Section 5.01 Certificates of Stock; Uncertificated Shares.

The shares of the Corporation shall be represented by certificates, except to the extent that the Board has provided by resolution that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have, and the Board may in its sole discretion permit a holder of uncertificated shares to receive upon request, a certificate signed by the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable law, the certificate of incorporation and these bylaws.

Section 5.02 Facsimile Signatures.

Any or all signatures on the certificates referred to in Section 5.01 of these bylaws may be in facsimile form, to the extent permitted by law. If any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 5.03 Lost, Stolen or Destroyed Certificates.

A new certificate may be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed only upon delivery to the Corporation of an affidavit of the owner or owners (or their legal representatives) of such certificate, setting forth such allegation, and a bond or other undertaking as may be satisfactory to a financial officer of the Corporation designated by the Board to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 5.04 Transfer of Stock.

(a) Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the DGCL. Subject to the provisions of the certificate of incorporation and these bylaws, the Board may prescribe such

additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

(b) The Corporation may enter into additional agreements with shareholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

Section 5.05 Registered Stockholders.

Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests. If a transfer of shares is made for collateral security, and not absolutely, this fact shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

Section 5.06 Transfer Agent and Registrar.

The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

ARTICLE VI

INDEMNIFICATION

Section 6.01 Indemnification.

(a) In General. The Corporation shall indemnify, to the full extent permitted by the DGCL and other applicable law, as it presently exists or may hereafter be amended, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (each, a "proceeding") by reason of the fact that (x) such person is or was serving or has agreed to serve as a Director or officer of the Corporation, or (y) such person, while serving as a Director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a Director, officer, employee, manager or agent of another corporation, partnership, joint venture, trust, nonprofit entity or other enterprise or (z) such person is or was serving or has agreed to serve at the request of the Corporation as a Director, officer or manager of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted by such person in such capacity, and who satisfies the applicable standard of conduct set forth in the DGCL or other applicable law:

(1) in a proceeding other than a proceeding by or in the right of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or on such person's behalf in connection with such proceeding and any appeal therefrom, or

(2) in a proceeding by or in the right of the Corporation to procure a judgment in its favor, against expenses (including attorneys' fees) actually and reasonably incurred by such person or on such person's behalf in connection with the defense or settlement of such proceeding and any appeal therefrom.

(b) Indemnification in Respect of Successful Defense. To the extent that a present or former Director or officer of the Corporation has been successful on the merits or otherwise in defense of any proceeding referred to in Section 6.01(a) or in defense of any claim, issue or matter therein, such person shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(c) Indemnification in Respect of Proceedings Instituted by Indemnitee. Section 6.01(a) does not require the Corporation to indemnify a present or former Director or officer of the Corporation in respect of a proceeding (or part thereof) instituted by such person on his or her own behalf, unless such proceeding (or part thereof) has been authorized by the Board or the indemnification requested is pursuant to the last sentence of Section 6.03 of these bylaws.

Section 6.02 Advance of Expenses.

The Corporation shall advance all expenses (including reasonable attorneys' fees) incurred by a present or former Director or officer in defending any proceeding prior to the final disposition of such proceeding upon written request of such person and delivery of an undertaking by such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The Corporation may authorize any counsel for the Corporation to represent (subject to applicable conflict of interest considerations) such present or former Director or officer in any proceeding, whether or not the Corporation is a party to such proceeding.

Section 6.03 Procedure for Indemnification.

Any indemnification under Section 6.01 of these bylaws or any advance of expenses under Section 6.02 of these bylaws shall be made only against a written request therefor (together with supporting documentation) submitted by or on behalf of the person seeking indemnification or advance. Indemnification may be sought by a person under Section 6.01 of these bylaws in respect of a proceeding only to the extent that both the liabilities for which indemnification is sought and all portions of the proceeding relevant to the determination of whether the person has satisfied any appropriate standard of conduct have become final. A person seeking indemnification or advance of expenses may seek to enforce such person's rights to indemnification or advance of expenses (as the case may be) in the Delaware Court of Chancery to the extent all or any portion of a requested indemnification has not been granted within ninety (90) days of, or to the extent all or any portion of a requested advance of expenses has not been granted within twenty (20) days of, the submission of such request. All expenses

(including reasonable attorneys' fees) incurred by such person in connection with successfully establishing such person's right to indemnification or advancement of expenses under this Article VI, in whole or in part, shall also be indemnified by the Corporation to the fullest extent permitted by law.

Section 6.04 Burden of Proof.

(a) In any proceeding brought to enforce the right of a person to receive indemnification to which such person is entitled under Section 6.01 of these bylaws, the Corporation has the burden of demonstrating that the standard of conduct applicable under the DGCL or other applicable law was not met. A prior determination by the Corporation (including its Board or any committee thereof, its independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct does not itself constitute evidence that the claimant has not met the applicable standard of conduct.

(b) In any proceeding brought to enforce a claim for advances to which a person is entitled under Section 6.02 of these bylaws, the person seeking an advance need only show that he or she has satisfied the requirements expressly set forth in Section 6.02 of these bylaws.

Section 6.05 Contract Right; Non-Exclusivity; Survival.

(a) The rights to indemnification and advancement of expenses provided by this Article VI shall be deemed to be separate contract rights between the Corporation and each Director and officer who serves in any such capacity at any time while these provisions as well as the relevant provisions of the DGCL are in effect, and no repeal or modification of any of these provisions or any relevant provisions of the DGCL shall adversely affect any right or obligation of such Director or officer existing at the time of such repeal or modification with respect to any state of facts then or previously existing or any proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such "contract rights" may not be modified retroactively as to any present or former Director or officer without the consent of such Director or officer.

(b) The rights to indemnification and advancement of expenses provided by this Article VI shall not be deemed exclusive of any other indemnification or advancement of expenses to which a present or former Director or officer of the Corporation seeking indemnification or advancement of expenses may be entitled by any agreement, vote of stockholders or disinterested Directors, or otherwise.

(c) The rights to indemnification and advancement of expenses provided by this Article VI to any present or former Director or officer of the Corporation shall inure to the benefit of the heirs, executors and administrators of such person.

Section 6.06 Insurance.

The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person or on such person's behalf in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VI.

Section 6.07 Employees and Agents.

The Board, or any officer authorized by the Board to make indemnification decisions, may cause the Corporation to indemnify and advance expenses to any present or former employee or agent of the Corporation in such manner and for such liabilities as the Board may determine, up to the fullest extent permitted by the DGCL and other applicable law.

Section 6.08 Interpretation; Severability.

Terms defined in Sections 145(h) or (i) of the DGCL have the meanings set forth in such sections when used in this Article VI. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless (i) indemnify each Director or officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, and (ii) advance expenses to each Director or officer of the Corporation entitled to advancement of expenses under Section 6.02 in accordance therewith, in each case, to the fullest extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the fullest extent permitted by applicable law.

Section 6.09 Subrogation.

Any person entitled to indemnification and/or advancement of expenses, in each case pursuant to this Article VI, and that is an officer, employee, partner or advisor of any Investor Stockholder (as such term is defined in the certificate of incorporation) (each such person, a "Sponsor Indemnitee"), may have certain rights to indemnification and/or advancement of expenses provided by or on behalf of such Investor Stockholder. Notwithstanding anything to the contrary in these bylaws or otherwise: (i) the Corporation is the indemnitor of first resort (i.e., the Corporation's obligations to each Sponsor Indemnitee are primary and any obligation of the Investor Stockholders to advance expenses or to provide indemnification for the same expenses or liabilities incurred by each Sponsor Indemnitee are secondary), (ii) the Corporation will be required to advance the full amount of expenses incurred by each Sponsor Indemnitee and will be liable for the full amount of all liabilities, expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by this Article VI, without regard to any rights each Sponsor Indemnitee may have against the Investor Stockholders, and (iii) the Corporation irrevocably waives, relinquishes and releases the Investor Stockholders from any and all claims against the Investor Stockholders for contribution, subrogation or any other recovery of any kind in respect thereof. Notwithstanding anything to

the contrary in these bylaws or otherwise, no advancement or payment by the Investor Stockholders on behalf of a Sponsor Indemnitee with respect to any claim for which such Sponsor Indemnitee has sought indemnification or advancement of expenses from the Corporation will affect the foregoing and the Investor Stockholders will have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Sponsor Indemnitee against the Corporation. The Investor Stockholders are express third party beneficiaries of the terms of this Article VI.

ARTICLE VII

OFFICES

Section 7.01 Registered Office.

The registered office of the Corporation in the State of Delaware shall be located at the location provided in the certificate of incorporation.

Section 7.02 Other Offices.

The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01 Dividends.

(a) Subject to any applicable provisions of law and the certificate of incorporation, dividends upon the shares of the Corporation may be declared by the Board at any regular or special meeting of the Board, or by written consent in accordance with the DGCL and these bylaws, and any such dividend may be paid in cash, property, or shares of the Corporation's stock.

(b) A member of the Board, or a member of any committee designated by the Board shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 8.02 Reserves.

There may be set apart out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time may determine proper as a reserve or reserves for meeting contingencies, equalizing dividends, repairing or maintaining any property of the Corporation or for such other purpose or purposes as the Board may determine conducive to the interest of the Corporation, and the Board may similarly modify or abolish any such reserve.

Section 8.03 Execution of Instruments.

Except as otherwise required by law or the certificate of incorporation, the Board or any officer of the Corporation authorized by the Board may authorize any other officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 8.04 Voting as Stockholder.

Unless otherwise determined by resolution of the Board, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock at any such meeting, or through action without a meeting. The Board may by resolution from time to time confer such power and authority (in general or confined to specific instances) upon any other person or persons.

Section 8.05 Fiscal Year.

The fiscal year of the Corporation shall end on December 31st of each year.

Section 8.06 Seal.

The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words “Corporate Seal” and “Delaware”. The form of such seal shall be subject to alteration by the Board. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 8.07 Books and Records; Inspection.

Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board.

Section 8.08 Electronic Transmission.

“Electronic transmission”, as used in these bylaws, means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE IX

AMENDMENT OF BYLAWS

Section 9.01 Amendment.

Subject to the provisions of the certificate of incorporation, these bylaws may be amended, altered or repealed (a) by resolution adopted by a majority of the Directors present at any special or regular meeting of the Board at which a quorum is present if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting, (b) until the Trigger Date, at any regular or special meeting of the stockholders upon the affirmative vote of at least a majority of the shares of the Corporation entitled to vote generally in the election of Directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting, or (c) from and after the Trigger Date, at any regular or special meeting of the stockholders upon the affirmative vote of at least two-thirds of the shares of the Corporation entitled to vote generally in the election of Directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting. So long as the Stockholders Agreement remains in effect, the Board shall not approve any amendment, alteration or repeal of any provision of these bylaws, or the adoption of any new bylaw, that would be contrary to or inconsistent with the Stockholders Agreement or this sentence.

Notwithstanding the foregoing, (x) no amendment to the Stockholders Agreement (whether or not such amendment modifies any provision of the Stockholders Agreement to which these bylaws are subject) shall be deemed an amendment of these bylaws for purposes of this Section 9.01, (y) no amendment to the SCA (whether or not such amendment modifies any provision of the SCA to which these bylaws are subject) shall be deemed an amendment of these bylaws for purposes of this Section 9.01, and (z) no amendment, alteration or repeal of Article VI shall adversely affect any right or protection existing under bylaws immediately prior to such amendment, alteration or repeal, including any right or protection of a present or former Director or officer thereunder in respect of any act or omission occurring prior to the time of such amendment.

Exhibit 4.6

INDENTURE

Dated as of May 6, 2011

Among

ALLISON TRANSMISSION, INC.

THE GUARANTORS PARTY HERETO

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

7.125% SENIOR NOTES DUE 2019

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DEFAULTS AND REMEDIES

INDENTURE, dated as of May 6, 2011, between Allison Transmission, Inc., a Delaware corporation (the "Issuer") and Wells Fargo Bank, National Association, a national banking association, as Trustee.

WITNESSETH:

WHEREAS, the Issuer has duly authorized the creation of an issue of $500,000,000 aggregate principal amount of 7.125% Senior Notes due 2019 (the "Initial Notes"); and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Indenture and each Guarantor, if any, has duly authorized the execution and delivery of each Note Guarantee.

NOW, THEREFORE, the Issuer, each Guarantor, if any, and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the Notes.

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. Definitions.

"144A Global Note" means a Global Note substantially in the form of Exhibit A hereto, bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Acquisition" means the acquisition by Clutch Operating Company, Inc. of Allison Transmission, Inc. consummated on August 7, 2007.

"Acquisition Closing Date" means August 7, 2007.

"Acquisition Documents" means the Asset Purchase Agreement and any other documents entered into in connection therewith, in each case as amended, supplemented or modified from time to time.

"Acquisition Transaction" means the Acquisition and the transactions related thereto, including the offering of the Existing Senior Notes and borrowings made pursuant to the Credit Agreement and the Bridge Loan Facility funded at the Acquisition Closing Date.

"Additional Notes" means additional Notes (other than the Initial Notes and other than Notes issued for such Initial Notes pursuant to Sections 2.06, 2.07, 2.10 and 3.06 hereof) issued from time to time under this Indenture in accordance with Sections 2.01 and 4.09 hereof.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Agent" means any Registrar or Paying Agent.

"Applicable Premium" has the meaning set forth in Exhibit A hereto.

"Applicable Procedures" means, with respect to any transfer, redemption or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and/or Clearstream that apply to such transfer, redemption or exchange.

"Asset Purchase Agreement" means the Asset Purchase Agreement, dated as of June 28, 2007, by and between General Motors Corporation and Clutch Operating Company, Inc.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; and

(2) the issuance or sale of Equity Interests (other than directors' qualifying shares or shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law) in any of the Issuer's Restricted Subsidiaries.

Notwithstanding the preceding, none of the following items shall be deemed to be an Asset Sale:

(1) a disposition of Cash Equivalents or obsolete or worn out property or equipment in the ordinary course of business or inventory (or other assets) held for sale in the ordinary course of business and dispositions of property no longer used or useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(2) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to Section 5.01 or any disposition that constitutes a Change of Control pursuant to this Indenture;

(3) the making of any Restricted Payment or Permitted Investment that is permitted to be made, and is made, pursuant to Section 4.07 or the granting of a Lien permitted by Section 4.12;

(4) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of transactions with an aggregate Fair Market Value of less than $20.0 million;

(5) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to another Restricted Subsidiary;

(6) the sale, lease, assignment, sublease, license or sublicense of any assets or rights in the ordinary course of business;

(7) any sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(8) foreclosures on assets;

(9) disposition of an account receivable in connection with the collection or compromise thereof;

(10) any exchange of assets for assets (including a combination of assets and Cash Equivalents) related to a Permitted Business of comparable or greater market value or usefulness to the business of the Issuer and its Restricted Subsidiaries as a whole, as determined in good faith by the Issuer, which in the event of an exchange of assets with a Fair Market Value in excess of (a) $20.0 million shall be evidenced by an officer’s certificate, and (b) $40.0 million shall be set forth in a resolution approved in good faith by at least a majority of the Board of Directors of Parent;

(11) the sale, lease, assignment, license or sublease of inventory, equipment, accounts receivable or other current assets held for sale in the ordinary course of business and not in connection with any financing transaction;

(12) the grant in the ordinary course of business of licenses of patents, trademarks, know-how and any other intellectual property;

(13) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations permitted by this Indenture;

(14) foreclosures, condemnation or any similar action on assets or the granting of Liens not prohibited by this Indenture;

(15) the discount of inventory, accounts receivable or notes receivable in the ordinary course of business or the conversion of accounts receivable to notes receivable;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims in the ordinary course of business;

(17) to the extent allowable under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Permitted Business;

(18) dispositions in connection with outsourcing of services;

(19) the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(20) a sale of accounts receivable and related assets of the type specified in the definition of "Receivables Financing" to a Receivables Subsidiary in a Qualified Receivables Financing or in factoring or similar transactions; and

(21) a transfer of accounts receivable and related assets of the type specified in the definition of "Receivables Financing" (or a fractional undivided interest therein) by a Receivables Subsidiary in a Qualified Receivables Financing.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficial Ownership", "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board; (2) with respect to a partnership, the Board of Directors of the general partner of the partnership; (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and (4) with respect to any other Person, the board or committee of such Person serving a similar function.

"Bridge Loan Facility" means that certain senior interim loan agreement, dated the Acquisition Closing Date, by and among the Issuer, and Citigroup Global Markets Inc., Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as joint-lead arrangers and joint bookrunners, Citicorp North America, Inc., as administrative agent, Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as syndication agents, including any related notes, Guarantees, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced

(whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Business Day" means each day that is not a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP in effect on the date hereof, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Equivalents" means:

(1) United States dollars or, in the case of a Foreign Subsidiary, such local currencies held by it from time to time in the ordinary course of business;

(2) securities issued or directly and fully and unconditionally guaranteed or insured by the United States government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government with maturities of 24 months or less from the date of acquisition;

(3) certificates of deposit, time deposits and eurodollar time deposits with maturities of 24 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 24 months and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of $250.0 million;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having a rating of at least A-1 from Moody's or P-1 from S&P and, in each case, maturing within 24 months after the date of acquisition and Indebtedness and Preferred Stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's with maturities of 24 months or less from the date of acquisition;

(6) readily marketable direct obligations issued by any state of the United States or any political subdivision thereof having one of the two highest rating categories obtainable from either Moody's or S&P with maturities of 24 months or less from the date of acquisition;

(7) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another rating agency), and in each case maturing within 24 months after the date of creation or acquisition thereof;

(8) Investments with average maturities of 12 months or less from the date of acquisition in money market funds rated AAA- (or the equivalent thereof) or better by S&P or Aaa3 (or the equivalent thereof) or better by Moody's;

(9) instruments equivalent to those referred to in clauses (1) to (8) above denominated in euro or pound sterling or any other foreign currency comparable in credit quality and tenor to those referred to above and customarily used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Restricted Subsidiary organized in such jurisdiction; and

(10) investment in funds which invest substantially all of their assets in Cash Equivalents of the kinds described in clauses (1) through (9) of this definition.

"Change of Control" means the occurrence of any of the following:

(1) the sale, lease or transfer (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person other than a Permitted Holder; or

(2) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than one or more Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 50% or more of the total voting power of the Voting Stock of the Issuer (directly or through the acquisition of voting power of Voting Stock of any of the Issuer's direct or indirect parent companies);

provided, however, that in no event shall a Change of Control be deemed to have occurred pursuant to clauses (1) or (2) above if immediately after such event, and for the 90 days following, there has not occurred a Ratings Decline.

"Clearstream" means Clearstream Banking Societe Anonyme and any successor thereto.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consolidated Depreciation and Amortization Expense" means with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees, and other noncash charges (excluding any noncash item that represents an accrual or reserve for a cash expenditure for a future period) of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to any Person for any period, the sum, without duplication, of (a) consolidated interest expense of such Person and its Restricted Subsidiaries for such period (including amortization of original issue discount, noncash interest payments (other than imputed interest as a result of purchase accounting), commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, the interest component of Capital Lease Obligations, net payments (if any) pursuant to interest rate Hedging Obligations, but excluding amortization of deferred financing fees or expensing of any bridge or other financing fees and commissions, discounts, yield and other fees and charges (including any interest expense) related to any Receivables Financing and (b) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, less (d) interest income actually received in cash for such period.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; provided, however, that

(1) any after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including relating to the Acquisition Transactions and the Transactions), severance, relocation costs and curtailments or modifications to pension and post-retirement employee benefit plans shall be excluded,

(2) the Net Income for such period shall not include the cumulative effect of a change in accounting principles during such period,

(3) any after-tax effect of income or loss from disposed of or discontinued operations and any net after-tax gains or losses on disposal of disposed of, abandoned or discontinued operations shall be excluded,

(4) any after-tax effect of gains or losses (less all fees and expenses relating thereto) attributable to business or asset dispositions or abandonments or the sale or other

disposition of any Capital Stock of any Person other than in the ordinary course of business shall be excluded,

(5) the Net Income for such period of any Person that is not a Subsidiary, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting, shall be excluded; provided that Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;

(6) solely for the purpose of determining the amount available for Restricted Payments under Section 4.07(a)(3)(i), the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded if the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination wholly permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; provided that Consolidated Net Income of the Issuer will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to the extent converted into cash) to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(7) the effect of any non-cash items resulting from any amortization, write-up, write-down or write-off of assets (including intangible assets, goodwill and deferred financing costs), or a write-down of liabilities in connection with the Acquisition Transactions and the Transactions or any future acquisition, merger, consolidation or similar transaction (excluding any such non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed) shall be excluded;

(8) any after-tax effect of income or loss from the early extinguishment of (i) Indebtedness, (ii) Hedging Obligations or (iii) other derivative instruments shall be excluded,

(9) any impairment charge or asset write-off or write-down, including impairment charges or asset write-offs or write-downs related to intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded,

(10) any non-cash compensation charge or expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights shall be excluded,

(11) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Acquisition Closing Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction shall be excluded,

(12) accruals and reserves that are established within twelve months after the Acquisition Closing Date or the Issue Date that are so required to be established as a result of the Acquisition Transactions or the Transactions, respectively, in accordance with GAAP shall be excluded, and

(13) the following items shall be excluded:

(a) any net unrealized gain or loss (after any offset) resulting in such period from Hedging Obligations and the application of Statement of Financial Accounting Standards No. 133; and

(b) any net unrealized gain or loss (after any offset) resulting in such period from currency translation gains or losses related to currency remeasurements of Indebtedness (including any net loss or gain resulting from hedge agreements for currency exchange risk).

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted under this Indenture.

Notwithstanding the foregoing, for the purpose of Section 4.07 only (other than Section 4.07(a)(3)), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and the Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments made by the Issuer and the Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments made by the Issuer and any Restricted Subsidiary, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under Section 4.07(a)(3).

"Consolidated Senior Secured Debt Ratio" as of any date of determination means the ratio of (1) (x) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries that is secured by a Lien as of the end of the most recent fiscal period for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur minus (y) the aggregate amount of unrestricted cash and

Cash Equivalents, in each case, that is held by the Issuer and its Restricted Subsidiaries as of the end of such most recent fiscal period to (2) the EBITDA of the Issuer and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur, in each case, with such pro forma adjustments to Consolidated Total Indebtedness and EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio."

"Consolidated Total Indebtedness" means, as of any date of determination, the aggregate principal amount of Indebtedness of the Issuer and its Restricted Subsidiaries outstanding on such date, determined on a consolidated basis, to the extent required to be recorded on a balance sheet in accordance with GAAP, consisting of Indebtedness for borrowed money, capitalized lease obligations and debt obligations evidenced by promissory notes or similar instruments.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor or (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Corporate Trust Office of the Trustee" means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office shall be as designated by the Trustee as of the date hereof, or such other address as the Trustee may designate from time to time by notice to the Holders and the Issuer, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by written notice to the Holders and the Issuer).

"Credit Agreement" means that certain Credit Agreement, dated as of the Acquisition Closing Date, by and among the Issuer and Citigroup Global Markets Inc., Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint-lead arrangers and joint bookrunners, Citicorp North America, Inc., as administrative agent, Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as syndication agents, including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Credit Facilities" means, one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case, with banks or other institutional lenders or investors providing for revolving credit loans, term loans, notes or

other securities, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Custodian" means the Trustee, as custodian with respect to the Notes issuable or issued in whole or in part in global form, or any successor entity thereto appointed as a custodian hereunder and having become such pursuant to the applicable provisions of this Indenture.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06(c) hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as Depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"Designated Non-cash Consideration" means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

"Designated Preferred Stock" means Preferred Stock of the Issuer or Parent, as applicable (other than Disqualified Stock), that is issued for cash (other than to the Issuer or any of its Subsidiaries or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate, on the issuance date thereof.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control or asset sale), pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock (other than solely as a result of a change of control or asset sale), in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may

not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07.

"Domestic Subsidiary" means any Restricted Subsidiary of the Issuer that was formed under the laws of the United States or any state of the United States or the District of Columbia or that guarantees or otherwise provides direct credit support for any Indebtedness of the Issuer.

"EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication, the following (in each case, on a consolidated basis, determined in accordance with GAAP, and other than with respect to clauses (13) and (14), to the extent deducted in computing Consolidated Net Income):

(1) the provision for taxes based on income or profits, plus franchise or similar taxes, of such Person for such period, plus

(2) Consolidated Interest Expense of such Person for such period, plus

(3) Consolidated Depreciation and Amortization Expense of such Person for such period, plus

(4) the after-tax effect of any extraordinary, non-recurring or unusual losses (less all fees and expenses relating thereto); plus

(5) the amount of any restructuring charges or reserves (which, for the avoidance of doubt, shall include retention, severance, systems establishment cost, excess pension charges, contract termination costs, including future lease commitments, and costs to consolidate facilities and relocate employees) including in connection with the Acquisition Transactions, plus

(6) other non-cash charges, expenses or losses (excluding any such non-cash charge, expense or loss to the extent that it represents an accrual of or reserve for cash expenses in any future period or an amortization of a prepaid cash expense that was paid in a prior period (but including any non-cash expenses resulting from purchase accounting in connection with the Acquisition Transactions and the revaluation of inventory (including any impact of changes to inventory valuation policy methods including changes in capitalization of variances)), plus

(7) any gain to the extent that it represents a reversal of an accrual of or reserve for a potential cash payment in any future period, plus

(8) operating expense reductions and other operating improvements, synergies or costs savings that have been realized or are reasonably anticipated to be realizable within 18 months of any Investment, acquisition, disposition, merger, consolidation, discontinued operation or action being given pro forma effect (including, to the extent applicable, from the Acquisition Transactions); plus

(9) all adjustments of the nature used in connection with the calculation of "Pro Forma Adjusted EBITDA" as set forth in note 1 to the "Offering Memorandum Summary—Summary Historical Financial Data" in the Offering Memorandum to the extent such adjustments continue to be applicable and, with respect to the stand-alone costs, to the extent actually incurred, during the period in which EBITDA is being calculated; plus

(10) any expenses or charges (excluding any such non-cash charge) related to any issuance of Equity Interests, investment, acquisition, disposition, recapitalization or the incurrence or repayment of Indebtedness permitted to be incurred by this Indenture (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses or charges related to (x) the offering of the Notes or (y) the Transactions, (ii) any amendment or other modification of the Notes or other Indebtedness, and (iii) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Qualified Receivables Financing; plus

(11) the amount of loss on sale of receivables and related assets to a Receivables Subsidiary in connection with a Qualified Receivables Financing; *plus*

(12) the amount of management, monitoring, consulting, advisory fees, termination payments and related expenses paid to the Sponsors (or any accruals relating to such fees and related expenses) during such period pursuant to the Management Agreement, less

(13) extraordinary, non-recurring or unusual gains (including any gains resulting from the revaluation of inventory (including any impact of changes to inventory valuation policy methods including changes in capitalization of variances)), less

(14) other non-cash income or gains (excluding any such non-cash gain to the extent that it represents a reversal of an accrual of or reserve for a potential cash payment in any future period (but including any non-cash gains resulting from the revaluation of inventory (including any impact of changes to inventory valuation policy methods including changes in capitalization of variances)).

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means any public sale or private sale of any Capital Stock of the Issuer or any of its direct or indirect parent entities (excluding Disqualified Stock of the Issuer), other than (i) public offerings with respect to common stock of the Issuer or of any of its direct or indirect parent entities registered on Form S-4 or Form S-8, (ii) any such public sale that constitutes an Excluded Contribution or (iii) an issuance to any Subsidiary of the Issuer.

"Euroclear" means Euroclear S.A./N.V., as operator of the Euroclear system and any successor thereto.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto, and the rules and regulations of the SEC promulgated thereunder.

"Excluded Contribution" means net cash proceeds, marketable securities or Qualified Proceeds, in each case received by the Issuer and its Restricted Subsidiaries from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer or any Subsidiary) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock),

in each case designated as Excluded Contributions pursuant to an Officer's Certificate.

"Existing Indebtedness" means Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the Credit Agreement, the Notes and the Note Guarantees in existence on the Issue Date, including Indebtedness under (i) the Existing Cash Pay Senior Notes Indenture and (ii) the Existing PIK Notes Indenture plus any additional notes issued as pay-in-kind interest thereunder, in each case, until such amounts are repaid, repurchased, discharged or defeased.

"Existing Cash Pay Senior Notes" means the Issuer's 11.0% Senior Notes due 2015 issued under the Existing Cash Pay Senior Notes Indenture.

"Existing Cash Pay Senior Notes Indenture" means that certain Indenture governing the Existing Cash Pay Senior Notes, among the Issuer, as issuer, the guarantors named therein, and Wells Fargo Bank, National Association, as trustee, dated October 16, 2007.

"Existing PIK Notes" means the Issuer's 11 1/4% Senior Toggle Notes due 2015 issued on October 17, 2007 under the Existing PIK Notes Indenture plus any additional notes issued as pay-in-kind interest thereunder.

"Existing PIK Notes Indenture" means that certain Indenture governing the Existing PIK Notes, dated as of October 17, 2007, between the Issuer, as issuer, the guarantors named therein and Wells Fargo Bank, National Association, as trustee.

"Existing Senior Notes" means the Existing Cash Pay Senior Notes and Existing PIK Notes.

"Existing Senior Notes Indentures" means the Existing Cash Pay Senior Notes Indenture and the Existing PIK Notes Indenture.

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Issuer or Parent.

"Fixed Charge Coverage Ratio" means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees or repays any Indebtedness (other than in the case of revolving credit borrowings or revolving advances under any Qualified Receivables Financing) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee or repayment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period. Investments, acquisitions, dispositions, mergers, consolidations or discontinued operations changes that have been made by the Issuer or any Restricted Subsidiary during the subject period or subsequent to such period and on or prior to or simultaneously with the Calculation Date or if the Issuer or any Restricted Subsidiary had accounted for any of its business as a discontinued operation during any such period, then the Fixed Charge Coverage Ratio shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers or consolidations (and the change in any associated Fixed Charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the subject period and that such discontinued operation was disposed of on the first day of such period.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness if the related hedge has a remaining term in excess of twelve months). Interest on a Capital Lease Obligation shall be deemed to accrue at the interest rate reasonably determined by a responsible financial or accounting officer of the Person to be the rate of interest implicit in such Capital Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility or a Qualified Receivables Financing computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Person may designate.

For purposes of this definition, whenever pro forma effect is to be given to an Investment, acquisition, disposition, merger, consolidation, discontinued operation or action taken or initiated (including, without limitation, the Acquisition Transactions and the Transactions) and the amount of income or earnings relating thereto, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer. Any such pro forma calculation may include adjustments appropriate, in the reasonable determination of such responsible financial officer as set forth in an Officer's Certificate, to reflect (1) operating expense reductions and other operating improvements, synergies or cost savings that have been realized or are reasonably anticipated to be realizable within 18 months of such Investment, acquisition, disposition, merger, consolidation, discontinued operation or action being given pro forma effect (including, to the extent applicable, from the Acquisition

Transactions and the Transactions), and (2) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDA" as set forth in note 1 to the "Offering Memorandum Summary—Summary Historical Financial Data" in the Offering Memorandum to the extent such adjustments, without duplication, continue to be applicable to such period.

"Fixed Charges" means, with respect to any Person for any period, the sum of, without duplication, (a) Consolidated Interest Expense of such Person for such period, and (b) all cash dividends paid during such period (excluding items eliminated in consolidation) on any series of Disqualified Stock or Preferred Stock of such Person and its Restricted Subsidiaries.

"Foreign Subsidiary" means any Restricted Subsidiary of the Issuer that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are (except as set forth in the definition of Capital Lease Obligations) in effect from time to time. At any time after the Issue Date, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Indenture); provided that any such election, once made, shall be irrevocable; provided, further, any calculation or determination in this Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Issuer's election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. In addition, for purposes of this Indenture, all references to codified accounting standards specifically named herein shall be deemed to include any successor, replacement, amended or updated accounting standard under GAAP.

"Global Note Legend" means the legend set forth in Section 2.06(g)(ii) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Section 2.01, 2.06(b) or 2.06(d) hereof.

"Government Securities" means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"Guarantors" means (1) each Domestic Subsidiary of the Issuer on the date of this Indenture which is an obligor under the Credit Agreement and (2) each other Subsidiary of the Issuer that executes a Note Guarantee in accordance with the provisions of this Indenture, in each case, together with their respective successors and assigns until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"Holder" means a Person in whose name a Note is registered.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services (including, without limitation, earn-out obligations that are reflected as a liability on the balance sheet of such Person in accordance with GAAP) due more than six months after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP (excluding the footnotes thereto). In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Notwithstanding the foregoing, Indebtedness shall be deemed not to include: (a) Contingent Obligations incurred in the ordinary course of business and not in respect of borrowed money; (b) prepaid revenues; (c) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller or (d) obligations under or in respect of Receivables Financings.

"Independent Financial Advisor" means an accounting, appraisal or investment banking firm or consultant, in each case, of nationally recognized standing that is in the good determination of the Issuer, qualified to perform the task for which it has been engaged.

"Initial Purchasers" means Citigroup Global Markets Inc., Barclays Capital Inc., Deutsche Bank Securities Inc. and UBS Securities LLC and such other initial purchasers party to the purchase agreement or further purchase agreements entered into in connection with the offer and sale of the Notes.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" has the meaning assigned to it in the preamble to this Indenture.

"Interest Payment Date" shall have the meaning set forth in the Note.

"Interest Period" shall have the meaning set forth in the Note.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other rating agency.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP (excluding the footnotes thereto). If the Issuer or any Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Issuer, the Issuer shall be deemed to have made an

Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 4.07(c). The acquisition by the Issuer or any Subsidiary of the Issuer of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Issuer or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 4.07(c). Except as otherwise provided in this Indenture, the amount of an Investment shall be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"Issue Date" means May 6, 2011.

"Issuer" has the meaning assigned to it in the preamble to this Indenture.

"Issuer Order" means a written request or order signed on behalf of the Issuer by an Officer of the Issuer, who must be the principal executive officer, the principal financial officer, the treasurer, the principal accounting officer or any vice president of the Issuer, and delivered to the Trustee.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions are not required to be open in the State of New York or at any place of payment.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; provided, however, that in no event shall an operating lease be deemed to constitute a Lien.

"Management Agreement" means that Services Agreement by and among certain of the management companies associated with the Sponsors or their advisors, if applicable, and Parent, dated the Acquisition Closing Date, as the same may be amended from time to time.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends or accretion of Preferred Stock.

"Net Proceeds" means the aggregate cash proceeds received by the Issuer or any Restricted Subsidiary in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale and the sale of any Designated Non-cash Consideration, including, without limitation, legal, accounting and investment banking fees, sales commissions, relocation expenses incurred as a result of the Asset

Sale, and taxes paid or payable as a result of the Asset Sale after taking into account any available tax credits or deductions and any tax sharing arrangements, (2) amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale, and (3) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither the Issuer nor any Restricted Subsidiary (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Issuer or any Restricted Subsidiary to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Issuer or any Restricted Subsidiary.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Note Guarantee" means the Guarantee by each Guarantor of the Issuer's obligations under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

"Notes" means the Initial Notes and more particularly means any Note authenticated and delivered under this Indenture. For all purposes of this Indenture, the term "Notes" shall also include any Additional Notes that may be issued under a supplemental indenture. The Notes are separate series of Notes, but shall be treated as a single class for all purposes under this Indenture, except as set forth herein. For purposes of this Indenture, all references to Notes to be issued or authenticated upon transfer, replacement or exchange shall be deemed to refer to Notes of the applicable series.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering Memorandum" means the confidential Offering Memorandum dated April 27, 2011 used in connection with the offering of the Initial Notes.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of the Issuer.

"Officer's Certificate" means a certificate signed on behalf of the Issuer by an Officer of the Issuer, who must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, that meets the requirements of Section 12.04 hereof.

"Opinion of Counsel" means a written opinion from legal counsel that meets the requirements of Section 12.04 hereof. The counsel may be an employee of or counsel to the Issuer or any Subsidiary of the Issuer.

"Parent" means Allison Transmission Holdings, Inc., a Delaware corporation, and its successors.

"Pari Passu Indebtedness" means (i) with respect to the Issuer, the Notes and any Indebtedness, including any Additional Notes, that ranks pari passu in right of payment to the Notes; and (ii) with respect to any Guarantor, its Guarantee and any Indebtedness that ranks pari passu in right of payment to such Guarantor's Guarantee.

"Participant" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Asset Swap" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received must be applied in accordance with the covenant described under Section 4.10.

"Permitted Business" means the business and any services, activities or businesses incidental or directly related or similar to, any line of business engaged in by the Issuer and its Subsidiaries as of the Issue Date or any business activity that is a reasonable extension, development or expansion thereof or ancillary thereto (including joint ventures).

"Permitted Holders" means each of (i) the Sponsors, (ii) only for so long as they collectively hold less than the Sponsors, members of management of the Issuer or its direct or indirect parent companies on the Issue Date who are holders of Equity Interests of the Issuer (or any of its direct or indirect parent companies) and (iii) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; provided that, in the case of such group and without giving effect to the existence of such group or any other group, such Sponsors, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies.

"Permitted Investments" means:

(1) any Investment by the Issuer or a Restricted Subsidiary of the Issuer in a Restricted Subsidiary of the Issuer;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Issuer; or

(b) such Person, in one transaction or a series of related transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10;

(5) any Investment solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or any direct or indirect parent of the Issuer;

(6) any Investments (x) acquired by the Issuer or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable, or (b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default and (y) received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (b) litigation, arbitration or other disputes;

(7) Investments represented by Hedging Obligations;

(8) loans or advances to employees other than executives restricted by the Sarbanes-Oxley Act of 2002 made in the ordinary course of business of the Issuer or any Restricted Subsidiary of the Issuer in an aggregate principal amount not to exceed $15.0 million at any one time outstanding;

(9) guarantees (including Guarantees) of Indebtedness permitted under Section 4.09 and performance guarantees in the ordinary course of business;

(10) Investments consisting of licensing of intellectual property pursuant to joint marketing arrangements with other Persons;

(11) loans and advances to officers, directors and employees for business related travel expenses, moving and relocation expenses and other similar expenses, in each case in the ordinary course of business;

(12) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of intellectual property, in each case in the ordinary course of business;

(13) Investments of a Restricted Subsidiary of the Issuer acquired after the Issue Date or of an entity merged into, amalgamated with, or consolidated with a Restricted Subsidiary of the Issuer in a transaction that is not prohibited by Section 5.01 after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) repurchases of the Notes or the Existing Notes;

(15) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date and any modification, replacement, renewal or extension thereof; provided, however, that the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the Issue Date or (y) as otherwise permitted under this Indenture;

(16) any Investment in a Permitted Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (16) that are at that time outstanding, not to exceed the greater of $275.0 million and 5.0% of Total Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value), *provided*, *however*, that if any Investment pursuant to this clause (16) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (16) for so long as such Person continues to be a Restricted Subsidiary; and *provided further* that the Investments permitted pursuant to this clause (16) may be increased by the amount of distributions from joint ventures, without duplication of dividends or distributions increasing amounts available pursuant to Section 4.07(a)(3)(i);

(17) other Investments in any Person (other than the Issuer or one of its direct or indirect parent companies) having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding, not to exceed the greater of $200.0 million and 4.0% of Total Assets, *provided*, *however*, that if any Investment pursuant to this clause (17) is made in any Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person becomes a Restricted Subsidiary after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (17) for so long as such Person continues to be a Restricted Subsidiary; and *provided further* that the Investments permitted pursuant to this clause (17) may be increased by the amount of distributions from joint ventures, without duplication of dividends or distributions increasing amounts available pursuant to Section 4.07(a)(3)(i);

(18) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with the provisions of Section 4.11(b) (except transactions described in clause (iii), (v), (viii)(a), (xii), (xvi) or (xviii) of Section 4.11(b));

(19) any Investment in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Receivables Financing or any related Indebtedness; *provided*, *however*, that any Investment in a Receivables Subsidiary is in the form of a Purchase Money Note, contribution of additional receivables or an Equity Interest; and

(20) Investments in Unrestricted Subsidiaries having an aggregate Fair Market Value, taken together with all other Investments made pursuant to this clause (20) that are at that time outstanding, not to exceed the greater of $400.0 million and 7.5% of Total Assets (with the Fair Market Value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"Permitted Liens" means:

(1) Liens securing Obligations and Indebtedness under or pursuant to the Credit Facilities incurred and then outstanding permitted by Section 4.09(b)(i);

(2) Liens in favor of the Issuer or the Guarantors;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Issuer or any Subsidiary of the Issuer; provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Issuer or the Subsidiary;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property or assets by the Issuer or any Subsidiary of the Issuer; provided that such Liens were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition;

(5) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(iv) covering only the assets acquired with or financed by such Indebtedness;

(6) Liens existing on the Issue Date;

(7) Liens created for the benefit of (or to secure) the Notes or the Note Guarantees;

(8) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture; provided, however, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Indebtedness (plus improvements and accessions to such property, or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount, or, if greater, committed amount, of the original Indebtedness and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(9) Liens with respect to the assets of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of such Restricted Subsidiary incurred in accordance with Section 4.09;

(10) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary of the Issuer permitted to be incurred in accordance with Section 4.09(b);

(11) Liens on property or assets used to defease or to satisfy and discharge Indebtedness; provided that such defeasance or satisfaction and discharge is not prohibited by this Indenture;

(12) Liens for taxes, assessments or governmental charges or levies on the property of the Issuer or any Restricted Subsidiary if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision that shall be required in conformity with GAAP shall have been made therefore;

(13) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens and other similar Liens, on the property of the Issuer or any Restricted Subsidiary arising in the ordinary course of business and securing payment of obligations that are not more than 60 days past due or are being contested in good faith and by appropriate proceedings;

(14) Liens on the property of the Issuer or any Restricted Subsidiary incurred in the ordinary course of business to secure performance of obligations with respect to statutory or regulatory requirements, performance or return-of-money bonds, surety bonds or other obligations of a like nature and incurred in a manner consistent with industry practice, in each case which are not incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property and which do not in the aggregate impair in any material respect the use of property in the operation of the business of the Issuer and the Restricted Subsidiaries taken as a whole;

(15) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation or good faith deposits in connection

with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(16) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental, to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(17) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(18) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries and do not secure any Indebtedness;

(19) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(20) Liens on accounts receivable and related assets incurred in connection with a receivables facility permitted by Section 4.09(b)(xii);

(21) deposits made in the ordinary course of business to secure liability to insurance carriers;

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation and exportation of goods in the ordinary course of business;

(23) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection; (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business; and (iii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(24) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness; (ii) relating to pooled deposit or sweep accounts of the Issuer or any

Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries; or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(25) Liens securing obligations that do not exceed the greater of $100.0 million and 2.0% of Total Assets at any one time outstanding;

(26) Liens securing Pari Passu Indebtedness permitted to be incurred pursuant to Section 4.09, *provided* that at the time of any incurrence of such Pari Passu Indebtedness and the associated Lien and after giving pro forma effect thereto (in a manner consistent with the calculation of the Fixed Charge Coverage Ratio) under this clause (26), the Consolidated Senior Secured Debt Ratio shall not be greater than 2.25 to 1.00;

(27) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under this Indenture, secured by a Lien on the same property securing such Hedging Obligation;

(28) Liens to secure Indebtedness of Foreign Subsidiaries permitted by Section 4.09(b)(xxv);

(29) Liens on the Equity Interests of Unrestricted Subsidiaries;

(30) judgment and attachment Liens not giving rise to an Event of Default and notices of lis pendens and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(31) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(32) Liens incurred to secure cash management services (and other "bank products") owed to a lender under the Credit Agreement (or any Affiliate of such lender) at the time such services were entered into in the ordinary course of business;

(33) Liens on the assets of a joint venture to secure Indebtedness of such joint venture incurred pursuant to Section 4.09(b)(xxii); and

(34) Liens on accounts receivable and related assets of the type specified in the definition of "Receivables Financing" incurred in connection with a Qualified Receivables Financing.

"Permitted Payments to Parent" means, payments (directly or in the form of dividends, loans or otherwise) to, a direct or indirect parent entity of the Issuer in amounts required for such Person to pay:

(1) franchise taxes and other fees, taxes and expenses required to maintain its corporate existence;

(2) for so long as the Issuer is a member of a group filing a consolidated or combined tax return such direct or indirect parent entity, an allocable portion of the tax liabilities of such group that is attributable to the Issuer and its Subsidiaries;

(3) customary salary, bonus, severance and other benefits payable to, and indemnities provided on behalf of, officers and employees of such direct or indirect parent entity of the Issuer to the extent such salaries, bonuses, severance, indemnities and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(4) payments to the Sponsors and any of their Affiliates for any other financial advisory, financing, underwriting or placement services or in respect of investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the disinterested members of the Board of Directors of Parent in good faith;

(5) general corporate overhead expenses for such direct or indirect parent entity of the Issuer to the extent such expenses are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries; and

(6) reasonable fees and expenses incurred in connection with any unsuccessful debt or Equity Offering by such direct or indirect parent entity of the Issuer.

"Permitted Refinancing Indebtedness" means any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Issuer or any Restricted Subsidiary (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Private Placement Legend" means the legend set forth in Section 2.06(g)(i) hereof to be placed on all Notes issued under this Indenture, except where otherwise permitted by the provisions of this Indenture.

"Purchase Money Note" means a promissory note of a Receivables Subsidiary evidencing a line of credit, which may be irrevocable, from the Issuer or any Subsidiary of the Issuer to a Receivables Subsidiary in connection with a Qualified Receivables Financing, which note is intended to finance that portion of the purchase price that is not paid by cash or a contribution of equity.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified Proceeds" means the fair market value of assets that are used or useful in, or Capital Stock of any Person engaged in, a Permitted Business; provided, however, that the fair market value of any such assets or Capital Stock shall be determined by the Board of Directors of Parent in good faith.

"Qualified Receivables Financing" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions:

(1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary,

(2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at Fair Market Value (as determined in good faith by the Issuer), and

(3) the financing terms, covenants, termination events and other provisions thereof shall be market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure any Credit Agreement shall not be deemed a Qualified Receivables Financing.

"Rating Agencies" means Moody's and S&P.

"Ratings Categories" means:

(1) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); and

(2) with respect to Moody's, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories).

"Ratings Decline" means a decrease in the rating of the Notes by either Moody's or S&P by one or more gradations (including gradations within Rating Categories as well as between Rating Categories). In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Ratings Categories, namely + or—for S&P, and 1, 2 and 3 for Moody's, will be taken into account; for example, in the case of S&P, a ratings decline either from BB+ to BB or BB to BB- will each constitute a decrease of one gradation.

"Receivables Fees" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"Receivables Financing" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), and (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"Receivables Repurchase Obligation" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Receivables Subsidiary" means a Wholly Owned Subsidiary that is a Restricted Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or

activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates the Issuer or any other Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iii) subjects any property or asset of the Issuer or any other Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings,

(b) with which neither the Issuer nor any other Subsidiary of the Issuer has any material contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer, and

(c) to which neither the Issuer nor any other Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"Record Date" shall have the meaning set forth in the applicable Note.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as applicable.

"Regulation S Permanent Global Note" means a permanent Global Note in the form of Exhibit A hereto, bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"Regulation S Temporary Global Note" means a temporary Global Note in the form of Exhibit A hereto, bearing the Global Note Legend, the Private Placement Legend and the Regulation S Temporary Global Note Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903.

"Regulation S Temporary Global Note Legend" means the legend set forth in Section 2.06(g)(iii) hereof.

"Related Business Assets" means assets (other than cash or Cash Equivalents) used or useful in a Permitted Business, provided that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"Responsible Officer" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such Person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Period" means the 40-day distribution compliance period as defined in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business.

"Sale and Lease-Back Transaction" means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Senior Debt" means the principal of, premium, if any, and interest (including any interest accruing after the commencement of any bankruptcy proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim under applicable law) on any Indebtedness, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular obligation, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such obligation shall be subordinate or pari passu in right of payment to the notes. Without limiting the generality of the foregoing, "Senior Debt" shall also include the principal of, premium, if any, interest (including any interest accruing after the commencement of any bankruptcy proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed or allowable claim under applicable law) on, and all other amounts owing in respect of (including guarantees of the foregoing obligations):

(1) all monetary obligations of every nature of the Issuer under, or with respect to, the Credit Agreement, including, without limitation, obligations to pay principal, premium and interest, reimbursement obligations under letters of credit, fees, expenses and indemnities (and guarantees thereof); and

(2) all Hedging Obligations (and guarantees thereof),

in each case whether outstanding on the Issue Date or thereafter incurred.

"Shareholders Agreement" means the Shareholders Agreement among Parent and the shareholders of Parent, as in effect on the Acquisition Closing Date and as may be amended or supplemented thereafter.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"Sponsors" means one or more investments funds controlled by TC Group, L.L.C. or Onex Partners II L.P. and their respective Affiliates.

"Standard Securitization Undertakings" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing including, without limitation, those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subordinated Indebtedness" means (a) with respect to the Issuer, any Indebtedness of the Issuer that is by its terms subordinated in right of payment to the Notes and (b) with respect to any Guarantor, any Indebtedness of such Guarantor that is by its terms subordinated in right of payment to its Note Guarantee.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Total Assets" means the total assets of the Issuer and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, as shown on the most recent balance sheet of the Issuer or such other Person as may be expressly stated.

"Transactions" means the (1) offering of the Notes, (2) application of the use of proceeds therefrom, (3) tender offer for the Existing PIK Notes and (4) satisfaction and discharge of the Existing Senior Notes Indentures (as applicable).

"Treasury Rate" has the meaning set forth in Exhibit A hereto.

"Trustee" means Wells Fargo Bank, National Association, as trustee, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent Global Note, substantially in the form of Exhibit A attached hereto, that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Issuer that is designated by the Board of Directors of Parent as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11, is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary of the Issuer unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer;

(3) is a Person with respect to which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any Restricted Subsidiary.

"U.S. Person" means a U.S. person as defined in Rule 902(k) under the Securities Act.

"Voting Stock" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Subsidiary" of any Person means a Subsidiary of such Person, 100% of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares and shares issued to foreign nationals under applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

Section 1.02. Other Definitions.

Term	Defined in Section
“Acceptable Commitment”	4.10
“Affiliate Transaction”	4.11
“Asset Sale Offer”	4.10
“Authentication Order”	2.02
“Calculation Date”	1.01
“Change of Control Offer”	4.14
“Change of Control Payment”	4.14
“Change of Control Payment Date”	4.14
“Covenant Defeasance”	8.03
“DTC”	2.03
“Event of Default”	6.01
“Excess Proceeds”	4.10
“incur”	4.09
“Legal Defeasance”	8.02
“Offer Amount”	3.09
“Offer Period”	3.09
“Payment Default”	6.01
“Paying Agent”	2.03
“Permitted Debt”	4.09
“Purchase Date”	3.09
“Registrar”	2.03
“Restricted Payments”	4.07
“Second Commitment”	4.10
“Successor Company”	5.01
“Suspended Covenants”	4.19

Section 1.03. Rules of Construction.

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) “or” is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) “will” shall be interpreted to express a command;

(f) provisions apply to successive events and transactions;

(g) references to sections of, or rules under, the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time;

(h) unless the context otherwise requires, any reference to an "Article," "Section" or "clause" refers to an Article, Section or clause, as the case may be, of this Indenture; and

(i) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not any particular Article, Section, clause or other subdivision.

Section 1.04. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, shall be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Section 1.04.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the Person executing the same. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Register maintained by the Registrar.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of any action taken, suffered or omitted by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

(e) The Issuer may set a record date for purposes of determining the identity of Holders entitled to give any request, demand, authorization, direction, notice, consent, waiver or

take any other act, or to vote or consent to any action by vote or consent authorized or permitted to be given or taken by Holders. Unless otherwise specified, if not set by the Issuer prior to the first solicitation of a Holder made by any Person in respect of any such action, or in the case of any such vote, prior to such vote, any such record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation.

(f) Without limiting the foregoing, a Holder entitled to take any action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or action taken by a Holder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Holders of each such different part.

(g) Without limiting the generality of the foregoing, a Holder, including DTC that is the Holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and DTC that is the Holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in any such Global Note through such depositary's standing instructions and customary practices.

(h) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in any Global Note held by DTC entitled under the procedures of such depositary to make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders. If such a record date is fixed, the Holders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such request, demand, authorization, direction, notice, consent, waiver or other action, whether or not such Holders remain Holders after such record date. No such request, demand, authorization, direction, notice, consent, waiver or other action shall be valid or effective if made, given or taken more than 90 days after such record date.

ARTICLE 2

THE NOTES

Section 2.01. Form and Dating; Terms.

(a) General. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rules or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The amount of Notes which may be issued under this Indenture is unlimited.

(b) Global Notes. Notes issued in global form shall be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified in the "Schedule of Exchanges of Interests in the Global Note" attached thereto and each shall provide that it shall represent up to the aggregate principal amount of Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as applicable, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) Temporary Global Notes. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. Upon the termination of the Restricted Period and:

(i) receipt by the Issuer of a written certificate from the Depositary, together with copies of certificates from Euroclear and Clearstream certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Note (except to the extent of any beneficial owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who shall take delivery of a beneficial ownership interest in a 144A Global Note bearing a Private Placement Legend, all as contemplated by Section 2.06(b) hereof); and

(ii) following such receipt, delivery of an Officer's Certificate to the Trustee;

beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in the Regulation S Permanent Global Note pursuant to the Applicable Procedures. Simultaneously with the authentication of the Regulation S Permanent Global Note, the Trustee shall cancel the Regulation S Temporary Global Note. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) Terms. The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

Additional Notes ranking *pari passu* with the Initial Notes may be created and issued from time to time by the Issuer without notice to or consent of the Holders and shall be consolidated with and form a single class with the Initial Notes and shall have the same terms as to status, redemption or otherwise as the Initial Notes; provided that the Issuer's ability to issue Additional Notes shall be subject to the Issuer's compliance with Section 4.09 hereof. Except as described under Article 9 hereof, the Notes offered by the Issuer and any Additional Notes subsequently issued under this Indenture will be treated as a single class for all purposes under this Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to the "Notes" for all purposes of this Indenture include any Additional Notes that are actually issued. Any Additional Notes shall be issued with the benefit of an indenture supplemental to this Indenture.

Section 2.02. Execution and Authentication.

At least one Officer shall execute the Notes on behalf of the Issuer by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until authenticated substantially in the form of Exhibit A attached hereto, as the case may be, by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been duly authenticated and delivered under this Indenture.

On the Issue Date, the Trustee shall, upon receipt of an Issuer Order (an "Authentication Order"), authenticate and deliver the Initial Notes. In addition, at any time, from time to time, the Trustee shall upon an Authentication Order authenticate and deliver any Additional Notes. Such Authentication Order shall specify the amount of the Notes to be authenticated and, in the case of any issuance of Additional Notes pursuant to Section 2.01 hereof, shall certify that such issuance is in compliance with Section 4.09 of this Indenture.

The Trustee may appoint an authenticating agent acceptable to the Issuer to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuer.

Section 2.03. Registrar and Paying Agent.

The Issuer shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Issuer may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuer may change any Paying Agent or Registrar without prior notice to any Holder. The Issuer shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuer fails

to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar.

The Issuer initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Issuer initially appoints the Trustee to act as the Paying Agent and Registrar for the Notes and to act as Custodian with respect to the Global Notes.

Section 2.04. Paying Agent to Hold Money in Trust.

The Issuer shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all assets held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and will notify the Trustee of any default by the Issuer in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or a Subsidiary) shall have no further liability for the money. If the Issuer or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Issuer, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee at least two Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.06. Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. Except as otherwise set forth in this Section 2.06, a Global Note may be transferred, in whole and not in part, only to another nominee of the Depositary or to a successor Depositary or a nominee of such successor Depositary. A beneficial interest in a Global Note may not be exchanged for a Definitive Note unless (i) the Depositary (x) notifies the Issuer that it is unwilling or unable to continue as Depositary for such Global Note or (y) has ceased to be a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Issuer within 120 days, (ii) the Issuer in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; provided that in no event shall the Regulation S Temporary Global Note be exchanged by the Issuer for Definitive Notes prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act or (iii) there shall have occurred and be continuing a Default with respect to the Notes. Upon the occurrence of any of the preceding events in (i), (ii) or (iii) above,

Definitive Notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depositary (in accordance with its customary procedures). Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); provided, however, that beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) hereof, the transferor of such beneficial interest must deliver to the Registrar either (A) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above; provided that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S

Temporary Global Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) hereof and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; or

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon the occurrence of any of the events in Section 2.06(a)(i) or (ii) hereof and receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to the Issuer or any of its Restricted Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuer shall execute and the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Note in the applicable principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall mail such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Regulation S Temporary Global Note to Definitive Notes. Notwithstanding Sections 2.06(c)(i)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) of the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate

substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to the Issuer or any of its Restricted Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the applicable Restricted Global Note, in the case of clause (B) above, the applicable 144A Global Note, and in the case of clause (C) above, the applicable Regulation S Global Note.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e):

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made to a QIB in accordance with Rule 144A, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904 then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; or

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications required by item (3) thereof, if applicable.

(f) [Intentionally Omitted].

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture:

(i) Private Placement Legend. Each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS NOTE (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, AND ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, THE SECURITIES ACT, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN ACCORDANCE WITH TRANSFER RESTRICTIONS CONTAINED IN THE INDENTURE UNDER WHICH THIS NOTE WAS ISSUED. THE HOLDER OF THE NOTE WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY A PROPOSED TRANSFEREE OF THE NOTICE OF THE RESALE RESTRICTIONS APPLICABLE TO THE NOTE. THIS SECURITY MAY NOT BE ACQUIRED OR HELD WITH THE ASSETS OF (I) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO ERISA, (II) A "PLAN" DESCRIBED IN SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) ANY ENTITY DEEMED TO HOLD "PLAN ASSETS" OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY, OR (IV) A GOVERNMENTAL PLAN OR CHURCH PLAN SUBJECT TO APPLICABLE LAW THAT IS SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), UNLESS THE ACQUISITION AND HOLDING OF THIS SECURITY BY THE PURCHASER OR TRANSFEREE, THROUGHOUT THE PERIOD THAT IT HOLDS THIS SECURITY, ARE EXEMPT FROM THE PROHIBITED TRANSACTION RESTRICTIONS UNDER ERISA AND SECTION 4975 OF THE CODE OR ANY PROVISIONS OF SIMILAR LAW, AS APPLICABLE, PURSUANT TO ONE OR MORE PROHIBITED TRANSACTION STATUTORY OR ADMINISTRATIVE EXEMPTIONS. BY ITS ACQUISITION OR HOLDING OF THIS SECURITY, EACH PURCHASER AND TRANSFEREE WILL BE

DEEMED TO HAVE REPRESENTED AND WARRANTED THAT THE FOREGOING REQUIREMENTS HAVE BEEN SATISFIED."

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06(h) OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(iii) Regulation S Temporary Global Note Legend. The Regulation S Temporary Global Note shall bear a legend in substantially the following form:

"EXCEPT AS SET FORTH BELOW, BENEFICIAL OWNERSHIP INTERESTS IN THIS REGULATION S TEMPORARY GLOBAL NOTE WILL NOT BE EXCHANGEABLE FOR INTERESTS IN THE REGULATION S PERMANENT GLOBAL NOTE OR ANY OTHER NOTE REPRESENTING AN INTEREST IN THE NOTES REPRESENTED HEREBY WHICH DO NOT

CONTAIN A LEGEND CONTAINING RESTRICTIONS ON TRANSFER, UNTIL THE EXPIRATION OF THE "40-DAY DISTRIBUTION COMPLIANCE PERIOD" (WITHIN THE MEANING OF RULE 903(B)(2) OF REGULATION S UNDER THE SECURITIES ACT) AND THEN ONLY UPON CERTIFICATION IN FORM REASONABLY SATISFACTORY TO THE TRUSTEE THAT SUCH BENEFICIAL INTERESTS ARE OWNED EITHER BY NON-U.S. PERSONS OR U.S. PERSONS WHO PURCHASED SUCH INTERESTS IN A TRANSACTION THAT DID NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT. DURING SUCH 40-DAY DISTRIBUTION COMPLIANCE PERIOD, BENEFICIAL OWNERSHIP IN THIS REGULATION S TEMPORARY GLOBAL NOTE MAY ONLY BE SOLD, PLEDGED OR TRANSFERRED THROUGH EUROCLEAR SYSTEM OR CLEARSTREAM LUXEMBOURG, A SOCIETE ANONYME AND ONLY (1) TO THE COMPANY, (2) WITHIN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN A TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF THE CASES (1) THROUGH (4) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OTHER JURISDICTIONS. HOLDERS OF INTERESTS IN THIS REGULATION S TEMPORARY GLOBAL NOTE WILL NOTIFY ANY PURCHASER OF THIS NOTE OF THE RESALE RESTRICTIONS REFERRED TO ABOVE, IF THEN APPLICABLE.

BENEFICIAL INTERESTS IN THIS REGULATION S TEMPORARY GLOBAL NOTE MAY BE EXCHANGED FOR INTERESTS IN A RESTRICTED GLOBAL NOTE ONLY IF (1) SUCH EXCHANGE OCCURS IN CONNECTION WITH A TRANSFER OF THE NOTES IN COMPLIANCE WITH RULE 144A, AND (2) THE TRANSFEROR OF THE REGULATION S TEMPORARY GLOBAL NOTE FIRST DELIVERS TO THE TRUSTEE A WRITTEN CERTIFICATE (IN THE FORM ATTACHED TO THIS CERTIFICATE) TO THE EFFECT THAT THE REGULATION S GLOBAL NOTE IS BEING TRANSFERRED (A) TO A PERSON WHO THE TRANSFEROR REASONABLY BELIEVES TO BE A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A, (B) TO A PERSON WHO IS PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND (C) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

BENEFICIAL INTERESTS IN A GLOBAL TRANSFER RESTRICTED NOTE MAY BE TRANSFERRED TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN THE REGULATION S GLOBAL NOTE,

WHETHER BEFORE OR AFTER THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD, ONLY IF THE TRANSFEROR FIRST DELIVERS TO THE TRUSTEE A WRITTEN CERTIFICATE (IN THE FORM ATTACHED TO THIS CERTIFICATE) TO THE EFFECT THAT IF SUCH TRANSFER IS BEING MADE IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S OR RULE 144 (IF AVAILABLE) AND THAT, IF SUCH TRANSFER OCCURS PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD, THE INTEREST TRANSFERRED WILL BE HELD IMMEDIATELY THEREAFTER THROUGH EUROCLEAR SYSTEM OR CLEARSTREAM LUXEMBOURG, A SOCIETE ANONYME."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.07, 2.10, 3.06, 3.09, 4.10, 4.14 and 9.05 hereof).

(iii) Neither the Registrar nor the Issuer shall be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Issuer shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of such mailing, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a Record Date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of (and premium, if any) and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.

(vii) Upon surrender for registration of transfer of any Note at the office or agency of the Issuer designated pursuant to Section 4.02 hereof, the Issuer shall execute, and the Trustee shall authenticate and mail, in the name of the designated transferee or transferees, one or more replacement Notes of any authorized denomination or denominations of a like aggregate principal amount.

(viii) At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination or denominations of a like aggregate principal amount upon surrender of the Notes to be exchanged at such office or agency. Whenever any Global Notes or Definitive Notes are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and mail, the replacement Global Notes and Definitive Notes which the Holder making the exchange is entitled to in accordance with the provisions of Section 2.02 hereof.

(ix) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

(x) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depositary Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(xi) Neither the Trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by the Depositary.

Section 2.07. Replacement Notes.

If any mutilated Note is surrendered to the Trustee, the Registrar or the Issuer and the Trustee receives evidence to its satisfaction of the ownership and destruction, loss or theft of any Note, the Issuer shall issue and the Trustee, upon receipt of an Authentication Order, shall

authenticate a replacement Note if the Trustee's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuer to protect the Issuer, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuer may charge for its expenses in replacing a Note.

Every replacement Note is a contractual obligation of the Issuer and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08. Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Issuer, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.09. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer, or by any Affiliate of the Issuer, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in conclusively relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to deliver any such direction, waiver or consent with respect to the Notes and that the pledgee is not the Issuer or any obligor upon the Notes or any Affiliate of the Issuer or of such other obligor.

Section 2.10. Temporary Notes.

Until certificates representing Notes are ready for delivery, the Issuer may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes.

Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Issuer considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuer shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

Holders and beneficial holders, as the case may be, of temporary Notes shall be entitled to all of the benefits accorded to Holders, or beneficial holders, respectively, of Notes under this Indenture.

Section 2.11. Cancellation.

The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar or the Paying Agent and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of such cancelled Notes in accordance with its customary procedures (subject to the record retention requirement of the Exchange Act). Certification of the cancellation of all cancelled Notes shall be delivered to the Issuer upon its written request. The Issuer may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12. Defaulted Interest.

If the Issuer defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuer shall notify the Trustee in writing in the form of an Officer's Certificate of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such defaulted interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such defaulted interest as provided in this Section 2.12. The Trustee shall fix or cause to be fixed each such special record date and payment date; provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. The Trustee shall promptly notify the Issuer of such special record date. At least 15 days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee in the name and at the expense of the Issuer) shall mail or cause to be mailed, first-class postage prepaid, to each Holder a notice at his or her address as it appears in the register maintained by the Registrar that states the special record date, the related payment date and the amount of such interest to be paid.

Subject to the foregoing provisions of this Section 2.12 and for greater certainty, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

Section 2.13. CUSIP Numbers.

The Issuer in issuing the Notes may use CUSIP numbers (if then generally in use) and, if so, the Trustee shall use CUSIP numbers in notices of redemption as a convenience to Holders; provided, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer shall as promptly as practicable notify the Trustee of any change in the CUSIP numbers.

ARTICLE 3

REDEMPTION

Section 3.01. Notices to Trustee.

If the Issuer elects to redeem the Notes pursuant to Section 3.07 hereof, it shall furnish to the Trustee, at least 10 Business Days before notice of redemption is required to be mailed or caused to be mailed to Holders pursuant to Section 3.03 hereof but not more than 60 days before a redemption date, an Officer's Certificate complying with the applicable provisions of Section 12.04 setting forth (i) the paragraph or subparagraph of such Note and/or Section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of the Notes, as the case may be, to be redeemed, (iv) the redemption price and (v) the CUSIP number, if any. Any optional redemption referenced in such Officer's Certificate may be cancelled by the Issuer at any time prior to a notice of redemption being mailed to any Holder and, thereafter, shall be null and void.

Section 3.02. Selection of Notes to Be Redeemed or Purchased.

If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee shall select the Notes to be redeemed or purchased on a pro rata basis or, to the extent that selection on a pro rata basis is not practicable, by lot or by such other method as the Trustee reasonably considers fair and appropriate unless otherwise provided by DTC procedures; *provided* that no partial redemption will reduce the principal amount of a Note not redeemed to be less than $2,000.

The Trustee shall promptly notify the Issuer in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected shall be in amounts of $2,000 or whole multiples of $1,000 in excess thereof; no Notes of $2,000 or less can be redeemed in part, except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03. Notice of Redemption or Repurchase.

Subject to Section 3.09 hereof, the Issuer shall mail or cause to be mailed by first-class mail notices of redemption or repurchase at least 30 days but not more than 60 days before the redemption or repurchase date to each Holder of Notes to be redeemed or repurchased at such Holder's registered address, except that redemption or repurchase notices may be mailed more than 60 days prior to a redemption or repurchase date if the notice is issued in connection with Article 8 or Article 11 hereof. Notices of redemption may be conditional. Failure to give notice of redemption, or any defect therein to any Holder of any Note selected for redemption shall not impair or affect the validity of the redemption of any other Note.

The notice shall identify the Notes to be redeemed and shall state:

(a) the redemption or repurchase date;

(b) the redemption or repurchase price;

(c) if any Note is to be redeemed or repurchased in part only, the portion of the principal amount of that Note that is to be redeemed or repurchased and that, after the redemption or repurchase date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed unpurchased portion of the original Note representing the same indebtedness to the extent not redeemed or repurchased will be issued in the name of the Holder of the Notes (unless such unredeemed or unrepurchased portion is equal to or less than $2,000 in principal amount) or transferred by book entry upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption or repurchase must be surrendered to the Paying Agent to collect the redemption or repurchase price;

(f) that, unless the Issuer defaults in making such redemption payment, and interest on Notes called for redemption or repurchase ceases to accrue on and after the redemption or repurchase date;

(g) the paragraph or subparagraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption or repurchase are being redeemed or repurchased, as applicable;

(h) the CUSIP number, if any, and the statement that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and

(i) any condition to such redemption or repurchase.

At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's name and at its expense; provided that the Issuer shall have delivered to the Trustee, at least 10 Business Days before notice of redemption is required to be mailed or caused to be

mailed to Holders pursuant to this Section 3.03 (unless a shorter notice shall be agreed to by the Trustee), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price (except as provided for in the applicable Note). The notice, if mailed in a manner herein provided, shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the Holder of any Note designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Note. Subject to Section 3.05 hereof, on and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Section 3.05. Deposit of Redemption or Purchase Price.

Prior to 11:00 a.m. (New York City time) on the redemption or purchase date, the Issuer shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued and unpaid interest on all Notes (or a portion thereof) to be redeemed or purchased on that date. The Trustee or the Paying Agent shall promptly, and in any event within two Business Days after the redemption or repurchase date, return to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest on, all Notes to be redeemed or purchased.

If the Issuer complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption or purchase whether or not such Notes are presented for payment. If a Note is redeemed or purchased on or after a Record Date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest to the redemption or purchase date shall be paid to the Person in whose name such Note was registered at the close of business on such Record Date. If any Note called for redemption or purchase shall not be so paid upon surrender for redemption or purchase because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest accrued to the redemption or purchase date not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06. Notes Redeemed or Purchased in Part.

Upon surrender and cancellation of a Note that is redeemed or purchased in part, the Issuer shall issue and the Trustee shall authenticate for the Holder at the expense of the Issuer a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered representing the same indebtedness to the extent not redeemed or purchased;

provided that each new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

Section 3.07. Optional Redemption.

The Issuer may redeem the Notes in accordance with the provisions of the Note, as set forth in Exhibit A hereto. Any redemption of Notes may, at the Issuer's discretion, be subject to one or more conditions precedent. If a redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

The Issuer or its Affiliates may at any time and from time to time purchase Notes or other Indebtedness of the Issuer. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as for such consideration as the Issuer or any such Affiliates may determine.

Section 3.08. Mandatory Redemption.

The Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09. Offers to Repurchase by Application of Excess Proceeds.

(a) In the event that, pursuant to Section 4.10 hereof, the Issuer shall be required to commence an Asset Sale Offer, it shall follow the procedures specified below.

(b) The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Issuer shall apply all Excess Proceeds (the "Offer Amount") to the purchase of Notes and, if required, pari passu Indebtedness (on a pro rata basis, if applicable), or, if less than the Offer Amount has been tendered, all Notes and pari passu Indebtedness tendered in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

(c) If the Purchase Date is on or after a Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest up to but excluding the Purchase Date, shall be paid to the Person in whose name a Note is registered at the close of business on such Record Date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

(d) Upon the commencement of an Asset Sale Offer, the Issuer shall send, by first-class mail, a notice to each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant

to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders and holders of pari passu Indebtedness. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(i) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Issuer defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest on and after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in denominations of $2,000 or integral multiples of $1,000 in excess thereof only;

(vi) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender such Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Note completed, or transfer by book-entry transfer, to the Issuer, the Depositary, if appointed by the Issuer, or a Paying Agent at the address specified in the notice at least three Business Days before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Issuer, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principal amount of Notes and pari passu Indebtedness surrendered by the holders thereof exceeds the Offer Amount, the Trustee shall select the Notes and the applicable Person (but not the Trustee) shall select such pari passu Indebtedness to be purchased on a pro rata basis based on the accreted value or principal amount of the Notes or, for purposes of such applicable Person's selection (but not the Trustee), such pari passu Indebtedness tendered (with such adjustments as may be deemed appropriate by the Trustee, in the case of the Notes, and by the applicable Person (but not the Trustee), in the case of pari passu Indebtedness, so that only Notes in denominations of $2,000, or integral multiples of $1,000 in excess thereof, shall be purchased); and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased (to the extent that such unpurchased portion equals to $2,000 in principal amount or an integral multiples of $1,000 in excess thereof) portion of the Notes surrendered (or transferred by book-entry transfer) representing the same indebtedness to the extent not repurchased.

(e) On or before the Purchase Date, the Issuer shall, to the extent lawful, (1) accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof validly tendered and not withdrawn pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes promptly tendered and not withdrawn and (2) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof so tendered.

(f) The Issuer, the Depositary or the Paying Agent, as the case may be, shall promptly mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes properly tendered and not withdrawn by such Holder and accepted by the Issuer for purchase, and the Issuer shall promptly issue a new Note, and the Trustee, upon receipt of an Authentication Order, shall authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder in a principal amount equal to any unpurchased portion of the Note surrendered representing the same indebtedness to the extent not repurchased; provided that each such new Note shall be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. Any Note not so accepted shall be promptly mailed or delivered by the Issuer to the Holder thereof. The Issuer shall publicly announce the results of the Asset Sale Offer on or as soon as practicable after the Purchase Date.

Other than as specifically provided in this Section 3.09 or Section 4.10 hereof, any purchase pursuant to this Section 3.09 shall be made pursuant to the applicable provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4

COVENANTS

Section 4.01. Payment of Notes.

The Issuer shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Issuer or a Subsidiary, holds as of 11:00 a.m. (New York City time) on the due date money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. Such Paying Agent shall return to the Issuer promptly, and in any event, no later than two Business Days following the date of payment, any money (including accrued interest, if any) that exceeds such amount of principal, premium, if any, and interest paid on the Notes. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

The Issuer shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

Section 4.02. Maintenance of Office or Agency.

The Issuer shall maintain the office required under Section 2.03 (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where the Notes may be presented or surrendered for registration of transfer or for exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at The Corporate Trust Office of the Trustee.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer in accordance with Section 2.03 hereof.

Section 4.03. Reports.

(a) Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Issuer shall furnish or shall cause the Trustee to furnish to the Holders of Notes:

(i) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, in the case of quarterly financial information, and 90 days after the end of each fiscal year, in the case of annual financial information, all quarterly and annual financial information that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Issuer were required to file such reports, including a presentation of EBITDA and Adjusted EBITDA of the Issuer consistent with the presentation thereof in the Offering Memorandum, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and, with respect to the annual financial information only, a report on the annual financial statements by the Issuer’s certified independent accountants; and

(ii) promptly from time to time after the occurrence of an event required to be therein reported, such other reports containing substantially the same information required to be contained in a Current Report on Form 8-K under the Exchange Act; provided, however, that no such report shall be required to be furnished if the Issuer determines in its good faith judgment that such event is not material to the Holders of the Notes or the business, assets, operations, financial positions or prospects of the Issuer and its Restricted Subsidiaries;

provided, however, that (a) such reports will not be required to comply with or contain any certifications or reports required by Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 and 308 of Regulation S-K promulgated by the SEC, or in each case any successor provisions, (b) such reports will not be required to contain the separate financial information for Guarantors or Subsidiaries whose securities are pledged to secure the Notes contemplated by Rule 3-10 or Rule 3-16 of Regulation S-K promulgated by the SEC, (c) such reports shall not be required to comply with Regulation G under the Exchange Act or Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-GAAP financial measures contained therein, (d) to the extent pro forma financial information regarding the Acquisition Transactions or the Transactions is required to be provided by the Issuer, the Issuer may provide only pro forma revenues, EBITDA, Adjusted EBITDA, senior secured debt, total debt and capital expenditures in lieu thereof, and (e) such reports shall not be required to present compensation or beneficial ownership information, except to the extent and in the same general style of presentation as such information is included and presented in the Offering Memorandum.

(b) The Issuer shall (1) distribute such reports and information electronically to the Trustee and (2) make available such reports and information to any Holder of Notes, any prospective investor, any security analyst or any market maker by posting such reports and information on Intralinks or any comparable password protected online data system, which will require a confidentiality acknowledgement; provided that the Issuer shall make readily available any password or other login information to any such Holder of Notes, prospective investor, security analyst or market maker. The Issuer shall use its commercially reasonable efforts, consistent with its judgment as to what is prudent at the time, to participate in quarterly conference calls to discuss operating results and related matters. The Issuer shall issue a press release, which will provide the date and time of any such call and will direct Holders of Notes, prospective investors and securities analysts to contact the investor relations office of the Issuer to obtain access to the conference call.

(c) If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by this Section 4.03 shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

(d) Notwithstanding the foregoing, the Issuer will be deemed to have furnished such reports referred to above to the Trustee and the Holders if the Issuer or any direct or indirect parent of the Issuer (including Parent) has filed comparable reports with the SEC via the EDGAR (or successor) filing system and such reports are publicly available (it being understood that the trustee shall have no obligation whatsoever to determine whether such filings have been made); provided that, if the financial information so furnished relates to such direct or indirect parent of the Issuer (including Parent), the Company will post on Intralinks or any comparable password protected online data system consolidating information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to the Issuer and the Restricted Subsidiaries on a standalone basis, on the other hand.

Section 4.04. Compliance Certificate.

(a) The Issuer and each Guarantor (to the extent that such Guarantor would be so required under the Trust Indenture Act if this Indenture were qualified thereunder) shall deliver to the Trustee, within 90 days after the end of each fiscal year of the Issuer ending after the date of this Indenture, a certificate from the principal executive officer, principal financial officer or principal accounting officer stating that, as to such Officer signing such certificate, that to the best of his or her knowledge the Issuer has performed each and every covenant contained in this Indenture that is applicable to it in all material respects and is not in default in the performance or observance of any of the terms, provisions, covenants and conditions of this Indenture (or, if a Default shall have occurred, describing all such Defaults of which he or she may have knowledge and what action the Issuer is taking or proposes to take with respect thereto).

(b) When any Default has occurred and is continuing under this Indenture, or if the Trustee or the holder of any other evidence of Indebtedness of the Issuer or any Subsidiary gives any notice or takes any other action with respect to a claimed Default, the Issuer shall promptly (which shall be no more than ten (10) Business Days) deliver to the Trustee by registered or certified mail or by facsimile transmission an Officer's Certificate specifying such event and what action the Issuer proposes to take with respect thereto.

Section 4.05. Taxes.

The Issuer shall pay, and shall cause each of its Restricted Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate negotiations or proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06. Stay, Extension and Usury Laws.

The Issuer and each of the Guarantors covenant (to the extent that they may lawfully do so) that they shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer and each of the Guarantors (to the extent that they may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and covenant that they shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07. Restricted Payments.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly:

(i) declare or pay any dividend or make any other distribution on account of the Issuer's Equity Interests or the Equity Interests of any of the Issuer's Restricted Subsidiaries (including any dividend or distribution payable in connection with any

merger or consolidation involving the Issuer) other than dividends or distributions payable in Equity Interests (other than Disqualified Stock);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;

(iii) make any principal payment on, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee in each case prior to any scheduled repayment sinking fund payment, principal installment or Stated Maturity thereof (other than (x) Indebtedness permitted under clauses (vi) and (vii) of the definition of "Permitted Debt" or (y) the purchase, repurchase or other acquisition or retirement of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of the purchase, repurchase, acquisition or retirement); or

(iv) make any Restricted Investment

(all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment;

(2) the Issuer would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Acquisition Closing Date (excluding Restricted Payments permitted by clauses (ii) through (viii) and (x) through (xxiii) of Section 4.07(b)) is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from October 1, 2007 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property, assets or marketable securities received by the Issuer since the Acquisition Closing Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Issuer (other than Disqualified Stock) or

from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged for such Equity Interests (in each case other than (A) Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Issuer or to an employee stock ownership plan or other trust established by the Issuer or any Restricted Subsidiary, (B) Designated Preferred Stock, (C) Equity Interests sold to members of management or directors of the Issuer or any Restricted Subsidiary or Parent after the Acquisition Closing Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (v) of Section 4.07(b), (D) Excluded Contributions and (E) contributions to the extent such contributions have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to Section 4.09(b)(xxi)); plus

(iii) with respect to Restricted Investments made by the Issuer or its Restricted Subsidiaries after the Acquisition Closing Date, an amount equal to the greatest of (A) the net reduction in such Restricted Investments in any Person resulting from repayments of loans or advances, or other transfers of assets, in each case to the Issuer or any Restricted Subsidiary, (B) the net cash proceeds received by the Issuer or any of its Restricted Subsidiaries from the sale of any such Restricted Investment or the receipt by the Issuer or any of its Restricted Subsidiaries of any dividends or distributions from such Restricted Investment, (C) the net reduction in such Restricted Investment resulting from the release of any guarantee (except to the extent any amounts are paid under such guarantee) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries or (D) the sale of the Capital Stock of, or any distribution or dividend from, any Unrestricted Subsidiary.

(b) The preceding provisions will not prohibit:

(i) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration of such payment or notice the dividend or redemption payment would have complied with the provisions of this Indenture;

(ii) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock or Designated Preferred Stock and other than the sale of Equity Interests designated as an Excluded Contribution) or from the substantially concurrent contribution of common equity capital to the Issuer; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(ii) of Section 4.07(a);

(iii) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(iv) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Issuer payable to the Issuer or to a Restricted Subsidiary and pro rata dividends or distributions payable to minority holders of Equity Interests of any Restricted Subsidiary who are not Affiliates other than the Issuer or a Restricted Subsidiary;

(v) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer held by any future, current or former officer, director or employee of the Issuer or any Restricted Subsidiary pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement or payments to Parent in amounts equal to amounts expended by Parent to repurchase, redeem or otherwise acquire or retire for value any Equity Interests of Parent held by any future, current or former officer, director or employee of Parent, the Issuer or any of its Subsidiaries (or their permitted transferees) pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $20.0 million in any twelve-month period (which shall increase to $30.0 million subsequent to the consummation of any underwritten public Equity Offering by the Issuer or any direct or indirect parent entity of the Issuer) (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum (without giving effect to the following proviso) of $40.0 million in any calendar year (which shall increase to $60.0 million subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any direct or indirect parent corporation of the Issuer); and provided, further that such amount in any twelve-month period may be increased by an amount equal to (x) the cash proceeds received by the Issuer or any Restricted Subsidiary from the sale of Equity Interests of the Issuer (other than Disqualified Stock) or of the Parent (to the extent contributed to the Issuer) to members of management or directors of the Issuer or any Restricted Subsidiary or Parent; plus (y) the cash proceeds of key man life insurance policies received by the Issuer or Parent (to the extent contributed to the Issuer) or any Restricted Subsidiary; minus (z) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (x) and (y) of this clause (v); and provided further that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from any officer, director or employee of the Issuer, Parent or any Restricted Subsidiary in connection with a repurchase of Equity Interests of the Issuer, Parent or any Restricted Subsidiary will not be deemed to constitute a Restricted Payment for purposes of this Section 4.07 or any other provision of this Indenture;

(vi) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants and in connection with the withholding of a portion of the Equity Interests granted or awarded to a director or an employee to pay for the taxes payable by such director or employee upon such grant or award;

(vii) the payment of dividends on the Issuer's common stock (or the payment of dividends to Parent to fund the payment by Parent of dividends on its common stock) following any public offering of common stock of Parent or the Issuer, as the case may

be, after the Issue Date, of up to 6.0% per annum of the net proceeds received by the Issuer (or by Parent and contributed to the Issuer) from such public offering other than any public offering constituting an Excluded Contribution; provided, however, that the aggregate amount of all such dividends shall not exceed the aggregate amount of net proceeds received by the Issuer (or by Parent and contributed to the Issuer) from such public offering;

(viii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer issued after the Acquisition Closing Date in accordance with Section 4.09;

(ix) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock issued by the Issuer after the Acquisition Closing Date and the declaration and payment of dividends to a direct or indirect parent of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock of such parent issued after the Acquisition Closing Date; provided that (1) for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock, after giving effect to such issuance and declaration on a pro forma basis, the Issuer would have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) and (2) the aggregate amount of dividends declared and paid pursuant to this clause (ix) shall not exceed the aggregate amount of cash actually received by the Issuer from the sale of such Designated Preferred Stock issued after the Acquisition Closing Date;

(x) upon the occurrence of a Change of Control and within 60 days after completion of the offer to repurchase Notes pursuant to Section 4.14 (including the purchase of all Notes tendered), any purchase or redemption of Subordinated Indebtedness of the Issuer that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Change of Control, at a purchase price not greater than 101% of the outstanding principal amount thereof (plus accrued and unpaid interest and liquidated damages, if any);

(xi) within 60 days after completion of any offer to repurchase Notes pursuant to Section 4.10 (including the purchase of all Notes tendered), any purchase or redemption of Subordinated Indebtedness of the Issuer that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Asset Sale, at a purchase price not greater than 100% of the outstanding principal amount thereof (plus accrued and unpaid interest and liquidated damages, if any);

(xii) [intentionally omitted];

(xiii) the distribution, as a dividend or otherwise of shares of Capital Stock of, or Indebtedness owed to the Issuer or any Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries the primary assets of which are cash and/or Cash Equivalents);

(xiv) cash dividends or other distributions on the Issuer's Capital Stock used to, or the making of loans to any direct or indirect parent of the Issuer to, fund the payment of fees and expenses incurred in connection with, or other payments contemplated by, the Acquisition Transactions or as contemplated by the Acquisition Documents or owed by the Issuer or Parent, as the case may be, or Restricted Subsidiaries to Affiliates;

(xv) Investments that are made with Excluded Contributions;

(xvi) payments to the Sponsors and any of their Affiliates (a) pursuant to the Management Agreement or any amendment thereto (so long as such amendment is not less advantageous to the Holders of the Notes in any material respect than the Management Agreement) or (b) for any other financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments, in the case of this clause (b), are approved by a majority of the disinterested members of the Board of Directors of Parent in good faith;

(xvii) Permitted Payments to Parent;

(xviii) other Restricted Payments in an aggregate amount not to exceed the greater of $200.0 million and 4.00% of Total Assets;

(xix) payments made in connection with the consummation of the Transactions, including any payments or loans made to Parent or any other direct or indirect parent to enable it to make any such payments, and the redemption, repayment, repurchase, satisfaction and discharge or defeasance of the Existing Senior Notes (and the payment of any obligations on the Existing Senior Notes not so redeemed, repaid, repurchased, discharged or defeased), whether on or after the Issue Date;

(xx) payments or distributions to satisfy dissenters' rights, pursuant to or in connection with a consolidation, merger or transfer of assets that complies with the provisions of this Indenture applicable to mergers, consolidations and transfers of all or substantially all the property and assets of the Issuer;

(xxi) the payment of cash in lieu of the issuance of fractional shares of Equity Interests upon exercise or conversion of securities exercisable or convertible into Equity Interests of the Issuer;

(xxii) payments incurred in connection with a receivables facility permitted by clause (xii) of Section 4.09(b); and

(xxiii) purchases of receivables pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing and the payment or distribution of Receivables Fees;

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (v), (vii) and (xviii), no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

(c) The amount of all Restricted Payments (other than cash and Cash Equivalents) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Parent, the Issuer or any Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Section 4.08. Dividend and Other Payment Restrictions Affecting Subsidiaries.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Capital Stock to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Issuer or any Restricted Subsidiary;

(ii) make loans or advances to the Issuer or any Restricted Subsidiary; or

(iii) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted Subsidiary.

(b) The preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(i) agreements governing Existing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; provided that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(ii) this Indenture, the Notes and the related Note Guarantees;

(iii) applicable law, rule, regulation or order;

(iv) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any Restricted Subsidiary as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(v) customary provisions (including non-assignment provisions) contained in leases, subleases, licenses or asset sale agreements and other agreements entered into in the ordinary course of business;

(vi) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (a)(iii) of this Section 4.08;

(vii) any agreement for the sale or other disposition of a Restricted Subsidiary (including a sale of its Capital Stock or its assets) that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(viii) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(ix) Liens permitted to be incurred under the provisions of Section 4.12 that limit the right of the debtor to dispose of the assets subject to such Liens;

(x) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Issuer's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

(xi) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(xii) any other agreement governing Indebtedness, Disqualified Stock or Preferred Stock entered into after the Issue Date that contains encumbrances and restrictions that, taken as a whole, are not materially more restrictive with respect to any Restricted Subsidiary than those in effect on the Issue Date with respect to that Restricted Subsidiary pursuant to agreements in effect on the Issue Date (including this Indenture, the Credit Agreement and the Existing Senior Notes Indentures);

(xiii) Indebtedness of any Foreign Subsidiary permitted to be incurred under Section 4.09(b);

(xiv) any encumbrance or restriction arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, (a) detract from the value of the property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or any Restricted Subsidiary or (b) materially affect the Issuer's ability to make future principal or interest payments on the notes, in each case, as determined by the Issuer in good faith;

(xv) applicable law or any applicable rule, regulation or order in any jurisdiction where Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be incurred pursuant to the provisions of the covenant described under Section 4.09 is incurred;

(xvi) any encumbrance or restriction of a Receivables Subsidiary effected in connection with a Qualified Receivables Financing; *provided*, *however*, that such restrictions apply only to such Receivables Subsidiary; and

(xvii) any encumbrances or restrictions of the type referred to in clauses (a)(i), (a)(ii) and (a)(iii) of this Section 4.08 imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (i) through (xvi) above; provided, however, that the encumbrances or restrictions imposed by such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of Parent's Board of Directors, not materially less favorable to the Holders of the Notes than encumbrances and restrictions contained in such predecessor agreements.

For purposes of determining compliance with this Section 4.08, (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (ii) the subordination of loans or advances made to the Issuer or a Restricted Subsidiary of the Issuer to other Indebtedness incurred by the Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Section 4.09. Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Issuer will not issue any Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or any shares of Preferred Stock; provided, however, that the Issuer and any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock or Preferred Stock, if the Fixed Charge Coverage Ratio as of the date on which such additional Indebtedness is incurred or such Disqualified Stock or such Preferred Stock is issued, as the case may be, would have been at least 2.00 to 1.00, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the Preferred Stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The provisions of Section 4.09(a) hereof shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Issuer and its Restricted Subsidiaries of Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the face amount thereof) not to exceed $3,900.0 million, less the aggregate amount of all Net Proceeds of Asset Sales applied by the Issuer or any Restricted Subsidiary since the Acquisition Closing Date to repay any term Indebtedness

under a Credit Facility or to repay any revolving credit Indebtedness under a Credit Facility and effect a corresponding commitment reduction thereunder pursuant to Section 4.10;

(ii) the incurrence by the Issuer and its Restricted Subsidiaries of Existing Indebtedness;

(iii) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes and the related Note Guarantees;

(iv) Indebtedness (including Capital Lease Obligations), Disqualified Stock and Preferred Stock incurred by the Issuer or any of its Restricted Subsidiaries, to finance the purchase, lease or improvement of property (real or personal) or equipment that is used or useful in a Permitted Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, in an aggregate principal amount, together with any Permitted Refinancing Indebtedness in respect thereof and all other Indebtedness, Disqualified Stock and/or Preferred Stock issued and outstanding under this clause (iv) not to exceed the greater of $125.0 million and 2.5% of Total Assets at any time outstanding; so long as such Indebtedness exists at the date of such purchase, lease or improvement, or is created within 270 days thereafter;

(v) the incurrence by the Issuer or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.09(a) hereof or clauses (ii), (iii), (iv), (v), (xiii), (xv), (xxi), (xxv) and (xxvi) of this Section 4.09(b) including additional Indebtedness incurred to pay premiums and fees in connection therewith;

(vi) the incurrence by the Issuer or any Restricted Subsidiary of intercompany Indebtedness between or among the Issuer and any Restricted Subsidiary; provided, however, that:

(1) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes and the Note Guarantees; and

(2) any (A) subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer, or (B) sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);

(vii) the issuance by any of the Issuer's Restricted Subsidiaries to the Issuer or to any Restricted Subsidiary of shares of Preferred Stock; provided, however, that any (1)

subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer, or (2) sale or other transfer of any such Preferred Stock to a Person that is not either the Issuer or a Restricted Subsidiary of the Issuer, will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (vii);

(viii) the incurrence by the Issuer or any Restricted Subsidiary of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(ix) (1) the guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer that was permitted to be incurred by another provision of this Section 4.09; provided that if the Indebtedness being guaranteed is subordinated to or pari passu with the Notes, then the Guarantee shall be subordinated or pari passu, as applicable, to the same extent as the Indebtedness guaranteed and (2) any guarantee by a Restricted Subsidiary that is not a Guarantor of Indebtedness of another Restricted Subsidiary that is not a Guarantor that was permitted to be incurred by another provision of this Section 4.09;

(x) Indebtedness incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation claims, health, disability or other employee benefits, or property, casualty or liability insurance, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims; provided, however, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(xi) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five business days;

(xii) receivables or factoring arrangements or facilities in the ordinary course of business;

(xiii) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, earnouts or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; provided, however, that

(1) such Indebtedness is not reflected on the balance sheet of the Issuer or any Restricted Subsidiary prepared in accordance with GAAP (contingent obligations referred to in a footnote to financial statements and not

otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (xiii)(1)) and

(2) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Issuer and the Restricted Subsidiaries in connection with such disposition;

(xiv) Indebtedness of the Issuer or any Restricted Subsidiary consisting of (1) the financing of insurance premiums or (2) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(xv) Indebtedness, Disqualified Stock or Preferred Stock of (1) the Issuer or a Restricted Subsidiary incurred to finance an acquisition or (2) Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of this Indenture; provided that, in the case of this clause (xv)(2) such Indebtedness, Disqualified Stock or Preferred Stock is not incurred in contemplation of such acquisition or merger; provided further that after giving effect to such acquisition or merger, either

(A) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) or

(B) the Fixed Charge Coverage Ratio of the Issuer and its Restricted Subsidiaries is equal to or greater than immediately prior to such acquisition or merger;

(xvi) [intentionally omitted];

(xvii) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(xviii) Indebtedness consisting of Indebtedness issued by the Issuer or any Restricted Subsidiary to future, current or former officers, directors and employees thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent described in Section 4.07(b)(v);

(xix) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(xx) Indebtedness incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of

receivables for credit management purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(xxi) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary (including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (xxi)) equal to 200% of the net cash proceeds received by the Issuer since immediately after the Acquisition Closing Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) to the extent such net cash proceeds or cash have not been applied pursuant to Section 4.07(a)(3)(ii) to make Restricted Payments or to make other Investments, payments or exchanges pursuant to Section 4.07(b) or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof);

(xxii) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness consisting of guarantees of Indebtedness incurred by joint ventures; *provided* that the aggregate principal amount of Indebtedness Guaranteed pursuant to this clause (xxii) does not at any one time outstanding exceed $75.0 million;

(xxiii) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Restricted Subsidiary incurred to finance or assumed in connection with an acquisition in a principal amount not to exceed $125.0 million in the aggregate at any one time outstanding together with all other Indebtedness, Disqualified Stock and/or Preferred Stock issued under this clause (xxiii);

(xxiv) Indebtedness incurred by the Issuer or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited with the trustee to satisfy and discharge the Notes in accordance with Article 11 of this Indenture;

(xxv) the incurrence by Foreign Subsidiaries of Indebtedness in an aggregate principal amount at any time outstanding pursuant to this clause (xxv), including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (xxv), not to exceed the greater of $250.0 million and 5.0% of Total Assets (or the equivalent thereof, measured at the time of each incurrence, in applicable foreign currency);

(xxvi) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (xxvi), including any Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (xxvi), does not at any one time outstanding exceed the greater of $250.0 million and 5.0% of Total Assets;

(xxvii) Indebtedness of a Restricted Subsidiary that is not a Wholly Owned Subsidiary to holders of Equity Interests of such Restricted Subsidiary (other than the Issuer and/or its Restricted Subsidiaries), so long as the percentage of the aggregate amount of such Indebtedness of such Restricted Subsidiary owed to such holders does not exceed the percentage of the aggregate outstanding amount of the Equity Interests of such Restricted Subsidiary held by such holders;

(xxviii) guarantees incurred in the ordinary course of business in respect of obligations to suppliers, customers, franchisees, lessors and licensees that, in each case, are not Affiliates; and

(xxix) Indebtedness incurred by a Receivables Subsidiary in a Qualified Receivables Financing that is not recourse to the Issuer or any Restricted Subsidiary other than a Receivables Subsidiary (except for Standard Securitization Undertakings).

For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness, Disqualified Stock or Preferred Stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xxix) above, or is entitled to be incurred pursuant to Section 4.09(a), the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.09. Indebtedness under Credit Facilities outstanding on the Issue Date will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (i) of the definition of "Permitted Debt". The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed or first incurred (whichever yields the lower U.S. dollar-equivalent), in

the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

Section 4.10. Asset Sales.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, consummate an Asset Sale unless:

(i) the Issuer (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(ii) except in the case of a Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this Section 4.10, each of the following shall be deemed to be cash:

(1) any liabilities of the Issuer or any Restricted Subsidiary (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto or, if incurred or increased subsequent to the date of such balance sheet, such liabilities that would have been shown on the Issuer's or such Restricted Subsidiary's, as applicable, balance sheet if such incurrence or increase had taken place on the date of such balance sheet, as determined by the Issuer) that are not by their terms subordinated to the Notes or the Note Guarantees that are assumed by the transferee of any such assets pursuant to a customary assumption or novation agreement that releases the Issuer or such Restricted Subsidiary from further liability;

(2) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee convertible into Cash Equivalents by the Issuer or such Restricted Subsidiary within 180 days of the closing of the Asset Sale, to the extent of the Cash Equivalents received in such conversion;

(3) any Capital Stock, properties or assets of the kind referred to in clauses (b)(iv) or (b)(v) of this Section 4.10; and

(4) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (4) that is at that time outstanding, not to exceed the greater of $125.0 million and 2.5% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash

Consideration being measured at the time received and without giving effect to subsequent changes in value.

(b) Within 450 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

(i) to reduce (x) Indebtedness and letters of credit under Credit Facilities, and if the Indebtedness so reduced is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto or (y) other Obligations under Indebtedness that rank pari passu with the Notes (provided, however, that if the Issuer shall so reduce Indebtedness that ranks pari passu with the Notes, it will offer to equally and ratably reduce Obligations under the Notes by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer (as defined below)) to all Holders of Notes to purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest on the pro rata principal amount of Notes);

(ii) to repay Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;

(iii) to repay obligations under Senior Debt that is secured by a Lien, which Lien is permitted by Section 4.12 hereof, and to correspondingly reduce commitments with respect thereto;

(iv) to acquire Capital Stock of any business to the extent that such business is a Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Issuer;

(v) to acquire properties or assets to the extent that such properties or assets are used or useful in a Permitted Business or replace properties or assets that were the subject of such Asset Sale;

(vi) to make one or more capital expenditures that are used or useful in a Permitted Business; or

(vii) any combination of the foregoing.

Pending the final application of any Net Proceeds, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may temporarily reduce revolving credit borrowings (including under Credit Facilities) or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this Section 4.10(b) will constitute "Excess Proceeds"; provided that a binding commitment to apply such Net Proceeds in accordance with the requirements of clause (iv), (v) or (vi) of this Section 4.10(b) shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Issuer or such other Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds

will be applied to satisfy such commitment within 180 days of such commitment (an "Acceptable Commitment") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a "Second Commitment") within 180 days of such cancellation or termination; provided, further, that if any Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute Excess Proceeds.

When the aggregate amount of Excess Proceeds exceeds $50.0 million, the Issuer will make an offer (an "Asset Sale Offer") to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and the applicable person (but not the Trustee) will select such other pari passu Indebtedness to be purchased on a pro rata basis so that only Notes in denominations of $2,000 or integral multiples of $1,000 in excess thereof, shall be purchased. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(c) The Issuer shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.10, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations of this Section 4.10 by virtue of such compliance.

Section 4.11. Transactions with Affiliates.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each an "Affiliate Transaction") involving aggregate consideration in excess of $20.0 million, unless:

(i) the Affiliate Transaction is on terms that are not materially less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(ii) the Issuer delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50.0 million, a resolution of the Board of Directors of the Issuer evidencing that a majority of the members of the Board of Directors of Parent have determined in good faith that the criteria set forth in the immediately preceding clause (i) are satisfied and have approved the relevant Affiliate Transaction.

(b) The following items shall not be deemed to be Affiliate Transactions and, therefore, shall not be subject to the provisions of Section 4.11(a):

(i) any employment agreement, fee arrangement, employee benefit plan, indemnification agreement or any similar arrangement, including with respect to reimbursements, entered into by the Issuer or any Restricted Subsidiary with officers, directors or employees of the Issuer, any of its direct or indirect parent entities, or any Restricted Subsidiary in the ordinary course of business and payments pursuant thereto;

(ii) transactions between or among the Issuer and/or its Restricted Subsidiaries or any merger or consolidation of the Issuer and Parent;

(iii) Restricted Payments that do not violate the provisions of this Indenture described in Section 4.07 and Permitted Investments permitted by this Indenture;

(iv) payments made by the Issuer or any Restricted Subsidiary to the Sponsors and any of their Affiliates (A) pursuant to the Management Agreement or any amendment or replacement thereto (so long as such amendment or replacement is not less advantageous to the Holders of the Notes in any material respect than the Management Agreement) or (B) for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments, in the case of this clause (2), are approved by a majority of the Board of Directors of Parent in good faith;

(v) payments, loans (or cancellations of loans) or advances to employees of the Issuer or any of its direct or indirect parent entities or any Restricted Subsidiary that are approved by the Board of Directors of the Issuer and which are otherwise permitted under this Indenture;

(vi) the existence of, or payments made or performance under any agreement as in effect on the Issue Date (including without limitation the Shareholders Agreement and any registration rights agreement or purchase agreements related thereto) or any amendment thereto (so long as any such amendment is not less advantageous to the Holders of the Notes in any material respect than the original agreement as in effect on the Issue Date),

(vii) the Transactions and the Acquisition Transactions and the payment of all transaction, underwriting, tender, commitment and other fees and expenses incurred in connection with the Transactions and the Acquisition Transactions, as applicable, including any registration rights agreements or purchase agreements related thereto;

(viii) (A) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Issuer or its Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favorable as would reasonably have been entered into at such time with an unaffiliated party or (B) transactions with Unrestricted Subsidiaries in the ordinary course of business;

(ix) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any Person;

(x) the issuances of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock option and stock ownership plans or similar employee benefit plans approved by the Board of Directors of the Issuer or any direct or indirect parent company of the Issuer or a Restricted Subsidiary of the Issuer, as appropriate, in good faith;

(xi) any contribution to the capital of the Issuer;

(xii) transactions between the Issuer or any Restricted Subsidiary and any Person, a director of which is also a director of the Issuer or any direct or indirect parent company of the Issuer and such director is the sole cause for such Person to be deemed an Affiliate of the Issuer or any Restricted Subsidiary; provided, however, that such director abstains from voting as a director of the Issuer or such direct or indirect parent company, as the case may be, on any matter involving such other Person;

(xiii) pledges of Equity Interests of Unrestricted Subsidiaries;

(xiv) investments by any of the Sponsors in securities of the Issuer or any Restricted Subsidiary (and payment of reasonable out-of-pocket expenses incurred by such Sponsors in connection therewith);

(xv) transactions with AxelTech International in the ordinary course of business;

(xvi) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(xvii) Permitted Payments to Parent;

(xviii) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (i) of Section 4.11(a);

(xix) any employment, consulting, service or termination agreement, or customary indemnification arrangements, entered into by the Issuer or any of its

Restricted Subsidiaries with current, former or future officers and employees of the Issuer, Parent or any of their respective Restricted Subsidiaries and the payment of compensation to officers and employees of the Issuer, Parent or any of their respective Restricted Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), in each case in the ordinary course of business;

(xx) transactions with Affiliates solely in their capacity as holders of Indebtedness or preferred Equity Interests of the Issuer or any of its Subsidiaries, so long as any such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally; and

(xxi) any transaction effected as part of a Qualified Receivables Financing.

Section 4.12. Liens.

The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist any Lien that secures obligations under any Indebtedness ranking pari passu with or subordinated to the Notes or a Note Guarantee on any asset or property of the Issuer or any Restricted Subsidiary, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

(i) such Lien is a Permitted Lien;

(ii) in the case of Liens securing Indebtedness subordinated to the Notes or the Note Guarantees, the Notes and any Note Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(iii) in all other cases, the Notes and any Note Guarantees are equally and ratably secured or prior to such obligations with a Lien on the same assets of the Issuer or such Restricted Subsidiary, as the case may be;

provided that any Lien granted to secure the Notes and Note Guarantees under this Section 4.12 shall be discharged at the same time as the discharge of the Lien that gave rise to the obligation to so secure the Notes.

Section 4.13. Corporate Existence.

Subject to Article 5 hereof, the Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Issuer or any such Restricted Subsidiary and (ii) the material rights (charter and statutory), licenses and franchises of the Issuer and its Restricted Subsidiaries; provided that the Issuer shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Restricted Subsidiaries, if the Issuer in good faith shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Issuer and its Restricted Subsidiaries, taken as a whole.

Section 4.14. Offer to Repurchase upon Change of Control.

(a) Upon the occurrence of a Change of Control, each Holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of such Holder's Notes pursuant to the offer described below (the "Change of Control Offer") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest to the date of purchase (the "Change of Control Payment"), subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each Holder stating:

(i) that a Change of Control Offer is being made pursuant to this Section 4.14 and, to the extent lawful, that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(ii) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(iii) that any Note not properly tendered or accepted for payment will remain outstanding and continue to accrue interest in accordance with the terms hereof;

(iv) that unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(v) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Notes completed, or transfer by book entry transfer to the Issuer or to the paying agent specified in the notice at the address specified in the notice prior to the close of business at least three Business Days preceding the Change of Control Payment Date;

(vi) that Holders shall be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; provided that the Paying Agent receives, not later than the close of business on the 30th day following the date of the Change of Control notice, a facsimile transmission or letter setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(vii) that if the Issuer is redeeming less than all of the Notes, the Holders of the remaining Notes will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered. The unpurchased portion of the Notes must be equal to $2,000 or an integral multiple of $1,000 in excess thereof or transferred by book-entry transfer; and

(viii) the other instructions, as determined by the Issuer, consistent with this Section 4.14, that a Holder must follow.

The notice, if mailed in a manner herein provided, shall be conclusively presumed to have been given, whether or not the Holder receives such notice. If (a) the notice is mailed in a manner herein provided and (b) any Holder fails to receive such notice or a Holder receives such notice but it is defective, such Holder's failure to receive such notice or such defect shall not affect the validity of the proceedings for the purchase of the Notes as to all other Holders that properly received such notice without defect.

(b) The Issuer shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of this Indenture, the Issuer shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of such compliance.

(c) On the Change of Control Payment Date, the Issuer shall, to the extent lawful:

(i) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent shall promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Issuer shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(d) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (ii) notice of redemption has been given pursuant to this Indenture as described above under Section 3.03 unless and until there is a default in payment of the applicable redemption price. A Change of Control Offer may be made in advance of a Change of Control, or conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer. Notes repurchased pursuant to a Change of Control Offer will be retired and cancelled.

Section 4.15. Intentionally Omitted.

Section 4.16. Intentionally Omitted.

Section 4.17. Additional Note Guarantees.

If the Issuer or any Restricted Subsidiary acquires or creates another Domestic Subsidiary after the Issue Date and such Domestic Subsidiary incurs any Indebtedness under the Credit Agreement or guarantees any Indebtedness outstanding under the Credit Agreement, then the Issuer will cause that newly acquired or created Domestic Subsidiary to execute a supplemental indenture pursuant to which it becomes a Guarantor.

Section 4.18. Designation of Restricted and Unrestricted Subsidiaries.

(a) The Board of Directors of Parent may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.07 or under one or more clauses of the definition of "Permitted Investments," as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." The Board of Directors of Parent may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

(b) Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.07. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09, the Issuer will be in default of such Section 4.09. The Board of Directors of Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Issuer; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

Section 4.19. Covenant Suspension.

(a) If during any period of time that (i) the Notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default or Event of Default has occurred and is continuing

under this Indenture, the Issuer and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "Suspended Covenants"):

(i) Section 4.07 hereof;

(ii) Section 4.08 hereof;

(iii) Section 4.09 hereof;

(iv) Section 4.10 hereof;

(v) Section 4.11 hereof;

(vi) Section 4.17 hereof; and

(vii) Section 5.01(a)(iv) hereof.

(b) Notwithstanding the foregoing, if the rating assigned by either such Rating Agency should subsequently decline below Investment Grade Ratings, the foregoing covenants will be reinstituted as of and from the date of such rating decline and any actions taken, or omitted to be taken, before such rating decline that would have been prohibited had the foregoing covenants been in effect shall not form the basis for a Default or an Event of Default. Calculations under Section 4.07 will be made as if Section 4.07 had been in effect since the Issue Date except that no Default or Event of Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. All Indebtedness incurred by the Issuer and its Restricted Subsidiaries while Section 4.09 was suspended that would not have been permitted to be incurred under the covenant had such covenant been applicable shall be deemed Existing Indebtedness.

(c) The Issuer shall deliver promptly to the Trustee an Officer's Certificate notifying it of any such occurrence under Section 4.19(a) and (b).

ARTICLE 5

SUCCESSORS

Section 5.01. Merger, Consolidation or Sale of All Assets.

(a) The Issuer shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(i) either: (1) the Issuer is the surviving corporation; or (2) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which

such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia (the Issuer or such Person, including the Person to which such sale, assignment, transfer, conveyance or other disposition has been made, as the case may be, being herein called the "Successor Company");

(ii) the Successor Company (if other than the Issuer) assumes all the obligations of the Issuer under the Notes and this Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(iii) immediately after such transaction and after giving pro forma effect to such transaction and any related financing transactions, as if the same had occurred at the beginning of the applicable four-quarter period, no Default or Event of Default exists; and

(iv) immediately after giving pro forma effect to such transaction and any related financing transactions, as if the same had occurred at the beginning of the applicable four-quarter period, either (a) the Successor Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) or (b) the Fixed Charge Coverage Ratio for the Successor Company and its Restricted Subsidiaries would be equal to or greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction.

(b) The Issuer shall not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

(c) This Section 5.01 will not apply to:

(i) a merger of the Issuer with an Affiliate solely for the purpose of reincorporating the Issuer in another jurisdiction; or

(ii) any consolidation or merger, or any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Issuer and its Restricted Subsidiaries.

Section 5.02. Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Issuer is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the Issuer shall refer instead to the successor corporation and not to the Issuer), and may exercise every right and power of the Issuer under this Indenture with the same effect as if such successor Person had been named as the Issuer herein; provided that the

predecessor Issuer shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale, assignment, transfer, conveyance or other disposition of all of the Issuer's assets that meets the requirements of Section 5.01 hereof.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01. Events of Default.

(a) Each of the following shall be an "Event of Default" for purposes of this Indenture:

(i) default for 30 days in the payment when due of interest on the Notes;

(ii) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(iii) failure by the Issuer or any Restricted Subsidiary for 60 days after notice to the Issuer by the Trustee or the Holders of at least 30% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture;

(iv) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Significant Subsidiary (or the payment of which is guaranteed by the Issuer or any Significant Subsidiary), whether such Indebtedness or Guarantee now exists, or is created after the date of this Indenture (other than Indebtedness owed to the Issuer or a Restricted Subsidiary), if that default;

(1) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(2) results in the acceleration of such Indebtedness prior to its Stated Maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

(v) failure by the Issuer or any Significant Subsidiary to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of $50.0 million (net of any amounts that are covered by enforceable insurance policies), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final, and, with respect to any such judgments covered by insurance, an

enforcement proceeding has been commenced by any creditor upon such judgment or decree that is not promptly stayed;

(vi) except as permitted by this Indenture, any Note Guarantee of a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary, or any Person acting on behalf of such a Guarantor, denies or disaffirms its obligations under its Note Guarantee and such Default continues for 10 days;

(vii) the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(1) commences a voluntary case,

(2) consents to the entry of an order for relief against it in an involuntary case,

(3) consents to the appointment of a Custodian of it or for all or substantially all of its property, makes a general assignment for the benefit of its creditors, or

(4) generally is not paying its debts as they become due; or

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary in an involuntary case,

(2) appoints a Custodian of the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Issuer, any Restricted Subsidiary that is a Significant Subsidiary, or

(3) orders the liquidation of the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary,

and the order or decree remains unstayed and in effect for 60 days.

(b) The Issuer shall deliver to the Trustee annually a statement regarding compliance with this Indenture, and the Issuer shall, upon becoming aware of any Default or Event of Default, deliver to the Trustee a statement specifying such Default or Event of Default.

Section 6.02. Acceleration.

In the case of an Event of Default specified in clause (vii) or (viii) of Section 6.01(a) hereof, with respect to the Issuer, any Restricted Subsidiary of the Issuer that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 30% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately.

Section 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04. Waiver of Past Defaults.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive, rescind or cancel any declaration of an existing or past Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes (other than nonpayment of principal or interest that has become due solely because of acceleration). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

In the event of any Event of Default specified in Section 6.01(a)(iv), such Event of Default and all consequences thereof (excluding, however, any resulting payment default) will be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders of the Notes, if within 20 days after such Event of Default arose the Issuer delivers an Officer's Certificate to the Trustee stating that (x) the Indebtedness or Guarantee that is the basis for such Event of Default has been discharged or (y) the Holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has been cured, it being understood that in no event shall an acceleration of the principal amount of the Notes as described above be annulled, waived or rescinded upon the happening of any such events.

Section 6.05. Control by Majority.

Holders of a majority in principal amount of the then total outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the

Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines is unduly prejudicial to the rights of other Holders of a Note or that would involve the Trustee in personal liability.

Section 6.06. Limitation on Suits.

Subject to Section 6.07 hereof, no Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee reasonable security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearance are unduly prejudicial to such Holders).

Section 6.07. Rights of Holders of Notes to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08. Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(a)(i) or (ii) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount of principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceedings, the Issuer, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding has been instituted.

Section 6.10. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07 hereof, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.11. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.12. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Issuer (or any other obligor upon the Notes including the Guarantors), its creditors or its property and shall be entitled and empowered to participate as a member in any official committee of creditors appointed in such matter and to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall

be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.13. Priorities.

If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

(i) to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

(ii) to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

(iii) to the Issuer or to such party as a court of competent jurisdiction shall direct including a Guarantor, if applicable.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.13.

Section 6.14. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.14 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7

TRUSTEE

Section 7.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and

skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved in a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) The Trustee shall be under no obligation to exercise any of its rights or powers under this Indenture at the request or direction of any of the Holders of the Notes unless the Holders have offered to the Trustee reasonable indemnity or security satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02. Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent (other than an agent who is an employee of the Trustee) or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer shall be sufficient if signed by an Officer of the Issuer.

(f) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Issuer deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

Section 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05. Notice of Defaults.

If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default within 90 days after it occurs. Except in the case of a Default relating to the payment of principal, premium, if any, or interest on any Note, the Trustee may withhold from the Holders notice of any continuing Default if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06. Reports by Trustee to Holders of the Notes.

Within 60 days after each May 15, beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with Trust Indenture Act Section 313(a) (but if no event described in Trust Indenture Act Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Issuer and filed with the SEC and each stock exchange on which the Notes are listed. The Issuer shall promptly notify the Trustee when the Notes are listed on any stock exchange or of any delisting thereof.

Section 7.07. Compensation and Indemnity.

The Issuer shall pay to the Trustee from time to time such compensation for its acceptance of this Indenture and services hereunder as the parties shall agree in writing from

time to time. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Issuer and the Guarantors, jointly and severally, shall indemnify the Trustee for, and hold the Trustee harmless against, any and all loss, damage, claims, liability or expense (including attorneys' fees and expenses) incurred by it in connection with the acceptance or administration of this trust and the performance of its duties hereunder (including the costs and expenses of enforcing this Indenture against the Issuer or any of the Guarantors (including this Section 7.07) or defending itself against any claim whether asserted by any Holder, the Issuer or any Guarantor, or liability in connective with the acceptance, exercise or performance of any of its powers or duties hereunder). The Trustee shall notify the Issuer in writing promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuer shall not relieve the Issuer of its obligations hereunder. The Issuer shall defend the claim and the Trustee may have separate counsel and the Issuer shall pay the fees and expenses of such counsel. The Issuer need not (x) pay for any settlement made without its written consent, which shall not be unreasonably withheld, or (y) reimburse any expense or indemnify against any of the foregoing loss, liability, damage, claim or expense incurred by the Trustee through the Trustee's own willful misconduct, negligence or bad faith.

The obligations of the Issuer under this Section 7.07 shall survive the satisfaction and discharge of this Indenture or the earlier resignation or removal of the Trustee.

To secure the payment obligations of the Issuer and the Guarantors in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(a)(vii) or (viii) hereof occurs, the expenses and the compensation for the services (including the reasonable fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08. The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuer. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting as Trustee hereunder or with respect to the Notes.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer. If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Issuer's expense), the Issuer or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee and execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee; provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

Section 7.09. Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee; provided, however, that such Person shall be otherwise qualified and eligible under Article Seven hereof.

Section 7.10. Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition.

ARTICLE 8

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01. Option to Effect Legal Defeasance or Covenant Defeasance.

The Issuer may at any time, at the option of Parent's Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have either Section 8.02 or 8.03 hereof applied to all outstanding Notes and all obligations of the Guarantors upon compliance with the conditions set forth below in this Article 8.

Section 8.02. Legal Defeasance and Discharge.

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuer and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes and Note Guarantees on the date the conditions set forth below are satisfied ("Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer and the Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due solely out of the trust created pursuant to this Indenture referred to in Section 8.04 hereof;

(b) the Issuer's obligations with respect to Notes concerning issuing temporary Notes, registration of such Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(c) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(d) this Article 8.

If the Issuer exercises the Legal Defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes (other than an Event of Default specified in Section 6.01(a)(i), (ii), (v) or (vi)). Subject to compliance with this Article 8, the Issuer may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03. Covenant Defeasance.

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuer and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their obligations under the covenants contained in Sections 4.05, 4.07 through 4.12 and 4.14 through 4.18 hereof and Section 5.01(a)(iv) and (b) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied ("Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and the Note Guarantees, the Issuer and the Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees shall be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(iii), 6.01(iv), 6.01(v) (solely with respect to Restricted Subsidiaries that are Significant Subsidiaries), 6.01(vi) (solely with respect to Restricted Subsidiaries that are Significant Subsidiaries) and 6.01(vii) shall not constitute Events of Default.

Section 8.04. Conditions to Legal or Covenant Defeasance.

In order to exercise either Legal Defeasance under Section 8.02 or Covenant Defeasance under Section 8.03 with respect to the Notes:

(i) the Issuer shall irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(ii) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts,

in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(vi) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others; and

(vii) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Notwithstanding the foregoing, any opinion of counsel required by the immediately preceding paragraph with respect to Legal Defeasance need not be delivered if all Notes not theretofore delivered to the Trustee for cancellation (x) have become due and payable, (y) will become due and payable at their Stated Maturity within one year or (z) are to be called for redemption within one year.

Section 8.05. Deposited Money and Government Securities to Be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06 hereof, all money and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer or a Guarantor acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Issuer shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon the request of the Issuer any money or Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(vii) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06. Repayment to the Issuer.

The Trustee shall promptly, and in any event, no later than three Business Days, pay to the Issuer after request therefor, any excess money or Government Securities held with respect to the Notes at such time in excess of amounts required to pay any of the Issuer's Obligations then owing with respect to the Notes. Subject to any applicable abandoned property law, any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease.

Section 8.07. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided that, if the Issuer makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01. Without Consent of Holders of Notes.

Notwithstanding Section 9.02 hereof, the Issuer, any Guarantor (with respect to a Note Guarantee or this Indenture) and the Trustee may amend or supplement this Indenture and any Note Guarantee or the Notes or other agreements or instruments entered into by the Issuer in connection with this Indenture without the consent of any Holder:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to Holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under this Indenture of any such Holder in any material respects;

(5) to release a Guarantor upon its sale or designation as an Unrestricted Subsidiary or other permitted release from its Note Guarantee;

(6) to comply with the requirements of the SEC in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act of 1939, as amended;

(7) to conform the text of this Indenture, the Notes, or the Note Guarantees to any provision of the "Description of Notes" in the Offering Memorandum to the extent that such provision in the "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Notes or the Note Guarantees as evidenced in an Officer's Certificate;

(8) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture;

(9) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes.

Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 9.05 hereof, the Trustee shall join with the Issuer and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated

to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02. With Consent of Holders of Notes.

Except as provided below in this Section 9.02, the Issuer and the Trustee may amend or supplement this Indenture, the Notes, the Note Guarantees or other agreements or instruments entered into by the Issuer in connection with this Indenture with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default or compliance with any provision of this Indenture, the Note Guarantees or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof and Section 2.09 hereof shall determine which Notes are considered to be "outstanding" for the purposes of this Section 9.02.

Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.05 hereof, the Trustee shall join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, consent, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer shall (or cause the Trustee, at the expense of and at the request of the Issuer, to) mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Without the consent of each affected Holder of Notes, an amendment, consent, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(i) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (except as provided pursuant to Sections 3.07, 3.09, 4.10 and 4.14) hereof;

(iii) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(iv) waive a Default or Event of Default in the payment of principal of, or interest, or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(v) make any Note payable in money other than that stated in the Notes;

(vi) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes;

(vii) waive a redemption payment with respect to any Note (other than a payment pursuant to Sections 3.07, 3.09, 4.10 or 4.14) hereof;

(viii) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture; or

(ix) make any change in the foregoing amendment and waiver provisions.

Section 9.03. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement, or waiver. If a record date is fixed, then, notwithstanding the preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only such Persons, shall be entitled to consent to such amendment, supplement, or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date unless the consent of the requisite number of Holders has been obtained.

Section 9.04. Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.05. Trustee to Sign Amendments, etc.

The Trustee shall sign any amendment, supplement or waiver authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Issuer may not sign an amendment, supplement or waiver until the Board of Directors approves it. In executing any amendment, supplement or waiver, the Trustee shall receive and (subject to Section 7.01 hereof) shall be fully protected in conclusively relying upon, in addition to the documents required by Section 12.03 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and that such amendment, supplement or waiver is the legal, valid and binding obligation of the Issuer and any Guarantors party thereto, enforceable against them in accordance with its terms, subject to customary exceptions, and complies with the provisions hereof (including Section 9.03).

ARTICLE 10

NOTE GUARANTEES

Section 10.01. Note Guarantee.

Subject to this Article 10, from and after the consummation of the Acquisition, each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that: (a) the principal of, interest and premium, if any, on the Notes shall be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder shall be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

The Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this

Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenants that this Note Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

Each Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Section 10.01.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantees.

Each Note Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuer for liquidation, reorganization, should the Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Issuer's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Notes are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Notes or Note Guarantees, whether as a "voidable preference," "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment or any part thereof, is rescinded, reduced, restored or returned, the Notes shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

In case any provision of any Note Guarantee shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Each payment to be made by a Guarantor in respect of its Note Guarantee shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

Section 10.02. Limitation on Guarantor Liability.

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 10, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent conveyance or fraudulent transfer under applicable law. Each Guarantor that makes a payment under its Note Guarantee shall be entitled upon payment in full of all guaranteed obligations under this Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

Section 10.03. Execution and Delivery.

To evidence its Note Guarantee set forth in Section 10.01, each Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form included in Exhibit D shall be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Guarantor by its President or one of its Vice Presidents.

Each Guarantor hereby agrees that its Note Guarantee set forth in Section 10.01 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

If an Officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates the Note, the Note Guarantee shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

If required by Section 4.17 hereof, the Issuer shall cause any newly created or acquired Restricted Subsidiary to comply with the provisions of Section 4.17 hereof and this Article 10, to the extent applicable.

Section 10.04. Subrogation.

Each Guarantor shall be subrogated to all rights of Holders of Notes against the Issuer in respect of any amounts paid by any Guarantor pursuant to the provisions of Section 10.01 hereof; provided that, if an Event of Default has occurred and is continuing, no Guarantor shall be entitled to enforce or receive any payments arising out of, or based upon, such right of subrogation until all amounts then due and payable by the Issuer under this Indenture or the Notes shall have been paid in full.

Section 10.05. Benefits Acknowledged.

Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the guarantee and waivers made by it pursuant to its Note Guarantee are knowingly made in contemplation of such benefits.

Section 10.06. Release of Note Guarantees.

(a) A Note Guarantee by a Guarantor shall be automatically and unconditionally released and discharged, and no further action by such Guarantor, the Issuer or the Trustee is required for the release of such Guarantor's Note Guarantee:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary of the Issuer, if the sale or other disposition does not violate Section 4.10;

(2) in connection with any sale or other disposition of all of the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary of the Issuer, if the sale or other disposition does not violate Section 5.01;

(3) if the Issuer designates such Guarantor as an Unrestricted Subsidiary in accordance with Section 4.18;

(4) if the Issuer exercises its legal defeasance or satisfaction and discharge option pursuant to Section 8.01 and Section 11.01, as applicable; or

(5) if such Guarantor is released and discharged from all of its Indebtedness under the Credit Agreement;

such Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in this Indenture relating to such transaction have been complied with in all material respects.

(b) At the request and at the expense of the Issuer, the Trustee shall execute and deliver any instrument evidencing such release.

Section 10.07. Guarantors May Consolidate, etc., on Certain Terms.

(a) Except as otherwise provided in Section 10.07 hereof, no Guarantor may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Issuer or another Guarantor, unless:

(i) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(ii) either:

(A) subject to Section 10.07 hereof, the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger unconditionally assumes all the obligations of that Guarantor under this Indenture and its Note Guarantee on the terms set forth herein or therein, pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee; or

(B) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation, Section 4.10 hereof.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Note Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

(c) Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (a)(ii)(A) and (B) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Guarantor with or into the Issuer or another Guarantor, or will prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Issuer or another Guarantor.

ARTICLE 11

SATISFACTION AND DISCHARGE

Section 11.01. Satisfaction and Discharge.

This Indenture shall be discharged and shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for herein) as to all outstanding Notes, when:

(1) either

(a) all the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all the Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash or Cash Equivalents in U.S. dollars, non-callable Government Securities or a combination of cash or Cash Equivalents in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, premium, if any, and interest on the Notes to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture;

(3) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at their Stated Maturity or on the redemption date, as the case may be; and

(4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent under this Indenture relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, if money shall have been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section 11.01, the provisions of Section 11.02 and Section 8.06 hereof shall survive.

Section 11.02. Application of Trust Money.

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; provided that if the Issuer has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 12

MISCELLANEOUS

Section 12.01. Notices.

Any notice or communication by the Issuer, any Guarantor or the Trustee to the others is duly given if in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested), fax or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Issuer and/or any Guarantor:

Allison Transmission, Inc.
4700 West 10th Street
Indianapolis, IN 46222
Attention: Chief Financial Officer

with a copy to:

Allison Transmission Holdings, Inc.
c/o The Carlyle Group
1001 Pennsylvania Avenue, NW
Washington, DC 20004-2505
Attention: Martin Sumner

and

Onex Corporation
161 Bay Street
P.O. Box 700
Toronto, ON M5J 2S1
Attention: Kosty Gilis

with a copy to:

Latham & Watkins LLP
555 Eleventh Street, NW
Suite 1000
Washington, DC 20004
Attention: Rachel W. Sheridan, Esq.

If to the Trustee:

Wells Fargo Bank, National Association
45 Broadway, 14th Floor
New York, NY 10006
Fax No.: 212-515-1589
Attention: Corporate Trust Services Administrator for Allison Transmission, Inc.

The Issuer, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five calendar days after being deposited in the mail, postage prepaid, if mailed by first-class mail; when receipt acknowledged, if faxed; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first-class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuer mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance on such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 12.02. Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate with other Holders with respect to their rights under this Indenture or the Notes.

Section 12.03. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Issuer or any of the Guarantors to the Trustee to take any action under this Indenture, the Issuer or such Guarantor, as the case may be, shall furnish to the Trustee:

(a) An Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) An Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.04 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Notwithstanding the foregoing, no such Opinion shall be given with respect to the delivery of the Initial Notes.

Section 12.04. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to Section 4.04 hereof) shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with (and, in the case of an Opinion of Counsel, may be limited to reliance on an Officer's Certificate as to matters of fact); and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

Section 12.05. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.06. Personal Liability of Directors, Officers, Employees and Stockholders.

No director, officer, employee, incorporator or stockholder of the Issuer, any of its Subsidiaries or any of its direct or indirect parent entities, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, this Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 12.07. Governing Law.

THIS INDENTURE, THE NOTES AND ANY NOTE GUARANTEE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 12.08. Waiver of Jury Trial.

EACH OF THE ISSUER, THE GUARANTORS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12.09. Force Majeure.

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including without limitation strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services.

Section 12.10. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Issuer or its Restricted Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.11. Successors.

All agreements of the Issuer in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors. All agreements of each Guarantor in this Indenture shall bind its successors, except as otherwise provided in Section 10.05 hereof.

Section 12.12. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.13. Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 12.14. Table of Contents, Headings, etc.

The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 12.15. U.S.A. Patriot Act.

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

ALLISON TRANSMISSION, INC.

By: /s/ David S. Graziosi
Name: David S. Graziosi
Title: Executive Vice President, Chief Financial Officer and Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Raymond Delli Colli
Name: Raymond Delli Colli
Title: Vice President

EXHIBIT A

[Face of Senior Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Temporary Global Note Legend, if applicable pursuant to the provisions of the Indenture]

CUSIP [ ][1]

ISIN [ ][2]

GLOBAL NOTE
representing up to
$500,000,000
7.125% Senior Notes due 2019

No. ____

ALLISON TRANSMISSION, INC.

promises to pay to CEDE & CO. or registered assigns, the principal sum set forth on the Schedule of Exchanges of Interests in the Global Note attached hereto on May 15, 2019.

Issue Date: May 6, 2011.

Interest Payment Dates: May 15 and November 15.

Record Dates: May 1 and November 1.

[1] 144A: 019736 AC1; Reg S: U01979 AC4
[2] 144A: US019736AC15; Reg S: USU01979AC46

IN WITNESS HEREOF, the Issuer has caused this instrument to be duly executed.

Dated: _____

ALLISON TRANSMISSION, INC.

By: _____
Name:
Title:

This is one of the Notes referred to in the within-mentioned Indenture.

Date:_____

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[Back of Senior Note]

7.125% Senior Notes due 2019

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

INTEREST. Allison Transmission, Inc., a Delaware corporation, promises to pay interest on the principal amount of this Note at 7.125% per annum from May 6, 2011 until maturity. Interest will be payable in cash semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2011, to the holders of record on the immediately preceding May 1 and November 1. Interest will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. The Issuer will pay interest (including post-petition interest in any proceeding under Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the interest rate on this Note; it shall pay interest (including post-petition interest in any proceeding under Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods), from time to time on demand at the interest rate on this Note, to the extent lawful. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

METHOD OF PAYMENT. The Issuer will pay interest on the Notes to the Persons who are registered Holders of Notes at the close of business on the Record Dates set forth on the face of this Note (whether or not a Business Day), as the case may be, next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Payment of Interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest and premium, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuer or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

PAYING AGENT AND REGISTRAR. Initially, Wells Fargo Bank, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuer may change any Paying Agent or Registrar without notice to the Holders. The Issuer or any of its Subsidiaries may act in any such capacity.

INDENTURE. The Issuer issued the Notes under an Indenture, dated as of May 6, 2011 (the "Indenture"), among Allison Transmission, Inc. and the Trustee. This Note is one of a duly authorized issue of notes of the Issuer designated as its 7.125% Senior Notes due 2019. The Notes are subject to all the terms in the Indenture, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are unsecured obligations of the Issuer. Interest on the Notes will accrue from the most

recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance.

OPTIONAL REDEMPTION.

At any time prior to May 15, 2015, the Issuer may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to the date of redemption, subject to the rights of the Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. The Issuer is not prohibited by the terms of the Indenture from acquiring the Notes by means other than redemption, whether pursuant to an issuer tender offer, in open market transactions, or otherwise, assuming such acquisition does not otherwise violate the terms of the Indenture.

"Applicable Premium" means, with respect to the Note on any applicable Redemption Date, the greater of:

(1) 1.0% of the then outstanding principal amount of the Note; and

(2) the excess of:

(a) the present value at such Redemption Date of (i) the redemption price of the Note as specified below at May 15, 2015 plus (ii) all required interest payments due on the Note through May 15, 2015 (excluding accrued and unpaid interest to such redemption date), computed using a discount rate equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over

(b) the then outstanding principal amount of the Note.

"Treasury Rate" means, as of the applicable redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to May 15, 2015; provided, however, that if the period from such redemption date to May 15, 2015 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At any time prior to May 15, 2015, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes with the net cash proceeds of one or more Equity Offerings, at 107.125% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued remains outstanding immediately following such redemption (excluding Notes held by the Issuer or any of its Subsidiaries); and provided, further, that such redemption shall occur within 90 days of the date of the closing of any such Equity Offering.

The Notes will be redeemable, in whole or in part on any one or more occasions, at the option of the Issuer, on or after May 15, 2015, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

YEAR	PERCENTAGE
2015	103.563%
2016	101.781%
2017 and thereafter	100.000%

Any redemption pursuant to this section shall be made pursuant to the provisions of Sections 3.01 through 3.07 of the Indenture. Any redemption of Notes may, at the Issuer's discretion, be subject to one or more conditions precedent. If a redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

MANDATORY REDEMPTION. The Issuer shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

NOTICE OF REDEMPTION. Subject to Section 3.03 of the Indenture, notice of redemption will be mailed by first-class mail at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $2,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on the Notes or portions thereof called for redemption.

OFFER TO REPURCHASE.

Upon the occurrence of a Change of Control, Article 3 and Section 4.14 of the Indenture shall apply to the extent applicable.

If the Issuer or any of its Restricted Subsidiaries consummates an Asset Sale, Article 3 and Section 4.10 of the Indenture shall apply to the extent applicable.

DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any

taxes and fees required by law or permitted by the Indenture. The Issuer need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuer need not exchange or register the transfer of any Notes for a period of 15 days before the mailing of a notice of redemption of Notes to be redeemed.

PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

AMENDMENT, SUPPLEMENT AND WAIVER. The Indenture, the Note Guarantees or the Notes may be amended or supplemented as provided in the Indenture.

DEFAULTS AND REMEDIES. The Events of Default relating to the Notes are defined in Section 6.01 of the Indenture. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 30% in principal amount of the then outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable immediately without further action or notice. Holders may not enforce the Indenture, the Notes or the Note Guarantees except as provided in the Indenture. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default (except a Default relating to the payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes (other than nonpayment of principal or interest that has become due solely because of acceleration). The Issuer and each Guarantor is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required after becoming aware of any Default, to deliver to the Trustee a statement specifying such Default and what action the Issuer proposes to take with respect thereto.

AUTHENTICATION. This Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of the Trustee.

GOVERNING LAW. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuer has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a

convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to the Issuer at the following address:

Allison Transmission, Inc.
4700 West 10th Street
Indianapolis, IN 46222
Attention: Chief Financial Officer

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____

(Insert assignee' legal name)

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 or 4.14 of the Indenture, check the appropriate box below:

[ ] Section 4.10 [ ] Section 4.14

If you want to elect to have only part of this Note purchased by the Issuer pursuant to Section 4.10 or Section 4.14 of the Indenture, state the amount you elect to have purchased:

$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The initial outstanding principal amount of this Global Note is $[_____]. The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Note Custodian

* This schedule should be included only if the Note is issued in global form.

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Allison Transmission, Inc.
4700 West 10th Street
Indianapolis, IN 46222
Attention: Chief Financial Officer

Wells Fargo Bank – DAPS Reorg.
MAC N9303-121
608 2nd Avenue South
Minneapolis, MN 55479
Telephone No.: (877) 872-4605
Fax No.: (866) 969-1290
Email: DAPSReorg@wellsfargo.com

Re: 7.125% Senior Notes due 2019

Reference is hereby made to the Indenture, dated as of May 6, 2011 (the "Indenture"), among Allison Transmission, Inc. and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____(the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $_____in such Note[s] or interests (the "Transfer"), to _____(the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Indenture and the Securities Act.

2. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Indenture and the Securities Act.

3. [ ] CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Issuer or a subsidiary thereof;

or

(c) [ ] such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

[Insert Name of Transferor]

By: _____

Name: _____

Title: _____

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP), or

(ii) [ ] Regulation S Global Note (CUSIP), or

(b) [ ] a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP), or

(ii) [ ] Regulation S Global Note (CUSIP), or

(b) [ ] a Restricted Definitive Note.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Allison Transmission, Inc.
4700 West 10th Street
Indianapolis, IN 46222
Attention: Chief Financial Officer

Wells Fargo Bank – DAPS Reorg.
MAC N9303-121
608 2nd Avenue South
Minneapolis, MN 55479
Telephone No.: (877) 872-4605
Fax No.: (866) 969-1290
Email: DAPSReorg@wellsfargo.com

Re: 7.125% Senior Notes due 2019

Reference is hereby made to the Indenture, dated as of May 6, 2011 (the "Indenture"), among Allison Transmission, Inc. and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

b) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] [ ] 144A Global Note [ ] Regulation S Global Note, with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been

effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer and are dated _____.

[Insert Name of Transferor]

By: _____
Name: _____
Title: _____

Dated: _____

NOTE GUARANTEE

For value received, each of the undersigned hereby unconditionally guarantees, as principal obligor and not only as a surety, to the Holders of Notes the cash payments in United States dollars of principal of, premium, if any, and interest on such Notes (and including additional interest payable thereon) in the amounts and at the times when due and interest on the overdue principal, premium, if any, and interest, if any, of such Notes, if lawful, and the payment or performance of all other Obligations of the Issuer under the Indenture (as defined below) or the Notes, to the Holders of Notes and the Trustee, all in accordance with and subject to the terms and limitations of the Notes, Article Ten of the Indenture and this Note Guarantee. This Note Guarantee will become effective in accordance with Article Ten of the Indenture and its terms shall be evidenced therein. The validity and enforceability of this Note Guarantee shall not be affected by the fact that it is not affixed to any particular Note. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture dated as of May 6, 2011, among Allison Transmission, Inc., a Delaware corporation (the "Company"), the Guarantor[s] party thereto and Wells Fargo Bank, National Association, as trustee (as amended or supplemented, the "Indenture").

This Note Guarantee shall become effective upon consummation of the Acquisition.

THIS NOTE GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY. Each Guarantor hereby agrees to submit to the jurisdiction of the courts of the State of New York in any action or proceeding arising out of or relating to this Note Guarantee.

This Note Guarantee is subject to release upon the terms set forth in the Indenture.

[Signatures on following pages]

[FUTURE GUARANTORS]

By: _____
Name:
Title:

Exhibit 5.1

[LETTERHEAD OF LATHAM & WATKINS LLP]

[FORM OF OPINION]

, 2011

Allison Transmission Holdings, Inc.
4700 West 10th Street
Indianapolis, Indiana 46222

Re: *Registration Statement No. 333-172932; shares of Common Stock, par value $0.01 per share, of Allison Transmission Holdings, Inc.*

Ladies and Gentlemen:

We have acted as special counsel to Allison Transmission Holdings, Inc., a Delaware corporation (the "Company"), in connection with the proposed issuance of up to shares of common stock, $0.01 par value per share, up to shares of which are being offered by the Company (the "Company Primary Shares") and up to shares of which are being offered by certain stockholders of the Company (the "Selling Stockholder Shares" and together with the Company Primary Shares, the "Shares"). The Shares are included in a registration statement on Form S-1 under the Securities Act of 1933, as amended (the "Act") filed with the Securities and Exchange Commission (the "Commission") on March 18, 2011 (Registration No. 333-172932) (as amended, the "Registration Statement"). The term "Shares" shall include any additional shares of common stock registered by the Company pursuant to Rule 462(b) under the Act in connection with the offering contemplated by the Registration Statement. This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related Prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to General Corporation Law of the State of Delaware, and we express no opinion with respect to any other laws.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof:

1. When the Company Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor (not less than par value) in the circumstances contemplated by the form of underwriting agreement most recently filed as an exhibit to the Registration Statement, the issue and sale of the Company Shares will have been duly authorized by all necessary corporate action of the Company, and the Company Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinion, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the General Corporation Law of the State of Delaware.
2. The Selling Stockholder Shares have been duly authorized by all necessary corporate action of the Company and are validly issued, fully paid and nonassessable.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm in the Prospectus under the heading “Validity of Common Stock.” We further consent to the incorporation by reference of this letter and consent into any registration statement filed pursuant to Rule 462(b) with respect to the Shares. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Very truly yours,

COPYRIGHT SECURITY AGREEMENT

COPYRIGHT SECURITY AGREEMENT (this "Agreement"), dated as of August 7, 2007, by ALLISON TRANSMISSION, INC. (formerly known as Clutch Operating Company, Inc.), a Delaware corporation (the "Grantor" and, collectively, the "*Grantors*"), in favor of CITICORP NORTH AMERICA, INC. *(*"Citi"*)*, as agent for the Secured Parties (as defined in the Credit Agreement referred to below) (in such capacity, the "Administrative Agent").

W i t n e s s e t h:

WHEREAS, pursuant to the Credit Agreement, dated as of August 7, 2007 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ALLISON TRANSMISSION HOLDINGS, INC. (formerly known as Clutch Holdings, Inc.), a Delaware corporation ("Holdings"), the Grantor, the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Lenders"), CITI, as Administrative Agent and Collateral Agent, LEHMAN BROTHERS COMMERCIAL BANK and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Syndication Agents, SUMITOMO MITSUI BANKING CORPORATION, as Documentation Agent and Co-Arranger, and CITIGROUP GLOBAL MARKETS INC., LEHMAN BROTHERS INC. and MERRILL LYNCH & CO., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Joint Lead Arrangers and Joint Bookrunners have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein; and

WHEREAS, the Grantor is party to a Guarantee and Collateral Agreement of even date herewith in favor of the Administrative Agent (the "*Collateral Agreement*") pursuant to which the Grantor is required to execute and deliver this Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Lenders and the Administrative Agent to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, the Grantor hereby agrees with the Administrative Agent as follows:

Section 1. Defined Terms

Unless otherwise defined herein, terms defined in the Credit Agreement or in the Collateral Agreement and used herein have the meaning given to them in the Credit Agreement or the Collateral Agreement.

Section 2. Grant of Security Interest in Copyright Collateral

The Grantor, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Borrower Obligations of such Grantor, hereby mortgages, pledges and hypothecates to the Administrative Agent for the benefit of the Secured Parties, and grants to the Administrative Agent for the benefit of the Secured Parties a lien on and security interest in, all of its right, title and interest in, to and under the following Collateral of such Grantor (the "*Copyright Collateral*"):

(a) all of its Copyrights and Copyright Licenses to which it is a party, including, without limitation, those referred to on *Schedule I* hereto;

(b) all extensions of the foregoing; and

(c) all Proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future infringement of any Copyright or Copyright licensed under any Copyright License.

Section 3. Collateral Agreement

The security interest granted pursuant to this Agreement is granted in conjunction with the security interest granted to the Administrative Agent pursuant to the Collateral Agreement and the Grantor hereby acknowledges and affirms that the rights and remedies of the Administrative Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Collateral Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the undersigned have caused this Agreement to be duly executed and delivered as of the date first set forth above.

ALLISON TRANSMISSION, INC.,
as Grantor

By: /s/ John L. Hazen
Name: John L. Hazen
Title: Chief Financial Officer

ACCEPTED AND AGREED
as of the date first above written:

CITICORP NORTH AMERICA, INC.,
as Administrative Agent

By: /s/ Francesco A. DelVecchio
Name: Francesco A. DelVecchio
Title: Vice President

Schedule I
to
Copyright Security Agreement

Copyright Registrations

- See Attachment A hereto.
- All unregistered Copyrights used exclusively in the Business (excluding all Software).

Attachment A

COPYRIGHTS

COPYRIGHT REGISTRATIONS AND APPLICATIONS

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1128P Rev. #1	Revision Pages for HT 70 Series P.C.	1-4-80	394-291
SA 1235K	P.C., Allison Transmissions, Automatic Models, AT 540, AT 543	1-4-80	394-299
SA 1248J	P.C., Allison Transmissions, Powershift Models 1200-1400-2000 Series	1-4-80	394-293
SA 1249F Rev. #1	Revision Pages for 8000 Series P.C.	1-4-80	394-290
SA 1270G	S.M., Allison Transmissions, Automatic Models, HT 700D Series	1-4-80	394-295
SA 1315K	Revision Pages for CT 700 Series P.C.	1-4-80	394-292
SA 1316K	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650 and 653	1-4-80	394-294
Appx B to SA 1431A	Operation and Maintenance Instructions, Allison Automatic Transmission, Model V730CT	1-4-80	394-296
SA 1442D Rev. #2	Revision Pages for V730D Series P.C.	1-4-80	431-812
SA 1502B	Rebuild Manual, Allison Transmissions, Automatic-Electric Components, 5000-6000-8000 Series	1-4-80	394-297
SA 1756 Chg 3	Consolidated S.M., Allison Automatic Transmissions Series AT, MT, and HT	1-4-80	394-298
SA 1809	5000, 6000, 8000 Series Electrical Test Procedure Using Field Test Kit N1948	1-4-80	394-300
SA 1038M Rev. #5	P.C., Allison Torqmatic Converters, 800-900 Series	4-18-80	455-077
SA 1077Z	P.C., Allison Transmissions, Powershift Models, 5600-5800 Series	4-18-80	455 080
SA 1126K	S.M., Allison Transmissions, 6-Speed MT Series	4-18-80	455-074
SA 1158N Rev. #1	Revision Pages for TT, TRT, CT and CRT 4000 Series P.C.	4-18-80	455 071

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1228G	S.M., Allison Transmissions, Powershift Models, DP 8000 Series	4-18-80	455 079
SA 1244G	P.C., Allison Transmissions, Powershift Models CRT 3321, 3331, 3631, 3630	4-18-80	455 075
SA 1268K Rev. #1	Revision Pages for HT 700 Series P.C.	4-18-80	455 076
SA 1315L	P.C., Allison Transmissions, Automatic Models, CT 700 Series	4-18-80	455 078
SA 1442E	P.C., Allison Transmissions, Automatic Models, V730 Series	4-18-80	455 070
SA 1551C Rev #27	Revision Pages for MT 644, 654 P.C.	4-18-80	455 069
SA 1806	S.M., Allison Transmissions, Hydraulic Retarder MT 644 Supplement	4-18-80	455 072
SA 1809 Chg 1	Change 1 to the 5000, 6000, 8000 Electric Test Procedure - Page 24	4-18-80	455 073
SA 1235L	P.C., Allison Transmissions, Automatic Models, AT 540 Series	7-18-80	511 827
SA 1247M	P.C., Allison Transmissions, Powershift Models, 5900-6000 Series	7-18-80	511 825
SA 1248J Rev. #1	Revision Pages for 1200-1400-2000 Series P/C	7-18-80	511 819
SA 1268K Rev. #2	Revision Pages for HT700 Series P.C.	7-18-80	511 820
SA 1316L	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	7-18-80	511 828
SA 1442F	P.C., Allison Transmissions, Automatic Models, V730 Series	7-18-80	511 826
SA 1444B	S.M., Allison Transmissions, Automatic Models, V730D	7-18-80	511 822
SA 1519B	P.C., Allison Transmissions, Powershift Models, TT, TRT 3000 Series	7-18-80	511 824
SA 1559D	P.C., Allison Transmissions, Powershift Models, CRT 5633	7-18-80	511 823

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1756 Chg 4	Consolidated S.M., Allison Automatic Transmission Series AT, MT and HT	7-18-80	511 821
SA 1038M Rev. #6	P.C., Allison Torqmatic Converters, 800-900 Series	8-28-80	538 777
SA 1076W Rev. #4	Revision Pages for 5530-5630 Series P.C.	8-28-80	538 771
SA 1158N Rev. #2	Revision Pages for TT, TRT, CT and CRT 4000 Series P.C.	8-28-80	538 772
SA 1248J Rev. #2	Revision Pages for 1200-1400-2000 Series P/C	8-28-80	538 770
SA 1249G	P.C., Allison Transmissions, Powershift Models, 8000 Series	8-28-80	538 776
SA 1268L	P.C., Allison Transmissions, Automatic Models, HT 700 Series	8-28-80	538 775
SA 1315L Rev. #1	Revision Pages for CT 700 Series P.C.	8-28-80	538 769
SA 1362A	S.M., Allison Transmissions, Powershift Models, Ti’ 4700 Series	8-28-80	538 774
SA 1519B Rev. #1	Revision Pages for TT, TRT 3000 Series P/C	8-28-80	538 773
SA 1551D	Models, MT644, MT 654CR P.C., Allison Transmissions, Automatic	8-28-80	538 778
SA 1077Z Rev. #1	Revision Pages for 5600-5800 Series P.C.	10-22-80	571 457
SA 1158N Rev. #3	Revision Pages for TT, TRT, CT and CRT 4000 Series P.C.	10-22-80	571 458
SA 1235L Rev. #1	Revision Pages for AT 540 Series P.C.	10-22-80	571 459
SA 1239G	S.M., Allison Transmissions, V-Drive Models, VH, VS Series	10-22-80	571 460
SA 1241J	S.M., Allison Transmissions, Automatic Models, AT 540, 543, 545	10-22-80	571 461
SA 1248J Rev. #3	Revision Pages for TT, TRT 2000 Series P/C	10-22-80	571 462

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1317G	S.M., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	10-22-80	571 463
SA 1442F Rev. #1	Revision Pages for V730D Series P.C.	10-22-80	571 464
SA 1756 Chg 5	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT Part II	10-22-80	571 456
SA 1756 Chg 6	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT Part I	10-22-80	571 455
SA 1039S Rev. #1	Revision Pages for TC 200-300 Series P.C.	1-21-81	617 209
SA 1078G	S.M., Allison Transmissions, Powershift Models, 5600-5800 Series	1-21-81	617 210
SA 1079W Rev. #3	Revision Pages for 3340-3461 Series P.C.	1-21-81	617 207
SA 1247N	P.C., Allison Transmissions, Powershift Models, 5900-6000 Series	1-21-81	617 215
SA 1268L Rev. #1	Revision Pages for HT 700 Series P.C.	1-21-81	617 211
SA 1315M	P.C., Allison Transmissions, Automatic Models, CT 700 Series	1-21-81	617 212
SA 1316M	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	1-21-81	617 213
SA 1442G	P.C., Allison Transmissions, Automatic Models, V730D	1-21-81	617 206
SA 1519B Rev. #2	Revision Pages for TT, TRT 3000 Series P/C	1-21-81	617 214
SA 1559D Rev. #1	Revision Pages for 5633 Series P.C.	1-21-81	617 208
SA 1158N Rev. #4	Revision Pages for TT, TRT, CT and CRT 4000 Series P.C.	4-15-81	676 373
SA 1235L Rev. #2	Revision Pages for AT 540 series P.C.	4-15-81	676 374
SA 1248J Rev. #4	Revision Pages for TT-TRT 2000 Series P.C.	4-15-81	676 375

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1248J Rev. #5	Revision Pages for TT-TRT 2000 Series P.C.	4-15-81	676 376
SA 1249G Rev. #1	Revision Pages for 8000 Series P.C.	4-15-81	676 377
SA 1315M Rev. #1	Revision Pages for CT 700 Series P.C.	4-15-81	676 378
SA 1442G Rev. #1	Revision Pages for V730D Series P.C.	4-15-81	676 379
SA 1551E	P.C., Allison Transmissions, Automatic Models, MT 644 and 654	4-15-81	676 380
SA 1038N	P.C., Allison Torqmatic, Converters 800-800 Series	6-2-81	705 261
SA 1039S Rev. #2	Revision Pages for TC 200-300 Series P.C.	6-2-81	705 260
SA 1057X	P.C., Allison Torqmatic Converters, 500 Series	6-2-81	705 262
SA 1077Z Rev. #2	Revision Pages for 5600-5800 Series P.C.	6-2-81	705 263
SA 1110J	S.M., Allison Transmissions, Powershift Models, 5900-6000 Series	6-2-81	705 264
SA 1316N	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	6-2-81	705 265
SA 1830	Preliminary P.C., Allison Transmissions, Powershift Models, CT 9000 Series	6-2-81	705 266
SA 1079X	P.C., Allison Transmissions, Powershift Models, 3340-3461 Series	6-24-81	719 380
SA 1158P	P.C., Allison Transmissions, Powershift Models, TT, TRT, CT, CRT 4000 Series	6-24-81	719 382
SA 1247N Rev. #1	Revision Pages for 5900-6000 Series P.C.	6-24-81	716 381
SA 1270H	S.M., Allison Transmissions, Automatic Models, HT 700D Series	6-24-81	719 383
SA 1551E Rev. #1	Revision Pages for MT 644, 654 P.C.	6-24-81	719 379
SA 1559E	P.C., Allison Transmissions, Powershift Models, CRT 5633	6-24-81	719 384

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1584A	S.M., Allison Transmissions, Powershift Model, TT 3420-1	6-24-81	719 378
SA 1833	S.M., Allison Transmissions, Electric Shift Models, CLBT 9680, 9686	6-24-81	719 385
SA 1125X Rev. #1	Revision Pages for 4440-4460 Series P.C.	9-3-81	763 615
SA 1128P Rev. #2	Revision Pages for HT 70 P.C.	9-3-81	763 616
SA 1248K	P.C., Allison Transmissions, Powershift Models, 1200-1400-2000 Series	9-3-81	763 612
SA 1268M	P.C., Allison Transmissions, Automatic Models, HT 700 Series	9-3-81	763 611
SA 1315N	P.C., Allison Transmissions, Automatic Models, CT 700 Series	9-3-81	763 613
SA 1519B Rev. #3	P.C., Allison Transmissions, Powershift Models, TT, TRT 3420-1 TRT 3220-1	9-3-81	763 617
SA 1756 Chg 7	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	9-3-81	763 614
SA 1039S Rev. #3	Revision Pages for TC 200-300 Series P.C.	11-24-81	810 690
SA 1235M	P.C., Allison Transmissions, Automatic Models, AT 540 Series	11-24-81	810 695
SA 1244G Rev. #1	Revision Pages for CRT 3000 Series P.C.	11-24-81	810 694
SA 1315N Rev. #1	Revision Pages for CT 700 Series P.C.	11-24-81	810 693
SA 1442H	P.C., Allison Transmissions, Automatic Models, V730D	11-24-81	810 691
SA 1756 Chg. 8	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	11-24-81	810 692
SA 1247P	P.C., Allison Transmissions, Powershift Models, 5900-6000 Series	1-8-82	829 078
SA 1248K Rev. #1	Revision Pages for 1200-1400-2000 Series P/C	1-8-82	829 079

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1270H Rev. #1	S.M., Allison Transmissions, Automatic Models, HT 700D Series	1-8-82	829 083
SA 1316P	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	1-8-82	829 080
SA 1442H Rev. #1	Revision Pages for V730D Series P.C.	1-8-82	829 082
SA 1551F	P.C., Allison Transmissions, Automatic Models, MT 644, MT 654CR	1-8-82	829 076
SA 1830A	P.C., Allison Transmissions, Powershift Models, CT 9000 Series	1-8-82	829 081
SA 1860	Preliminary P.C., Allison Transmissions, Powershift Models, 5861-5961-6061 Series	1-8-82	829 077
SA 1057X Rev. #1	Revision Pages for 500 Series P.C.	3-3-82	865 426
SA 1077AA	P.C., Allison Transmissions, Powershift Models, 5600-5800 Series	3-3-82	865 427
SA 1235M Rev. #1	Revision Pages for AT 540 Series P.C.	3-3-82	865 424
SA 1249H	P.C., Allison Transmissions, Powershift Models, 8000 Series	3-3-82	865 425
SA 1268M Rev. #1	Revision Pages for HT 700 Series P.C.	3-3-82	865 428
SA 1363B	S.M., Allison Transmissions, Powershift Models, TRT 4820-1,4821-1	3-3-82	865 423
SA 1235N	P.C., Allison Transmission, Automatic Models, AT 540 Series	6-16-82	923 336
SA 1247Q	P.C., Allison Transmissions, Powershift Models, 5900-6000 Series	6-16-82	923 338
SA 1248L	P.C., Allison Transmissions, Powershift Models, 1200-1400-2000 Series	6-16-82	966 992
SA 1316Q	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	6-16-82	923 334
SA 1519B Rev. #4	Revision Pages for TT, TRT 3000 Series P/C	6-16-82	923 333

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1559E Rev. #1	Revision Pages for 5633 Series P.C.	6-16-82	923 335
SA 1860 Rev. #1	Revision Pages for 5861-5961-6061 Series P/C	6-16-82	923 337
SA 1057X Rev. #2	Revision Pages for 500 Series P.C.	8-26-83	968 062
SA 1077AA Rev. #1	Revision Pages for 5600-5800 Series P.C.	8-26-82	968 063
SA 1158P Rev. #1	Revision Pages for TT, TRT, CT and CRT 4000 Series P.C.	8-26-82	968 064
SA 1238D	P.C., Allison Transmissions, Automatic Models, VH, VS Series	8-26-82	968 065
SA 1238D Rev. #1	Revision Pages for VH and VS Series P.C.	8-26-82	968 070
SA 1249H Rev. #1	Revision Pages for 8000 series P.C.	8-26-82	
SA 1315P	P.C., Allison Transmissions, Automatic Models, CT 700 Series	8-26-82	968 066
SA 1551F Rev. #1	Revision Pages for MT 644, 654 P.C.	8-26-82	960 068
SA 1806A	S.M., Allison Transmissions, Hydraulic Retarder MTB 644, 654	8-26-82	968 067
SA 1830A	Revision Pages for 9680-9686 Series	8-26-82	968 069
SA 1054J	S.M., Allison Torqmatic Converters, 800-900 Series	10-18-82	996 898
SA 1079X Rev. #1	Revision Pages for 3340-3641 Series P.C.	10-18-82	996 891
SA 1116R Rev. #1	Revision Pages for 400 Series P.C.	10-18-82	996 892
SA 1128P Rev. #3	Revision Pages for HT 70 Series P.C.	10-18-82	
SA 1248L Rev. #1	Revision Pages for TT-TRT 2000 Series P.C.	10-18-82	996 893
SA 1268N	P.C., Allison Transmissions, Automatic Models, HT 700 Series	10-18-82	996 894

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1315P Rev. #1	Revision Pages for CT 700 Series P.C.	10-18-82	996 895
SA 1442J	P.C., Allison Transmissions, Automatic Models, V730D	10-18-82	996 896
SA 1671 Chg 1	Change 1 to Consolidated S.M., Allison Torqmatic Converters	10-18-82	996 897
SA 1125Y	P.C., Allison Transmissions, Powershift Models, 4400-4600 Series	12-17-82	1 029 733
SA 1235N Rev. #1	Revision Pages for AT 540 Series P.C.	12-17-82	1 029 736
SA 1314F	S.M., Allison Transmissions, Automatic Models, CT, CBT, CLT, CLBT, VCLT 750 Series	12-17-82	1 029 737
SA 1502C	Rebuild Manual, Allison Transmissions, Automatic-Electric Components, 5000-6000-8000-9000 Series	12-17-82	1 029 735
SA 1519C	P.C., Allison Transmissions, Powershift Models, TT, TRT 3000 Series	12-17-82	1 029 734
SA 1249H Rev. #2	Revision Pages for 8000 Series P.C.	2-17-83	1 068 971
SA 1442K	P.C., Allison Transmissions, Automatic Models, V700 Series	2-17-83	1 068 976
SA 1444C	S.M., Allison Transmissions, Automatic Models, V730 Series	2-17-83	1 068 975
SA 1559F	P.C., Allison Transmissions, Powershift Models, 5633-5643 Series	2-17-83	1 068 972
SA 1833A	S.M., Allison Transmissions, Electric Shift Models, CLBT 9000 Series	2-17-83	1 068 974
SA 1866	S.M., Allison Transmissions, 5001, 6001 Series	2-17-83	1 068 973
SA 1241K	S.M., Allison Transmissions, Automatic Models, AT 540, AT 543, AT 545	3-21-83	1 091 742
SA 1248L Rev. #2	Revision Pages for 1200-1400-2000 Series P/C	3-21-83	1 091 743
SA 1316R	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	3-21-83	1 091 746

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1546D	S.M., Allison Transmissions, Automatic Models, MT 644, MT 654CR	3-21-83	1 091 744
SA 1551G	P.C., Allison Transmissions, Automatic Models, MT, MTB 644 and MT, MTB 654CR	3-21-83	1 091 741
SA 1756 Chg 9	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	3-21-83	1 091 745
SA 1057X Rev. #3	Revision Pages for 500 Series P.C.	5-16-83	1 128 214
SA 1244G Rev. #2	Revision Pages for CRT 3000 Series P.C.	5-16-83	1 128 212
SA 1268N Rev. #1	Revision Pages for HT 700 Series P.C.	5-16-83	1 128 215
SA 1315P Rev. #2	Revision Pages for CT 700 Series P.C.	5-16-83	1 128 210
SA 1519C Rev. #1	Revision Pages for TT, TRT 3000 Series P/C	5-16-83	1 128 213
SA 1756 Chg 10	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	5-16-83	1 128 211
SA 1158P Rev. #2	Revision Pages for TT, TRT, CT and CRT 4000 Series P.C.	6-2-83	1 140 911
SA 1235N Rev. #2	Revision Pages for AT 540 Series P.C.	6-2-83	1 140 910
SA 1317H	S.M., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	6-2-83	1 140 912
SA 1756 Chg 11	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	6-2-83	1 140 913
SA 1860A	P.C., Allison Transmission, Powershift Models 5861-5961-6061 Series	6-2-83	1 140 909
SA 1078H	S.M., Allison Transmissions, Powershift Models, 5600-5800 Series	7-28-83	1 163 909
SA 1316S	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	7-28-83	1 163 907
SA 1442L	P.C., Allison Transmissions, Automatic Models, V700 Series	7-28-83	1 163 906

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1886	Troubleshooting Manual, Allison Trans-missions, Automatic Models, V731	7-28-83	1 163 908
SA 1887	S.M., Allison Transmissions, Automatic Models, V731	7-28-83	1 163 905
SA 1228H	S.M., Allison Transmissions, Powershift Models, DP 8000 Series	10-7-83	1 205 783
SA 1249J	P.C., Allison Transmissions, Powershift Models, 8000 Series	10-7-83	1 205 788
SA 1268P	P.C., Allison Transmissions, Automatic Models, HT 700 Series	10-7-83	1 205 785
SA 1551G Rev. #1	Revision Pages for MT 644, 654 P.C.	10-7-83	1 205 784
SA 1559F Rev. #1	Revision Pages for 5633-5643 Series P.C.	10-7-83	1 205 787
SA 1809A	Automatic Electric Shift Control Systems 5000, 6000, 8000, 9000 Series Allison Transmissions, Electrical Test Procedure Using Field Test Kit N 1948	10-7-83	1 205 786
SA 1077AA Rev. #2	Revision Pages for 5600-5800 Series P.C.	12-12-83	1 247 484
SA 1079X Rev. #2	Revision Pages for 3340-3461 Series P.C.	12-12-83	1 247 485
SA 1235P	P.C., Allison Transmissions, Automatic Models, AT 540 Series	12-12-83	1 247 487
SA 1248L Rev. #3	Revision Pages for TT-TRT 2000 Series P.C.	12-12-83	1 247 486
SA 1965	P.C., Allison Transmissions, Electronic Controlled Models (ATEC) HT and HTB 748	12-12-83	1 247 483
SA 1315Q	P.C., Allison Transmissions, CT 700 Series	1-30-84	1 281 283
SA 1442M	P.C., Allison Transmissions, Automatic Models, V700 Series	1-30-84	1 281 282
SA 1959	S.M., Allison Transmissions, Automatic Models, HT, HTB 700 ATEC	1-30-84	1 281 281
SA 1960	Troubleshooting Manual, Allison Transmissions, Automatic Models, HT, HTB 748 (ATEC)	1-30-84	1 281 285

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 1965 Rev. #1	Revision Pages for HT 700 ATEC Series P.C.	1-30-84	1 281 284
SA 1057X Rev. #4	Revision Pages for 500 Series P.C.	2-20-84	1 287 223
SA 1270J	S.M., Allison Transmission, Automatic Models, HT 700D Series	2-20-84	1 287 224
SA 1316T	P.C., Allison Transmissions, Automatic Models, MT 640, 643, 650, 653	2-20-84	1 287 222
SA 1519C Rev. #2	Revision Pages for TT, TRT 3000 Series P/C	2-20-84	1 287 221
SA 1756 Chg 12	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	2-20-84	1 287 225
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SA 1830B	P.C., Allison Transmission, Powershift Models, CT 9000 Series	6-5-84	1 363 186
SA 1860A Rev. #1	Revision Pages for 5861-5961-6061 Series P/C	6-5-84	1 363185
SA 1860B	Revision Pages for 5861-5961-6061 Series P/C	8-20-84	1 413 395
SA 1244H	Revision Pages for CRT 3000 Series P.C.	8-20-84	1 413 397
SA 1235Q	Revision Pages for AT540 Series P.C.	8-20-84	1 449 843
SA 1268Q	Revision Pages for HT700 Series P.C.	8-20-84	1 413 393
SA 1158G	Revision Pages for TT, TRT, CT, CRT 4000 Series P.C.	8-20-84	1 413 396
SA 1965A	Revision Pages for HT 700 ATEC Series P.C.	8-20-84	1 413 394
SA 1965A	Revision Pages for HT 700 Series P.C.	12-3-84	1 468 405

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SA 1983	P.C. for M and MH Series	12-3-84	1 468 407
SA 1249J	Revision Pages for 8000 Series P.C.	12-3-84	1 468 404
SA 1866A	Revision Pages for 50-01, 6001 Series S/M	12-3-84	1 468 409
SA 1247R	Revision Pages for 5900-6000 Series P.C.	12-3-84	1 468 408
SA 1315Q	Revision Pages for CT700 Series P.C.	12-3-84	1 468 403
SA 1316U	Revision Pages for MT640, 643, 650, 653 P/C	12-3-84	1 468 406
SA 2004	Pages HT, HTB 700 ATEC Series S.M.	1-31-85	1-511-929
SA 2003	Pages TT, TTB, TRT 2001 Series S.M.	1-31-85	1-511-931
SA 2011	Pages for 7033 Series P.C.	1-31-85	1-511-930
SA 1442M Rev. #1	Revision Pages for V700 Series P.C,	1-31-85	1-511-927
SA 1519C Rev. #3	Revision Pages for TT, TRT 3000 Series P/C	1-31-85	1-511-926
SA 1551H Rev. #1	Revision Pages for MT 644, 654 Series P/C	1-31-85	1-511-928
SA 1125Z	Revision Pages for 4440-4460 Series P.C.	5-2-85/*7-17-85	TX 1-610-876
SA 1315R	Revision Pages for CT 700 Series P.C.	5-2-85/ *7-17-85	TX 1-610-881
SA 1756 Chg 13	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	5-2-85/*7-17-85	TX 1-610-858
SA 1546E	Revision Pages for MT 644, MT 645 CR Series S.M.	5-2-85/*7-17-85	TX 1-610-870
SA 1235R	Revision Pages for AT 540 Series P.C.	5-2-85/*7-17-85	TX 1-610-874
SA 1316V	Revision Pages for MT 640, 643, 650, 653 Series P.C.	5-2-85/*7-17-85	TX 1-610-871
SA 1248M Rev. #1	Revision Pages for 1200-1400-2000 Series P/C	5-2-85/*7-17-85	1-610-880
SA 1268Q Rev. #1	Revision Pages for HT700 Series P.C.	5-2-85/*7-17-85	1-610-875
SA 1077AB	Revision Pages for 5600-5800 Series P.C.	5-2-85/*7-17-85	1-610-873

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SA 1526B	Revision Pages for AT 540, MT 600 Series Remanufacturers Manual	5-2-85/*7-17-85	1-610-872
SA 1830B Rev. #2	Revision Pages for CT9000 Series P.C.	5-2-85/*7-17-85	1-610-879
	Inventor’s Publication How To Handle Patent and New Device Matters	5-2-85/*7-17-85	
SA 1551J	Revision Pages for MT 644, 654 Series P.C.	9-5-85	1-650-359
SA 1984	S.M. for M-MH Series	9-5-85	1-650-360
SA 1076X	Revision Pages for CRT 5530-5630-5631 Series P/C	9-5-85	1-650-361
SA 1314G	Revision Pages for CT, CBT, CLT, CLBT, VCLT 750, 754 Series S.M.	9-5-85	1-650-365
SA 1965B	Revision Pages for HT 700 ATEC Series P/C	9-5-85	1-650-367
SA 1547B	Revision Pages for CRT 5633, 5643 Series S/M	9-5-85	1-650-368
SA 1249K	Revision Pages for 8000 Series P.C.	9-5-85	1-650-362
SA 1756 Chg 14	Consolidated S.M., Allison Automatic Transmissions, Series AT, MT, HT	9-5-85	1-650-364
SA 1317J	Revision Pages for MT 640, 643, 650, 653 S/M	9-5-85	1-650-357
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SA 1270K	Revision Pages for HT 700D Series S.M.	9-5-85	TX1-650-366
SA 1116R Rev. #2	Revision Pages for 400 Series P.C.	9-5-85	TX1-650-363
SA 1960A	Revision Pages for HT, HTB 700 ATEC Series Troubleshooting Manual	1-8-86	TX1-773-425
SA 1316W	Revision Pages for MT 640, 43, 650, 653 Series Transmission Parts Catalog	1-8-86	TX1-757-600
SA 1268R	Revision Pages for HT 700 Series Parts Catalog	1-8-86	TX1-757-586
SA 1241L	Revision Pages for AT 540, 543, 545 Service Manual	1-8-86	TX1-757-585
SA 1559G	Revision Pages for 5633-5643 Series Transmission Parts Catalog	1-8-86	TX1-757-582

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SA 1526B Chg 02	Revision Pages for AT 540, MT 600 Series Transmission Remanufacturers Manual	1-8-86	TX1-757-583
SA 2010	Service Manual for CRT 7033 Series	1-8-86	TX1-757-584
SA 2011 Rev. #1	Revision Pages for CRT 7033 Series Parts Catalog	2-3-86	TX1-785-383
SA 2035	5000,6000,8000,9000 ATEC Series Service Manual Supplement	2-3-86	TX1-778-325
SA 1317K	MT 640,643,650,653 Series Service Manual	3-3-86	TX1-837-583
SA 1249L	8000 Series Transmission Parts Catalog	4-1-86	TX1-791-250
SA 1526B Chg 3	AT 540, MT 600 Series Transmission Remanufacturers Manual	5-7-86	TX1-830-238
SA 1551K	MT 644, 647, 654 Parts Catalog	5-7-86	TX1-830-234
SA 1860C	5001-5002-6001-6002 Series Parts Catalog	5-7-86	TX1-810-143
SA 1077AB Rev. #1	5600-5800 Series Parts Catalog	6-3-86	TX1-823-582
SA 1247S	5900-6000 Series Parts Catalog	6-3-86	TX1-855-112
SA 1442N	V700 Series Parts Catalog	6-3-86	TX1-823-583
SA 1887A	V731 ATEC Series Service Manual	7-1-86	TX1-858-159
SA 1866B	5001, 6001 Series Service Manual	7-1-86	TX1-865-021
SA 1315S	CT 700 Series Parts Catalog	8-1-86	TX1-881-962
SA 1992	CLT, CLBT 755 (DB) Series ATEC S.M. Suppl	8-1-86	TX1-881-960
SA 1996	MT 648 ATEC Parts Catalog	8-1-86	TX1-881-961
SA 2032	Off-Highway ATEC Troubleshooting	8-1-86	TX1-881-935
SA 1316W Rev. #1	MT 640, 643, 650, 653 Parts Catalog Revision 1	9-3-86	TX1-907-077
SA 1546F	MT, MTB 644, 647, 654CR Service Manual	9-3-86	TX1-905-080
SA 1983 Rev. #1	M, MH Series Parts Catalog, Revision 1	10-2-86	TX1-920-800
SA 1993	CT 700 ATEC Parts Catalog	10-2-86	TX1-920-813
SA 2057	5,6,8,9000 Series Retrofit of Manual/ Automatic Electric to ATEC S.M.	10-2-86	TX1-920-812

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SA 1235S	AT 540 Series Parts Catalog	11-3-86	TX1-951-696
SA 1249L Rev. #1	8000 Series Parts Catalog, Rev. No. 1	11-3-86	TX1-941-333
SA 1830B Rev. #3	9000 Series Parts Catalog, Rev. No. 3	11-3-86	TX1-941-336
SA 1995	MT, MTB 648 Series ATEC S.M. Supplement	11-3-86	TX1-951-695
SA 1860C Rev. #1	5001-5002-6001-6002 Series Parts Catalog Rev. No. 1	12-1-86	TX1-975-094
SA 1316X	MT 640, 643, 650, 653 Series Parts Catalog	01-5-87	TX1-980-632
SA 1444D	V 730 Series Service Manual	2-4-87	TX2-042-630
SA 1079Y	3340-3461 Series Parts Catalog	2-4-87	TX2-043-475
SA 2048	Troubleshooting Manual Sealed Standard/Sealed Plus II ATEC Automatic Models MT(B)648, CL(B)T755, HT(B)744, HT(B)748, HT(B)755CR, HT(B)755DR	2-4-87	TX2-008-906
SA 2011 Rev. #3	Revision Pages for 7000 Series P.C.	2-4-87	TX2-009-442
SA 1057X Rev. #6	500 Series Parts Catalog	2-4-87	TX2-037-027
SA 1830C	9000 Series Parts Catalog	2-4-87	TX2-042-632
SA 1268S	HT 700 Series Parts Catalog	2-4-87	TX2-042-631
SA 1965C	HT 700 ATEC Parts Catalog	3-9-87	TX2-059-033
SA 1270L	HT 700D Series Service Manual Hydraulic Controls	4-3-87	TX2-046-210
SA 1551L	MT 644, 647, 654 Parts Catalog	4-3-87	TX2-016-240
SA 1886A	V731 Splashproof Standard ATEC Trouble- shooting Manual	5-5-87	TX2-062-221
SA 2058	MT, HT, CLBT, and V ECU/PROM Calibration and Shift Points Data Manual	5-5-87	TX2-062-243
SA 1038N, Rev. #1	TC 800-900 Series Parts Catalog	5-5-87	TX2-062-244
SA 1315S, Rev. #1	CT 700 Series Hydraulic Controls P.C.	5-5-87	TX2-062-241
SA 1321K	AT 540, 543, 545 Mechanics Tips	5-5-87	TX2-062-733

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SA 1993, Rev. #1	CT 700 ATEC Series Parts Catalog	5-5-87	TX2-062-242
SA 1268S, Rev. #1	HT 700 Series Parts Catalog	6-8-87	TX2-092-699
SA 1442N, Rev. #1	V730, V731 (ATEC) Parts Catalog	6-8-87	TX2-092-700
SA 1996, Rev. #1	MT(B) 648 Series Parts Catalog	6-8-87	TX2-092-701
SA 2057A	5,6,8,9000 Series Retrofit of Manual Automatic Electric to ATEC	7-8-87	TX2-113-822
SA 2035A	6,6,8,9000 ATEC Series S.M. Supplement	7-8-87	TX2-113-820
SA 1830C, Rev. #1	CT 9000 Series Parts Catalog	7-8-87	TX2-113-823
SA 1551L, Rev. #1	MT(B) 644, 647, 654CR Series P.C.	7-8-87	TX2-113-821
SA 1860C, Rev. #2	5001-5002-6001-6002 Series P.C.	8-7-87	TX2-132-354
SA 1965C, Rev. #1	HT 700 ATEC Series P.C.	8-7-87	TX2-132-334
SA 1116S	400 Series Parts Catalog - Update	8-7-87	TX2-132-351
SA 1316X, Rev. #1	MT 640, 643, 650, 653 Series P.C.	9-9-87	TX2-149-729
SA 1235S, Rev. #1	AT 540 Series Parts Catalog	10-12-87	TX2-225-894
SA 1249L, Rev. #2	DP 8000 Series Parts Catalog	10-12-87	TX2-225-895
SA 1993, Rev. #2	CT 700 ATEC Series Parts Catalog	10-12-87	TX2-225-893
SA 1965C, Rev. #1	HT 700 ATEC Series Parts Catalog	11-2-87	TX2-189-288
SA 1268S, Rev. #2	HT 700 Series Parts Catalog	11-2-87	TX2-179-173
SA 1983, Rev. #2	M, MH Series Parts Catalog	11-2-87	TX2-179-174

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SA 1235S, Rev. #2	AT 540 Series Parts Catalog	11-2-87	TX2-179-172
SA 1077AB, Rev. #2	5640-5660/5840-5860 Series Parts Catalog	12-4-87	TX2-290-184
SA 1244H, Rev. #1	CRT 3000 Series Parts Catalog	12-4-87	TX2-216-883
SA 1247S, Rev. #1	5900-6000 Series Parts Catalog	12-4-87	TX2-216-885
SA 1559G, Rev. #2	CRT 5633-5643 Series Parts Catalog	12-4-87	TX2-217-220
SA 1833C	CL(B)T 9000 Series Service Manual	12-4-87	TX2-216-967
SA 1960B	HT(B) 700 Splashproof Standard ATEC Series Troubleshooting Manual	12-4-87	TX2-216-754
SA 1076X, Rev. #1	CRT 5530-5630-5631 Series Parts Catalog	1-6-88	TX2-233-363
SA 1315S, Rev. #2	CT 700 Series Hydraulic Controls P.C.	1-6-88	TX2-233-362
SA 1551L, Rev. #2	MT, MTB 644, 647, 654CR Parts Catalog	1-6-88	TX2-233-364
SA 1984A	M, MH Series Service Manual	1-6-88	TX2-232-892
SA 1315S, Pg. Rev. #3	CT 700 Series Parts	7-14-88	TX2-624-217
SA 1551L, Pg. Rev. #3	MT 644, 647, 654 Parts Catalog	7-14-88	TX2-357-043
SA 1316Y	MT 640, 643, 650, 653 Parts Catalog	7-14-88	TX2-357-045
SA 1442P	V700 Series Parts Catalog	7-14-88	TX2-624-218
SA 2126	AT 542 Series Parts Catalog	7-14-88	TX2-624-216
SA 1235T	AT 540 Series Parts Catalog	7-14-88	TX2-357-046
SA 1268T	HT 700 Series Parts Catalog	7-14-88	TX2-624-246
SA 1079Z	3340-3461 Series Parts Catalog	7-14-88	TX2-368-153
SA 1317L	MT 640, 643, 650, 653 Service Manual	7-14-88	TX2-357-044
SA 1130H	4460 Series Service Manual	7-14-88	TX2-357-048
SA 1546G	MT, MTB 644, 647, 654CR Service Manual	7-14-88	TX2-357-050

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SA 1241M	AT 540, 543, 545 Service Manual	7-14-88	TX2-357-049
SA 1270M	HT 700 Series Service Manual	7-14-88	TX2-357-047
SA 1238E	VH, VS Series Transmission Parts Catalog	9-8-88	TX2-394-770
SA 1238E, Pg Rev #1	.VH, VS Series Transmission Parts Catalog	9-8-88	TX2-394-769
SA 2125	AT 542 Transmission Repair Manual	9-8-88	TX2-394-767
SA 1887B	V731 ATEC Series Service Manual	9-8-88	TX2-394-753
SA 2032A	5/6/8/9000 Off-Highway ATEC Troubleshooting	9-8-88	TX2-394-768
SA 1316Y Pg Rev #1	MT 640, 643, 650, 653 Series Parts Catalog	11-21-88	TX2-454-774
SA 1235T Pg Rev #1	AT 540 Series Parts Catalog	11-21-88	TX2-460-767
SA 2126 Pg Rev #1	AT 542 Series Parts Catalog	11-21-88	TX2-454-772
SA 1886B	V731 Splashproof Standard ATEC Trouble- shooting Manual	11-21-88	TX2-454-997
SA 2048A	MT, MTh 600, HT, HTB, CLT, CLBT 700 ATEC Sealed Standard/Plus II Troubleshooting	11-21-88	TX2-449-337
SA 1057Y	500 Series Torqmatic Converters Parts Catalog	11-21-88	TX2-454-996
SA 1244J	3321, 3331, 3531, 3630 Series Parts Catalog	11-21-88	TX2-454-994
SA 1076Y	5530-5630-5631 Series Parts Catalog	11-21-88	TX2-454-995
SA 1965D	HT 700 ATEC Series Parts Catalog	11-21-88	TX2-448-616
SA 1830C Pg Rev #2	CT 9000 Series Parts Catalog	1-5-89	TX2-481-714
SA 1965D Pg Rev #1	HT 700 ATEC Series Parts Catalog	1-5-89	TX2-529-815
SA 1830D	9000 Series Parts Catalog	1-5-89	TX2-481-715
SA 1860D	5001-5002-6001-6002 Series Parts Catalog	1-5-89	TX2-541-849
SA 1551M	MT 644, 647, 654 Series Parts Catalog	1-5-89	TX2-477-709
SA 1866C	5001, 6001 Series Service Manual	1-5-89	TX2-477-987
SA 2004A	HT, HTB 700 ATEC Series Service Manual	1-5-89	TX2-491-271

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SA 1860D, Pg Rev #1	5001-5002-6001-6002 Series Parts Catalog	2-23-89	TX2-543-387
SA 1996, Pg Rev #2	MT(B) 648 Series Parts Catalog	2-23-89	TX2-523-041
SA 1315T	CT 700 Series Parts Catalog	2-23-89	TX2-514-241
SA 1247T	5900-6000 Series Parts Catalog	2-23-89	TX2-514-252
SA 1228J	DP 8000 Series Service Manual	2-23-89	TX2-514-242
SA 2231	TX 100-1/1A Trans. Repair & Parts Manual	4-12-89	TX2-546-930
SA 1268T	HT 700 Series Parts Catalog	4-12-89	TX2-545-973
SA 1559H	5633-5643 Series Parts Catalog	4-12-89	TX2-546-931
SA 1502E	5,6,8,9000 Auto Elect Shift Components Rebuild Manual	6-28-89	TX2-611-068
SA 2070A	V 731 Seal Standard ATEC Troubleshooting	6-28-89	TX2-611-069
SA 1241N	AT 540, 543, 545 Trans. Service Manual	6-28-89	TX2-611-076
SA 1268U	HT 700 Series Parts Catalog	8-10-89	TX2-646-394
SA 1317M	MT 640, 6743, 650, 653 Service Manual	8-10-89	TX2-646-393
SA 1993A	CT 700 ATEC Series Parts Catalog	9-7-89	TX2-646-769
SA 1316Z	MT 640, 643, 650, 653 Series Parts Catalog	9-7-89	TX2-648-381
SA 1442Q	V700 Series Parts Catalog	9-7-89	TX2-648-380
SA 1830E	9000 Series Parts Catalog	11-30-89	TX2-704-369
SA 1249M	DP 8000 Series Parts Catalog	11-30-89	TX2-705-198
SA 1077AC	5600-5800 Series Parts Catalog	11-30-89	TX2-705-200
SA 1551N	MT 644, 647, 654 Series Parts Catalog	11-30-89	TX2-704-370
SA 2057B	5,6,8,9000 Series Retrofit of Manual Automatic Electric to ATEC	11-30-89	TX2-705-199
SA 1444E	V 730 Series Transmissions	12-15-89	TX2-715-373
SA 1965E	HT 700 ATEC Series Parts Catalog	12-15-89	TX2-714-832
SA 1315T Pg Rev #1	CT 700 Series Parts Catalog	3-8-90	TX2-783-456
SA 1314H	CT 700 Series Transmission Service Manual	3-8-90	TX2-765-082
SA 1860E	5001,5002,6001,6002 Series Parts Catalog	5-25-90	TX2-834-649

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SA 1996B	MT 648 ATEC Transmission Parts Catalog	5-25-90	TX2-834-549
SA 1551N Pg Rev #1	MT 644, 647, 654 Series Parts Catalog	5-25-90	TX2-892-136
SA 1547C	CRT 5633, 5643 Series Service Manual	5-25-90	TX2-832-013
SA 1983A	M, MH Series Parts Catalog	5-25-90	TX2-834-856
	Estimator’s Handbook, Tool Room Plt 3, Forms, Tables and Instructions	5-31-90	TX2-838-424
SA 1058K	500 Series Service Manual	6-20-90	TX2-847-438
SA 2126A	AT 542 Parts Catalog	6-20-90	TX2-853-434
SA 2148	MD, MD-D7 Series Repair Manual, Prelim	6-26-90	TX2-855-288
SA 1315U	CT 700 Series Parts Catalog	6-26-90	TX2-851-475
SA 1235V	AT 540 Series Parts Catalog	7-6-90	TX2-875-265
SA 2004B	HT, HTB 700 Electronic Controls S/M	7-19-90	TX2-881-076
SA 1559J	5633-5643 Series Parts Catalog	8-23-90	TX2-860-325
SA 2011A	7033 Series Parts Catalog	10-12-90	TX2-941-666
SA 1270N	HT 700 Series (Hydraulic Controls) Service Manual	10-12-90	TX2-939-541
SA 2288	VR 731 Repair Manual Supplement to SA 1887, V 731 Service Manual	10-12-90	TX2-931-160
SA 1317N	MT 640, 643, 650, 653 Service Manual	11-02-90	TX2-949-609
SA 1442R	V 700 Series Parts Catalog	11-29-90	TX3-000-737
SA 1268V	HT 700 Series Parts Catalog	11-29-90	TX3-000-776
SA 1551P	MT 644, 647, 654 Series Parts Catalog	12-6-90	TX2-972-154
SA 2178-90	1990 Service Information Letter Manual	1-17-91	TX2-997-185
SA 1038P	800-900 Series Torqmatic Converters Parts Catalog	3-11-91	TX3-026-129
SA 1960C	HT(B) 700 Splashproof Standard Electronic Controls Troubleshooting Manual	4-10-91	TX3-055-820
SA 1079AA	3340-3461 Series Parts Catalog	5-2-91	TX3-067-224
SA 1316AB	MT 640, 643, 650, 653 Series Parts Catalog	6-7-91	TX3-089-253
SA 1965F	HT 700 Electronic Controls Series Parts Catalog	8-15-91	TX3-124-155

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SA 1125AA	4440-4460 Series Parts Catalog	8-26-91	TX3-144-536
SA 1244K	3321, 3331, 3531, 3630 Series Parts Catalog	9-11-91	TX3-146-541
SA 1247U	5900-6000 Series Parts Catalog	11-1-91	TX3-181-753
SA 1053C	TG 600 Series Service Manual Reprint	12-20-91	TX3-232-573
SA 1887C	V 731 Electronic Controls Series Service Manual	12-20-91	TX3-232-574
SA 2150A	MD Series Parts Catalog	12-20-91	TX3-222-483
SA 2498	Installing the Allison MD Trans Student Manual	1-13-92	TX3-228-582
SA 2499	Installing the Allison MD Trans Instructor Manual	1-13-92	TX3-228-583
SA 1235W	AT 540 Series Parts Catalog	1-15-92	TX3-232-363
SA 2288CF	Manuel de reparation YR 731 Supplement	1-24-92	TX3-238-949
SA 1315V	CT 700 Series Parts Catalog	1-31-92	TX3-239-487
SA 1887B-F	Voites de vitesses V 731 ATEC Manuel d’entretien	2-14-92	TX3-259-798
SA 1315V Pg Rev #1	CT 700 Series Parts Catalog	2-24-92	TX3-322-389
SA 2126B	AT 542 Series Parts Catalog	2-24-92	TX3-354-877
SA 2126B Pg Rev #1	AT 542 Series Parts Catalog	2-24-92	TX3-322-390
SA 2148A	MD Series Repair Manual	3-18-92	TX3-279-913
SA 1057Z	500 Series Torqmatic Converters Parts Catalog	3-25-92	TX3-281-508
SA 1116T	400 Series Torqmatic Converters Parts Catalog	3-25-92	TX3-281-501
SA 2070A-F	Boites de vitesses V 731 series ATEC scellee standard Reperage des pannes	4-2-92	TX3-290-728
SA 2158A	MD Series Troubleshooting Manual	4-15-92	TX3-299-773
SA 1546H	MT, MTB 644, 647, 654CR Service Manual	4-23-92	TX3-294-998
SA 1249N	DP 8000 Series Parts Catalog	4-30-92	TX3-310-799
SA 1984B	M, MH Series Service Manual	4-30-92	TX3-313-348
SA 1833D	CIBT 9000 Series Service Manual	5-5-92	TX3-319-867
SA 1099G	200, 300 Series Torqmatic Service Manual	5-13-92	TX3-317-259

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SA 1444F	V 730 Series Service Manual	5-13-92	TX3-349-685
SA 1860F	5001,5002,6001,6002 Series Parts Catalog	6-1-92	TX3-332-140
SA 2454	MD Series Transmissions Principles of Operation	7-24-92	TX3-360-228
SA 2148A-F	MD Series Manuel de Reparation	8-14-92	TX3-370-466
SA 2148B	MD Series Repair Manual	8-14-92	TX3-370-467
SA 2157C-F	MD-3060, MD-3560, MD 3070PT Manuel du Cond	8-14-92	TX3-377-946
SA 2159A-F	Series MD Conseils au Mecanicien	8-25-92	TX3-383-315
SA 1830F	9000 Series Parts Catalog	8-25-92	TX3-383-981
SA 1551Q	MT 644, 647, 654 Parts Catalog	8-25-92	TX3-385-884
SA 1268W	HT 700 Series Parts Catalog	10-1-92	TX3-421-841
SA 1316AC	MT 640, 643, 650, 653 Parts Catalog	11-2-92	TX3-426-313
SA 1268W Pg Rev No 1	HT 700 Series Parts Catalog	11-24-92	TX3-454-591
SA 1442S	V 700 Series Parts Catalog	11-24-92	TX3-456-341
SA 2150B	MD Series Parts Catalog	12-23-92	TX3-462-420
SA 1270N	Series HT 700 Boites de vitesses Guide d’Entretien	2-19-93	TX3-492-330
SA 1992A	CLT, CLBT 755 (DB) Series Supplement	2-19-93	TX3-492-174
SA 2178-92	1992 Service Information Book	2-19-93	TX3-492-175
SA 1315W	CT 700 Series Parts Catalog	2-24-93	TX3-485-943
SA 2467	B 300 Series Parts Catalog	2-24-93	TX3-485-706
SA 2150C	MD Series Parts Catalog	5-11-93	TX3-602-494
SA 1965G	HT 700 Electronic Controls Series Parts Catalog	7-2-93	TX3-592-658
SA 2712	Allison Transmission Electronic Control Troubleshooting Manual	7-2-93	TX3-592-739
SA 1083E	5630, 5631 Series Service Manual	8-5-93	TX3-633-799
SA 2658A	Allison Trans Sales Tech Data Install Supp	8-5-93	TX3-633-798
SA 1993B	CT 700 Series Electronic Controls Parts Catalog	11-9-93	TX3-677-558

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SA 1270P	HT 700 Series (Hydraulic Controls) Service Manual	11-9-93	TX3-677-557
SA 2178-93	1993 Service Information Booklet	2-1-94	TX3-825-635
SA 2288A	Retarder (VR) Supplement to SA 1887, V 731 Service Manual	2-1-94	TX3-760-154
SA 1860G	5861, 5961, 6061, 5962, 6062, 5963, 6063 Parts Catalog	2-1-94	TX3-749-718
SA 1235X	AT 540, 543, 545 & 1545 Parts Catalog	5-5-94	TX3-830-242
SA 1268X	HT 700 Series Parts Catalog	5-5-94	TX3-830-315
SA 2456	HD Series Parts Catalog	5-5-94	TX3-830-246
SA 1442T	V 700 Series Transmissions Parts Catalog	6-30-94	TX3-869-188
SA 2468	B 300 Series Service Manual	6-30-94	TX3-869-182
SA 2469	B 300 Series Principles of Operation	6-30-94	TX3-869-181
SA 1241P	AT 500 and AT 1500 Series Service Manual	10-3-94	TX3-928-036
SA 1551R	MT 644, 647, 654 Series Parts Catalog	10-3-94	TX3-893-160
SA 2150D	MD Series Parts Catalog	10-3-94	TX3-920-269
SA 2470	B 300 Series World Trans Troubleshooting Manual	10-3-94	TX3-893-161
SA 2803	Allison AT 542 Trans Regear Installation Manual	10-3-94	TX3-893-159
SA 1235X Page Rev. No. 1	AT 540, AT 1540 Series Parts Catalog	10-3-94	TX3-928-037
SA 1442T Page Rev. No. 1	V 700 Series Parts Catalog	10-3-94	TX3-869-188
SA 2126C	AT 542, AT 1542 Series Parts Catalog	12-5-94	TX3-942-142
SA 2454A	WT Series Principles of Operation	12-5-94	TX3-942-141
SA 2459	HD 4000 Series Electronic Controls Troubleshooting Manual	12-5-94	TX3-942-140
SA 2472	B 500 Series Parts Catalog	12-5-94	TX3-942-139
SA 2457	HD Series Service Manual	1-17-95	TX3-993-117
SA 2831	WT Series Retarder Principles of Operation	1-17-95	TX3-993-118

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 2468A	B 300/B 400 Series Service Manual	1-17-95	TX3-971-322
SA 1996C	MT 648 CEC Series Parts Catalog	1-17-95	TX3-993-116
SA 1247V	5940, 5960, 5965, 6041, 6060 Series Parts Catalog	3-3-95	TX3-993-484
SA 2178-94	1994 Service Information Booklet	3-3-95	TX3-962-379
SA 2712A	Allison Transmission Commercial Electronic Control (CEC) Troubleshooting Manual	3-3-95	TX3-993-483
SA 1866D	5861, 5961, 5962, 5963, 6061, 6062, 6063 Service Manual	5-19-95	TX4-059-159
SA 2457A	HD/B 500 Series Service Manual	5-19-95	TX4-059-158
SA 2470A	WT Series Electronic Controls Troubleshooting Manual	5-19-95	TX4-060-319
SA 2922	B 400 Series Parts Catalog	7-21-95	TX4-075-346
SA 1316AD	MT 640, 643, 650, 653 Series Parts Catalog	7-21-95	TX4-078-077
SA 1860H	5861, 5961, 6061, 5962, 6062, 5963, 6063 Parts Cat	7-21-95	TX4-075-310
SA 1475G	750 Series Off-Highway Operator’s Manual	11-21-95	TX4-155-354
SA 2157H	World Transmission Series Operator’s Manual	11-21-95	TX4-155-353
SA 1366H	700 Series Trans w/Hyd Elec Cont Mechanic’s Tips	11-21-95	TX4-155-352
SA 1958G	HT, HTB, CLT, CLBT 700 Series Elec Cont Mech Tips	11-21-95	TX4-155-351
SA 2946	Allison WT BB Training Course Student Workbook	11-21-95	TX4-153-810
SA 1965H	HT 700 Elec Controls Series (CEC) Parts Catalog	11-21-95	TX4-153-275
SA 2457B	HD 4000/B 500 Series WT Service Manual	11-21-95	TX4-153-274
SA 2033B	HT 700 Series Auto Trans Technicians’ Guide	1-30-96	TX4-209-451
SA 2467A	B 300 Series Parts Catalog	1-30-96	TX4-209-450
SA 2472A	B 500 Series Parts Catalog	1-30-96	TX4-209-449
SA 2899	WT Retarder Training Course Leader’s Guide	1-30-96	TX4-209-448
SA 2706A	Training Standards Manual	1-30-96	TX4-209-396

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA 2958	Allison World Transmission Service Training Course Leader’s Guide	4-2-96	TX4-159-638
SA 2959	Allison World Transmission Service Training Course Student Workbook	4-2-96	TX4-232-914
SA 2498A	MD Series Installation Training Program Reference Manual	4-2-96	
SA 2148C	MD Series World Transmission Service Manual	4-2-96	TX4-232-913
SA 2178-95	1995 Service Information Letter Booklet	4-2-96	TX4-232-912
SA 1321S	AT 500 & AT 1500 Series Mechanic’s Tips	4-2-96	TX4-233-347
SA 1318E	5000, 6000, 8000, 9000 SPG-Controlled Electric, Manual Electric, & Manual Hydraulic Operator’s Manual	4-2-96	TX4-159-569
SA 1334Y	AT, MT, HT Series Operator’s Manual	4-2-96	TX4-233-348
SA 1241Q	AT Series Service Manual	6-11-96	TX4-240-308
SA 2150E	MD Series Parts Catalog	6-11-96	TX4-240-361
SA 2555A	AT 500 Series Overhaul Training Program Leader’s Guide	6-11-96	TX4-240-364
SA 2473	AT Retarder Service Training Course Student Workbook	6-11-96	TX4-240-378
SA 2711D	Allison World Transmission Input/Output Functions	6-11-96	TX4-316-844
SA 1268Y	HT 700 Series Parts Catalog	6-28-96	TX4-292-603
SA 1887D	V 730, V(R) 731(RH) Series Service Manual	6-28-96	TX4-288-038
SA 1321T	AT 500 & AT 1500 Series Mechanic’s Tips	6-28-96	TX4-325-421
SA 1235Y	AT 540, 543, 545, 1545 Series Parts Catalog	8-30-96	TX4-365-861
SA 1442U	V 700 Series Parts Catalog	8-30-96	TX4-365-5822
SA 2809	Support Equipment WT Series Parts Catalog	8-30-96	TX4-365-821
SA2999	WTEC III Troubleshooting Guide	2-18-97	TX4-491-538
SA2995	World Transmission Series (WTEC III Controls) Operator’s Manual	2-18-97	TX4-486-882

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SA1317Q	MT(B) 640, 643, 650, 653 Service Manual	2-18-97	TX4-486-881
SA1316AE	MT(B) 640, 643, 650, 653 Parts Catalog	2-18-97	TX4-486-883
SA1315X	CLBT 750, 754 Series Parts Catalog	2-18-97	TX4-486-851
SA2150F	MD Series Parts Catalog	3-17-97	TX4-511-225
SA1357L	MT(B) 600 Series Mechanic's Tips	3-17-97	TX4-470-630
SA3004	World Transmission Series (WTEC III Controls) Mechanic's Tips	3-17-97	TX4-493-880
SA1318F	5000, 6000, 8000, 9000 SPG-Controlled Electric, Manual-Electric, and Manual-Hydraulic Operator's Manual	6-23-97	TX4-600-585 .
SA1860J	5861, 5961, 5962, 5963, 6061, 6062, 6063, M/S 5600, 6600 Parts Catalog	6-23-97	TX4-590-910
SA2456A	HD Series Parts Catalog	6-23-97	TX4-590-913
SA2126D	AT 542, AT 1542 Series Parts Catalog	6-23-97	TX4-590-912
SA3026	WT Support Equipment Catalog Supplement to SA2809	6-23-97	TX4-653-269
SA2454B	WT Series Principles of Operation	6-23-97	TX4-593-991
SA1866E	CL(B)T 5000, 6000 Series, M 5600, 6600 Series, S 5600, 6600 Series Service Manual	8-8-97	TX4-617-575
SA2472B	B 500 Series Parts Catalog	8-8-97	TX4-606-863
SA2467B	B 300 Series Parts Catalog	8-8-97	TX4-606-856
SA1830G	9000 Series Parts Catalog	8-8-97	TX4-606-857
SA2922A	B 400 Series Parts Catalog	11-26-97	TX4-679-298
SAl235Z	AT 540, 543, 545, 1545 Series Parts Catalog	11-26-97	TX4-679-299
SA1993C	CT 700 Electronic Controls Series Parts Catalog	11-26-97	TX4-679-302
SA3032	HT 700 Hyd Controls Series Parts Catalog (FBO)	11-26-97	TX4-679-292
SA3046	MT(B) 643, 643R, 653, 653R Parts Catalog (FBO)	11-26-97	TX4-679-301
SA3048	AT 545 Series Parts Catalog (FBO)	11-26-97	TX4-679-300
SA3050	MD Series Parts Catalog (FBO)	11-26-97	TX4-679-295

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA2157J	WT Series (WTEC II Controls) Operator’s Manual	12-23-97	TX4-687-902
SA1357M	MT(B) 600 Series Mechanic’s Tips	12-23-97	TX4-687-901
SA1334Z	AT, MT, HT Series Operator’s Manual	12-23-97	TX4-687-903
SA1316AF	MT(B) 640, 643, 650, 653 Parts Catalog	12-23-97	TX4-687-912
SA1833E	9000 Series Service Manual	12-23-97	TX4-687-830
SA1551T	MT(B) 644, 647, 654CR Parts Catalog	3-2-98	TX4-742-063
SAl270Q	HT 700 Series (Hydraulic Controls) Service Manual	3-2-98	TX4-742-069
SA2150G	MD Series Parts Catalog	3-2-98	TX4-742-064
SA2178-97	Service Information Booklet for 1997	3-2-98	TX4-741-988
SA3086	Allison World Transmission Pro-Link® Service Training Leader’s Guide	3-2-98	TX4-742-065
SA3085	Allison World Transmission Pro-Link® Service Training Student Workbook	3-2-98	TX4-742-070
SA3108	WTEC II/III Reprogramming Cartridge Version 2.08 Job Aid	3-2-98	TX4-741-969
SA2456B	HD Series Parts Catalog	3-26-98	TX4-748-458
SA2126E	AT 542, 1542 Series Parts Catalog	3-26-98	TX4-752-973
SA1996D	MT 648 CEC Series Parts Catalog	3-26-98	TX4-788-755
SA3096	Allison WT Series (WTEC III) Operator’s Manual (Spanish translation)	3-26-98	TX4-782-991
SA1965J	HT 700 Electronic Controls Series (CEC) Parts Catalog	5-5-98	TX4-772-288
SA2034C	5000, 6000, 8000, 9000 Series Electronic Control Operator’s Manual	5-5-98	TX4-772-185
SA2992A	WT Series Troubleshooting Manual (Spanish translation of SA2470A)	6-24-98	TX4-816-314
SA2973A	WTEC III Electronic Controls Troubleshooting Manual	6-24-98	TX4-815-960
SA1315Y	CT 700 Series Parts Catalog	6-24-98	
SA1830H	9000 Series Parts Catalog	6-24-98	TX4-815-961

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
SA2470B	WT Series WTEC II Electronic Controls Troubleshooting Manual	7-30-98	TX4-833-722
SA2922B	B 400 Series Parts Catalog	7-30-98	TX4-890-371
5Al268Z	HT 700 Series Parts Catalog	7-30-98	TX4-829-386
SA1860K	5000/6000 Series Parts Catalog	2-26-99	TX4-958-248
SA1965K	HT 700 Electronic Controls Series (CEC) Parts Catalog	2-26-99	TX4-953-697
SA1316AG	MT(B) 640, 643, 650, 653 Parts Catalog	2-26-99	TX4-958-250
SA2809A	Support Equipment WT Series Parts Catalog	2-26-99	TX4-958-249
SA2150H	MD/B 300/B 400 Series Parts Catalog	2-26-99	TX4-958-246
SA1235AA	AT 500, AT 1500 Series Parts Catalog	2-26-99	TX4-953-696
SA1551U	MT(B) 644, 647, 654CR Parts Catalog	2-26-99	TX4-963-301
SA2454C	WT Series Principles of Operation	2-26-99	TX4-961-209
SAl249P	8000 Series Parts Catalog	2-26-99	TX4-961-208
SA2456C	HD 4000 and B 500 Series Parts Catalog	2-26-99	TX4-963-300
SA2995A	World Transmission Series (WTEC III Controls) Operator’s Manual	2-26-99	TX4-961-154
SA3128	Allison WT Preventive Maintenance Training Program Student Workbook	2-26-99	TX4-963-277
SA3129	Allison WT Preventive Maintenance Training Program Leader’s Guide	2-26-99	TX4-961-210
5A2990B	HD 4000/B 500 Series Service Manual (Spanish translation of SA2457B)	2-26-99	TX4-961-189
SA2991C	MD Series WT Service Manual (Spanish translation of SA2148C)	2-26-99	TX4-961-211
SA3123C	On-Highway Troubleshooting Procedures (Spanish translation of SA1838C)	2-26-99	TX5-021-987
TS3192EN	1000/2000/2400 Series On-Highway Troubleshooting Manual	4-30-99	TX4-983-263
MT3190EN	1000/2000/2400 Series On-Highway Mechanic’s Tips (Volumes 1 & 2)	4-30-99	TX4-983-245
SA3149	HD/B 500 Series HD 4070 Supplemental Parts Catalog	4-30-99	TX4-983-355

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
PC1993EN	CT 700 Series Electronic Controls Off-Highway Parts Catalog	4-30-99	TX4-983-358
SL3256EN	1998 Service Information Letters Booklet	4-30-99	TX4-983-354
MT3004EN	MD/HD/B Series On-Highway (WTEC III Controls) Mechanic’s Tips	4-30-99	TX4-983-229
OM3063EN	1000/2000/2400 Series On-Highway Operator’s Manual	4-30-99	TX4-983-228
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog	4-30-99	TX4-983-357
PO3065EN	1000/2000/2400 Series On-Highway Principles of Operation	4-30-99	TX4-983-356
5W2959EN	Allison WT Service Training Course Student Workbook	6-24-99	TX5-001-695
SM1270EN	HT 700 Series (Hydraulic Controls) Service Manual	6-24-99	TX5-001-696
SM1866EN	CL(B)T 5000, 6000, M 5600, 6600, S 5600, 6600 Series Service Manual	6-24-99	TX5-000-922
PC1442EN	V 700 Series On-Highway Parts Catalog	6-24-99	TX5-000-860
GN2055EN	Automatic Transmission Fluid Technician’s Guide	6-24-99	
OM2034EN	5000, 6000, 8000, 9000 Series Electronic Control Operator’s Manual	6-24-99	TX5-000-828
MT1958EN	HT, HTB, CLT, CLBT 700 Series Electronic Control Mechanic’s Tips	6-24-99	TX5-000-829
MT1366EN	700 Series Hydraulic Controls On-Highway Mechanic’s Tips	6-24-99	TX5-000-827
SM2148EN	MD/B 300/B 400 Series On-Highway Service Manual (1998/12)	7-27-99	TX5-023-528
PC1268EN	HT 700 Series On-Highway Hydraulic Controls Parts Catalog (1998/11)	7-27-99	TX5-022-279
SM1317EN	14T(B) 640, 643, 650, 653 On-Highway Service Manual (1999/07)	7-27-99	TX5-023-527
PC1830EN	9000 Series Off-Highway Parts Catalog (1999/09)	7-27-99	TX5-023-529

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
TS2714EN	Driveline Troubleshooting Review Booklet (1999/05)	8-13-99	TX5-031-769
SW3295EN	1000/2000/2400 Series Service Training Program Student Workbook (1999/05)	8-13-99	TX5-031-281
LG3296EN	1000/2000/2400 Series Service Training Program Leader’s Guide (1999/05)	8-13-99	TX5-031-280
PC1965EN	HT 700 Series Electronic Controls On-Highway Parts Catalog (1998/09)	9-14-99	TX5-057-289
SA2150J	MD/B 300/B 400 Series Parts Catalog	9-14-99	TX5-057-290
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (1999/11)	12-20-99	TX5-109-717
PC1316EN	MT(B) 640, 643, 650, 653 Series On-Highway Parts Catalog (1999/08)	12-20-99	TX5-109-718
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (1999/10)	12-20-99	TX5-109-719
PC2809EN	MD/HD/B Series On-Highway Support Equipment Parts Catalog (1998/12)	12-20-99	TX5-109-723
TS2973EN	MD/HD/B Series On-Highway WTEC III Electronic Controls Troubleshooting Manual (1999/04)	12-20-99	TX5-109-724
PC1249EN	8000 Series Off-Highway Parts Catalog (1999/07)	12-22-99	TX5-107-134
PC1551EN	MT(B) 644, 647, 654CR On-Highway Parts Catalog (1999/05)	12-22-99	TX5-107-132
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (1999/09)	12-22-99	TX5-107-133
PC2456EN	HD/B 500 Series On-Highway Parts Catalog (1999/10)	12-22-99	TX5-141-163
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (1999/09)	12-22-99	TX5-107-135
OM3063EN	1000/2000/2400 Series On-Highway Operator’s Manual (1999/10)	12-22-99	TX5-114-023
OM2995EN	MD/HD/B Series On-Highway (WTEC III Controls) Operator’s Manual (1998/11)	12-22-99	TX5-114-024

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3349EN	3000 MH, 4000 MH Owner’s Manual (2000/03)	4-6-00	TX5-194-567
SW3172EN	HD 4070 Service Training Program Student Workbook (1999/11)	4-6-00	TX5-194-885
SW3229EN	Allison Parts Training: Tools of the Trade Student Workbook (2000/02)	4-6-00	TX5-194-886
LG3173EN	HD 4070 Service Training Program Leader’s Guide (1999/11)	4-6-00	TX5-194-887
PC1830EN	9000 Series Off-Highway Parts Catalog (2000/02)	4-6-00	TX5-194-905
PC1268EN	HT 700 Series On-Highway Hydraulic Controls Parts Catalog (1999/08)	4-6-00	TX5-194-903
SL3337EN	1999 Service Information Letters Booklet (1999/12)	4-6-00	TX5-194-904
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2000/05)	8-8-00	TX5-256-218
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2000/03)	8-8-00	TX5-256-219
PC1316EN	MT(B) 640, 643, 650, 653 Series On-Highway Parts Catalog (2000/01)	8-8-00	TX5-256-217
PC2809EN	MD/HD/B Series On-Highway Support Equipment Parts Catalog (2000/01)	8-8-00	TX5-256-216
SM1314RU	CT 700 Series Service Manual (Russian) (1989/10)	8-8-00	TX5-256-215
OM2157FR	MD/HD/B Series On-Highway WTEC II Electronic Controls Operator’s Manual (1997/08)	8-8-00	TX5-263-741
PM1772EN	CL(B)T/HT 750 Series Oil Field Applications Preventive Maintenance (1985/05)	8-8-00	TX5-263-705
OM3364EN	2000 MH Series Owner’s Manual (2000/07)	8-25-00	TX5-266-920
TS3192EN	1000/2000/2400 Series On-Highway Electronic Controls Troubleshooting Manual (2000/06)	8-25-00	TX5-257-529
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2000/03)	9-28-00	TX5-287-908

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PC2456EN	HD/B 500 Series On-Highway Parts Catalog (2000/04)	9-28-00	TX5-287-909
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2000/01)	9-28-00	TX5-389-831
PC1249EN	8000 Series Off-Highway Parts Catalog (1999/11)	9-28-00	TX5-287-907
OM2995EN	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (2000/07)	9-28-00	TX5-286-007
OM3063EN	1000/2000/2400 Series On-Highway Operator's Manual (2000/05)	9-28-00	TX5-286-005
OM3063FR	1000/2000/2400 Series On-Highway Operator's Manual (French) (1999/10)	9-28-00	TX5-286-008
OM3063ES	1000/2000/2400 Series On-Highway Operator's Manual (Spanish) (1999/03)	9-28-00	TX5-286-006
PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Parts Catalog (1999/10)	10-19-00	TX5-292-680
LG3196EN	AT Series Service Training Program Leader's Guide (2000/10)	10-19-00	TX5-301-273
SW3195EN	AT Series Service Training Program Student Workbook (2000/10)	10-19-00	TX5-367-909
SM3191EN	1000, 2000, 2000 MH, 2400 Series On-Highway Service Manual (2000/07)	10-19-00	TX5-377-653
TS3353EN	5000, 6000, 8000, 9000 Series Off-Highway Commercial Electronic Controls 2 (CEC2) Troubleshooting Manual (2000/09)	10-19-00	TX5-309-671
LG3420EN	World Transmission Series Service Training Leader's Guide (2000/10)	11-13-00	TX5-329-541
SW3421EN	World Transmission Series Service Training Student Workbook (2000/10)	11-13-00	TX5-300-133
MT2159EN	MD/HD/B Series On-Highway (WTEC II Controls) Mechanic's Tips (2000/09)	11-13-00	TX5-423-695
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2000/11)	1-11-01	TX5-332-643
PC1249EN	8000 Series Off-Highway Parts Catalog (2000/04)	1-11-01	TX5-332-644

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PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Parts Catalog (2000/04)	1-11-01	TX5-332-646
PC1316EN	MT(B) 640, 643, 650, 653 Series On-Highway Parts Catalog (2000/07)	1-11-01	TX5-332-647
PC1965EN	HT 700 Series Electronic Controls On-Highway Parts Catalog (2000/03)	1-11-01	TX5-332-641
PC2150EN	MD/B 300/B 400 Series On-Highway Parts Catalog (2000/01)	1-11-01	TX5-332-642
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2000/06)	1-11-01	TX5-332-645
PC1268EN	HT 700 Series On-Highway Hydraulic Controls Parts Catalog (2000/08)	1-19-01	TX5-368-630
PC1830EN	9000 Series Off-Highway Parts Catalog (2000/08)	1-19-01	TX5-284-705
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2000/09)	1-19-01	TX5-284-706
GN3433EN	Allison Transmission Diagnostic Tool User Guide (2000/10)	02-19-01	TX5-335-128
LG3453EN	Allison Transmission Diagnostic Tool Service Training Program Leader’s Guide (2001/01)	02-19-01	TX5-351-790
SW3454EN	Allison Transmission Diagnostic Tool Service Training Program Student Workbook (2001/01)	02-19-01	TX5-351-792
SL3463EN	SIL Booklet for 2000 (2000/12)	02-19-01	TX5-351-791
OM2995ES	MD/HD/B Series On-Highway (WTEC III Controls) Operator’s Manual (Spanish) (1996/10)	02-19-01	TX5-335-131
OM3063EN	1000/2000/2400 Series On-Highway Operator’s Manual (2000/10)	02-19-01	TX5-335-129
OM3063ES	1000/2000/2400 Series On-Highway Operator’s Manual (Spanish) (2000/05)	02-19-01	TX5-335-127
OM3063FR	1000/2000/2400 Series On-Highway Operator’s Manual (French) (2000/05)	02-19-01	TX5-335-130
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2000/07)	02-23-01	TX5-350-185

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PC2150EN	MD/B 300/B 400 Series On-Highway Parts Catalog (2000/06)	02-23-01	TX5-350-182
PC2456EN	HD/B 500 Series On-Highway Parts Catalog (2000/12)	02-23-01	TX5-350-183
PC2809EN	MD/HD/B Series On-Highway Support Equipment Parts Catalog (2000/08)	02-23-01	TX5-350-186
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2000/09)	02-23-01	TX5-350-184
PC1249EN	8000 Series Off-Highway Parts Catalog (2000/10)	03-05-01	TX5-377-054
PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Parts Catalog (2000/10)	03-05-01	TX5-377-056
PC1316EN	MT(B) 640, 643, 650, 653 Series On-Highway Parts Catalog (2001/01)	03-05-01	TX5-352-694
PC1830EN	9000 Series Off-Highway Parts Catalog (2001/02)	03-05-01	TX5-361-523
PC1965EN	HT 700 Series Electronic Controls On-Highway Parts Catalog (2000/09)	03-05-01	TX5-377-055
OM1334EN	AT, MT, HT Series On-Highway Operator’s Manual (2001/02)	05-17-01	TX5-385-062
SW3315EN	1000/2000/2400 Series “Strength Thru Training For Body Builders” (2001/01)	05-17-01	TX5-345-843
SM1866EN	CL(B)T 5000, 6000 Series, M 5600, 6600 Series, S 5600, 6600 Series Service Manual (2000/09)	05-17-01	TX5-345-842
PC2150EN	MD/B 300/B 400 Series On-Highway Parts Catalog (2000/11)	05-17-01	TX5-345-865
PC2456EN	HD/B 500 Series On-Highway Parts Catalog (2000/07)	05-17-01	TX5-345-844
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2000/12)	05-17-01	TX5-345-828
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2001/05)	7-11-01	TX5-417-637
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2001/03)	7-11-01	TX5-424-704

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PC2809EN	MD/HD/B Series On-Highway Support Equipment Parts Catalog (2001/02)	7-11-01	TX5-392-661
SM1833RU	9000 Series Service Manual (Russian) (2000/03)	7-11-01	TX5-392-662
SM2457EN	4000 MH/HD 4000/B 500 Series On-Highway Service Manual (2001/02)	7-11-01	TX5-417-641
GN2055EN	Automatic Transmission Fluid Technician’s Guide (2001/03)	7-11-01	TX5-392-660
GN2319EN	Allison Spring Data (2001/03)	7-11-01	TX5-392-659
PC1249EN	8000 Series Off-Highway Parts Catalog (2001/05)	8-30-01	TX5-431-579
PC1316EN	MT(B) 640, 643, 650, 653 Series On-Highway Parts Catalog (2001/07)	8-30-01	TX5-431-581
PC1965EN	HT 700 Series Electronic Controls On-Highway Parts Catalog (2001/03)	8-30-01	TX5-431-580
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2001/01)	8-30-01	TX5-431-577
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2001/03)	08-30-01	TX5-431-578
MT1366EN	700 Series Hydraulic Controls On-Highway Mechanic’s Tips (2001/08)	10-18-01	TX5-575-026
OM3364EN	2000 MH Series Owner’s Manual (2001/07)	10-18-01	TX5-575-028
OM1475RU	750 Series Off-Highway Operator’s Manual (Russian) (2000/01)	10-18-01	TX5-575-027
PC1830EN	9000 Series Off-Highway Parts Catalog (2001/08)	10-18-01	TX5-575-043
PC2150EN	MD/B 300/B 400 Series On-Highway Parts Catalog (2001/04)	10-18-01	TX5-575-044
PC2456EN	HD/B 500 Series On-Highway Parts Catalog (2001/04)	10-18-01	TX5-575-045
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2001/06)	10-18-01	TX5-633-452
OM1475EN	750/754 Series Off-Highway Operator’s Manual (2001/08)	01-18-02	TX5-476-601

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OM2995FR	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (1996/05)	01-18-02	TX5-467-016
GN3433EN	Allison Transmission Diagnostic Tool User Guide (2001/09)	01-18-02	TX5-467-017
OM3540EN	5000, 6000, 8000, 9000 Series CEC2 Operator's Manual (2001/10)	01-18-02	TX5-476-602
PC1249EN	8000 Series Off-Highway Parts Catalog	01-18-02	TX5-466-934
PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Parts Catalog (2001/10)	01-18-02	TX5-466-933
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2001/07)	01-18-02	TX5-466-936
SM2004RU	HT, HTB 700 Electronic Controls Series Service Manual (Russian) (1990/05)	01-18-02	TX5-466-937
TS2973EN	MD/HD/B Series On-Highway WTEC III Electronic Controls Troubleshooting Manual (2001/06)	01-18-02	TX5-466-932
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2001/11)	02-13-02	TX5-569-326
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2001/09)	02-13-02	TX5-569-324
PC2150EN	MD/B 300/B 400 Series On-Highway Parts Catalog (2001/08)	02-13-02	TX5-569-320
PC2456EN	HD/B 500 Series On-Highway Parts Catalog (2001/08)	02-13-02	TX5-569-325
PC2809EN	MD/HD/B Series On-Highway Support Equipment Parts Catalog (2001/08)	02-13-02	TX5-555-067
MT3004EN	MD 3000/HD 4000/B 300/B 400 On-Highway Mechanic's Tips (2001/11)	02-13-02	TX5-569-388
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2001/09)	02-13-02	TX5-569-323
PC1268EN	HT 700 Series On-Highway Hydraulic Controls Parts Catalog (2002/01)	2-28-02	TX5-596-630
PC1316EN	MT(B) 640, 643, 650, 653 Series On-Highway Parts Catalog (2002/01)	2-28-02	TX5-596-629
SL3546EN	2001 Service Information Booklet (2001/12)	2-28-02	TX5-596-628

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SE0100EN	Warranty Information On-Highway Booklet (2002/01)	4-3-02	TX5-509-167
PC1830EN	9000 Series Off-Highway Parts Catalog (2002/02)	4-3-02	TX5-510-178
PC2150EN	MD, B 300/400, T 200/300 Series On-Highway Parts Catalog (2001/12)	4-3-02	TX5-510-177
PC2456EN	HD/B 500/T 400 Series On-Highway Parts Catalog (2001/12)	4-3-02	TX5-510-166
TS2973EN	MD/HD Product Lines On-Highway WTEC III Electronic Controls Troubleshooting Manual (2001/11)	4-3-02	TX5-510-167
OM2995EN	MD/HD/B Series On-Highway (WTEC III Controls) Operator’s Manual (2001/12)	4-3-02	TX5-509-165
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2001/12)	4-3-02	TX5-510-165
PC1965EN	HT 700 Series Electronic Controls On-Highway Parts Catalog (2002/03)	4-25-02	TX5-589-608
PO2454EN	MD/HD Product Lines On-Highway Principles Of Operation (2001/12)	4-25-02	TX5-589-607
OM3063PT	1000/2000/2400 Series On-Highway Operator’s Manual (Portuguese) (2000/10)	6-4-02	TX5-542-127
MT3190PT	1000/2000/2400 Series On-Highway Mechanic’s Tips (Portuguese) (1999/02)	6-4-02	TX5-542-125
MT3190FR	1000/2000/2400 Series On-Highway Mechanic’s Tips (French) (1999/02)	6-4-02	TX5-542-126
OM2995PT	MD/HD/B Series On-Highway (WTEC III Controls) Operator’s Manual (Portuguese) (2000/07)	6-27-02	TX5-945-400
OM2995FR	MD/HD/B Series On-Highway (WTEC III Controls) Operator’s Manual (French) (2000/07)	6-27-02	TX5-569-387
PO3065FR	1000/2000/2400 Series On-Highway Principles of Operation (French) (1999/03)	6-27-02	TX5-569-321
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2002/05)	6-27-02	TX5-589-006

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PC1249EN	8000 Series Off-Highway Parts Catalog (2002/05)	6-27-02	TX5-569-322
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2002/03)	6-27-02	TX5-589-005
PC1268EN	HT 700 Series On-Highway Hydraulic Controls Parts Catalog (2002/07)	9-4-02	TX5-660-733
PC1316EN	MT(B) 640, 643, 650, 653 Series On-Highway Parts Catalog (2002/07)	9-4-02	TX5-660-730
PC1830EN	9000 Series Off-Highway Parts Catalog (2002/08)	9-4-02	TX5-660-732
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2002/07)	9-4-02	TX5-660-041
PC2150EN	MD, B 300/400, T 200/300 Series On-Highway Parts Catalog (2002/04)	9-4-02	TX5-624-937
PC2456EN	HD/B 500/T 400 Series On-Highway Parts Catalog (2002/04)	9-4-02	TX5-624-941
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2002/03)	9-4-02	TX5-660-731
SM2148EN	MD Product Line On-Highway Service Manual (2001/12)	9-5-02	TX5-645-438
SM2457EN	HD Product Line On-Highway Service Manual (2001/12)	9-5-02	TX5-648-287
PO3065PT	1000/2000/2400 Series On-Highway Principles Of Operation (Portuguese) (1999/03)	9-5-02	TX5-645-437
GN3433EN	Allison DOC™ for PC (Diagnostic Optimized Connection) User Guide (2002/05)	9-5-02	TX5-658-714
PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Parts Catalog (2002/10)	11-7-02	TX5-635-062
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2002/09)	11-7-02	TX5-635-061
PC2456EN	HD/B 500/T 400 Series On-Highway Parts Catalog (2002/08)	11-7-02	TX5-635-063
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2002/06)	11-7-02	TX5-635-064

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OM3063KO	1000/2000/2400 Series On-Highway Operator’s Manual (Korean) (2000/10)	11-7-02	TX5-635-060
TS3192EN	1000/2000/2400 Series Electronic Controls On-Highway Troubleshooting Manual (2002/06)	11-7-02	TX5-635-065
OM3611PT	1000/2000/2400 Series On-Highway Operator’s Manual (Portuguese) for Brazil only (2000/10)	11-7-02	TX5-635-059
MT3190KO	1000/2000/2400 Series On-Highway Mechanic’s Tips (Korean) (1999/10)	12-10-02	TX5-689-030
MT3190JA	1000/2000/2400 Series On-Highway Mechanic’s Tips (Japanese) (1999/10)	12-10-02	TX5-689-385
OM3063JA	1000/2000/2400 Series On-Highway Operator’s Manual (Japanese) (2000/10)	12-10-02	TX5-680-638
MT2159DE	MD/HD/B Series On-Highway (WTEC II Electronic Controls) Mechanic’s Tips (German) (2000/09)	12-10-02	TX5-680-637
PO3065JA	1000/2000/2400 Series On-Highway Principles of Operation (Japanese) (1999/03)	12-10-02	TX5-680-655
SW3421EN	World Transmission Series Service Training Student Workbook (CD Media Format) (2002/03)	12-10-02	TX5-680-657
LG3420EN	World Transmission Series Service Training Leader’s Guide (CD Media Format) (2002/03)	12-10-02	TX5-680-656
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2002/09)	12-10-02	TX5-680-654
OM3063EN	1000/2000/2400 Series On-Highway Operator’s Manual (2002/02)	12-18-02	TX5-700-109
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2002/11)	12-18-02	TX5-695-917
PC1249EN	8000 Series Off-Highway Parts Catalog (2002/11)	12-18-02	TX5-695-916
PC2150EN	MD, B 300/400, T 200/300 Series On-Highway Parts Catalog (2002/08)	12-18-02	TX5-695-918
SM1866EN	CL(B)T 5000, 6000, M 5600, 6600, S 5600, 6600 Series Service Manual (2002/02)	12-20-02	TX5-719-514

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM1355EN	CRT 3000, CRT 5000, CRT 7000 Cycling Operator's Manual (2002/12)	12-20-02	TX5-719-513
PC2150EN	MD, B 300/400, T 200/300 Series On-Highway Parts Catalog (2002/12)	1-31-03	TX5-686-740
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2002/12)	1-31-03	TX5-908-274
PO3065EN	1000/2000/2400 Series On-Highway Principles of Operation (2002/06)	1-31-03	TX5-686-739
MT3629PT	1000/2000/2400 Series On-Highway Mechanic's Tips (Portuguese) for Brasil only (2002/12)	1-31-03	TX5-700-761
OM3630ES	1000/2000/2400 Series On-Highway Operator's Manual (Spanish) for Brasil only (2002/12)	1-31-03	TX5-700-760
OM2995FR	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (French) (2002/08)	1-31-03	TX5-700-759
OM2995PT	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (Portuguese) (2002/08)	1-31-03	TX5-700-757
OM2995DE	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (German) (2002/08)	1-31-03	TX5-700-758
PC2456EN	HD/B 500/T 400 Series On-Highway Parts Catalog (2002/12)	3-5-03	TX5-727-687
SM1833EN	9000 Series Off-Highway Service Manual (2002/03)	3-5-03	TX5-727-686
OM3349EN	3000MH, 4000MH (WTEC III) Owner's Manual (2002/10)	3-5-03	TX5-727-567
OM2157DE	MD/HD/B Series On-Highway WTEC II Electronic Controls Operator's Manual (German) (1997/08)	3-5-03	TX5-727-566
MT3655EN	3000/4000TRV Series On-Highway Mechanic's Tips (2002/12)	3-5-03	TX5-727-568 .
PO3065KO	1000/2000/2400 Series On-Highway Principles Of Operation (Korean) (1999/03)	3-5-03	TX5-727-688

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GN3433EN	Allison DOC™ for PC (Diagnostic Optimized Connection) User Guide (2002/11)	3-5-03	TX5-727-565
OM3654EN	3000, 3200, 4000TRV Series On-Highway (WTEC III Controls) Operator's Manual (2002/12)	4-23-03	TX5-744-920
MT2159EN	MD/HD/B Series On-Highway (WTEC II Controls) Mechanic's Tips (2002/10)	4-23-03	TX5-744-917
MT3004PT	MD 3000/HD 4000/B 300/B 400/B 500/3000MH/4000M11 On-Highway Mechanic's Tips (Portuguese) (2001/11)	4-23-03	TX5-744-919
MT3530PT	T 200/T 300/T 400 Series On-Highway Mechanic's Tips (Portuguese) (2001/11)	4-23-03	TX5-744-918
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2003/03)	4-23-03	TX5-747-306
PC1268EN	HT 700 Series Hydraulic Controls On-Highway Parts Catalog (2003/02)	4-23-03	TX5-747-305
TS3192EN	1000/2000/2400 Series On-Highway Electronic Controls Troubleshooting Manual (2003/04)	7-18-03	TX5-812-877
PC2456EN	HD/B 500/T 400 Series On-Highway Parts Catalog (2003/04)	7-18-03	TX5-813-228
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2003/05)	7-18-03	TX5-812-720
PO3065KO	1000/2000/2400 Series On-Highway Principles Of Operation (Korean) (2002/06)	7-18-03	TX5-812-876
SW3674EN	Allison DOC™ Service Training Student Workbook (2003/04)	7-18-03	TX5-813-257
GN2706EN	Training Standards Manual (2003/04)	7-18-03	TX5-813-239
MT3190EN	1000/2000/2400 Series On-Highway Mechanic's Tips (2003/06)	7-18-03	TX5-825-891
MT3657EN	3000, 3500, 4000, 4500 EVS On-Highway (WTEC III Controls) Mechanic's Tips (2002/12)	7-18-03	TX5-825-890
OM3656EN	3000, 3500, 4000, 4500 EVS On-Highway (WTEC III Controls) Operator's Manual (2003/02)	7-18-03	TX5-825-888

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JA3664EN	1000/2000/2400 Series On-Highway In-Chassis Maintenance Booklet (2003/06)	7-18-03	TX5-821-460
OM2995ES	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (Spanish) (2002/08)	7-18-03	TX5-825-889
MT3004DE	MD 3000/HD 4000/B 300/B 400/B 500/3000MH/4000MH On-Highway Mechanic's Tips (German) (2001/11)	7-18-03	TX5-825-892
OM3529KO	T Series Operator's Manual (Korean) (2001/11)	9-4-03	TX5-809-181
PC1249EN	8000 Series Off-Highway Parts Catalog (2003/07)	9-4-03	TX5-809-183
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2003/05)	9-4-03	TX5-809-185
SM3191EN	1000, 2000, 2000MH, 2400 Series On-Highway Service Manual (2003/05)	9-4-03	TX5-809-184
PC2150EN	MD, B 300/400, T 200/300 Series On-Highway Parts Catalog (2003/08)	10-23-03	TX5-830-560
MT3004FR	MD 3000/HD 4000/B 300/B 400/B 500/3000MH/4000MH On-Highway Mechanic's Tips (French) (2001/11)	10-23-03	TX5-827-930
MT3004ES	MD 3000/HD 4000/B 300/B 400/B 500/3000MH/4000MH On-Highway Mechanic's Tips (Spanish) (2001/11)	10-23-03	TX5-830-533
MT3530KO	T 200/T 300/T 400 Series Mechanic's Tips (Korean) (2001/11)	10-23-03	TX5-830-532
OM3063EN	1000/2000/2400 Series On-Highway Operator's Manual (2003/06)	10-23-03	TX5-830-531
GN3727EN	Allison DOC™ for PC (AED) User Guide, Version 1.0 (2003/09)	10-23-03	TX5-830-534
PC3062EN	1000/2000/2400 Series On-Highway Parts Catalog (2003/08)	10-23-03	TX5-828-661
PC1965EN	HT 700 Series Electronic Controls On-Highway Parts Catalog (2003/08)	10-23-03	TX5-828-684
PC3717EN	Allison Electric Drives E^P 40/50 Systems Parts Catalog (2003/09)	10-23-03	TX5-828-669

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PC1993 EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2003/09)	10-23-03	TX5-828-671
SM2148ES	MD Product Line On-Highway Service Manual (Spanish) (2001/12)	10-23-03	TX5-828-682
PO3065ES	1000/2000/2400 Series On-Highway Principles Of Operation (Spanish) (2002/06)	11-26-03	TX5-875-271
SM3602EN	Allison Electric Drives™ EP 40/50 Systems™ Service Manual (2003/09)	11-26-03	TX5-875-270
OM3491EN	Allison Electric Drives™ EP 40/50 Systems™ Operator's Manual (2003/09)	11-26-03	TX5-854-981
PC1268EN	HT 700 Series Hydraulic Controls Parts Catalog (2003/12)	2-9-04	TX5-912-798 .
PC1235EN	AT 500, AT 1500 Series On-Highway Parts Catalog (2003/11)	2-9-04	TX6-079-036
PC3062EN	1000 and 2000 Product Families Parts Catalog (2003/11)	2-9-04	TX5-912-796
OM3364EN	1000 and 2000 Product Families Motorhome Series (MHS) Operator's Manual (2003/12)	2-9-04	TX5-912-792
OM3756EN	1000 and 2000 Product Families Bus Urban Series (BUS) Operator's Manual (2003/12)	2-9-04	TX5-912-791
OM3757EN	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (2003/12)	2-9-04	TX5-912-794
OM3758EN	1000 and 2000 Product Families Pupil Transportation/Shuttle Series (PTS) Operator's Manual (2003/12)	2-9-04	TX5-912-795
OM3759EN	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (2003/12)	2-9-04	TX5-912-790
OM3761EN	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (2003/12)	2-9-04	TX5-912-793
PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Part Catalog (2003/12)	2-9-04	TX5-914-309
PC1830EN	9000 Series Off-Highway Parts Catalog (2003/10)	2-9-04	TX5-914-477
PC2456EN	4000 Product Family Parts Catalog (2003/10)	2-9-04	TX5-914-478

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OM3349EN	3000 and 4000 Product Families Motorhome Series (MHS) Operator's Manual (2003/12)	2-9-04	TX5-915-131
OM3749EN	3000 and 4000 Product Families Bus Urban Series (BUS) (WTEC III Controls) Operator's Manual (2003/12)	2-9-04	TX5-915-134
OM3750EN	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (2003/12)	2-9-04	TX5-915-132
OM3751EN	3000 and 4000 Product Families Pupil Transportation/ Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (2003/12)	2-9-04	TX5-915-130
OM3752EN	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (2003/12)	2-9-04	TX5-915-133
SE0100EN	Warranty Information On-Highway Booklet (2004/01)	4-20-04	TX6-122-709
SE0100FR	Warranty Information On-Highway Booklet (French) (2004/01)	4-20-04	TX5-993-910
SE0100ES	Warranty Information On-Highway Booklet (Spanish) (2004/02)	4-20-04	TX5-993-912
OM2034EN	5000, 6000, 8000, 9000 Series Electronic Controls Operator's Manual (2003/11)	4-20-04	TX5-993-911
PC1249EN	8000 Series Off-Highway Parts Catalog (2004/01)	4-20-04	TX5-945-548
PC1316EN	MT(B) 640, 643, 650, 653 Series Parts Catalog (2004/01)	4-20-04	TX5-945-549
PC1965EN	HT 700 Series Electronic Controls On-Highway Parts Catalog (2004/03)	4-20-04	TX5-984-081
PC3717EN	Allison Electric Drives™ E^P 40/50 Systems™ Parts Catalog (2004/03)	4-20-04	TX5-984-102
PO2454EN	3000 and 4000 Product Families Principles of Operation (2003/11)	4-22-04	TX5-953-612
PC3062EN	1000 and 2000 Product Families Parts Catalog (2004/02)	4-22-04	TX5-953-603
GN3433JA	Allison DOC™ for PC (Diagnostic Optimized Connection) User Guide (Japanese) (2003/08)	4-22-04	TX5-952-938

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TS3192JA	1000/2000/2400 Series Electronic Controls On Highway Troubleshooting Manual (Japanese) (2003/04)	4-22-04	TX5-953-613
OM3364FR	1000 and 2000 Product Families Motorhome Series (MHS) Operator's Manual (French) (2003/12)	4-22-04	TX5-949-467
OM3757FR	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (French) (2003/12)	4-22-04	TX5-949-468
OM3758FR	1000 and 2000 Product Families Pupil Transportation/ Shuttle Series (PTS) Operator's Manual (French) (2003/12)	4-22-04	TX5-949-466
OM3759FR	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (French) (2003/12)	4-22-04	TX5-949-470
OM3761FR	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (French) (2003/12)	4-22-04	TX5-949-469
OM3654EN	3000 and 4000 Product Families Truck-Based Recreational Vehicle Series (TRV) (WTEC III Controls) Operator's Manual (2003/12)	4-23-04	TX5-952-979
OM3656EN	3000 and 4000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (2003/12)	4-23-04	TX5-952-975
OM3656FR	3000 and 4000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (French) (2003/12)	4-23-04	TX5-952-974
OM3656ES	3000 and 4000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (Spanish) (2003/12)	4-23-04	TX5-952-981
OM3750FR	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (French) (2003/12)	4-23-04	TX5-952-982
OM3750ES	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (Spanish) (2003/12)	4-23-04	TX5-952-983

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OM3752FR	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (French) (2003/12)	4-23-04	TX5-952-984
OM3753EN	3000 and 4000 Product Families Speciality Series (SPS) Operator's Manual (2003/12)	4-23-04	TX5-951-319
PC2150EN	3000 Product Family Parts Catalog (2004/02)	4-23-04	TX5-952-980
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2004/04)	6-7-04	TX5-982-820
SM3602EN	Allison Electric Drives™ EP 40/50 Systems™ Service Manual (2004/03)	6-7-04	TX5-980-549
SE0037EN	Labor Time Guide (2004/03)	6-7-04	TX5-980-550
GN3433FR	Allison DOC™ for PC (Diagnostic Optimized Connection) User Guide (French) (2003/08)	6-7-04	TX5-980-548
MT1366EN	700 Series Hydraulic Controls On-Highway Mechanic's Tips (2004/03)	6-7-04	TX5-980-542
OM3491EN	Allison Electric Drives™ EP 40/50 Systems™ Operator's Manual (2004/03)	6-7-04	TX5-980-540
OM3752ES	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (Spanish) (2003/12)	6-7-04	TX5-980-541
PC3062EN	1000 and 2000 Product Families Parts Catalog (2004/05)	6-8-04	TX5-991-386
PC2456EN	4000 Product Family Parts Catalog (2004/04)	6-8-04	TX5-991-387
PC1830EN	9000 Series Off-Highway Parts Catalog (2004/05)	6-11-04	TX5-991-176
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2004/04)	6-11-04	TX5-991-177
JA3664EN	1000 and 2000 Product Families In-Chassis Maintenance Booklet (2004/04)	6-11-04	TX5-985-255
MT3190EN	1000/2000/2400 Series On-Highway Mechanic's Tips (2004/03)	6-11-04	TX5-985-254
OM3759ES	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (Spanish) (2003/12)	6-11-04	TX5-985-256

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3349FR	3000 and 4000 Product Families Motorhome Series (MHS) Operator’s Manual (French) (2003/12)	7-2-04	TX6-002-959
OM3364ES	1000 and 2000 Product Families Motorhome Series (MHS) Operator’s Manual (Spanish) (2003/12)	7-2-04	TX6-002-960
OM3654ES	3000 and 4000 Product Families Truck-Based Recreational Vehicle Series (TRV) (WTEC III Controls) Operator’s Manual (Spanish) (2003/12)	7-2-04	TX6-002-961
OM3758ES	1000 and 2000 Product Families Pupil Transportation/ Shuttle Series (PTS) Operator’s Manual (Spanish) (2003/12)	7-2-04	TX6-002-958
OM3761ES	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator’s Manual (Spanish) (2003/12)	7-2-04	TX6-002-962
GN3727EN	Allison DOC™ for PC (AED) Version 2.0 User Guide (2004/03)	7-2-04	TX6-002-255
PC1268EN	HT 700 Series Hydraulic Controls Parts Catalog (2004/06)	9-3-04	TX6-049-541
PC1235EN	AT 500, AT 1500 Series Parts Catalog (2004/08)	9-3-04	TX6-049-539
PC1249EN	8000 Series Off-Highway Parts Catalog (2004/07)	9-3-04	TX6-049-540
PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Parts Catalog (2004/06)	9-3-04	TX6-049-542
PC3717EN	Allison Electric Drives™ EP 40/50 System™ Parts Catalog (2004/06)	9-3-04	TX6-049-538
PC2150EN	3000 Product Family Parts Catalog (2004/08)	9-7-04	TX6-028-566
PC1316EN	MT(B) 640, 643, 650, 653 Series Parts Catalog (2004/07)	9-7-04	TX6-032-458
SE0100EN	Warrant Information On-Highway Booklet (2004/08)	9-7-04	TX6-023-855
TS1838EN	AT/MT(B)/HT/V Hydraulic Controls (Non-Electric) Troubleshooting Manual (2004/06)	9-7-04	TX6-023-613

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OM1318EN	5000, 6000, 8000, 9000 SPG-Controlled Electric, Manual-Electric, & Manual-Hydraulics Operator's Manual (2004/06)	9-7-04	TX6-023-614
PC2809EN	On-Highway Models Support Equipment Parts Catalog (2004/08)	9-8-04	TX6-023-601
OM3349ES	3000 and 4000 Product Families Motorhome Series (MHS) Operator's Manual (Spanish) (2003/12)	9-8-04	TX6-023-607
OM3654FR	3000 and 4000 Product Families Truck-Based Recreational Vehicle Series (TRV) (WTEC III Controls) Operator's Manual (French) (2003/12)	9-8-04	TX6-023-608
OM3749ES	3000 and 4000 Product Families Bus Urban Series (BUS) (WTEC III Controls) Operator's Manual (Spanish) (2003/12)	9-8-04	TX6-023-609
OM3749FR	3000 and 4000 Product Families Bus Urban Series (BUS) (WTEC III Controls) Operator's Manual (French) (2003/12)	9-8-04	TX6-025-886
OM3751ES	3000 Product Family Pupil Transportation/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (Spanish) (2003/12)	9-8-04	TX6-008-632
OM3751FR	3000 Product Family Pupil Transportation/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (French) (2003/12)	9-8-04	TX6-008-631
OM3756FR	1000 and 2000 Product Families Bus Urban Series (BUS) Operator's Manual (French) (2003/12)	9-8-04	TX6-023-606
OM3757ES	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (Spanish) (2003/12)	9-8-04	TX6-023-610
OM3757EN	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (2004/07)	9-8-04	TX6-028-403
TS3715EN	Allison Electric Drives™ E^P 40/50 Systems™ Troubleshooting Manual (2004/05)	11-16-04	TX6-183-994

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
TS2973EN	3000 and 4000 Product Families WTEC III Electronic Controls Troubleshooting Manual (2004/07)	11-16-04	TX6-184-000
TS3353EN	5000, 6000, 8000, 9000 Series Off-Highway Commercial Electronic Controls 2 (CEC2) Troubleshooting Manual (2004/09)	11-16-04	TX6-183-997
TS2470EN	MD/HD/B Series WTEC II Electronic Controls Troubleshooting Manual (2004/07)	11-16-04	TX6-183-998
SM1228EN	DP 8000 Series Off-Highway Service Manual (2004/02)	11-16-04	TX6-183-999
PC1860EN	5000 and 6000 Series Off-Highway Parts Catalog (2004/09)	11-16-04	TX6-183-995
PC3062EN	1000 and 2000 Product Families Parts Catalog (2004/08)	11-16-04	TX6-184-001
PC1830EN	9000 Series Off-Highway Parts Catalog (2004/10)	11-16-04	TX6-100-159.
PC3717EN	Allison Electric Drives™ EP 40/50 Systems™ Parts Catalog (2004/09)	11-16-04	TX6-183-993
GN3433EN	Allison DOC™ (Diagnostic Optimized Connection) For PC User Guide (2004/08)	11-16-04	TX6-183-989
SE0102EN	Off-Highway and Agricultural Warranty Information Booklet (2004/09)	11-16-04	TX6-183-992
MT1997EN	MT, MTB 648 Series CEC1 Electronic Control Mechanic’s Tips (2004/08)	11-16-04	TX6-183-991
JA3427EN	4000 Product Family WTEC III Wiring Harness Installation Guide (2004/09)	11-16-04	TX6-183-996
JA2505EN	WTEC II Troubleshooting Guide (2004/07)	11-16-04	TX6-183-990
CD4058EN	Dealer Administration and Reference Guide CD (2004/09)	11-19-04	TX6-072-034
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2004/10)	11-19-04	TX6-103-749
PC1442EN	V 700 Series On-Highway Parts Catalog (2004/04)	12-16-04	TX6-083-807
PC1965EN	HT 700 Series Electronic Controls Parts Catalog (2004/11)	12-16-04	TX6-083-818

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PC2456EN	4000 Product Family Parts Catalog (2004/10)	12-16-04	TX6-083-819
PC1830EN	9000 Series Off-Highway Parts Catalog (2005/04)	6-2-05	TX6-179-532
PC1860EN	5000 and 6000 Series Off-Highway Parts Catalog (2005/03)	6-2-05	TX6-181-058’
PC3062EN	1000 and 2000 Product Families Parts Catalog (2005/02)	6-2-05	TX6-179-533
PC1249EN	8000 Series Off-Highway Parts Catalog (2005/01)	6-2-05	TX6-179-534
JA4057EN	J 47276 “T” Breakout and TCM Reflashing Harness Job Aid Card (2005/04)	6-2-05	TX6-179-417
JA3434EN	Quick Reference Guide Allison DOC™ for PC-Service Tool (5/pkg) (2005/04)	6-2-05	TX6-179-418
SE0100EN	Warranty Information On-Highway Booklet (2005/01)	6-2-05	TX6-179-440
GN4008EN	1000 and 2000 Product Families 4th Generation Controls In Chassis Maintenance (2005/02)	6-2-05	TX6-179-416
OM1334ES	Series AT, MT, HT Transmission dentro de carretera Manual del Operador (2001/02)	6-2-05	TX6-212-700
PC1315EN	CT 700 Series Hydraulic Controls Off-Highway Parts Catalog (2004/12)	6-3-05	TX6-184-815
PC1268EN	HT 700 Series Hydraulic Controls Parts Catalog (2004/12)	6-3-05	TX6-184-825
PC3717EN	Allison Electric Drives™ EP 40/50 Systems™ Parts Catalog (2004/12)	6-3-05	TX6-184-814
PC2809EN	On-Highway Support Equipment Parts Catalog (2004/10)	6-3-05	TX6-184-826
PC1316EN	MT(B) 640, 643, 650, 653 Series Parts Catalog (2005/01)	6-3-05	TX6-184-827
PO3065EN	1000 and 2000 Product Families Principles of Operation (2004/12)	6-3-05	TX6-184-816
OM3349EN	3000 and 4000 Product Families Motorhome Series (MHS) (WTEC III Controls) Operator’s Manual (Includes Allison 4th Generation Controls) (2005/02)	6-3-05	TX6-184-177

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OM3654EN	3000 and 4000 Product Families Truck RV Series (TRV) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-3-05	TX6-183-361
OM3749EN	3000 and 4000 Product Families Bus Series (BUS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-3-05	TX6-183-240
OM3752EN	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-3-05	TX6-183-360
OM3656EN	3000 and 4000 Product Families Emergency Vehicle Series (EVS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-3-05	TX6-183-345
OM3750EN	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-3-05	TX6-184-176
TS3989EN	3000 and 4000 Product Families Allison 4th Generation Controls Troubleshooting Manual (2005/02)	6-6-05	TX6-180-782
PO4009EN	1000 and 2000 Product Families 4th Generation Controls Principles of Operation (2005/05)	6-6-05	TX6-180-779
SM1317EN	MT(B) 640, 643, 650, 653 Service Manual (2004/12)	6-6-05	TX6-196-830
SM2148EN	3000 Product Family Service Manual (2004/12)	6-6-05	TX6-180-781
SM3191EN	1000 and 2000 Product Families Service Manual (2004/12)	6-6-05	TX6-180-780
TS2973FR	Groupes de produits Allison 3000 et 4000 Commandes WTEC III Manuel de depannage (2004/07)	6-6-05	TX6-206-482
GN4062EN	Inspection and Analysis of the 1000 and 2000 Product Families Technicians' Guide (2005/05)	6-6-05	TX6-206-480

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GN4063EN	Inspection and Analysis of the AT 500 and MT 600 Product Families Technicians' Guide (2005/05)	6-6-05	TX6-206-481
GN4064EN	Inspection and Analysis of the 3000/B 300/B 400 Product Families Technicians' Guide (2005/05)	6-6-05	TX6-180-778
GN4065EN	Inspection and Analysis of the 4000 and B 500 Product Families Technicians' Guide (2005/05)	6-6-05	TX6-206-483
OM3751EN	3000 Product Family Pupil Transport/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-6-05	TX6-193-328
OM3758EN	1000 and 2000 Product Families Pupil Transport/ Shuttle Series (PTS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-6-05	TX6-206-290
OM3759EN	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-6-05	TX6-206-286
OM3761EN	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-6-05	TX6-206-288
OM3364EN	1000 and 2000 Product Families Motorhome Series (MHS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-6-05	TX6-193-326
OM3756EN	1000 and 2000 Product Families Bus Series (BUS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-6-05	TX6-206-287
OM3757EN	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	6-6-05	TX6-206-289
MT4007EN	1000 and 2000 Product Families 4th Generation Controls Mechanic's Tips (2005/02)	6-6-05	TX6-193-327
PC2150EN	3000 Product Family Parts Catalog (2005/04)	7-1-05	

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PC3062EN	1000 and 2000 Product Families Parts Catalog (Includes Allison 4th Generation Controls) (2005/05)	7-1-05	
SM4006EN	1000 and 2000 Product Families 4th Generation Controls Service Manual (2005/05)	7-1-05	
MT4015EN	3000 and 4000 Product Families (Except 3700 SP) 4th Generation Controls Mechanic's Tips (2005/02)	7-1-05	TX6-202-601
OM3756FR	1000 and 2000 Product Families Bus Series (BUS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-198-333
OM3757FR	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-195-838
OM3757ES	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-194-153
OM3758FR	1000 and 2000 Product Families Pupil Transport/ Shuttle Series (PTS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-202-599
OM3758ES	1000 and 2000 Product Families Pupil Transport/ Shuttle Series (PTS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-202-598
OM3759FR	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-195-836
OM3759ES	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-194-154

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3761FR	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-200-766
OM3761ES	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	7-1-05	TX6-200-765
PC1315EN .	CT 700 Series Hydraulic Controls Parts Catalog (2005/06)	8-23-05	TX6-221-654
PC1249EN	8000 Series Off-Highway Parts Catalog (2005/07)	8-23-05	TX6-221-613
PC1268EN	HT 700 Series Hydraulic Controls Parts Catalog (2005/06)	8-23-05	TX6-229-378
OM3753EN	3000 and 4000 Product Families Specialty Series (SP) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/02)	8-23-05	TX6-229-410
OM11318EN	5000, 6000, 8000, 9000 SPG-Controlled Electric, Manual-Electric & Manual-Hydraulics Off-Highway Operator's Manual (2005/05)	8-23-05	TX6-218-227
MT4108EN	3070 SP Mechanic's Tips (Includes Allison 4th Generation Controls) (2005/05)	8-23-05	TX6-231-454
PC2456EN	4000 Product Family Parts Catalog (2005/04)	8-24-05	TX6-218-264
PC3717EN	Allison Electric Drives™ EP 40/50 Systems™ Parts Catalog (2005/06)	8-24-05	TX6-215-556
PO4016EN	3000 and 4000 Product Families Allison 4th Generation Controls Principles of Operation (2005/05)	8-24-05	TX6-215-552
OM4118EN	1000 and 2000 Product Families International Models Operator's Manual (Includes Allison 4th Generation Controls) (2005/05)	8-24-05	TX6-217-961
OM4119EN	3000 and 4000 Product Families International Models Operator's Manual (Includes Allison 4th Generation Controls) (2005/05)	8-24-05	TX6-217-959

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM2995EN	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (2005/01)	8-24-05	TX6-217-960
MT3004EN	MD/HD/B Series On-Highway (WTEC III Controls) Mechanic's Tips (2005/06)	8-24-05	TX6-217-962
PC1316EN	MT(B) 640, 643, 650, 653 Series Parts Catalog (2005/07)	8-25-05	TX6-221-037
OM3364FR	1000 and 2000 Product Families Motorhome Series (MHS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-227-950
OM3654FR	300.0 and 4000 Product Families Truck RV Series (TRV) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-221-152
OM3656FR	3000 and 4000 Product Families Emergency Vehicle Series (EVS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-227-948
OM3656ES	3000 and 4000 Product Families Emergency Vehicle Series (EVS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-221-147
OM3749FR	3000 and 4000 Product Families Bus Series (BUS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-221-151
OM3750FR	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-221-153
OM3750ES	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-227-949
OM3751FR	3000 Product Family Pupil Transport/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-221-149

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3752FR	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-227-947
OM3752ES	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	8-25-05	TX6-221-148
GN3433EN	Allison DOC™ (Diagnostic Optimized Connection) For PC-Service Tool User Guide Version 5.0.0 (2005/08)	8-25-05	TX6-221-150
JA3434EN	Quick Reference Guide Allison DOC™ for PC-Service Tool (5/pkg) (2005/08)	8-25-05	TX6-220-936
SM2457EN	HD Product Line On-Highway Service Manual (2005/01)	9-16-05	TX6-229-971
SM4006EN	1000 and 2000 Product Families 4th Generation Controls Service Manual (Section 6 only) (2005/05)	9-16-05	TX6-223-559
MT4085EN	T 200, T 300, T 400 Mechanic's Tips (Includes Allison 4th Generation Controls) (2005/04)	9-16-05	TX6-230-537
OM4156EN	T 200/T300/T400/T 500 Series Operator's Manual (Includes Allison 4th Generation Controls) (2005/07)	9-16-05	TX6-230-538
OM3349ES	3000 and 4000 Product Families Motorhome Series (MRS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	9-16-05	TX6-230-536
OM3349FR	3000 and 4000 Product Families Motorhome Series (MHS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/02)	9-16-05	TX6-231-589
OM3364ES	1000 and 2000 Product Families Motorhome Series (MHS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	9-16-05	TX6-213-447

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3654ES	3000 and 4000 Product Families Truck RV Series (TRV) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	9-16-05	TX6-230-541
OM3749ES	3000 and 4000 Product Families Bus Series (BUS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	9-16-05	TX6-230-540
OM3751ES	3000 Product Family Pupil Transport/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/02)	9-16-05	TX6-230-539
PC1993EN	CT 755 Series Electronic Controls Off-Highway Parts Catalog (2005/08)	10-7-05	TX6-253-605
PC1965EN	HT 700 Series Electronic Controls Parts Catalog (2005/08)	10-7-05	TX6-243-462
PC3062EN	1000 and 2000 Product Families Parts Catalog (Includes Allison 4th Generation Controls) (2005/08)	10-7-05	TX6-243-555
PC1235EN	AT 500, AT 1500 Series Parts Catalog (2005/08)	10-7-05	TX6-243-554
SM2457EN	HD Product Line On-Highway Service Manual Revision 1 Pages (2005/09)	10-7-05	TX6-245-210
PO4009EN	1000 and 2000 Product Families 4th Generation Controls Principles of Operation Revision 1 Pages (2005/09)	10-7-05	TX6-247-714
MT2159EN	MD/HD/B Series On-Highway (WTEC II Controls) Mechanic's Tips (2005/08)	10-7-05	TX6-245-110
MT4085EN	T 200, T 300, T 400 Mechanic's Tips (Includes Allison 4th Generation Controls) (2005/09)	10-7-05	TX6-243-349
OM4156EN	T Series Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	10-7-05	TX6-243-348
OM3349FR	3000 and 4000 Product Families Motorhome Series (MHS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-997

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3349ES	3000 and 4000 Product Families Motorhome Series (MHS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-994
OM3364FR	1000 and 2000 Product Families Motorhome Series (MHS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-988
OM3364ES	1000 and 2000 Product Families Motorhome Series (MHS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-990
OM3654FR	3000 and 4000 Product Families Truck RV Series (TRV) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-995
OM3654ES	3000 and 4000 Product Families Truck RV Series (TRV) (WTEC III Controls) Operations Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-991
OM3749FR	3000 and 4000 Product Families Bus Series (BUS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-996
OM3749ES	3000 and 4000 Product Families Bus Series (BUS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-998
OM3750FR	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-989
OM3751ES	3000 Product Family Pupil Transport/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-993

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3752ES	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-982
OM3756FR	1000 and 2000 Product Families Bus Series (BUS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-987
OM3757FR	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-983
OM3758FR	1000 and 2000 Product Families Pupil Transport/ Shuttle Series (PTS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-986
OM3759FR	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-985
OM3761FR	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-984
OM3761ES	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	10-10-05	TX6-231-992
PC2456EN	4000 Product Family Parts Catalog (2005/10)	12-5-05	TX6-245-293
PC1830EN	9000 Series Off-Highway Parts Catalog (2005/10)	12-5-05	TX6-245-291
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2005/09)	12-5-05	TX6-288-313
SM4006EN	1000 and 2000 Product Families Allison 4th Generation Controls Service Manual Revision 1 Pages (2005/09)	12-5-05	TX6-288-275
SM1866EN	CL(B)T 5000, 6000 M 5600, 6600, S 5600, 6600 Series Service Manual (2005/06)	12-5-05	TX6-245-292

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM1318EN	5000, 6000, 8000, 9000 SPG-Controlled Electric, Manual-Electric & Manual-Hydraulics Off-Highway Operator's Manual (2005/09)	12-5-05	TX6-273-705
OM2034EN	5000, 6000, 8000, 9000 Series CEC1 Electronic Controls Operator's Manual (2005/07)	12-5-05	TX6-245-296
OM2995EN	MD/HD/B Series On-Highway (WTEC III Controls) Operator's Manual (2005/09)	12-5-05	TX6-245-297
MT3004EN	MD/HD/B Series WTEC III Controls On-Highway Mechanic's Tips (2005/09)	12-5-05	TX6-245-298
MT4007EN	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (2005/09)	12-5-05	TX6-273-704
MT4015EN	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (2005/09)	12-5-05	TX6-273-706
MT4108EN	3700 SP Allison 4th Generation Controls Mechanic's Tips (2005/09)	12-5-05	TX6-245-299
OM3349EN	3000 and 4000 Product Families Motorhome Series (MH) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-795
OM3364EN	1000 and 2000 Product Families Motorhome Series (MH) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-261-820
OM3654EN	3000 and 4000 Product Families Truck RV Series (TRV) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-791
OM3656EN	3000 and 4000 Product Families Emergency Vehicle Series (EVS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-787
OM3656FR	3000 and 4000 Product Families Emergency Vehicle Series (EVS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-638

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3656ES	3000 and 4000 Product Families Emergency Vehicle Series (EVS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-637
OM3749EN	3000 and 4000 Product Families Bus Series (BUS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-790
OM3750EN	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-792
OM3750ES	3000 and 4000 Product Families Highway Series (HS) (WTEC III Controls) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-639
OM3751EN	3000 Product Family Pupil Transport/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-793
OM3751FR	3000 Product Family Pupil Transport/Shuttle Series (PTS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-636
OM3752EN	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-794
OM3752FR	3000 and 4000 Product Families Rugged Duty Series (RDS) (WTEC III Controls) Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-640
OM3753EN	3000 and 4000 Product Families Specialty Series (SP) (WTEC III Controls) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-635
OM3756EN	1000 and 2000 Product Families Bus Series (BUS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-789

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
OM3757EN	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-788
OM3757ES	1000 and 2000 Product Families Highway Series (HS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-785
OM3758EN	1000 and 2000 Product Families Pupil Transport/ Shuttle Series (PTS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-643
OM3759EN	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-641
OM3759ES	1000 and 2000 Product Families Rugged Duty Series (RDS) Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-786
OM3761EN	1000 and 2000 Product Families Emergency Vehicle Series (EVS) Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-6-05	TX6-272-642
SM4013EN	3000 Product Family Allison 4th Generation Controls Service Manual (2005/10)	12-7-05	TX6-261-745
SM4014EN	4000 Product Family Allison 4th Generation Controls Service Manual (2005/10)	12-7-05	TX6-274-116
OM4118EN	1000 and 2000 Product Families International Models Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-274-949
OM4118FR	1000 and 2000 Product Families International Models Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-274-948
OM4118ES	1000 and 2000 Product Families International Models Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-274-947
OM4118DE	1000 and 2000 Product Families International Models Operator's Manual (German) (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-274-028

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OM4119EN	3000 and 4000 Product Families International Models Operator's Manual (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-287-309
OM4119FR	3000 and 4000 Product Families International Models Operator's Manual (French) (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-287-310
OM4119ES	3000 and 4000 Product Families International Models Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-287-306
OM4119DE	3000 and 4000 Product Families International Models Operator's Manual (German) (Includes Allison 4th Generation Controls) (2005/09)	12-7-05	TX6-274-029
PC2809EN	On-Highway Support Equipment Parts Catalog (2005/07)	12-7-05	TX6-274-115
PC2150EN	3000 Product Family Parts Catalog (2005/11)	12-21-05	
OM4118PT	1000 and 2000 Product Families International Models Operator's Manual (Portuguese) (Includes Allison 4th Generation Controls) (2005/09)	12-21-05	
OM4118IT	1000 and 2000 Product Families International Models Operator's Manual (Italian) (Includes Allison 4th Generation Controls) (2005/09)	12-21-05	
OM4119PT	3000 and 4000 Product Families International Models Operator's Manual (Portuguese) (Includes Allison 4th Generation Controls) (2005/09)	12-21-05	
OM4119IT	3000 and 4000 Product Families International Models Operator's Manual (Italian) (Includes Allison 4th Generation Controls) (2005/09)	12-21-05	
TS3977EN	1000 and 2000 Product Families Allison 4th Generation Controls Troubleshooting Manual (2006/01)	3-9-06	TX6-322-216
TS3989EN	3000 and 4000 Product Families Allison 4th Generation Controls Troubleshooting Manual (2005/12)	3-9-06	TX6-322-218

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
TS3353EN	5000, 6000, 8000, 9000 Series Commercial Electronic Controls 2 (CEC2) Troubleshooting Manual (2005/12)	3-9-06	TX6-322-217
OM4156ES	T Series Operator's Manual (Spanish) (Includes Allison 4th Generation Controls) (2005/09)	3-9-06	TX6-322-172
MT4007ES	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (Spanish) (2005/09)	3-9-06	TX6-322-173
MT4007IT	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (Italian) (2005/09)	3-9-06	TX6-323-820
MT4007FR	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (French) (2005/09)	3-9-06	TX6-322-171
MT4007DE	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (German) (2005/09)	3-9-06	TX6-322-170
GN3433EN	Allison DOC™ for PC-Service Tool User Guide Version 5.2.0 (2006/02)	3-9-06	TX6-361-766
JA3434EN	Quick Reference Guide Allison DOC™ for PC-Service Tool (5/pkg) (2006/02)	3-9-06	TX6-324-141
TS2973EN	3000 and 4000 Product Families WTEC III Electronic Controls Troubleshooting Manual (2005/10)	3-10-06	TX6-322-512
TS2470EN	MD/HD/B Series WTEC Il Electronic Controls Troubleshooting Manual (2005/12)	3-10-06	TX6-322-663
SM1833EN	9000 Series Electric Shift Models Service Manual (2005/09)	3-10-06	TX6-322-662
PC1249EN	8000 Series Off-Highway Parts Catalog (2006/01)	3-10-06	TX6-322-687
PC3062EN	1000 and 2000 Product Families Parts Catalog (Includes Allison 4th Generation Controls) (2005/11)	3-10-06	TX6-322-688
PC2809EN	On-Highway Support Equipment Parts Catalog (2006/02)	5-2-06	

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
PC1860EN	5000/6000 Series Off-Highway Parts Catalog (2006/03)	5-2-06	
PC3062EN	1000 and 2000 Product Families Parts Catalog (2006/02)	5-2-06	
JA2999EN	WTEC III Diagnostic Troubleshooting Codes Pocket Card (5/pkg) (2006/03)	5-2-06	
MT4015FR	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (French) (2005/09)	5-2-06	
MT4015ES	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (Spanish) (2005/09)	5-2-06	
MT4015DE	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (German) (2005/09)	5-2-06	
MT4015IT	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (Italian) (2005/09)	5-2-06	
MT4015PT	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (Portuguese) (2005/09)	5-2-06	
MT4015JA	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (Japanese) (2005/09)	5-2-06	
MT4015ZH	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (Chinese Simplified) (2005/09)	5-2-06	
MT4015KO	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (Korean) (2005/09)	5-2-06	
MT4007PT	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (Portuguese) (2005/09)	5-2-06	
MT4007JA	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (Japanese) (2005/09)	5-2-06	

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
MT4007KO	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (Korean) (2005/09)	5-2-06	
MT4085ES	T 200, T 300, T 400 Mechanic's Tips (Includes Allison 4th Generation Controls) (Spanish) (2005/09)	5-2-06	
MT4085PT	T 200,T 300, T 400 Mechanic's Tips (Includes Allison 4th Generation Controls) (Portuguese) (2005/09)	5-2-06	
OM4156PT	T Series Operator's Manual (Portuguese) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM4156JA	T Series Operator's Manual (Japanese) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM4156ZH	T Series Operator's Manual (Chinese Simplified) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM4156KO	T Series Operator's Manual (Korea) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM4118JA	1000 and 2000 Product Families International Models Operator's Manual (Japanese) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM4118KO	1000 and 2000 Product Families International Models Operator's Manual (Korean) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM4119JA	3000 and 4000 Product Families International Models Operator's Manual (Japanese) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM4119ZH	3000 and 4000 Product Families International Models Operator's Manual (Chinese Simplified) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	
OM41 19KO	3000 and 4000 Product Families International Models Operator's Manual (Korean) (Includes Allison 4th Generation Controls) (2005/09)	5-2-06	

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
PC1249EN	8000 Series Off-Highway Models Parts Catalog (2006/07)	8-23-06	
PC2456EN	4000 Product Family Parts Catalog (2006/04)	8-23-06	
PC3062EN	1000 and 2000 Product Families Parts Catalog (2006/05)	8-23-06	
PC1830EN	9000 Series Off-Highway Parts Catalog (2006/04)	8-23-06	
JA3434EN	Quick Reference Guide Allison DOC™ for PC-Service Tool (5/pkg) (2006/07)	8-23-06	
OM1475EN	750/754 Series Off-Highway Operator's Manual (2006/03)	8-23-06	
OM3491EN	Allison Electric Drives™ EP 40/50 Systems™ Operator's Manual (2006/05)	8-23-06	
MT1366EN	700 Series With Hydraulic Controls Mechanic's Tips (2006/04)	8-23-06	
MT4007RU	1000 and 2000 Product Families Allison 4th Generation Controls Mechanic's Tips (Russian) (2005/09)	8-23-06	
MT4015RU	3000 and 4000 Product Families (Except 3700 SP) Allison 4th Generation Controls Mechanic's Tips (Russian) (2005/09)	8-23-06	
MT4085RU	T 200, T 300, T 400 Mechanic's Tips (Includes Allison 4th Generation Controls) (Russian) (2005/09)	8-24-06	
MT4085JA	T 200, T 300, T 400 Mechanic's Tips (Includes Allison 4th Generation Controls) (Japanese) (2005/09)	8-24-06	
OM4118RU	1000 and 2000 Product Families International Models Operator's Manual (Russian) (Includes Allison 4th Generation Controls) (2005/09)	8-24-06	
OM4119RU	3000 and 4000 Product Families International Models Operator's Manual (Russian) (Includes Allison 4th Generation Controls) (2005/09)	8-24-06	
OM4156RU	T Series Operator's Manual (Russian) (Includes Allison 4th Generation Controls) (2005/09)	8-24-06	

Pub. No.	Publication Description	Date Filed	Copyright Registration Number
PC2150EN	3000 Product Family Parts Catalog (2006/05)	8-24-06	
PO3603EN	Allison Electric Drives™ E^{P} 40/50 Systems™ (AED) Principles of Operation (2006/04)	8-24-06	
SM4006RU	1000 and 2000 Product Families Allison 4th Generation Controls Service Manual (Russian) (2005/09)	8-24-06	
TS3989EN	3000 and 4000 Product Families Allison 4th Generation Controls Troubleshooting Manual (2006/03)	8-25-06	
TS3989IT	3000 and 4000 Product Families Allison 4th Generation Controls Troubleshooting Manual (Italian) (2005/02)	8-25-06	
TS3989JA	3000 and 4000 Product Families Allison 4th Generation Controls Troubleshooting Manual (Japanese) (2005/02)	8-25-06	
TS3989FR	3000 and 4000 Product Families Allison 4th Generation Controls Troubleshooting Manual (French) (2005/02)	8-25-06	
PC2809EN	On-Highway Support Equipment Parts Catalog (2006/06)	8-25-06	
TS1960EN	Electronic Controls Automatic Models Splashproof Standard Troubleshooting Manual (2006/06)	8-25-06	
TS3977EN	1000 and 2000 Product Families Allison 4th Generation Controls Troubleshooting Manual (2005/02)	8-25-06	

ALLISON TRANSMISSION HOLDINGS, INC.

AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

Dated as of [_____], 2011

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SCHEDULES

EXHIBITS

AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

THIS AMENDED AND RESTATED STOCKHOLDERS AGREEMENT, dated as of [_____], 2011, is entered into by and among (i) ALLISON TRANSMISSION HOLDINGS, INC., f/k/a Clutch Holdings, Inc., a corporation organized under the laws of Delaware (the "Company"), (ii) the entities listed on Schedule 1 attached hereto (collectively, the "Current Onex Stockholders"), (iii) the entity listed on Schedule 2 attached hereto (the "Current Carlyle Stockholder"), (iv) the individuals listed from time to time under the heading "Management Stockholders" on the Stockholder Schedule (as defined below) (collectively, the "Management Stockholders") and (v) each other Person (as defined below) that subsequently becomes a party hereto pursuant to the terms hereof. Capitalized terms used herein without definition shall have the meanings set forth in Section 1.1.

W I T N E S S E T H:

WHEREAS, the Company entered into a Stockholders Agreement, dated as of August 7, 2007, with its stockholders as of that date (the "Original Stockholders Agreement");

WHEREAS, the Company is proposing to consummate an Initial Public Offering;

WHEREAS, in accordance with Section 8.9(a) of the Original Stockholders Agreement, the Company, the Current Onex Stockholders and the Current Carlyle Stockholder desire to amend and restate the Original Stockholders Agreement in its entirety as provided herein, effective upon the effectiveness of the Registration Statement relating to the Initial Public Offering;

WHEREAS, as of the date hereof, the Stockholders beneficially own the number of Shares as set forth in the Stockholder Schedule attached as Exhibit A hereto (the "Stockholder Schedule"); and

WHEREAS, the parties hereto deem it in their best interests and in the best interests of the Company to set forth their respective rights and obligations in connection with their investment in the Company;

NOW, THEREFORE, in consideration of the mutual agreements and understandings set forth herein, the parties hereto hereby agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

SECTION 1.1 Definitions.

As used in this Agreement, the following terms shall have the following respective meanings:

"Adverse Disclosure" shall mean public disclosure of material non-public information which, in the Board of Directors' good faith judgment, after consultation with independent outside counsel to the Company, (i) would be required to be made in any Registration Statement

filed with the SEC by the Company so that such Registration Statement would not be materially misleading; (ii) would not be required to be made at such time but for the filing of such Registration Statement; and (iii) the Company has a bona fide business purpose for not disclosing publicly.

"Affiliate" shall mean, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person. For these purposes, "control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Amended and Restated Stockholders Agreement as in effect on the date hereof and as hereafter from time to time amended, modified or supplemented in accordance with the terms hereof.

"Automatic Shelf Registration Statement" shall have the meaning specified in Section 5.3.

"Blue Sky" shall mean state securities regulation and requirements.

"Board of Directors" shall mean the Board of Directors of the Company, as duly constituted in accordance with this Agreement.

"Bylaws" shall mean the Third Amended and Restated Bylaws of the Company in effect on the date hereof, and as hereafter further amended in accordance with the terms hereof and thereof and pursuant to applicable law.

"Call Equity Securities" shall have the meaning specified in Section 6.1(a).

"Call Notice" shall have the meaning specified in Section 6.1(b).

"Call Period" shall have the meaning specified in Section 6.1(b).

"Carlyle Directors" shall have the meaning set forth in Section 2.1(b)(ii).

"Carlyle Stockholders" means (i) the Current Carlyle Stockholder and (ii) any Permitted Transferee of the Current Carlyle Stockholder that hereafter acquires any shares of capital stock of the Company.

"Cause" shall mean, with respect to the termination of employment of any Management Stockholder by the Company or any of its Subsidiaries (each, an "Employer"): (i) if such Management Stockholder is at the time of termination a party to an employment or retention agreement with an Employer thereof which defines such term, the meaning given therein, and (ii) in all other cases, that such termination is based on: (A) the Employer's determination that the Management Stockholder failed to substantially perform his or her duties (other than any such failure resulting from the Management Stockholder's physical or mental incapacity) which is not remedied within ten days after receipt of written notice from the Employer specifying such failure; (B) the Employer's determination that the Management Stockholder failed to carry out,

or comply with any lawful and reasonable directive of the Employer or the Management Stockholder's immediate supervisor, which is not remedied within ten days after receipt of written notice from the Employer specifying such failure; (C) the Management Stockholder's conviction, plea of no contest or plea of nolo contendere or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (D) the Management Stockholder's unlawful use (including being under the influence) or possession of illegal drugs on the Employer's (or any of its Affiliates') premises or while performing the Management Stockholder's duties and responsibilities; or (E) the Management Stockholder's commission of an act of fraud, embezzlement, misappropriation, willful misconduct, or material breach of fiduciary duty against the Employer or any of its Affiliates.

"Class I," "Class II" and "Class III" shall have the respective meanings specified in the Bylaws.

"Common Shares" shall mean (i) the shares of common stock, par value $0.01 per share, of the Company and (ii) the shares of non-voting common stock, par value $0.01 per share, of the Company.

"Company" shall have the meaning specified in the Preamble.

"Controlled Company" means a company that is a "controlled company" within the meaning of such term under the New York Stock Exchange rules or the rules of such other national securities exchange on which Common Shares are then listed for trading.

"Current Carlyle Stockholder" shall have the meaning specified in the Preamble.

"Current Onex Stockholders" shall have the meaning specified in the Preamble.

"DSS" shall mean the Defense Security Service of the DoD.

"Demand Notice" shall have the meaning specified in Section 5.1(e).

"Demand Period" shall have the meaning specified in Section 5.1(d).

"Demand Registration" shall have the meaning specified in Section 5.1(a).

"Demand Registration Statement" shall have the meaning specified in Section 5.1(a).

"Demand Suspension" shall have the meaning specified in Section 5.1(g).

"Director" shall mean a member of the Board of Directors.

"Disposing Stockholder" shall have the meaning specified in Section 4.1(a).

"DoD" shall mean the United States Department of Defense.

"Equity Call Option" shall have the meaning specified in Section 6.1(a).

"Equity Call Purchase Price" shall mean (i) in the event such termination of employment of a Management Stockholder is by the Employer with Cause, the lesser of (x) the Fair Market Value of the Call Equity Securities as of the Termination Date (less, in the case of any Call Equity Securities that are Vested Options, the exercise price thereof) and (y) the price paid for the Call Equity Securities by such Stockholder, or (ii) in the event of a termination of employment of a Management Stockholder for any other reason, the Fair Market Value of the Call Equity Securities as of the Termination Date (less, in the case of any Call Equity Securities that are Vested Options, the exercise price thereof).

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, or any similar federal statute then in effect, and a reference to a particular section thereof shall include a reference to the comparable section, if any, of such similar federal statute.

"Fair Market Value" of any Call Equity Securities shall mean, on a given date, (i) if there should be a public market for such Call Equity Securities on such date, the arithmetic mean of the high and low prices of such Call Equity Securities as reported on such date on the composite tape of the principal national securities exchange on which such Call Equity Securities are listed or admitted to trading, or, if such Call Equity Securities are not listed or admitted on any national securities exchange, the arithmetic mean of the per-share closing bid price and per-share closing asked price on such date for such Call Equity Securities as quoted on The NASDAQ Stock Market, Inc. ("Nasdaq"), or, if no sale of such Call Equity Securities shall have been reported on the composite tape of any national securities exchange or quoted on Nasdaq on such date, the arithmetic mean of the per-share closing bid price and per-share closing asked price for such Call Equity Securities on the immediately preceding date on which sales of such Call Equity Securities have been so reported or quoted, and (ii) if there is not a public market for such Call Equity Securities on such date, the value established by the Board of Directors in good faith.

"FINRA" shall mean the Financial Industry Regulatory Authority, Inc.

"GSC" shall mean the Government Security Committee as created pursuant to the requirements of the SCA.

"Holder" shall mean any holder of Registrable Securities who is a party hereto or who succeeds to rights under this Agreement.

"Independent Director" shall mean an individual that is independent within the meaning of "independent director" under the Exchange Act and the New York Stock Exchange rules or the rules of such other national securities exchange on which the Common Shares are then listed for trading.

"Initial Lockup Expiration Date" shall have the meaning specified in Section 3.1(b).

"Initial Public Offering" shall mean the first Public Offering.

"Investor Stockholders" shall mean the Carlyle Stockholders and the Onex Stockholders.

"Lock-Up Securities" shall have the meaning specified in Section 5.9.

"Loss" shall have the meaning specified in Section 5.7(a).

"Management Director" shall have the meaning set forth in Section 2.1(b)(iii).

"Necessary Action" shall mean, with respect to a specified result, all actions (to the extent such actions are permitted by law and, in the case of any action by the Company that requires a vote or other action on the part of the Board of Directors, to the extent such action is consistent with the fiduciary duties that the Directors may have in such capacity) necessary to cause such result, including (i) voting or providing a written consent or proxy with respect to the Common Shares, (ii) causing the adoption of stockholders' resolutions and amendments to the organizational documents of the Company, (iii) executing agreements and instruments, and (iv) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result.

"Onex Directors" shall have the meaning specified in Section 2.1(b)(i).

"Onex Stockholders" means (i) the Current Onex Stockholders and (ii) any Permitted Transferee of the Current Onex Stockholders that hereafter acquires any shares of capital stock of the Company.

"Original Stockholders Agreement" has the meaning specified in the Recitals.

"Outside Directors" shall have the meaning specified in Section 2.1(b)(iv).

"Permitted Transferee" shall mean (i) in the case of any Stockholder that is not an individual, any Affiliate of such Stockholder (other than the Company and its Subsidiaries), (ii) in the case of any Investor Stockholder, any director, officer or employee of any Affiliate of such Investor Stockholder (other than the Company and its Subsidiaries and any other portfolio company), (iii) in the case of a Stockholder that is a limited partnership or limited liability company, any member or general or limited partner of such Stockholder that is the transferee of Shares pursuant to a pro rata distribution of Shares by such Stockholder to its partners or members, as applicable, (A) that is effected by such Stockholder following an Initial Public Offering or (B) that is contractually required by the terms of such Stockholder's limited partnership or limited liability company agreement in connection with the dissolution and winding up of such Stockholder; provided that, in either case described in clause (A) or (B), such Stockholder (or the general partner or managing member of such Stockholder in connection with the dissolution of such Stockholder) retains the power to vote and dispose of the distributed Shares and each such member or general or limited partner becomes a party to this Agreement and executes a supplemental signature page to this Agreement in the form attached as Exhibit B hereto, or (iv) in the case of a Restricted Management Stockholder, (A) any successor by death or (B) any trust, partnership, limited liability company or similar entity solely for the benefit of such individual or such individual's spouse or lineal descendants, provided that (I) in the case of clause (B) above, such individual acts as trustee, general partner or managing member and retains the sole power to direct the voting and disposition of the transferred Shares or options to purchase shares of Common Stock and (II) in each case, such transferee becomes a party to this Agreement and executes a supplemental signature page to this Agreement in the form attached as Exhibit B hereto.

"Person" shall mean an individual, corporation, company, limited liability company, association, partnership, joint venture, organization, business, trust or any other entity or organization, including a government or any subdivision or agency thereof.

"Piggyback Registration" shall have the meaning specified in Section 5.3(a).

"Preemption Notice" shall have the meaning specified in Section 5.2(f).

"Pre-IPO Shares" shall mean (i) the shares of Common Stock and options to purchase Common Stock held by a given Stockholder immediately prior to the consummation of the Initial Public Offering and (ii) shares of Common Stock hereafter issued upon exercise of any options to purchase Common Stock, which options were held by a given Stockholder immediately prior to the consummation of the Initial Public Offering.

"Proposed Purchaser" shall have the meaning specified in Section 4.1(b).

"Prospectus" means the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus.

"Public Offering" shall mean a public offering and sale of equity securities of the Company or any of its Subsidiaries pursuant to an effective Registration Statement under the Securities Act.

"Purchase Offer" shall have the meaning set forth in Section 4.1(b).

"Qualified Investor Stockholders" shall mean (i) the Carlyle Stockholders and/or (ii) the Onex Stockholders, with each group of Investor Stockholders either acting together or separately; provided, however, that (A) if the Carlyle Stockholders in the aggregate do not then hold Shares representing five percent (5%) or more of the then-outstanding Common Shares, then the Onex Stockholders will be the only Qualified Investor Stockholders so long as the Onex Stockholders in the aggregate hold Shares representing five percent (5%) or more of the then-outstanding Common Shares, (B) if the Onex Stockholders in the aggregate do not then hold Shares representing five percent (5%) or more of the then-outstanding Common Shares, then the Carlyle Stockholders will be the only Qualified Investor Stockholder so long as the Carlyle Stockholders in the aggregate hold Shares representing five percent (5%) or more of the then-outstanding Common Shares, and (C) if neither the Carlyle Stockholders nor the Onex Stockholders then hold Shares in the aggregate representing five percent (5%) or more of the then-outstanding Common Shares, then there shall be no Qualified Investor Stockholders.

"Registrable Securities" shall mean all Shares now or hereafter owned of record by the Stockholders. As to any particular Registrable Securities that have been issued, such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of under such registration statement, (ii) they shall have been distributed to the public pursuant to Rule 144 under the Securities Act or (iii) they shall have ceased to be outstanding.

"Registration" shall mean the registration of securities with the SEC pursuant to a Registration Statement.

"Registration Expenses" shall have the meaning specified in Section 5.6.

"Registration Statement" shall mean any registration statement of the Company filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement other than a registration statement (and related Prospectus) filed on Form S-8 or any successor form thereto.

"Restricted Management Stockholders" shall mean Lawrence E. Dewey, David S. Graziosi, Michael G. Headly, Randall R. Kirk, David L. Parish and James L. Wanaselja.

"Restricted Period" shall mean, for each Restricted Management Stockholder, the period that starts on the date of this Agreement and ends on the earliest of (i) forty-two (42) months after the date of the Initial Public Offering of the Company; (ii) immediately prior to the consummation of a transaction by which a Person other than the Stockholders and their Affiliates acquires a majority of the Common Shares; (iii) the date on which the Carlyle Stockholders and the Onex Stockholders in the aggregate do not then hold Shares representing ten percent (10%) or more of the then-outstanding Common Shares; and (iv) the date on which the Company or Allison Transmission, Inc. terminates the employment of such Restricted Management Stockholder without Cause.

"SCA" shall mean that certain Security Control Agreement, dated as of February 14, 2008, by and between the Company and the DoD, and as hereafter from time to time amended.

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Securities Act" shall mean, as of any date, the U.S. Securities Act of 1933, as amended, or any similar federal statute then in effect, and in reference to a particular section thereof shall include a reference to the comparable section, if any, of any such similar federal statute and the rules and regulations thereunder.

"Shares" shall mean (i) the Common Shares issued and outstanding at the date hereof and (ii) any Common Shares hereafter acquired by any Stockholder or pursuant to conversion or exercise of any Vested Options, any convertible security or other option, warrant or other right to acquire Common Shares, whether or not held by any of the Stockholders as of the date hereof.

"Shelf Registration Statement" shall mean a Registration Statement of the Company filed with the SEC on either (i) Form S-3 (or any successor form or other appropriate form under the Securities Act) or (ii) if the Company is not permitted to file a Registration Statement on Form S-3, an evergreen Registration Statement on Form S-1 (or any successor form or other appropriate form under the Securities Act), in each case for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act (or any similar rule that may be adopted by the SEC) covering the Registrable Securities, as applicable.

"Stockholder" shall mean any of the Onex Stockholders, the Carlyle Stockholders, the Management Stockholders and any transferee (including a Permitted Transferee) of any such Person who becomes a party to or bound by the provisions of this Agreement in accordance with the terms hereof.

"Stockholder Schedule" shall have the meaning specified in the Recitals.

"Subsidiary" shall mean as to any Person any other Person of which outstanding shares, shares of stock or other equity interests having voting power (other than shares, stock or other equity interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other comparable governing body of such Person are at the time owned, directly or indirectly through one or more intermediaries, or both, by such Person.

"Tag Along Securities" shall have the meaning specified in Section 4.1(a).

"Tag-Along Stockholders" shall have the meaning specified in Section 4.1(a).

"Termination Date" shall have the meaning specified in Section 6.1(a).

"Transfer" shall mean any direct or indirect, whether by operation of law or otherwise, sale, transfer, assignment, conveyance or other disposition.

"Underwritten Offering" shall mean a Registration in which securities of the Company are sold to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

"Vested Options" shall mean options to purchase Common Shares that have vested in accordance with their respective terms.

"Voting Securities" shall mean shares, stock or other equity interests in any Person, the holders of which are entitled to vote for the election of corporate directors (or Persons performing similar functions).

"Voting Shares" shall mean shares of the Company of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of corporate directors (or Persons performing similar functions).

"WKSI" shall have the meaning specified in Section 5.4.

SECTION 1.2 Other Interpretive Provisions.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and Section references are to this Agreement unless otherwise specified.

(c) The term “including” is not limiting and means “including without limitation.”

(d) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(e) Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

ARTICLE II

CORPORATE GOVERNANCE

SECTION 2.1 Board of Directors.

(a) Until the Company ceases to be a Controlled Company, the Board of Directors shall consist of eight (8) members; provided that, within one (1) year of the effective date of the Registration Statement relating to the Initial Public Offering, the Board of Directors shall be expanded to add an additional Independent Director and the Company and the Stockholders shall take all Necessary Actions to increase the size of the Board of Directors to add such additional Independent Director.

(b) The Company and the Stockholders shall take all Necessary Actions to cause the Board of Directors to consist of members designated as follows:

(i) two (2) individuals designated by the Onex Stockholders (the “Onex Directors”), which Onex Directors initially shall be Kosty Gilis and Seth M. Mersky (it being understood that the right, if any, to designate the Onex Directors pursuant to this Section 2.1(b)(i) shall be exercised by Onex Partners II LP or its designee so long as such entity holds Common Shares); provided, however, that (A) the number of Onex Directors shall be reduced to one (1) Director at such time as the Onex Stockholders in the aggregate hold less than ten percent (10%) of the then-outstanding Common Shares and (B) the Onex Stockholders shall have no right to designate any members of the Board of Directors pursuant to this Section 2.1(b)(i) at such time as the Onex Stockholders in the aggregate hold less than five percent (5%) of the then-outstanding Common Shares;

(ii) three (3) individuals designated by the Carlyle Stockholders (the “Carlyle Directors”), which Carlyle Directors initially shall be Brian A. Bernasek, Gregory S. Ledford and Thomas Rabaut (it being understood that the right, if any, to designate the Carlyle Directors pursuant to this Section 2.1(b)(ii) shall be exercised by Carlyle Partners IV AT Holdings, L.P. or its designee so long as such entity holds Common Shares); provided, however, that (A) the number of Carlyle Directors shall be reduced to (x) two (2) Directors at such time as the Carlyle Stockholders in the aggregate hold less than

twenty-five percent (25%) of the then-outstanding Common Shares and (y) one (1) Director at such time as the Carlyle Stockholders in the aggregate hold less than ten percent (10%) of the then-outstanding Common Shares and (B) the Carlyle Stockholders shall have no right to designate any members of the Board of Directors pursuant to this Section 2.1(b)(ii) at such time as the Carlyle Stockholders in the aggregate hold less than five percent (5%) of the then-outstanding Common Shares;

(iii) one (1) individual designated by the Carlyle Stockholders, with advance reasonable notice to the Onex Stockholders, who shall be a U.S. citizen eligible to be issued a DoD personnel security clearance at the level of the Company's DoD facility security clearance and who is a member of the management of the Company and/or its Subsidiaries (the "Management Director"), which Management Director initially shall be Lawrence E. Dewey (it being understood that the right, if any, to designate the Management Director pursuant to this Section 2.1(b)(iii) shall be exercised by Carlyle Partners IV AT Holdings, L.P. or its designee so long as such entity holds Common Shares); provided, however, in the event that the Management Director at any time ceases to be employed by the Company or its Subsidiaries for any reason, then the Stockholders shall promptly take all Necessary Actions to cause the resignation or removal of such Management Director and elect an individual designated by the Carlyle Stockholders, with advance reasonable notice to the Onex Stockholders, then employed by the Company or its Subsidiaries who is a U.S. citizen eligible to be issued a DoD personnel security clearance at the level of the Company's DoD facility security clearance; provided, further, however, that the Carlyle Stockholders shall have no right to designate a member of the Board of Directors pursuant to this Section 2.1(b)(iii) at such time as the Carlyle Stockholders in the aggregate hold less than five percent (5%) of the then-outstanding Common Shares;

(iv) two (2) individuals (x) who have had no current or prior involvement with the Onex Stockholders, the Carlyle Stockholders or any of their respective Affiliates except as otherwise allowed by the DoD, (y) who are U.S. resident citizens eligible to be issued DoD personnel security clearances at the level of the Company's DoD facility security clearance and are approved by the DoD to serve as Outside Directors (within the meaning of the SCA) on the Board of Directors and (z) who qualify as Independent Directors (such directors, the "Outside Directors"), which Outside Directors initially shall be Francis Raborn and Richard V. Reynolds;

(v) following such date on which the Board of Directors determines to expand the Board of Directors to add an additional Independent Director as contemplated by Section 2.1(a), one (1) individual nominated by Board of Directors who qualifies as an Independent Director; and

(vi) at such time as the Company ceases to be a Controlled Company, such additional number of Directors as is determined by the Board of Directors, which additional Directors shall be nominated and elected as provided in the Second Amended and Restated Certificate of Incorporation of the Company (as in effect on the date hereof, and as hereafter further amended from time to time, the "Certificate of Incorporation") and the Bylaws.

(c) The Chairman of the Board will be elected by a majority of the members of the Board of Directors, with the approval of at least one Carlyle Director, if at such time there is at least one Carlyle Director then serving on the Board of Directors, and one Onex Director, if at such time there is at least one Onex Director then serving on the Board of Directors, and must be a U.S. citizen who is eligible to be issued a DoD personnel security clearance at the level of the Company's facility security clearance. An Onex Director may not be appointed to serve as Chairman of the Board.

(d) The Onex Directors, in their capacity as Directors, shall not have DoD personnel security clearances through the Company or the Subsidiaries, regardless of citizenship. The Onex Directors shall not have access to classified information and export-controlled information entrusted to the Company or the Subsidiaries except as permissible under the National Industrial Security Program and other applicable U.S. laws and regulations; shall refrain from taking any action to control or influence the Company or the Subsidiaries' classified contracts, their participation in classified programs, or their corporate policies concerning the security of classified and export controlled information; shall neither seek nor accept classified or export controlled information entrusted to the Company or the Subsidiaries except as permissible under the National Industrial Security Program and other applicable U.S. laws and regulations; and shall advise the GSC promptly upon becoming aware of (i) any violation or attempted violation of the SCA or contract provisions regarding industrial security or export controls, or (ii) actions inconsistent with the National Industrial Security Program and other applicable U.S. laws and regulations. The Board of Directors shall not repeal the resolutions previously adopted by the Board of Directors formally excluding the Onex Directors from access to the classified information entrusted to the Company or the Subsidiaries.

(e) Each Stockholder hereby agrees to vote all Voting Shares owned or held of record by such Stockholder at each annual or special meeting of stockholders of the Company at which Directors of the Company are to be elected, in favor of, or to take all actions by written consent in lieu of any such meeting as are necessary, or other Necessary Action, to cause the election as members of the Board of Directors of those individuals described in Section 2.1(b)(i)-(iv) in accordance with, and to otherwise effect the intent of, the provisions of this Section 2.1. A Director designated by any Investor Stockholder or group of Investor Stockholders may be removed from the Board of Directors only by the Investor Stockholder(s), if any, entitled to designate such Director pursuant to this Article II; provided that nothing in this Agreement shall be construed to impair the rights that the stockholders of the Company may have to remove any Director for cause.

(f) The removal of an Outside Director shall not become effective until the parties shall have complied with the applicable terms of the SCA, which terms currently require that such Outside Director, the Company and DSS be notified, that DSS approve the removal, and that a successor who is qualified to become an Outside Director within the terms of the SCA be approved by DSS. Notwithstanding the foregoing, however, if immediate removal of an Outside Director is deemed necessary to prevent an actual or possible violation of any statute or regulation or actual or possible damage to the Company, the Outside Director may be removed at once, although DSS shall be notified prior to or concurrently with such removal. Any Director may resign at any time upon notice to the Company. Directors need not be stockholders of the Company.

(g) The Company shall reimburse the Directors for all reasonable out-of-pocket expenses incurred in connection with their attendance at meetings of the Board, the board of directors of any of the Company's Subsidiaries and any committees thereof, including travel, lodging and meal expenses, and the Company may provide reasonable compensation for service of directors who are not employees of any of the Onex Stockholders, the Carlyle Stockholders or the Company, or any of their respective Affiliates.

(h) The Company shall cause the individuals designated in accordance with Section 2.1(b) to be nominated for election to the Board of Directors, shall solicit proxies in favor thereof, and at each meeting of the stockholders of the Company at which directors of the Company are to be elected, shall recommend that the stockholders of the Company elect to the Board of Directors each such individual nominated for election at such meeting.

(i) The Directors shall be allocated among the three classes of the Board of Directors as follows: (i) so long as the Carlyle Stockholders have the right to designate three Carlyle Directors, one Carlyle Director shall be allocated to each of Class I, Class II and Class III; (ii) so long as the Onex Stockholders have the right to designate two Onex Directors, one Onex Director shall be allocated to each of Class I and Class II; and (iii) so long as the Carlyle Stockholders have the right to designate three Carlyle Directors and the Onex Stockholders have the right to designate two Directors, (A) the Management Director shall be allocated to Class III; and (B) one Outside Director shall be allocated to each of Class II and Class III (and any new Director position created as a result of the expansion of the Board prior to the first anniversary of the effective date of the Registration Statement relating to the Initial Public Offering shall be allocated to Class I).

(j) Notwithstanding the foregoing, this Section 2.1 confers upon the Investor Stockholders the right, but not the obligation, to designate Directors, and any Investor Stockholder may, at its option, elect not to exercise any such right to designate a Director or Directors; provided that no election by any Investor Stockholder to refrain from exercising any such right shall in any way affect such Investor Stockholder's obligations under this Agreement.

SECTION 2.2 Removal.

If any Investor Stockholder or group of Investor Stockholders that is entitled to designate a Director notifies the Company and the other Stockholders that such Investor Stockholder or group of Investor Stockholders desires to remove any Director previously designated by such Investor Stockholder or group of Investor Stockholders, with or without cause, then such Director shall be removed from the Board of Directors and each Stockholder shall take all Necessary Action to cause such removal of such Director, including voting all Voting Shares in favor of, or executing a written consent authorizing, such removal. In the event that any Investor Stockholder or group of Investor Stockholders ceases to have the right to designate an individual to serve as a Director pursuant to Section 2.1(b), (i) such Investor Stockholder's or group's designee to the Board of Directors shall resign immediately or each Stockholder shall take all Necessary Action to cause the removal of such individual, including voting all Voting Shares in favor of, or executing a written consent authorizing, such removal, and (ii) the vacancy created by such resignation or removal shall be filled as provided in the Certificate of Incorporation and the Bylaws.

SECTION 2.3 Vacancies.

In the event that a vacancy is created on the Board of Directors at any time by the death, disability, retirement, resignation or removal of any member of the Board of Directors, or for any other reason there shall exist or occur any vacancy on the Board of Directors, each Stockholder hereby agrees to take such actions as will result in the election or appointment as a Director of an individual designated to fill such vacancy and serve as a Director by the Investor Stockholder(s), if any, that had, pursuant to Section 2.1(b), designated the Director whose death, disability, retirement, resignation or removal resulted in such vacancy on the Board of Directors. In the event that no Investor Stockholder has, pursuant to Section 2.1(b), the right to designate an individual to fill such vacancy, then such vacancy shall be filled as provided in the Certificate of Incorporation and the Bylaws. With respect to the Outside Directors, replacements may be elected or appointed only with the approval of DSS. Vacancies on the Board of Directors shall not exist for a period of more than ninety (90) days after a director's retirement, resignation, death, disability or removal unless DSS is notified of the delay.

SECTION 2.4 Covenant to Vote.

Each Stockholder hereby agrees to take all Necessary Action to call, or cause the Company and the appropriate officers and directors of the Company to call, an annual meeting (and when circumstances so require, a special meeting) of stockholders of the Company and to vote all Voting Shares owned or held of record by such Stockholder at any such meeting and at any other annual or special meeting of stockholders in favor of, or take all actions by written consent in lieu of any such meeting as may be necessary to cause, the election as members of the Board of Directors of those individuals designated in accordance with Section 2.1(b)(i)-(iv) and to otherwise effect the intent of this Article II.

SECTION 2.5 Restrictions on Other Agreements.

No Stockholder shall grant any proxy or enter into or agree to be bound by any voting trust with respect to its Shares nor shall any Stockholder enter into any other agreements or arrangements of any kind with any Person with respect to its Shares on terms which conflict with the provisions of this Agreement (whether or not such proxy, voting trust, agreements or arrangements are with other Stockholders, holders of Common Shares that are not parties to this Agreement or otherwise).

SECTION 2.6 Additional Management Provisions.

(a) Each Stockholder and the Company agrees and acknowledges that the directors designated by the Carlyle Stockholders or the Onex Stockholders may share confidential, non-public information about the Company and its subsidiaries with the Carlyle Stockholders and the Onex Stockholders, respectively, subject to applicable law.

(b) The Stockholders and the Company hereby agree, notwithstanding anything to the contrary in any other agreement or at law or in equity, and subject at all times to the requirements of the SCA, that when the Carlyle Stockholders and/or the Onex Stockholders take

any action under this Agreement to give or withhold its consent, the Carlyle Stockholders and/or the Onex Stockholders, as applicable, shall have no duty (fiduciary or other) to consider the interests of the Company or the other Stockholders and may act exclusively in its own interest and shall have only the duty to act in good faith; provided, however, that the foregoing shall in no way affect the obligations of the parties hereto to comply with the provisions of this Agreement.

(c) The Company shall take all Necessary Action to ensure that the Bylaws do not, at any time, conflict with the provisions of this Agreement or the SCA.

(d) In accordance with the SCA, the Board of Directors shall maintain a GSC consisting of the Outside Directors and the Management Director. The duties and responsibilities of the GSC shall be as described in the SCA.

ARTICLE III

TRANSFERS OF SHARES

SECTION 3.1 Restrictions on Transfer.

(a) Each Carlyle Stockholder and each Onex Stockholder agrees that it will not Transfer any Shares pursuant to Rule 144 under the Securities Act without the prior written consent of the Onex Stockholders or the Carlyle Stockholders, respectively (such consent not to be unreasonably withheld); provided, however, that (A) if the Carlyle Stockholders in the aggregate do not then hold Shares representing five percent (5%) or more of the then-outstanding Common Shares, then (i) the Carlyle Stockholders may Transfer any Shares pursuant to Rule 144 under the Securities Act without obtaining the prior written consent of the Onex Stockholders and (ii) the Onex Stockholders may Transfer any Shares pursuant to Rule 144 under the Securities Act without obtaining the prior written consent of the Carlyle Stockholders, and (B) if the Onex Stockholders in the aggregate do not then hold Shares representing five percent (5%) or more of the then-outstanding Common Shares, then the (i) Onex Stockholders may Transfer any Shares pursuant to Rule 144 under the Securities Act without obtaining the prior written consent of the Carlyle Stockholders and (ii) the Carlyle Stockholders may Transfer any Shares pursuant to Rule 144 under the Securities Act without obtaining the prior written consent of the Onex Stockholders.

(b) During the Restricted Period, without the prior written consent of the Company authorized by affirmative vote of a majority of the members of the Board of Directors, each Restricted Management Stockholder will not Transfer any Pre-IPO Shares to any Person other than (i) any Transfer to a Permitted Transferee of such Restricted Management Stockholder and (ii) Transfers by such Restricted Management Stockholder following the date that is six months after the closing of the Initial Public Offering (the "Initial Lockup Expiration Date") of an aggregate number of Pre-IPO Shares (adjusted for any stock split, stock dividend, sub-division of capital stock and the like) representing not more than the percentage of such Restricted

Management Stockholder's Pre-IPO Shares equal to the greater of (A) 15% of such Restricted Management Stockholder's Pre-IPO Shares, which percentage shall increase by 15% of such Restricted Management Stockholder's Pre-IPO Shares (up to a maximum of 45% of such Restricted Management Stockholder's Pre-IPO Shares) on each anniversary of the Initial Lockup Expiration Date and (B) the percentage of Pre-IPO Shares of the Carlyle Stockholders and the Onex Stockholders Transferred by the Carlyle Stockholders and the Onex Stockholders (excluding Transfers to Permitted Transferees of the Carlyle Stockholders and the Onex Stockholders) on or prior to such date; provided, however, that following the termination of such Restricted Management Stockholder's employment with the Company or Allison Transmission, Inc., this clause (ii) shall not prohibit a Transfer of Pre-IPO Shares by such Restricted Management Stockholder to the extent clause (ii) would prevent a Restricted Management Stockholder from obtaining from such Transfer the net proceeds required to pay the exercise price and/or taxes related to an exercise of Vested Options.

SECTION 3.2 Endorsement of Certificates.

All certificates representing Shares issued to or acquired by any of the Stockholders prior to the execution of this Agreement were endorsed as follows:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO, AND ARE TRANSFERABLE ONLY UPON COMPLIANCE WITH, THE PROVISIONS OF A STOCKHOLDERS AGREEMENT, DATED AUGUST 7, 2007, AMONG THE COMPANY AND ITS STOCKHOLDERS. COPIES OF THE ABOVE REFERENCED AGREEMENTS ARE ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY AND MAY BE OBTAINED FROM THE COMPANY AT ITS PRINCIPAL EXECUTIVE OFFICE.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR AN EXEMPTION FROM REGISTRATION, UNDER SAID ACT AND SUCH LAWS.

Upon the execution of this Agreement, in addition to any other legend which the Company may deem advisable under the Securities Act and applicable state securities laws, all certificates, if any, representing Shares hereafter issued by the Company to any of the Stockholders shall bear the following legend, and the Shares represented by such certificates shall be subject to the applicable provisions of this Agreement:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF THAT CERTAIN AMENDED AND RESTATED STOCKHOLDERS AGREEMENT, DATED [_____], 2011, AMONG THE COMPANY AND CERTAIN OF ITS STOCKHOLDERS. COPIES OF THE ABOVE REFERENCED AGREEMENT ARE ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY AND MAY BE

OBTAINED FROM THE COMPANY AT ITS PRINCIPAL EXECUTIVE OFFICE.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR AN EXEMPTION FROM REGISTRATION, UNDER SAID ACT AND SUCH LAWS.

At the request of the Stockholder, the Company shall remove the legend referring to the Securities Act from the certificates representing its Shares and upon the earliest of the following events: (i) when such Shares are Transferred in a Public Offering; (ii) when such Shares are Transferred after an Initial Public Offering pursuant to Rule 144 under the Securities Act; or (iii) when such Shares are Transferred in any other transaction if the seller delivers to the Company an opinion of its counsel, which counsel and opinion shall be reasonably satisfactory to the Company, to the effect that such legend is no longer necessary in order to protect the Company against a violation by it of the Securities Act upon any sale or other disposition of such Shares without registration thereunder. The Company covenants that it shall keep a copy of this Agreement on file for the purpose of furnishing copies to the holders of record of Shares. At the request of the Stockholder, the Company shall remove the legend referring to the Stockholders Agreement at such time as this Agreement no longer imposes restrictions on the Shares.

ARTICLE IV

TAG-ALONG RIGHTS

SECTION 4.1 Tag-Along Rights.

(a) If a Carlyle Stockholder or an Onex Stockholder proposes to Transfer (each, a "Disposing Stockholder") (other than Transfers permitted pursuant to Section 4.2(a)(i) or (ii) or any Transfer to be effected pursuant to a Public Offering or Rule 144 under the Securities Act), any of its issued and outstanding Shares or securities convertible into, or exchangeable or exercisable for Shares (the "Tag-Along Securities"), such Disposing Stockholder shall refrain from effecting such transaction or transactions unless, prior to the consummation thereof, the other Investor Stockholders (the "Tag-Along Stockholders") shall have been afforded the opportunity to join in such transaction or transactions on a pro rata basis, as hereinafter provided.

(b) Prior to consummation of any proposed Transfer of shares of the Tag-Along Securities described in Section 4.1(a), the Disposing Stockholder or Stockholders shall cause the Person or group of Persons that proposes to acquire such Shares (the "Proposed Purchaser") to offer (the "Purchase Offer") in writing to each other Investor Stockholder, such that the number of Shares so offered to be purchased from such Investor Stockholder shall be equal to the product of (i) the total number of Shares then owned by such Investor Stockholder multiplied by (ii) a fraction, the numerator of which is the aggregate number of Shares proposed to be purchased by

the Proposed Purchaser from all Investor Stockholders and the denominator of which is the aggregate number of Shares then held by all Investor Stockholders (for these purposes, all securities and other rights convertible into or exchangeable or exercisable for Shares shall be deemed to have been so converted, exchanged, or exercised, other than any such securities or other rights that have an exercise or conversion price per Share greater than the price per Share to be paid by the Proposed Purchaser). Such purchase shall be made at the same price per Share and on such other terms and conditions as the Proposed Purchaser has offered to purchase the Tag-Along Securities to be sold by the Disposing Stockholder or Stockholders. Each Tag-Along Stockholder shall have five (5) business days from the date of receipt of the Purchase Offer to accept such Purchase Offer, and the closing of such purchase shall occur simultaneously with the purchase of the Tag-Along Securities from the Disposing Stockholder(s). Unless the Proposed Purchaser agrees to purchase 100% of the Shares then held by all Investor Stockholders, the number of Shares to be sold to the Proposed Purchaser by the Disposing Stockholder or Stockholders shall be reduced by the aggregate number of Shares purchased by the Proposed Purchaser from the Tag-Along Stockholders pursuant to the provisions of this Section 4.1(b).

(c) Any Transfer of Shares by a Tag-Along Stockholder to the Proposed Purchaser pursuant to this Section 4.1 shall be on the same terms and conditions (including price, time of payment and form of consideration) as the Transfer of the Tag-Along Securities by the Disposing Stockholder(s) to the Proposed Purchaser; provided that, in order to be entitled to exercise its tag along right pursuant to this Section 4.1, each Tag-Along Stockholder must agree to make to the Proposed Purchaser representations, warranties, covenants, indemnities and agreements the same mutatis mutandis as those made by the Disposing Stockholder(s) in connection with the relevant transaction and agree to the same conditions to the relevant transaction as the Disposing Stockholder(s) agrees.

(d) Notwithstanding anything to the contrary in this Section 4.1, the provisions of this Section 4.1 shall terminate if either (i) the Carlyle Stockholders in the aggregate do not hold Shares representing five percent (5%) or more of the then-outstanding Common Shares or (ii) the Onex Stockholders in the aggregate do not hold Shares representing five percent (5%) or more of the then-outstanding Common Shares.

SECTION 4.2 Exceptions to Tag-Along Rights.

(a) The provisions of Section 4.1 shall not apply to any of the following Transfers: (i) any Transfer of Shares from any Onex Stockholder to any of its Permitted Transferees; or (ii) any Transfer of Shares from any Carlyle Stockholder to any of its Permitted Transferees; provided that, in each case set forth in clauses (i) and (ii) of this Section 4.2(a), the transferee in question becomes a party to this Agreement and agrees to be bound hereby by executing a supplemental signature page to this Agreement in the form attached hereto as Exhibit B.

(b) Each Permitted Transferee of any Investor Stockholder to which Shares are Transferred shall, and such Investor Stockholder shall cause such Permitted Transferee to, Transfer back to such Investor Stockholder (or to another Permitted Transferee of such Investor

Stockholder) any Shares it owns if such Permitted Transferee ceases to be a Permitted Transferee of such Investor Stockholder.

ARTICLE V

REGISTRATION RIGHTS

SECTION 5.1 Demand Registrations.

(a) Demand by Holders. At any time and from time to time, the Qualified Investor Stockholders may make a written request to the Company for Registration of Registrable Securities held by such Qualified Investor Stockholders and any other Holders of Registrable Securities. Any such requested Registration shall hereinafter be referred to as a "Demand Registration." Any Demand Registration may request that the Company register Registrable Securities on an appropriate form, including a Shelf Registration Statement and, if the Company is a WKSI, an automatic shelf registration statement. Each request for a Demand Registration shall specify the kind and aggregate amount of Registrable Securities to be Registered and the intended methods of disposition thereof. Within thirty (30) days of a request for a Demand Registration, the Company shall file a Registration Statement relating to such Demand Registration (a "Demand Registration Statement"), and shall use its best efforts to cause such Demand Registration Statement to promptly (but in any event within 180 days of receipt of the written request for a Demand Registration) be declared effective under the Securities Act; provided that, to the extent the Company will be a WKSI at the time such Demand Registration Statement is filed with the SEC, the Company shall file such Demand Registration Statement within five (5) business days of such Demand Registration.

(b) Limitation on Demand Registration. The Company shall not be obligated to file a Demand Registration Statement under this Section 5.1 unless the aggregate purchase price of the Registrable Securities to be included in the requested registration (determined by reference to the offering price on the cover of the registration statement proposed to be filed) is greater than $25,000,000.

(c) Demand Withdrawal. A Holder may withdraw its Registrable Securities from a Demand Registration at any time prior to the effectiveness of the applicable Demand Registration Statement. Upon receipt of notices from all initiating Holders to such effect, the Company shall cease all efforts to secure effectiveness of the applicable Demand Registration Statement.

(d) Effective Registration. A registration request pursuant to Section 5.1(a) shall not be deemed a Demand Registration unless the Demand Registration Statement is declared effective by the SEC (or, in the case of a Demand Registration Statement filed with the SEC when the Company is a WKSI, when such Demand Registration Statement is so filed) and remains effective for not less than 180 days (or such shorter period as will terminate when all Registrable Securities covered by such Demand Registration Statement have been sold) or, if such Registration Statement relates to an Underwritten Offering, such longer period as in the opinion

of counsel for the underwriter or underwriters a Prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer (the applicable period, the "Demand Period"). No Demand Registration shall be deemed to have been effected if (i) during the Demand Period such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court or (ii) the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such registration are not satisfied other than by reason of a wrongful act, misrepresentation or breach of such applicable underwriting agreement by a participating Holder.

(e) Demand Notice. Promptly upon receipt of any request for a Demand Registration pursuant to Section 5.1(a) (but in no event more than five (5) business days thereafter or, if the Company is a WKSI at the time such Demand Registration is submitted to the Company, one (1) business day thereafter), the Company shall deliver a written notice (a "Demand Notice") of any such Registration request to all other Holders of Registrable Securities, and the Company shall include in such Demand Registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) business days or, if the Company is a WKSI at the time such Demand Registration is submitted to the Company, three (3) business days, in each case, after the date that the Demand Notice has been delivered. All requests made pursuant to this Section 5.1(e) shall specify the aggregate amount of Registrable Securities to be registered and the intended method of distribution of such securities.

(f) Preemption. If not more than thirty (30) days prior to receipt of any request for a Demand Registration pursuant to Section 5.1(a) the Company shall have (i) circulated to prospective underwriters and their counsel a draft of a Registration Statement for a primary offering of equity securities on behalf of the Company, (ii) solicited bids for a primary offering of Common Shares, or (iii) otherwise reached an understanding with an underwriter with respect to a primary offering of Common Shares, the Company may preempt the Demand Registration with such primary offering by delivering written notice of such intention (the "Preemption Notice") to the Holders making a request for a Demand Registration within three (3) business days after the Company has received the request. The period of preemption may be up to forty-five (45) days following the date of the Preemption Notice. Notwithstanding anything to the contrary herein, the Company shall not be entitled to exercise its right to preempt a Demand Registration pursuant to this Section 5.1(f) more than once during any twelve (12) month period.

(g) Delay in Filing; Suspension of Registration. If the filing, initial effectiveness or continued use of a Demand Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, delay the filing or initial effectiveness of, or suspend use of, the Demand Registration Statement (a "Demand Suspension"); provided, however, that the Company shall not be permitted to exercise a Demand Suspension (i) more than once during any twelve (12) month period or (ii) for a period exceeding thirty (30) days on any one occasion. In the case of a Demand Suspension, the Holders agree to suspend use of the applicable Prospectus in connection with any sale or purchase, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Holders upon the termination of any Demand Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented as the Holders may request. The

Company agrees, if necessary, to supplement or make amendments to the Demand Registration Statement, if required by the registration form used by the Company for the Demand Registration or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may be requested by the Holders of a majority of the Registrable Securities that are included in such Demand Registration Statement.

(h) Underwritten Offering. If the Holders of not less than a majority of the Registrable Securities requesting a Demand Registration so elect, such offering of Registrable Securities shall be in the form of an Underwritten Offering. The Holders of a majority of such Registrable Securities included in such Underwritten Offering shall have the right to select the managing underwriter or underwriters to administer the offering; provided that such managing underwriter or underwriters shall be reasonably acceptable to the Company.

(i) Priority of Securities Registered Pursuant to Demand Registrations. If the managing underwriter or underwriters of a proposed Underwritten Offering of the Registrable Securities included in a Demand Registration (or, in the case of a Demand Registration not being underwritten, the Holders of a majority of the Registrable Securities included therein), advise the Holders initiating such Demand Registration in writing that, in its or their opinion, the number of securities requested to be included in such Demand Registration exceeds the number which can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the Company will include in such registration, (i) first, the number of Registrable Securities requested by all Holders of Registrable Securities to be included in such registration that, in the opinion of such managing underwriter(s), can be sold, such amount to be allocated among all such Holders of Registrable Securities pro rata on the basis of the respective number of Registrable Securities then held by each such Holder, (ii) second, only if all of the Registrable Securities referred to in clause (i) have been included in such Registration, the securities the Company proposes to sell and (iii) third, only if all of the securities referred to in clause (ii) have been included in such Registration, any other securities eligible for inclusion in such Registration.

SECTION 5.2 Piggyback Registration.

(a) Participation. If the Company at any time proposes to file a Registration Statement under the Securities Act with respect to any offering of its Common Shares for its own account or for the account of any other Persons (other than (i) a Registration under Section 5.1, (ii) a Registration on Form S-4 or S-8 or any successor form to such Forms or (iii) a Registration of securities solely relating to an offering and sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit plan arrangement), then, as soon as practicable (but in no event less than thirty (30) days prior to the proposed date of filing such Registration Statement), the Company shall give written notice of such proposed filing to all Holders of Registrable Securities, and such notice shall offer the Holders of such Registrable Securities the opportunity to Register under such Registration Statement such number of Registrable Securities as each such Holder may request in writing (a "Piggyback Registration"). Subject to Section 3.1(b) and Section 5.2(b), the Company shall include in such Registration

Statement all such Registrable Securities which are requested to be included therein within fifteen (15) days or, if the Company is a WKSI at such time, five (5) business days, in each case, after the receipt by such Holder of any such notice; provided, however, that if at any time after giving written notice of its intention to Register any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, the Company shall determine for any reason not to Register or to delay Registration of such securities, the Company shall give written notice of such determination to each Holder of Registrable Securities and, thereupon, (i) in the case of a determination not to Register, shall be relieved of its obligation to Register any Registrable Securities in connection with such Registration (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any Holders of Registrable Securities entitled to request that such Registration be effected as a Demand Registration under Section 5.1, and (ii) in the case of a determination to delay registering, in the absence of a request for a Demand Registration, shall be permitted to delay registering any Registrable Securities, for the same period as the delay in registering such other securities. If the offering pursuant to such Registration Statement is to be underwritten, then each Holder making a request for a Piggyback Registration pursuant to this Section 5.2(a) must, and the Company shall make such arrangements with the managing underwriter or underwriters so that each such Holder may, participate in such Underwritten Offering. If the offering pursuant to such Registration Statement is to be on any other basis, then each Holder making a request for a Piggyback Registration pursuant to this Section 5.2(a) must, and the Company shall make such arrangements so that each such Holder may, participate in such offering on such basis. Each Holder of Registrable Securities shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the effective date of such Registration.

(b) Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed Underwritten Offering of Registrable Securities included in a Piggyback Registration informs the Company in writing that, in its or their opinion, the number of securities which such Holders and any other Persons intend to include in such offering exceeds the number which can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, the number of Registrable Securities that the Company proposes to sell, that, in the opinion of such managing underwriter(s), can be sold, (ii) second, only if all securities referred to in clause (i) have been included in such Registration, the number of Registrable Securities requested by all Holders of Registrable Securities to be included in such Registration, that, in the opinion of such managing underwriter(s), can be sold, such amount to be allocated among all such Holders of Registrable Securities pro rata on the basis of the respective number of Registrable Securities then held by each such Holder, and (iii) third, only if all securities referred to in clauses (i) and (ii) have been included in such Registration, the number of Registrable Securities that any other Person exercising a contractual right to demand Registration proposes to sell, that, in the opinion of such managing underwriter(s), can be sold.

(c) No Effect on Demand Registrations. No Registration of Registrable Securities effected pursuant to a reasonable request under this Section 5.2 shall be deemed to have been effected pursuant to Section 5.1 or shall relieve the Company of its obligations under Section 5.1.

SECTION 5.3 Registration Procedures.

(a) In connection with the Company's Registration obligations under Sections 5.1 and 5.2, the Company shall use its reasonable best efforts to effect such Registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as possible, and in connection therewith the Company shall:

(i) prepare the required Registration Statement, including all exhibits and financial statements required under the Securities Act to be filed therewith, and before filing a Registration Statement or Prospectus, or any amendments or supplements thereto, (x) furnish to the underwriters, if any, and to the Holders of the Registrable Securities covered by such Registration Statement, copies of all documents prepared to be filed or used, which documents shall be subject to the review of such underwriters and such Holders and their respective counsel and (y) except in the case of a Registration under Section 5.2, not file or use any Registration Statement or Prospectus or amendments or supplements thereto or any free writing prospectus related thereto to which the Holders of a majority of Registrable Securities covered by such Registration Statement or the underwriters, if any, shall object;

(ii) as soon as possible (in the case of a Demand Registration, no later than the applicable deadline set forth in Section 5.1(a)) file with the SEC, a Registration Statement for the disposition of the Registrable Securities in accordance with the intended method of disposition thereof, including all exhibits and financial statements required by the SEC to be filed therewith, and use its reasonable best efforts to cause such Registration Statement to become effective under the Securities Act;

(iii) prepare and file with the SEC, such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus or any free writing prospectus related thereto as may be (x) requested by the Holders of a majority of participating Registrable Securities, (y) requested by any participating Holder (to the extent such request relates to information relating to such Holder), or (z) necessary to keep such Registration effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

(iv) notify the participating Holders of Registrable Securities and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing and provide copies of the relevant documents, as soon as practicable after notice thereof is received by the Company (a) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or any amendment or supplement to such Prospectus or any free writing prospectus related thereto has been filed and/or used, (b) of any written comments by the SEC or any request by the SEC or any other federal or state governmental authority for

amendments or supplements to such Registration Statement or such Prospectus or for additional information, (c) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (d) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct and in all material respects, and (e) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(v) promptly notify each selling Holder of Registrable Securities and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) or any free writing prospectus related thereto or the information conveyed to any purchaser at the time of sale to such purchaser contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus, any preliminary Prospectus, any free writing prospectus and any information conveyed to any purchaser at the time of the sale to such purchaser, in light of the circumstances under which they were made) not misleading or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement or Prospectus, any free writing prospectus related thereto or any information conveyed to any purchaser at the time of the sale to such purchaser in order to comply with the Securities Act and, in either case as promptly as practicable thereafter, prepare and file with the SEC, and furnish without charge to the selling Holders and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus, any free writing prospectus related thereto or any information conveyed to any purchaser at the time of the sale to such purchaser which shall correct such misstatement or omission or effect such compliance;

(vi) use its reasonable best efforts to prevent or obtain the withdrawal of any stop order or other order suspending the use of any preliminary or final Prospectus;

(vii) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters and the Holders of a majority of Registrable Securities being sold agree should be included therein relating to the plan of distribution with respect to such Registrable Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(viii) furnish to each selling Holder of Registrable Securities and each underwriter, if any, without charge, as many conformed copies as such Holder or underwriter may request of the applicable Registration Statement and any amendment or post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those

incorporated by reference) and any free writing prospectus utilized in connection therewith;

(ix) deliver to each selling Holder of Registrable Securities and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary prospectus) and any amendment or supplement thereto or any free writing prospectus relating thereto as such Holder or underwriter may request (it being understood that the Company consents to the use of such Prospectus or any amendment or supplement thereto or any free writing prospectus relating thereto by each of the selling Holders of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto) and such other documents as such selling Holder or underwriter may request in order to facilitate the disposition of the Registrable Securities by such Holder or underwriter;

(x) on or prior to the date on which the applicable Registration Statement is declared effective, use its reasonable best efforts to register or qualify, and cooperate with the selling Holders of Registrable Securities, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of each state and other jurisdiction of the United States as any such selling Holder or managing underwriter or underwriters, if any, or their respective counsel request in writing and do any and all other acts or things necessary or advisable to keep such registration or qualification in effect for such period as required by Section 5.1(d); provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(xi) cooperate with the selling Holders of Registrable Securities and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request at least two (2) business days prior to any sale of Registrable Securities to the underwriters;

(xii) use its reasonable best efforts to (A) cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities, (B) keep such registration or qualification in effect for so long as such registration statement remains in effect, and (C) take any and all other actions which may be necessary or advisable to enable each selling Holders of Registrable Securities and each underwriter to consummate the disposition in such jurisdictions of the securities to be sold by such Holder or underwriter, except that the Company shall not for any such purpose be required to qualify generally to do business

as a foreign corporation in any jurisdiction wherein it would not, but for the requirements of this Section 5.3(a)(xii), be obligated to be so qualified;

(xiii) deliver promptly to counsel to the Holders of Registrable Securities and each underwriter, if any, participating in the offering of the Registrable Securities, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to such Registration Statement;

(xiv) not later than the effective date of the applicable Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company;

(xv) make such representations and warranties to the Holders of Registrable Securities being registered, and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in secondary underwritten public offerings;

(xvi) enter into and perform its obligations under such customary agreements (including underwriting and indemnification agreements) and take all such other actions as the Holders of at least a majority of any Registrable Securities being sold or the managing underwriter or underwriters, if any, request in order to expedite or facilitate the registration and disposition of such Registrable Securities;

(xvii) obtain for delivery to the Holders of Registrable Securities being registered and to the underwriter or underwriters, if any, an opinion or opinions from counsel for the Company dated the effective date of the Registration Statement or, in the event of an Underwritten Offering, the date of the closing under the underwriting agreement, in customary form, scope and substance, which opinions shall be satisfactory to such Holders or underwriters, as the case may be, and their respective counsel;

(xviii) in the case of an Underwritten Offering, use its reasonable best efforts to obtain for delivery to the Company and the managing underwriter or underwriters, with copies to the Holders of Registrable Securities included in such Registration, a cold comfort letter from the Company's independent certified public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters as the managing underwriter or underwriters request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(xix) cooperate with each seller of Registrable Securities and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA or any securities exchange on which such Registrable Securities are traded or will be traded;

(xx) cooperate with the selling Holders of Registrable Securities and the underwriter to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such

Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement prior to any sale of Registrable Securities to the underwriters or, if not an Underwritten Offering, in accordance with the instructions of the selling Holders of Registrable Securities at least five (5) business days prior to any sale of Registrable Securities and instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof;

(xxi) to the extent required by the rules and regulations of FINRA, retain a Qualified Independent Underwriter (as such term is defined in FINRA Rule 5121(f)(12)), which shall be acceptable to the Holders of a majority of Registrable Securities;

(xxii) use its reasonable best efforts to comply with all applicable securities laws and make available to its security holders, as soon as practicable, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;

(xxiii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(xxiv) use its reasonable best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company's securities are then listed or quoted and on each inter dealer quotation system on which any of the Company's securities are then quoted;

(xxv) make available upon reasonable notice at reasonable times and for reasonable periods for inspection by a representative appointed by the Holders of a majority of Registrable Securities covered by the applicable Registration Statement, by any underwriter participating in any disposition to be effected pursuant to such Registration Statement and by any attorney, accountant or other agent retained by such Holders or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and use its reasonable best efforts to cause all of the Company's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available to discuss the business of the Company and to supply all information requested by any such Person in connection with such Registration Statement as shall be necessary to enable them to exercise their due diligence responsibility; provided, however, that any such Person gaining access to information regarding the Company pursuant to this Section 5.3(a)(xxv) shall agree to hold in strict confidence and shall not make any disclosure or use any information regarding the Company which the Company determines in good faith to be confidential, and of which determination such Person is notified, unless (w) the release of such information is requested or required (by deposition, interrogatory, requests for information or documents by a governmental entity, subpoena or similar process), (x) such information is or becomes publicly known without a breach of this or any other agreement of which such Person has knowledge, (y) such information is or becomes available to such Person on a non-confidential basis

from a source other than the Company or (z) such information is independently developed by such Person;

(xxvi) in the case of an Underwritten Offering, cause the senior executive officers of the Company to participate in the customary "road show" presentations that may be reasonably requested by the managing underwriter or underwriters in any such Underwritten Offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto.

(xxvii) take all reasonable action to ensure that any free writing prospectus utilized in connection with any registration covered by Section 5.1 or 5.2 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related Prospectus, Prospectus supplement and related documents, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(xxviii) in connection with any Underwritten Offering, if at any time the information conveyed to a purchaser at the time of sale to such purchaser includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, promptly file with the SEC such amendments or supplements to such information as may be necessary so that the statements as so amended or supplemented will not, in light of the circumstances, be misleading.

To the extent the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) (a "WKSI") at the time any Demand Registration is submitted to the Company, and such Demand Registration requests that the Company file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an "Automatic Shelf Registration Statement") on Form S-3, the Company shall file an Automatic Shelf Registration Statement which covers those Registrable Securities which are requested to be registered. If the Company does not pay the filing fee covering the Registrable Securities at the time the Automatic Shelf Registration Statement is filed, the Company agrees to pay such fee at such time or times as the Registrable Securities are to be sold. If the Automatic Shelf Registration Statement has been outstanding for at least three (3) years, at the end of the third year the Company shall refile a new Automatic Shelf Registration Statement covering the Registrable Securities. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its reasonable best efforts to refile the Automatic Shelf Registration Statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

If the Company files any Shelf Registration Statement for the benefit of the holders of any of its securities other than the Holders, the Company agrees that it shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the

securities to the Holders) in order to ensure that the Holders may be added to such Shelf Registration Statement at a later time through the filing of a Prospectus supplement rather than a post-effective amendment.

(b) The Company may require each seller of Registrable Securities as to which any Registration is being effected to furnish to the Company such information regarding the distribution of such securities and such other information relating to such Holder and its ownership of Registrable Securities as the Company may from time to time request in writing. Each Holder of Registrable Securities agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

(c) Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5.3(a)(v), such Holder will forthwith discontinue disposition of Registrable Securities pursuant to such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 5.3(a)(v), or until such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 5.3(a)(v) or is advised in writing by the Company that the use of the Prospectus may be resumed.

(d) If any such Registration Statement or comparable statement under "Blue Sky" laws refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance satisfactory to such Holder and the Company, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or otherwise is not in the judgment of the Company, as advised by counsel, required by the Securities Act or any similar federal statute or any state "Blue Sky" or securities law then in force, the deletion of the reference to such Holder.

SECTION 5.4 Underwritten Offerings.

(a) Demand Registrations. If requested by the underwriters for any Underwritten Offering requested by Holders of Registrable Securities pursuant to a Demand Registration under Section 5.1, the Company shall enter into an underwriting agreement with such underwriters for

such offering, such agreement to be in substance, form and otherwise reasonably satisfactory in substance and form to the Holders of a majority of the Registrable Securities to be included in such underwriting, and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including indemnities no less favorable to the recipient thereof than those provided in Section 5.6. The Holders of the Registrable Securities proposed to be distributed by such underwriters shall cooperate with the Company in the negotiation of the underwriting agreement and shall give consideration to the reasonable suggestions of the Company regarding the form thereof. Such Holders of Registrable Securities to be distributed by such underwriters shall be parties to such underwriting agreement, which underwriting agreement shall (i) contain such representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Holders of Registrable Securities as are customarily made by issuers to selling stockholders in secondary underwritten public offerings and (ii) provide that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also shall be conditions precedent to the obligations of such Holders of Registrable Securities.

(b) Piggyback Registrations. If the Company proposes to register any of its securities under the Securities Act as contemplated by Section 5.2 and such securities are to be distributed in an Underwritten Offering through one or more underwriters, the Holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between the Company and such underwriters, which underwriting agreement shall (i) be in a form approved by the Company and (ii) provide that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement also shall be conditions precedent to the obligations of such Holders of Registrable Securities.

(c) Participation in Underwritten Registrations. No Person may participate in any Underwritten Offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in, and agrees to become a party to, any underwriting arrangements approved by the Persons entitled to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

(d) Price and Underwriting Discounts. In the case of an Underwritten Offering under Section 5.1, the price, underwriting discount and other financial terms for the Registrable Securities shall be determined by the Holders of a majority of the Registrable Securities included in the Underwritten Offering. In addition, in the case of any Underwritten Offering, each of the Holders may withdraw their request to participate in the registration pursuant to Section 5.1 after being advised of such price, discount and other terms and shall not be required to enter into any agreements or documentation that would require otherwise.

SECTION 5.5 Registration Expenses.

All expenses incident to the Company's performance of or compliance with this Agreement shall be paid by the Company, including (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC or FINRA, (ii) all fees and expenses in connection with compliance with any securities or "Blue Sky" laws and determination of the eligibility of the Registrable Securities for investment under the laws of the

various jurisdictions, (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants of the Company (including the expenses of any special audit and cold comfort letters required by or incident to such performance), (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, (vii) all applicable rating agency fees with respect to the Registrable Securities, (viii) all reasonable fees and disbursements of (A) one law firm or other counsel selected by the Holders of a majority of the Registrable Securities owned by the Carlyle Stockholders and their Affiliates being registered and (B) one law firm or other counsel selected by the Holders of a majority of the Registrable Securities owned by the Onex Stockholders and their Affiliates being registered, (ix) any reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, (x) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration, (xi) fees and expenses of a Qualified Independent Underwriter (as such term is defined in FINRA Rule 5121(f)(12)) and its counsel, if any, (xii) all fees and disbursements of the underwriters (other than underwriting discounts and commissions) and (xiii) all expenses incurred in connection with promotional efforts or "roadshows". All such expenses are referred to herein as "Registration Expenses".

SECTION 5.6 Indemnification.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless, to the full extent permitted by law, each Holder of Registrable Securities, each member, limited or general partner thereof, each member, limited or general partner of each such member, limited or general partner, each of their respective Affiliates, officers, directors, stockholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each of their respective representatives from and against any and all losses, penalties, judgments, suits, costs, claims, damages, liabilities and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a "Loss" and collectively "Losses") arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities were registered under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or contained in any free writing prospectus utilized in connection therewith or in any information conveyed to any purchaser at the time of the sale to such purchaser, or any other disclosure document produced by or on behalf of the Company or any of its Subsidiaries, including reports and other documents filed under the Exchange Act, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus, free writing prospectus related thereto or the information conveyed to any purchaser at the time of the sale to such purchaser, in light of the

circumstances under which they were made) not misleading, (iii) any actions or inactions or proceedings in respect of the foregoing whether or not such indemnified party is a party thereto or (iv) any registration or qualification of securities under "Blue Sky" laws; provided, however, that the Company shall not be liable to any particular indemnified party to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such Registration Statement or other disclosure document in reliance upon and in conformity with written information furnished to the Company by such indemnified party expressly for use in the preparation thereof. This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the Transfer of such securities by such Holder. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act or the Exchange Act) to the same extent as provided above with respect to the indemnification of the indemnified parties.

(b) Indemnification by the Selling Holder of Registrable Securities. Each selling Holder of Registrable Securities agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) from and against any Losses resulting from (i) any untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities were registered under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or contained in any free writing prospectus utilized in connection therewith, or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus related thereto, in light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information furnished in writing by such selling Holder to the Company specifically for inclusion in such Registration Statement and has not been corrected in a subsequent writing prior to or concurrently with the sale of the Registrable Securities to the Person asserting the claim. In no event shall the liability of any selling Holder of Registrable Securities hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder under the sale of Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (1) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it is actually and materially prejudiced by reason of such delay or failure) and (2) permit such indemnifying party to assume the defense of such claim, jointly with any other indemnifying party, with counsel reasonably satisfactory to the indemnified party; provided, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying

party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person (based upon advice of its counsel) a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party. No indemnifying party shall consent to entry of any judgment or enter into any settlement unless such judgment or settlement (A) includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation, (B) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party, and (C) does not require any action other than the payment of money by the indemnifying party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its prior written consent, but such consent may not be unreasonably withheld. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements or other charges of more than one separate firm admitted to practice in such jurisdiction at any one time unless (x) the employment of more than one counsel has been authorized in writing by the indemnifying party or parties, (y) an indemnified party has reasonably concluded (based on the advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based upon advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

(d) Contribution. If for any reason the indemnification provided for in paragraphs (a) and (b) of this Section 5.6 is unavailable to an indemnified party or insufficient in respect of any Losses referred to therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss (i) in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party or parties, on the other hand, in connection with the acts, statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. In connection with any Registration Statement filed with the SEC by the Company, the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 5.6(d) were determined by pro rata allocation or by any other method of allocation that

does not take account of the equitable considerations referred to in the immediately preceding sentence. Notwithstanding the foregoing, no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party as a result of the Losses referred to in Sections 5.6(a) and 5.6(b) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 5.6(d), in connection with any Registration Statement filed by the Company, a selling Holder of Registrable Securities shall not be required to contribute any amount in excess of the dollar amount of the net proceeds received by such Holder under the sale of Registrable Securities giving rise to such contribution obligation. If indemnification is available under this Section 5.6, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 5.6(a) and 5.6(b) without regard to the provisions of this Section 5.6(d). The remedies provided for in this Section 5.6 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

SECTION 5.7 Rules 144 and 144A and Regulation S.

The Company covenants that, at its own expense, it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements and, if not, the specifics thereof (and such Holder shall be entitled to rely upon the accuracy of such written statement).

SECTION 5.8 Waiver of Registration Rights.

Notwithstanding anything to the contrary in this Agreement, the Carlyle Stockholders and the Onex Stockholders, acting together in good faith, may waive compliance by the Company with any provision of this Article V, including waiving any obligation to include Registrable Securities in connection with any offering or Registration; provided that no such waiver shall result in any Stockholder being adversely and disproportionately affected.

SECTION 5.9 Holdback Agreement.

If the Company at any time shall register Registrable Securities (including any registration pursuant to terms hereof) for sale to the public or undertake any other Public Offering in which the Company sells Common Shares for its own account, the Qualified Investor Stockholders (if any) and the Management Stockholders will, at the request of the Company, enter into agreements with the managing underwriters, if any, in connection with any such Public Offering pursuant to which such Stockholders agree not to (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, or otherwise dispose of or Transfer any Common Shares or any securities convertible into or exchangeable or exercisable for Common Shares, whether now owned or hereafter acquired by any such Stockholder or with respect to which any such Stockholder undersigned has or hereafter acquires the power of disposition (collectively, the “Lock-Up

Securities") and (ii) enter into any swap or any other agreement or any transaction that Transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of Common Shares or other securities, in cash or otherwise (in each case, other than those Common Shares included in such registration pursuant to this Article V) without the prior written consent of the Company (and any managing underwriters of such Public Offering), for a period designated by the Company in writing to such Stockholders, which period shall not begin more than ten (10) days prior to the effectiveness of the Registration Statement pursuant to which such Public Offering shall be made and shall not last more than (i) 180 days after the effective date of the Registration Statement relating to the Initial Public Offering, and (ii) 90 days after the effective date of any other Registration Statement. The Company shall obtain the agreement of any Person permitted to sell shares in a Registration to be bound by and to comply with this Section 5.9 as if such Person was a Management Stockholder hereunder.

ARTICLE VI

RIGHT TO REPURCHASE CERTAIN SECURITIES

SECTION 6.1 Certain Call Rights Upon Termination of Employment.

Except as otherwise agreed in writing by the Company, if the employment of any Management Stockholder with the Company or any of its Subsidiaries terminates for any reason other than a mutually agreeable retirement (the date of such termination being referred to as the "Termination Date"), the Company shall have the right, but not the obligation, to purchase, for cash, in one or more transactions, all or any portion of the Shares and Vested Options held by such Management Stockholder and issued pursuant to the Equity Incentive Plan of Allison Transmission Holdings, Inc., the Allison Transmission Holdings, Inc. 2011 Equity Incentive Award Plan (or any similar equity-based plans approved by the Board of the Directors, including any shares purchased pursuant to a directed share program) (the "Equity Call Option" and such Shares and Vested Options subject to the Equity Call Option, the "Call Equity Securities") at the Equity Call Purchase Price.

SECTION 6.2 Procedures for Purchasing Equity Call Option.

(a) If the Company desires to exercise the Equity Call Option, it shall deliver written notice thereof (a "Call Notice") to the Management Stockholder in question no later than the first anniversary of the later of (i) the Termination Date and (ii) the date of exercise of any Vested Options that constitute Call Equity Securities (the "Call Period"), which notice shall set forth the number of and identify the Call Equity Securities of the Management Stockholder the Company desires to repurchase, the Equity Call Purchase Price for each such Call Equity Security, and the proposed closing date of the transaction.

(b) All sales of Call Equity Securities to the Company pursuant to this Article VI shall be consummated at the offices of the Company at such time specified in the Call Notice, or at such other time and/or place as the Company may otherwise agree. The delivery of certificates or

other instruments evidencing such Call Equity Securities duly endorsed for transfer (or, in the case of any Call Equity Securities that are Vested Options, accompanied by appropriate instruments of cancellation of such Vested Options) shall be made on such date against payment of the purchase price for such Call Equity Securities.

(c) Notwithstanding anything in this Article VI to the contrary, if during the Call Period, (i) any restrictions prohibit the repurchase of Call Equity Securities hereunder which the Company is otherwise entitled to make or a repurchase would not be permitted under, or would violate, applicable law, (ii) any restrictions prohibit dividends or other transfers of funds from one or more Subsidiaries to the Company to enable such repurchases, or (iii) there exists and is continuing a default or an event of default on the part of the Company or any Subsidiary of the Company under any bond indenture or any loan, guarantee or other agreement under which the Company or any Subsidiary of the Company has borrowed money or if the repurchase by the Company referred to in this Article VI would result in a default or an event of default on the part of the Company or any Subsidiary of the Company under any such agreement (any such occurrence referred to in clause (i), (ii) or (iii) being an "Event"), the Company shall be permitted to delay the repurchase of the Call Equity Securities from the Management Stockholder until the first business day which is thirty (30) calendar days after all Events have ceased to exist. In the event of a delay due to an Event, the Call Purchase Price shall be set as of the date of the Call Notice provided in accordance with this Article VI.

(d) Notwithstanding the foregoing, if the Company formally elects not to effect a repurchase of the Call Equity Securities, then subject to the terms of the SCA and applicable law, the Carlyle Stockholders and the Onex Stockholders may, but shall not be obligated to, effect such repurchases on a pro rata basis based on the number of Shares then held by the Carlyle Stockholders and the Onex Stockholders.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

Each of the parties to this Agreement hereby represents and warrants to each other party to this Agreement that as of the date such party executes this Agreement:

SECTION 7.1 Existence; Authority; Enforceability.

Such party has the power and authority to enter into this Agreement and to carry out its obligations hereunder. Such party is duly organized and validly existing under the laws of its jurisdiction of organization, and the execution of this Agreement, and the consummation of the transactions contemplated herein, have been authorized by all necessary action, and no other act or proceeding on its part is necessary to authorize the execution of this Agreement or the consummation of any of the transactions contemplated hereby. This Agreement has been duly executed by it and constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws relating to or affecting creditors' rights generally, or by the general principles of equity.

SECTION 7.2 Absence of Conflicts.

The execution and delivery by such party of this Agreement and the performance of its obligations hereunder does not and will not (i) conflict with, or result in the breach of, any provision of the constitutive documents of such party; (ii) result in any violation, breach, conflict, default or event of default (or an event which with notice, lapse of time, or both, would constitute a default or event of default), or give rise to any right of acceleration or termination or any additional payment obligation, under the terms of any contract, agreement or permit to which such party is a party or by which such party's assets or operations are bound or affected; or (iii) violate any law applicable to such party.

SECTION 7.3 Consents.

Other than any consents which have already been obtained, no consent, waiver, approval, authorization, exemption, registration, license or declaration is required to be made or obtained by such party in connection with the execution, delivery or performance of this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1 Information Rights; Books and Records; Inspection.

(a) The books and records of the Company shall be available for inspection by the Carlyle Stockholders and the Onex Stockholders at the principal office and place of business of the Company. The Company shall, and shall cause its Subsidiaries, officers, directors, employees, auditors and other agents to, (i) afford the Carlyle Stockholders, the Onex Stockholders and their agents access at all reasonable times to the officers, employees, auditors, legal counsel, properties, offices and other facilities of the Company and its Subsidiaries and to all books and records of the Company and its Subsidiaries and (ii) afford the Carlyle Stockholders, the Onex Stockholders and their respective agents with the opportunity to consult with the officers of the Company and its Subsidiaries from time to time as the Carlyle Stockholders or the Onex Stockholders, as the case may be, may reasonably request regarding the affairs, finances and accounts of the Company and its Subsidiaries.

(b) The Company shall provide the Onex Stockholders and the Carlyle Stockholders with any and all financial and other information relating to the Company and its business (including financial statements and other financial information) reasonably requested by the Onex Stockholders or the Carlyle Stockholders, as applicable, including such information as may be necessary to comply with regulatory, tax or other governmental filings.

SECTION 8.2 Freedom to Pursue Opportunities.

The parties expressly acknowledge and agree that: (i) the Onex Stockholders, the Carlyle Stockholders, each Onex Director who is an employee of any Onex Stockholder or an employee of an Affiliate of any Onex Stockholder, each Carlyle Director who is an employee of any

Carlyle Stockholder or an employee of an Affiliate of any Carlyle Stockholder and their respective Affiliates shall have the right to, and shall have no duty (contractual or otherwise) not to, directly or indirectly, engage in the same or similar business activities or lines of business as the Company or its Subsidiaries, including those deemed to be competing with the Company or its Subsidiaries; and (ii) in the event that any Onex Stockholder, any Carlyle Stockholder, any such Onex Director, any such Carlyle Director or any of their respective Affiliates acquires knowledge of a potential transaction or matter that may be a corporate opportunity for both the Company or its Subsidiaries and such Stockholder, Director or any other Person, the Stockholder, Director or Affiliate thereof, as applicable, shall have no duty (contractual or otherwise) to communicate or present such corporate opportunity to the Company or its Subsidiaries, as the case may be, and, notwithstanding any provision of this Agreement to the contrary, shall not be liable to the Company or its Subsidiaries or their respective Affiliates or stockholders for breach of any duty (contractual or otherwise) by reason of the fact that such Stockholder, Director or any Affiliate thereof, as applicable, directly or indirectly, pursues or acquires such opportunity for itself, directs such opportunity to another Person, or does not present such opportunity to the Company or its Subsidiaries unless, in the case of any such Person who is a Director, such opportunity is expressly offered to such Director in writing solely in his or her capacity as a Director.

SECTION 8.3 Certain ITAR Matters.

In the event that any Investor Stockholder or any Affiliate of any Investor Stockholder (other than the Company or its Subsidiaries) makes any commitment to the United States Department of State or other governmental authority relating to compliance with the Consent Decree (as defined in the Asset Purchase Agreement, dated as of June 28, 2007, as amended, by and between General Motors Corporation and Allison Transmission, Inc. (f/k/a Clutch Operating Company, Inc.)), the Company shall indemnify, defend and hold harmless such Investor Stockholder or such Affiliate of such Investor Stockholder for any losses, costs, damages, liabilities or expenses incurred in connection with, arising out of or relating to such commitment, including any actual or alleged violation of such commitment.

SECTION 8.4 Termination.

This Agreement shall terminate and be of no further force and effect upon the written agreement of the Company, the Carlyle Stockholders and the Onex Stockholders to terminate this Agreement; provided that such termination shall not release any party of any liability for any breach of this Agreement occurring prior to such termination.

SECTION 8.5 Acknowledgment.

Each Stockholder acknowledges and agrees that the provisions of this Agreement have been reviewed and are understood by such Stockholder, and expresses the will and intention of such Stockholder and agrees not to take any action to frustrate the purposes and provisions of this Agreement.

SECTION 8.6 Successors and Assigns; Beneficiaries.

Except as otherwise provided herein, all of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and permitted assigns of the parties hereto; provided that, except in connection with a Transfer made to a Permitted Transferee, neither this Agreement nor any right arising under this Agreement may be assigned by any party hereto without the prior written consent of the Company, the Carlyle Stockholders and the Onex Stockholders, and any attempted assignment, without such consent, will be null and void. There shall be no third-party beneficiaries to this Agreement other than the indemnities under Section 5.6 and Section 8.3.

SECTION 8.7 Severability.

In the event that any provision of this Agreement shall be invalid, illegal or unenforceable, such provision shall be construed by limiting it so as to be valid, legal and enforceable to the maximum extent provided by law and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 8.8 Amendment and Modification; Waiver of Compliance; Conflicts.

(a) This Agreement may be amended only by a written instrument duly executed by the Company, the Carlyle Stockholders and the Onex Stockholders; provided, however, that Exhibit A to this Agreement may be amended at any time by the Company to add as a party hereto any officer, director, employee or consultant of the Company or any of its Subsidiaries that is issued any Common Shares or options to purchase Common Shares and executes a supplemental signature page hereto in the form attached as Exhibit B hereto as a Management Stockholder.

(b) Except as otherwise provided in this Agreement and subject to Section 5.8 hereof, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

SECTION 8.9 Notices.

Any notice, request, claim, demand, document and other communication hereunder to any party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile, or first class mail, or by Federal Express, United Parcel Service or other similar courier or other similar means of communication, as follows:

(i) If to the Company, addressed to the Company, 4700 West 10th Street, Indianapolis, Indiana 46222; Attention: President & Chief Executive Officer;

(ii) If to the Onex Stockholders, addressed to Onex Partners II LP, 712 Fifth Avenue, 40th Floor, New York, NY 10019; Attention: Seth Mersky; with a copy (which

shall not constitute notice) to Mayer, Brown, Rowe & Maw LLP, 1675 Broadway, New York, NY 10019; Attention: Mark Wojciechowski;

(iii) If to the Carlyle Stockholders, addressed to The Carlyle Group, 1001 Pennsylvania Avenue NW, Suite 220 South, Washington, DC 20004-2505; Facsimile: 202-347-1818; Attention: Gregory S. Ledford; with a copy (which shall not constitute notice) to Latham & Watkins LLP, 555 Eleventh Street, NW, Suite 1000, Washington, DC 20004; Facsimile: 202-637-2201; Attention: Daniel T. Lennon and Paul F. Sheridan;

(iv) If to a Stockholder other than the Investor Stockholders, to the address of such Stockholder set forth in the share register of the Company;

or, in each case, to such other address or facsimile number as such party may designate in writing to each Stockholder and the Company by written notice given in the manner specified herein.

All such communications shall be deemed to have been given, delivered or made when so delivered by hand or sent by facsimile (with confirmed transmission), on the next business day if sent by overnight courier service (with confirmed delivery) or when received if sent by first class mail.

SECTION 8.10 Entire Agreement.

The provisions of this Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof contain the entire agreement among the parties hereto with respect to the subject transactions contemplated thereby and supersede all prior oral and written agreements and memoranda and undertakings among the parties hereto with regard to such subject matter, including the Original Stockholders Agreement.

SECTION 8.11 Inspection.

For so long as this Agreement shall be in effect, this Agreement shall be made available for inspection by any Stockholder at the principal executive offices of the Company.

SECTION 8.12 Recapitalizations, Exchanges, Etc., Affecting the Common Shares; New Issuances.

The provisions of this Agreement shall apply to the full extent set forth herein with respect to the Shares and to any and all equity or debt securities of the Company or any successor or assign of the Company (whether by merger, amalgamation, consolidation, sale of assets, or otherwise) which may be issued in respect of, in exchange for, or in substitution of, the Shares and shall be appropriately adjusted for any share dividends, bonus issues, splits, reverse splits, combinations, subdivisions, reclassifications, recapitalizations, reorganizations and the like occurring after the date hereof.

SECTION 8.13 CHOICE OF LAW AND VENUE; WAIVER OF RIGHT TO JURY TRIAL.

THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, APPLIED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE. EACH OF THE PARTIES HERETO ACKNOWLEDGES AND AGREES THAT IN THE EVENT OF ANY BREACH OF THIS AGREEMENT, THE NON-BREACHING PARTY WOULD BE IRREPARABLY HARMED AND COULD NOT BE MADE WHOLE BY MONETARY DAMAGES, AND THAT, IN ADDITION TO ANY OTHER REMEDY TO WHICH THEY MAY BE ENTITLED AT LAW OR IN EQUITY, THE PARTIES SHALL BE ENTITLED TO SUCH EQUITABLE OR INJUNCTIVE RELIEF AS MAY BE APPROPRIATE. THE CHOICE OF FORUM SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT OF ANY JUDGMENT OF A DELAWARE FEDERAL OR STATE COURT, OR THE TAKING OF ANY ACTION UNDER THIS AGREEMENT TO ENFORCE SUCH A JUDGMENT, IN ANY OTHER APPROPRIATE JURISDICTION.

IN THE EVENT ANY PARTY TO THIS AGREEMENT COMMENCES ANY LITIGATION, PROCEEDING OR OTHER LEGAL ACTION IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY MATTERS DESCRIBED OR CONTEMPLATED HEREIN OR THEREIN, THE PARTIES TO THIS AGREEMENT HEREBY (1) AGREE UNDER ALL CIRCUMSTANCES ABSOLUTELY AND IRREVOCABLY TO INSTITUTE ANY LITIGATION, PROCEEDING OR OTHER LEGAL ACTION IN A COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE STATE OF DELAWARE, WHETHER A STATE OR FEDERAL COURT; (2) AGREE THAT IN THE EVENT OF ANY SUCH LITIGATION, PROCEEDING OR ACTION, SUCH PARTIES WILL CONSENT AND SUBMIT TO THE PERSONAL JURISDICTION OF ANY SUCH COURT DESCRIBED IN CLAUSE (1) OF THIS SECTION AND TO SERVICE OF PROCESS UPON THEM IN ACCORDANCE WITH THE RULES AND STATUTES GOVERNING SERVICE OF PROCESS (IT BEING UNDERSTOOD THAT NOTHING IN THIS SECTION SHALL BE DEEMED TO PREVENT ANY PARTY FROM SEEKING TO REMOVE ANY ACTION TO A FEDERAL COURT IN THE STATE OF DELAWARE; (3) AGREE TO WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH LITIGATION, PROCEEDING OR ACTION IN ANY SUCH COURT OR THAT ANY SUCH LITIGATION, PROCEEDING OR ACTION WAS BROUGHT IN ANY INCONVENIENT FORUM; (4) AGREE, AFTER CONSULTATION WITH COUNSEL, TO WAIVE ANY RIGHTS TO A JURY TRIAL TO RESOLVE ANY DISPUTES OR CLAIMS RELATING TO THIS AGREEMENT; (5) AGREE TO SERVICE OF PROCESS IN ANY LEGAL PROCEEDING BY MAILING OF COPIES THEREOF TO SUCH PARTY AT ITS ADDRESS SET FORTH HEREIN FOR COMMUNICATIONS TO SUCH PARTY; (6) AGREE THAT ANY SERVICE MADE AS PROVIDED HEREIN SHALL BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (7) AGREE THAT NOTHING HEREIN SHALL AFFECT THE RIGHTS OF ANY PARTY TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 8.14 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 8.15 Regulatory Matters.

The Company shall and shall cause its Subsidiaries to keep the Carlyle Stockholders and the Onex Stockholders informed, on a current basis, of any events, discussions, notices or changes with respect to any criminal or regulatory investigation or action involving the Company or any of its Subsidiaries, so that the Carlyle Stockholders, the Onex Stockholders and their respective Affiliates will have the opportunity to take appropriate steps to avoid or mitigate any regulatory consequences to them that might arise from such investigation or action.

SECTION 8.16 Further Assurances; Company Logo.

At any time or from time to time after the date hereof, the parties hereto agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as any other party may reasonably request in order to evidence or effectuate the provisions of this Agreement and to otherwise carry out the intent of the parties hereunder. The Company hereby grants the Carlyle Stockholders, the Onex Stockholders and their respective Affiliates permission to use the Company's and its Subsidiaries' name and logo in marketing materials.

SECTION 8.17 Effectiveness of Amendment and Restatement.

Upon effectiveness of the Registration Statement relating to the Initial Public Offering, the Original Stockholders Agreement shall thereupon be deemed to be amended and restated as hereinabove set forth as fully and with the same effect as if the amendments and restatements made hereby were originally set forth in the Original Stockholders Agreement, but such amendments and restatements shall not operate so as to render invalid or improper any action heretofore taken under the Original Stockholders Agreement.

* * *

IN WITNESS WHEREOF, each of the undersigned has signed this Agreement as of the date first above written:

ALLISON TRANSMISSION HOLDINGS, INC.

By: _____

Name: Lawrence E. Dewey
Title: President and Chief Executive Officer

ONEX ADVISOR III LLC

By: _____
Name: Joel I. Greenberg
Title: Director

By: _____
Name: Donald F. West
Title: Director

ONEX PARTNERS II LP

By: Onex Partners II GP LP,
its General Partner

By: Onex Partners Manager LP,
its Agent

By: Onex Partners Manager GP ULC,
its General Partner

By: _____
Name: Robert M. Le Blanc
Title: Managing Director

By: _____
Name: Donald F. West
Title: Vice President and Secretary

ONEX PARTNERS II GP LP

By: Onex Partners GP Inc.,
its General Partner

By: _____
Name: Robert M. Le Blanc
Title: President

By: _____
Name: Donald F. West
Title: Vice President

ONEX US PRINCIPALS LP

By: ONEX AMERICAN HOLDINGS GP LLC,
its General Partner

By: _____
Name: Donald F. West
Title: Representative

ONEX AMERICAN HOLDINGS II LLC

By: _____
Name: Robert M. Le Blanc
Title: Director

By: _____
Name: Donald F. West
Title: Director

ALLISON EXECUTIVE INVESTCO LLC

By: _____
Name: Donald F. West
Title: Representative

ONEX ALLISON CO-INVEST LP

By: Onex Partners II GP LP,
its General Partner

By: Onex Partners Manager LP,
its Agent

By: Onex Partners Manager GP ULC,
its General Partner

By: _____

Name: Robert M. Le Blanc
Title: Managing Director

By: _____

Name: Donald F. West
Title: Vice President and Secretary

CARLYLE PARTNERS IV AT HOLDINGS, L.P.,

By: TC Group IV Managing GP, L.L.C.,
its General Partner

By: TC Group, L.L.C.,
its Managing Member

By: _____

Name:
Title: Managing Director

Exhibit 10.7

Employment Agreement

This Employment Agreement dated as of February 7, 2008 (the "Agreement"), is made by and between Allison Transmission, Inc., a Delaware corporation (together with any successor thereto, the "Company"), and Lawrence E. Dewey (the "Executive") (collectively referred to as the "Parties").

RECITALS

A. It is the desire of the Company to assure itself of the services of the Executive by entering into this Agreement.

B. The Executive and the Company mutually desire that the Executive provide services to the Company on the terms herein provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below the Parties hereto agree as follows:

1. Employment.

(a) General. The Company shall employ the Executive and the Executive shall enter the employ of the Company, for the period set forth in Section 1(b), in the position set forth in Section 1(c), and upon the other terms and conditions herein provided.

(b) Employment Term. The initial term of employment under this Agreement (the "Initial Term") shall be for the period beginning on August 7, 2007 (the "Effective Date") and ending on the fifth anniversary thereof, unless earlier terminated as provided in Section 3. On the five-year anniversary of the Effective Date and each successive anniversary of the Effective Date, the employment term hereunder shall automatically be extended for an additional one-year period ("Extension Terms" and, collectively with the Initial Term, the "Term") unless either Party gives notice of non-extension to the other no later than ninety (90) days prior to the then-applicable anniversary of the Effective Date (in which case the Executive's employment will terminate at the end of the then-applicable Term or any other date set by the Company in accordance with Section 3(b)) and subject to earlier termination as provided in Section 3.

(c) Position and Duties. The Executive shall serve as the Chief Executive Officer of the Company with such customary responsibilities, duties and authority as may from time to time be assigned to the Executive by the Board of Directors of the Company or its parent (collectively, the "Board"). The Executive shall report to the Board. The Executive shall devote substantially all his working time and efforts to the business and affairs of the Company (which shall include service to

its affiliates, if applicable). The Executive agrees to observe and comply with the rules and policies of the Company as adopted by the Company from time to time. During the Term, it shall not be a violation of this Agreement for the Executive to (i) serve on industry trade, civic or charitable boards or committees; (ii) deliver lectures or fulfill speaking engagements; (iii) manage his personal investments and affairs; and (iv) serve on the board of directors of one for-profit enterprise with the Board's prior consent, as long as such activities do not interfere with the performance of the Executive's duties and responsibilities as an employee of the Company.

2. Compensation and Related Matters.

(a) Annual Base Salary. During the Term, the Executive shall receive a base salary at a rate of $400,000 per annum (the "Annual Base Salary"), which shall be paid in accordance with the customary payroll practices of the Company. Such Annual Base Salary shall be reviewed (and may be adjusted) at least annually by the Board or an authorized committee of the Board.

(b) Bonus. During the Term, the Executive shall be eligible to receive an annual performance-based bonus upon the achievement of certain performance goals determined by the Board (the "Performance Bonus"). The Performance Bonus shall have a target equal to 100% of the Annual Base Salary (the "Target Bonus") and the Executive shall have the ability to earn more (up to 400% of Annual Base Salary) or less than the Target Bonus depending on the achievement of performance goals for the particular year, as follows:

(i) *Over Performance*: The amount of Performance Bonus earned by the Executive shall be increased by 12% of the Target Bonus for each percentage of performance that exceeds the target performance goals for the year in question (rounded to the nearest percentage); provided, that the Performance Bonus earned in any one year shall not exceed 400% of Annual Base Salary.

(ii) *Threshold Performance:* The amount of Performance Bonus earned by the Executive shall be decreased by 6.67% of the Target Bonus for every percentage of performance that is less than the target performance goals for the year in question (rounded to the nearest percentage).

(iii) *2007 Performance Target; Pro-ration*. For the performance period that begins on the Effective Date and ends on December 31, 2007 (the "Post-Closing 2007 Performance Period"), the performance target shall equal $582 million in EBITDA (subject to adjustment by the Board for extraordinary events) (the "2007 Performance Target"). The amount of the Performance Bonus for the Post-Closing 2007 Performance Period that can be earned by the Executive shall depend on actual EBITDA for the Company's business for 2007 compared to the 2007 Performance Target

(as calculated pursuant to subsections (b)(i) and b(ii)) and shall be pro-rated by multiplying the annualized performance bonus amount by 5/12.

(iv) *Examples*. The following examples are for illustrative purposes only and are based on a target performance goal of $15,000,000 EBITDA for the year in question (except as provided in clause (D) below):

(A) *Target Bonus*. If the actual performance for the year is $15,000,000 of EBITDA, then the Executive is entitled to receive a $400,000 bonus.

(B) *Over Achievement Bonus*. If the actual performance for the year is $16,000,000 of EBITDA, then the Executive is entitled to receive a $736,000 bonus. If the actual performance for the year is $20,000,000 of EBITDA, then the Executive is entitled to receive a $1,600,000 bonus.

(C) *Threshold Bonus*. If the actual performance for the year is $14,000,000 of EBITDA, then the Executive is entitled to receive a $213,240 bonus.

(D) *Pro-rated Bonus*. If actual performance for the Company's 2007 fiscal year is $582 million of EBITDA, then the Executive is entitled to receive a $166,667 ($400,000 multiplied by 5/12) bonus under the post-Effective Date bonus program. The Executive may also be entitled to a bonus for the pre-Effective Date performance period.

The Performance Bonus for a particular year shall become due and payable only if the Executive remains employed with the Company as of the January 1 following such year (the "Service Trigger Date"). If a Performance Bonus becomes due and payable for a particular year, then the Company shall pay such Performance Bonus to the Executive on the same day that the Company pays similar bonuses to other executives of the Company, *provided*, *however*, *that* the Company shall in no event pay the Performance Bonus to the Executive after March 15 of the year following the year in which the applicable Service Trigger Date occurs.

Notwithstanding anything to the contrary in this Section 2(b), the Board may decide not to pay the Performance Bonus if, when the applicable Performance Bonus is otherwise due and payable to the Executive, an "Event of Default" (as defined in the Credit Agreement) has occurred (or would have occurred) under the Credit Agreement during the applicable performance period, without giving effect to any cure available under the terms of the Credit Agreement (including, without limitation, any Rate Based Cure or Specified Equity Contribution, as each such term is defined in the Credit Agreement) or any waiver or amendment of the Credit Agreement (preventative or otherwise) that avoids or cures such Event of Default. The Company shall give written notice to the Executive of such occurrence as soon as reasonably practicable, which notice shall include: (i) a

copy of the Credit Agreement; (ii) the date as of which the Company became non-compliant with the Credit Agreement; (iii) a complete statement of the reasons for the non-compliance with the Credit Agreement; and (iv) a description of the steps (if any) being taken to become compliant with the Credit Agreement. In addition, the Board may make reasonable adjustments, up or down, to the amount of Performance Bonus payable for any year to take into account extraordinary events, such as acquisitions, dispositions and unusual or one time earnings fluctuations.

(c) Benefits. During the Term, the Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company, as may be amended from time to time, which are generally applicable to senior officers of the Company and its subsidiaries, which as of the time of this Agreement include the Company's health and welfare plan and the Equity Incentive Plan of Allison Transmission Holdings, Inc. (pursuant to the terms to be set forth in a separate award agreement).

(d) Vacation. During the Term, the Executive shall be entitled to paid vacation in accordance with the Company's vacation policy, as it may be amended from time to time; provided, however, the Executive shall be entitled to no less than five (5) weeks of paid vacation each calendar year. Any vacation shall be taken at the reasonable and mutual convenience of the Company and the Executive.

(e) Expenses. During the Term, the Company shall reimburse the Executive for all reasonable travel and other business expenses incurred by him in the performance of his duties to the Company in accordance with the Company's expense reimbursement policy.

(f) Key Person Insurance. At any time during the Term, the Company shall have the right to insure the life of the Executive for the Company's sole benefit. The Company shall have the right to determine the amount of insurance and the type of policy. The Executive shall reasonably cooperate with the Company in obtaining such insurance by submitting to physical examinations, by supplying all information reasonably required by any insurance carrier, and by executing all necessary documents reasonably required by any insurance carrier. The Executive shall incur no financial obligation by executing any required document, and shall have no interest in any such policy.

3. Termination.

The Executive's employment hereunder may be terminated by the Company or the Executive, as applicable, without any breach of this Agreement only under the following circumstances:

(a) Circumstances.

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If the Executive has incurred a Disability, as defined in Section 10(d), the Company may terminate the Executive's employment.

(iii) Termination for Cause. The Company may terminate the Executive's employment for Cause, as defined in Section 10(a).

(iv) Termination without Cause. The Company may terminate the Executive's employment without Cause.

(v) Resignation for Good Reason. The Executive may resign his employment for Good Reason, as defined in Section 10(e).

(vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason.

(vii) Non-extension of Term by the Company. The Company may give notice of non-extension to the Executive pursuant to Section 1(b).

(viii) Non-extension of Term by the Executive. The Executive may give notice of non-extension to the Company pursuant to Section 1(b).

(b) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive under this Section 3 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other Party hereto indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and specifying a Date of Termination, as defined in Section 10(c), which shall be at least 60 days following the date of such notice in the event of any termination of the Executive's employment other than a Termination for Cause and at least 45 days following the date of such notice in the event of a Termination for Cause (a "Notice of Termination"). The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing the Company's rights hereunder. Similarly, the failure by Executive to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of the Executive hereunder or preclude the Executive from asserting such fact or circumstance in enforcing Executive's rights hereunder.

(c) Company Obligations upon Termination. Upon termination of the Executive's employment pursuant to any of the circumstances listed in Section 3(a), the Executive (or the Executive's estate) shall be entitled to receive the sum of: (i) the portion of the Executive's Annual Base Salary earned through the Date of Termination, but not yet paid to the Executive; (ii) any bonus actually earned by the Executive in the year prior to the year in which the Date of Termination occurs, but not yet paid to the Executive; (iii) any expenses owed to the Executive

under Section 2(e); (iv) any accrued vacation pay owed to the Executive pursuant to Section 2(d), and (v) any amount accrued and arising from the Executive's participation in, or benefits accrued under any employee benefit plans, programs or arrangements under Section 2(c), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements. (collectively, the "Company Arrangements"). For the avoidance of doubt, upon termination of the Executive's employment for any reason, the Executive shall not be entitled to any other payments or benefits (including Annual Base Salary) except as specifically provided for in this Section 3(c) or Section 4.

4. Severance Payments.

(a) Termination for Cause, Resignation without Good Reason or upon Non-extension of Term by the Executive. If the Executive's employment shall terminate pursuant to Section 3(a)(iii) for Cause, Section 3(a)(vi) for the Executive's resignation without Good Reason, or pursuant to Section 3(a)(viii) due to Non-extension of the Term by the Executive, the Executive shall not be entitled to any severance payment or benefits.

(b) Termination without Cause, Resignation for Good Reason, Death, Disability or upon Non-extension of Term by the Company. If the Executive's employment shall terminate without Cause pursuant to Section 3(a)(iv), shall terminate due to the Executive's resignation for Good Reason pursuant to Section 3(a)(v), as a result of Executive's death pursuant to Section 3(a)(i) or Disability pursuant to Section 3(a)(ii), or pursuant to Section 3(a)(vii) due to Non-extension of the Term by the Company then, subject to the Executive signing, within fifty (50) days following delivery to the Executive, and not revoking a release of claims against the Company in substantially the form attached hereto as Exhibit A (the "Release") and the Executive's continued compliance with Sections 5 and 6, the Executive shall receive:

(i) A lump sum payment equal to 1.5 times the Executive's Annual Base Salary as of the Date of Termination, payable within sixty (60) days following the Date of Termination, but subject to Executive's execution of the Release, provided that he has not revoked such Release;

(ii) A lump sum payment equal to 1.5 times the Executive's Performance Bonus, which Performance Bonus will be based on the Performance Bonus that the Executive would have earned had he remained employed through the end of the Company's fiscal year in which the Date of Termination occurs (the "Termination Year"), but shall be calculated with reference to the performance of the Company through the last day of the Company's fiscal quarter that ended prior to the Date of Termination against performance goals for such Termination Year pro-rated to such date, as reasonably determined by the Board; *provided, that*, if the Date of Termination occurs during the first quarter of a fiscal year, then the

Company's performance in such first quarter will be used to determine the amount of such Performance Bonus; *provided further, that* if the Date of Termination occurs prior to the date that performance goals for the Termination Year are established by the Board, then the lump sum payment shall instead equal 1.5 times the Executive's Target Bonus; *provided further, that* the payment provided for under this subsection 4(b)(ii) is payable within sixty (60) days following the Date of Termination but subject to Executive's execution of the Release, provided that he has not revoked such Release; and

(iii) Reimbursement for, or direct payment to the carrier for, the premium costs under COBRA for the Executive and, where applicable, his spouse and dependents, for eighteen months following the Date of Termination, under the same or a comparable Company group medical plan to the group medical plan that Executive was participating in as of the Date of Termination; provided that if the same or comparable Company group medical plan is, at any time during such eighteen month period, not available generally to senior officers of the Company, the Executive shall receive reimbursement for, or direct payment to the carrier for, the premium costs under COBRA under a group medical plan that is available to such senior officers of the Company.

If the payment of any amounts under Section 4(b)(i) or (ii) are delayed pending the Executive's execution of the Release, as soon as reasonably practicable following the date the Release becomes effective (but in no event later than 10 days after the Release becomes effective), the Company will pay the Executive the amounts that would have otherwise been previously paid to the Executive under Section 4(b)(i) or (ii) prior to the execution of such Release, provided that he has not revoked such Release. For the avoidance of doubt, no payments or benefits under Sections 4(b)(i), (ii) or (iii) shall be made until the Executive has executed the Release and the required revocation period specified in the Release has expired.

(c) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any Party hereto, which shall have accrued prior to such expiration or termination.

5. Competition.

(a) The Executive shall not, at any time during the Term and for eighteen months after the Date of Termination, directly or indirectly engage in, have any equity interest in, interview for a potential employment or consulting relationship with or manage or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company anywhere in the world. Notwithstanding the foregoing, it shall not be a violation of this Section

5(a) for the Executive to join a division or business line of a commercial enterprise, other than any Specified Entity, with multiple divisions or business lines if such division or business line is not competitive with the businesses of the Company and its subsidiaries, provided that the Executive performs services solely for such non-competitive division or business line, and performs no functions on behalf of (and has no involvement with or direct or indirect responsibilities with respect to) businesses competitive with the Business of the Company anywhere in the world. Nothing herein shall prohibit the Executive from being a passive owner of not more than 4.9% of the outstanding equity interest in any entity, other than any Specified Entity, which is publicly traded, so long as the Executive has no active participation in the business of such entity.

(b) The Executive shall not, at any time during the Term and for eighteen months after the Date of Termination, directly or indirectly, recruit or otherwise solicit or induce any employee, customer, subscriber or supplier of the Company (i) to terminate its employment or arrangement with the Company, or (ii) to otherwise change its relationship with the Company.

(c) In the event the terms of this Section 5 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(d) As used in this Section 5, (i) the term "Company" shall include the Company, its subsidiaries, and Allison Transmission Holdings, Inc., the parent of the Company, and (ii) the term "Business" shall include the manufacturing, development and sale of transmissions and the sale of replacement parts, "will-fit" parts, support equipment and remanufactured transmissions for use in the vehicle aftermarket, as such business may be expanded or altered by the Company during the Term.

(e) The Executive agrees, during the Term and following the Date of Termination, to refrain from disparaging the Company and its affiliates, including any of its services, technologies or practices, or any of its directors, officers, agents, representatives or stockholders, either orally or in writing. The Company agrees, during the Term and following the Date of Termination, to refrain from disparaging the Executive; provided, however, that the Company's agreement to this non-disparagement clause shall be limited to official statements issued by the Company as an organization and statements of officers of the Company and members of the Board in their official capacity as representatives of the Company. Nothing in this paragraph shall preclude the Executive, the Company, the members of the Board or officers of the Company from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process.

6. Nondisclosure of Proprietary Information.

(a) Except in connection with the faithful performance of the Executive's duties hereunder or pursuant to Section 6(c) and (e), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company (including, without limitation, business plans, business strategies and methods, acquisition targets, intellectual property in the form of patents, trademarks and copyrights and applications therefor, ideas, inventions, works, discoveries, improvements, information, documents, formulae, practices, processes, methods, developments, source code, modifications, technology, techniques, data, programs, other know-how or materials, owned, developed or possessed by the Company, whether in tangible or intangible form, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, prospects and compensation paid to employees or other terms of employment) (collectively, the "Confidential Information"), or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such Confidential Information. The Parties hereby stipulate and agree that, as between them, any item of Confidential Information is important, material and confidential and affects the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Notwithstanding the foregoing, Confidential Information shall not include any information that has been published in a form generally available to the public prior to the date the Executive proposes to disclose or use such information, *provided, that* such publishing of the Confidential Information shall not have resulted from the Executive directly or indirectly breaching his obligations under this Section 6(a) or any other similar provision by which he is bound, or from any third-party breaching a provision similar to that found under this Section 6(a). For the purposes of the previous sentence, Confidential Information will not be deemed to have been published or otherwise disclosed merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(b) Upon termination of the Executive's employment with the Company for any reason, the Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents or property concerning the Company's customers, business plans, marketing strategies, products, property or processes.

(c) The Executive may respond to a lawful and valid subpoena or other legal process but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its

counsel the documents and other information sought and shall assist such counsel at Company's expense in resisting or otherwise responding to such process.

(d) As used in this Section 6 and Section 7, the term "Company" shall include the Company, its subsidiaries, and Allison Transmission Holdings, Inc., the parent of the Company.

(e) Nothing in this Agreement shall prohibit the Executive from (i) disclosing information and documents when required by law, subpoena or court order (subject to the requirements of Section 6(c) above), (ii) disclosing information and documents to his attorney or tax adviser for the purpose of securing legal or tax advice, (iii) disclosing the Executive's post-employment restrictions in this Agreement in confidence to any potential new employer, or (iv) retaining, at any time, his personal correspondence, his personal contacts and documents related to his own personal benefits, entitlements and obligations.

7. Inventions.

All rights to discoveries, inventions, improvements and innovations (including all data and records pertaining thereto) related to the business of the Company, whether or not patentable, copyrightable, registrable as a trademark, or reduced to writing, that the Executive may discover, invent or originate during the Term, either alone or with others and whether or not during working hours or by the use of the facilities of the Company ("Inventions"), shall be the exclusive property of the Company. The Executive shall promptly disclose all Inventions to the Company, shall execute at the request of the Company any assignments or other documents the Company may deem reasonably necessary to protect or perfect its rights therein, and shall assist the Company, upon reasonable request and at the Company's expense, in obtaining, defending and enforcing the Company's rights therein. The Executive hereby appoints the Company as his attorney-in-fact to execute on his behalf any assignments or other documents reasonably deemed necessary by the Company to protect or perfect its rights to any Inventions.

8. Injunctive Relief.

It is recognized and acknowledged by the Executive that a breach of the covenants contained in Sections 5, 6 and 7 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, the Executive agrees that in the event of a breach of any of the covenants contained in Sections 5, 6 and 7, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief.

9. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, the Executive and their respective successors, assigns, personnel

and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of the Executive's rights or obligations may be assigned or transferred by the Executive, other than the Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, the Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following his death by giving written notice thereof to the Company.

10. Certain Definitions.

(a) Cause. The Company shall have "Cause" to terminate the Executive's employment hereunder upon:

(i) the Board's determination that the Executive failed to substantially perform his duties as an employee of the Company (other than any such failure resulting from the Executive's Disability) that is reasonably expected to result in, or has resulted in, material economic damage to the Company or any of its affiliates (provided, that, to the extent such failure can be fully cured, the Company shall have provided the Executive with at least 30 days' notice of such failure and the Executive has not remedied the failure within the 30-day period);

(ii) the Board's determination that the Executive failed in any material respect to carry out or comply with any lawful and reasonable directive of the Board consistent with the terms of this Agreement (provided, that, to the extent such failure can be fully cured, the Company shall have provided the Executive with at least 30 days' notice of such failure and the Executive has not remedied the failure within the 30-day period);

(iii) the Executive's conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;

(iv) the Executive's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any of its affiliate's) premises or while performing the Executive's duties and responsibilities under this Agreement; or

(v) the Executive's commission of an act of fraud, embezzlement, misappropriation, willful misconduct, or breach of fiduciary duty against the Company or any of its affiliates.

(b) Credit Agreement. "Credit Agreement" shall mean the Credit Agreement among Allison Transmission Holdings, Inc., the Company, Citicorp North America, Inc., Lehman Brothers Commercial Bank and the other parties thereto, dated as of August 7, 2007 and any successor thereto.

(c) Date of Termination. “Date of Termination” shall mean (i) if the Executive’s employment is terminated by his death, the date of his death; (ii) if the Executive’s employment is terminated pursuant to Section 3(a)(ii) – (vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 3(b), whichever is earlier; (iii) if the Executive’s employment is terminated pursuant to Section 3(a)(vii) or Section 3(a)(viii), the expiration of the then-applicable Term.

(d) Disability. “Disability” shall mean, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company’s employees, “disability” as defined in such long-term disability plan for the purpose of determining a participant’s eligibility for benefits, provided, however, if the long-term disability plan contains multiple definitions of disability, “Disability” shall refer to that definition of disability which, if the Executive qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether the Executive has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean the Executive’s inability to perform, with or without reasonable accommodation, the essential functions of his position hereunder for a total of three months during any six-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive’s legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed. Any refusal by the Executive to submit to a medical examination for the purpose of determining Disability shall be deemed to constitute conclusive evidence of the Executive’s lack of a Disability.

(e) Good Reason. The Executive shall have “Good Reason” to resign his employment within ninety (90) days following (i) a material diminution in the Executive’s authorities, duties, or responsibilities, (ii) a material change in the geographic location at which the Executive must perform services, which shall not include a relocation of the Executive’s principal place of employment to any location within a fifty (50) mile radius of the location from which the Executive served the Company immediately prior to the relocation, (iii) a material diminution in the Executive’s Annual Base Salary from the Annual Base Salary in effect in the prior year, or (iv) a material diminution in the Executive’s Target Bonus from the Target Bonus in effect in the prior year. The Executive may not resign his employment for Good Reason unless the Executive provided the Company with at least 30 days prior written notice of his intent to resign for Good Reason and the Company has not cured the breach within 30 days.

(f) Specified Entity. “Specified Entity” shall mean any of the following, including their affiliates: (i) ZF Friedrichshafen AG, (ii) Voith AG, (iii) Eaton Corporation, (iv) Caterpillar, Inc. and (v) ArvinMeritor, Inc.

11. Governing Law.

This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of Indiana, without reference to the principles of conflicts of law of the State of Indiana or any other jurisdiction, and where applicable, the laws of the United States.

12. Validity.

The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Notices.

Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(a) If to the Company:

Allison Transmission, Inc.
c/o The Carlyle Group
1001 Pennsylvania Avenue NW
Suite 220 South
Washington, DC 20004-2505
Attention: Gregory S. Ledford
Facsimile: (202) 347-1818

and copies to:

Allison Transmission, Inc.
c/o Onex Corporation
161 Bay Street
Suite 4900
Toronto, Canada M5J 2S1
Attention: Seth M. Mersky
Facsimile: (416) 362-6803

Latham & Watkins LLP
555 Eleventh Street, N.W.
Suite 1000
Washington, DC 20004
Attention: Daniel T. Lennon
David T. Della Rocca
Facsimile: (202) 637-2201

(b) If to the Executive:

Lawrence E. Dewey
5122 Wynstone Way
Carmel, IN 46033-9544

and copies to:

Krieg DeVault LLP
One Indiana Square, Suite 2800
Indianapolis, IN 46204-2079
Attention: Sharon B. Hearn
Facsimile: (317) 636-1507

or at any other address as any Party shall have specified by notice in writing to the other Party.

14. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

15. Entire Agreement.

The terms of this Agreement are intended by the Parties to be the final expression of their agreement with respect to the employment of the Executive by the Company and supersede all prior understandings and agreements, whether written or oral. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

16. Amendments; Waivers.

This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, the Executive or a duly authorized officer of the Company may waive compliance by the other Party or Parties with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity. Except as otherwise set forth in this Agreement, the respective rights and obligations of the Parties under this Agreement shall survive any termination of the Executive's employment.

17. No Inconsistent Actions.

The Parties hereto shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the Parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

18. Construction.

This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (a) the plural includes the singular and the singular includes the plural; (b) "and" and "or" are each used both conjunctively and disjunctively; (c) "any," "all," "each," or "every" means "any and all," and "each and every"; (d) "includes" and "including" are each "without limitation"; (e) "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (f) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

19. Arbitration.

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in Indianapolis, Indiana. Such arbitration shall be conducted in accordance with the then prevailing JAMS Streamlined Arbitration Rules & Procedures, with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each Party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any Party if written notice (pursuant to the

JAMS' rules and regulations) of the proceedings has been given to such Party. Each Party shall bear its own attorneys fees and expenses. The Parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided, however, that nothing in this subsection shall be construed as precluding the bringing an action for injunctive relief as provided in Section 8.

20. Enforcement.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

21. Withholding.

The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

22. Employee Acknowledgement.

The Executive acknowledges that he has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on his own judgment.

23. Section 409A.

Notwithstanding anything to the contrary in this Agreement, if at the time of the Executive's termination of employment with the Company, the Executive is a "specified employee" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), as determined by the Company in accordance with Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in the payments or benefits ultimately paid or provided to the Executive) until the date that is at least six (6) months following the Executive's termination of employment with the Company (or the earliest date permitted under Section 409A of the Code), whereupon the Company will pay the Executive a lump-sum amount equal to the cumulative amounts that would have otherwise been

previously paid to the Executive under this Agreement during the period in which such payments or benefits were deferred. Thereafter, payments will resume in accordance with this Agreement.

Additionally, in the event that following the date hereof the Company or the Executive reasonably determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code, the Company and the Executive shall work together to adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other commercially reasonable actions necessary or appropriate to (x) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (y) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

24. Indemnification.

The Company shall indemnify the Executive to the maximum extent permitted under the General Corporation Law of the State of Delaware for acts taken within the scope of his employment. To the extent that the Company obtains coverage under a director and officer indemnification policy, the Executive will be entitled to such coverage on a basis that is no less favorable than the coverage provided to any other officer or director of the Company.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written.

COMPANY

By: /s/ Authorized Signatory
Name:
Title: Authorized Signatory

EXECUTIVE

By: /s/ Lawrence E. Dewey
Lawrence E. Dewey

Exhibit A

General Release and Waiver*

For and in consideration of the payments and other benefits due to Lawrence E. Dewey (the "**Executive**") pursuant to the Employment Agreement, dated as of February 7, 2008, by and between Allison Transmission, Inc. (the "**Company**") and the Executive (the "**Employment Agreement**"), and for other good and valuable consideration, the Executive hereby agrees, for the Executive, the Executive's spouse and child or children (if any), the Executive's heirs, beneficiaries, devisees, executors, administrators, attorneys, insurers, personal representatives, successors and assigns, to forever release, discharge and covenant not to sue (the "**Release**") the Company, or any of its divisions, affiliates, subsidiaries, parents, branches, predecessors, successors, assigns, and, with respect to such entities, their officers, directors, trustees, employees, agents, shareholders, administrators, general or limited partners, representatives, attorneys and fiduciaries, past, present and future (the "**Released Parties**") from any and all claims of any kind arising out of, or related to, his employment with the Company, its affiliates and subsidiaries (collectively, with the Company, the "**Affiliated Entities**"), the Executive's separation from employment with the Affiliated Entities, which the Executive now has or may have against the Released Parties, whether known or unknown to the Executive, by reason of facts which have occurred on or prior to the date that the Executive has signed this Release. Such released claims include, without limitation, any and all claims relating to the foregoing under federal, state or local laws pertaining to employment, including, without limitation, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e *et. seq*., the Fair Labor Standards Act, as amended, 29 U.S.C. Section 201 *et. seq*., the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 *et. seq*. the Reconstruction Era Civil Rights Act, as amended, 42 U.S.C. Section 1981 *et. seq*., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 *et. seq*., the Family and Medical Leave Act of 1992, 29 U.S.C. Section 2601 *et. seq*., and any and all state or local laws regarding employment discrimination and/or federal, state or local laws of any type or description regarding employment, including but not limited to any claims arising from or derivative of the Executive's employment with the Affiliated Entities, as well as any and all such claims under state contract or tort law.

The Executive has read this Release carefully, acknowledges that the Executive has been given at least twenty-one (21) days to consider all of its terms and has been advised to consult with an attorney and any other advisors of the Executive's choice prior to executing this Release, and the Executive fully understands that by signing below the Executive is voluntarily giving up any right which the Executive may have to sue or bring any other claims against the Released Parties, including any rights and claims under the Age Discrimination in Employment Act. The Executive also understands that the Executive has a period of seven (7) days after signing this Release within which to revoke his agreement, and that neither the Company nor any other person is obligated to make any payments or provide any other benefits to the Executive pursuant to the Employment Agreement until eight (8) days have passed since the Executive's

* The Company may adjust the terms of this form release from time to time, including, without limitation, to reflect any changes in applicable laws.

signing of this Release without the Executive's signature having been revoked other than any accrued obligations or other benefits payable pursuant to the terms of the Company's normal payroll practices or employee benefit plans. Finally, the Executive has not been forced or pressured in any manner whatsoever to sign this Release, and the Executive agrees to all of its terms voluntarily.

Notwithstanding anything else herein to the contrary, this Release shall not affect: (i) the Company's obligations under any compensation or employee benefit plan, program or arrangement (including, without limitation, obligations to the Executive under any stock option, stock award or agreements or obligations under any pension, deferred compensation or retention plan) provided by the Affiliated Entities where the Executive's compensation or benefits are intended to continue or the Executive is to be provided with compensation or benefits, in accordance with the express written terms of such plan, program or arrangement, beyond the date of the Executive's termination; or (ii) rights to indemnification or liability insurance coverage the Executive may have under the by-laws of the Company or applicable law.

This Release is subject to Sections 11 and 19 of the Employment Agreement. This Release is final and binding and may not be changed or modified except in a writing signed by both parties.

Date	Lawrence E. Dewey
Date	Allison Transmission, Inc.

Exhibit 10.8

Employment Agreement

This Employment Agreement, dated as of November 1, 2007 (the "Agreement"), is made by and between Allison Transmission, Inc., a Delaware corporation (together with any successor thereto, the "Company"), and David S. Graziosi (the "Executive") (collectively referred to as the "Parties").

RECITALS

A. It is the desire of the Company to assure itself of the services of the Executive by entering into this Agreement.

B. The Executive and the Company mutually desire that the Executive provide services to the Company on the terms herein provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below the Parties hereto agree as follows:

1. Employment.

(a) General. The Company shall employ the Executive and the Executive shall enter the employ of the Company, for the period set forth in Section 1(b), in the position set forth in Section 1(c), and upon the other terms and conditions herein provided.

(b) Employment Term. The initial term of employment under this Agreement (the "Initial Term") shall be for the period beginning on the first day that the Executive begins active employment with the Company (the "Effective Date") and ending on the third anniversary thereof, unless earlier terminated as provided in Section 3. On the three-year anniversary of the Effective Date and each successive anniversary of the Effective Date, the employment term hereunder shall automatically be extended for an additional one-year period ("Extension Terms" and, collectively with the Initial Term, the "Term") unless either Party gives notice of non-extension to the other no later than ninety (90) days prior to the then-applicable anniversary of the Effective Date (in which case the Executive's employment will terminate at the end of the then-applicable Term or any other date set by the Company in accordance with Section 3(b)) and subject to earlier termination as provided in Section 3.

(c) Position; Place of Employment and Duties. The Executive shall serve as the Chief Financial Officer of the Company with such customary responsibilities, duties and authority as may from time to time be assigned to the Executive by the Chief Executive Officer of the Company or the Board of Directors of the Company or its parent (collectively, the "Board"). The Executive shall report to

the Board and the Chief Executive Officer of the Company. The Executive's principal place of employment shall be the Company's headquarters in Indianapolis, Indiana. The Executive shall devote substantially all his working time and efforts to the business and affairs of the Company (which shall include service to its affiliates, if applicable). The Executive agrees to observe and comply with the rules and policies of the Company as adopted by the Company from time to time. During the Term, it shall not be a violation of this Agreement for the Executive to (i) serve on industry trade, civic or charitable boards or committees; (ii) deliver lectures or fulfill speaking engagements; (iii) manage his personal investments and affairs; (iv) serve on the board of directors of one for-profit enterprise with the Board's prior consent, as long as such activities do not interfere with the performance of the Executive's duties and responsibilities as an employee of the Company; and (v) respond to inquiries from Covalence Specialty Materials and its successors, Hexion Specialty Materials and its successors and General Chemical Industrial Products and its successors as a result of obligations under severance agreements with such parties and statutory regulations governing these parties, and respond to inquiries regarding the plastics and chemicals industries from others in such industries, as long as such activities do not interfere with the performance of your duties and responsibilities as an employee of the Company, including responsibilities regarding confidentiality and non-competition.

2. Compensation and Related Matters.

(a) Annual Base Salary. During the Term, the Executive shall receive a base salary at a rate of $350,000 per annum (the "Annual Base Salary"), which shall be paid in accordance with the customary payroll practices of the Company. Such Annual Base Salary shall be reviewed (and may be adjusted) at least annually by the Board or an authorized committee of the Board.

(b) Bonus. Beginning in 2008, during the Term the Executive shall be eligible to receive an annual performance-based bonus upon the achievement of certain performance goals determined by the Board (the "Performance Bonus"). The Performance Bonus shall have a target equal to 75% of the Annual Base Salary (the "Target Bonus") and the Executive shall have the ability to earn more (up to 300% of Annual Base Salary) or less than the Target Bonus depending on the achievement of performance goals for the particular year, as follows:

(i) *Over Performance*: The amount of Performance Bonus earned by the Executive shall be increased by 9% of the Annual Base Salary for each percentage of performance that exceeds the target performance goals for the year in question (rounded to the nearest percentage); *provided*, *that* the Performance Bonus earned in any one year shall not exceed 300% of Annual Base Salary.

(ii) *Threshold Performance:* The amount of Performance Bonus earned by the Executive shall be decreased by 5% of the Annual Base Salary for every percentage of performance that is less than the target performance goals for the year in question (rounded to the nearest percentage).

(iii) *Examples*. The following examples are for illustrative purposes only and are based on a target performance goal of $15,000,000 of EBITDA for the year in question:

(A) *Target Bonus*. If the actual performance for the year is $15,000,000 of EBITDA, then the Executive is entitled to receive a $262,500 bonus.

(B) *Over Performance Bonus*. If the actual performance for the year is $16,000,000 of EBITDA, then the Executive is entitled to receive a $483,000 bonus. If the actual performance for the year is $20,000,000 of EBITDA, then the Executive is entitled to receive a $1,050,000 bonus.

(C) *Threshold Bonus*. If the actual performance for the year is $14,000,000 of EBITDA, then the Executive is entitled to receive a $140,000 bonus.

The Performance Bonus for a particular year shall become due and payable only if the Executive remains employed with the Company as of the January 1 following such year (the "Service Trigger Date"). If a Performance Bonus becomes due and payable for a particular year, then the Company shall pay such Performance Bonus to the Executive on the same day that the Company pays similar bonuses to other executives of the Company, *provided*, *however*, *that* the Company shall in no event pay the Performance Bonus to the Executive after March 15 of the year following the year in which the applicable Service Trigger Date occurs.

Notwithstanding anything to the contrary in this Section 2(b), the Board may decide not to pay the Performance Bonus if, when the applicable Performance Bonus is otherwise due and payable to the Executive, an "Event of Default" (as defined in the Credit Agreement) has occurred (or would have occurred) under the Credit Agreement during the applicable performance period, without giving effect to any cure available under the terms of the Credit Agreement (including, without limitation, any Rate Based Cure or Specified Equity Contribution, as each such term is defined in the Credit Agreement) or any waiver or amendment of the Credit Agreement (preventative or otherwise) that avoids or cures such Event of Default. The Company shall give written notice to the Executive of such occurrence as soon as reasonably practicable, which notice shall include: (i) a copy of the Credit Agreement; (ii) the date as of which the Company became non-compliant with the Credit Agreement; (iii) a complete statement of the reasons for the non-compliance with the Credit Agreement; and (iv) a description of the steps

(if any) being taken to become compliant with the Credit Agreement. In addition, the Board may make reasonable adjustments, up or down, to the amount of Performance Bonus payable for any year to take into account extraordinary events, such as acquisitions, dispositions and unusual or one time earnings fluctuations.

The Executive is also eligible to receive a discretionary bonus for 2007, which shall be paid in the sole discretion of the Board but shall not be less than $50,000. The discretionary bonus for 2007 shall become due and payable only if the Executive remains employed with the Company as of January 1, 2008. The Company shall pay the discretionary bonus for 2007 to the Executive on the same day that the Company pays bonuses to other executives of the Company, *provided*, *however*, *that* the Company shall in no event pay the discretionary bonus for 2007 to the Executive after March 15, 2009.

(c) Benefits; Relocation. During the Term, the Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company, as may be amended from time to time, which are generally applicable to senior officers of the Company and its subsidiaries, which as of the time of this Agreement include the Company's health and welfare plan and the Equity Incentive Plan of Allison Transmission Holdings, Inc. (pursuant to the terms to be set forth in a separate award agreement). During the Term, the Executive agrees to reside in the Indianapolis, Indiana area and agrees to relocate from New Jersey to the Indianapolis, Indiana area within a reasonable period of time following the Effective Date.

(d) Vacation. During the Term, the Executive shall be entitled to paid vacation in accordance with the Company's vacation policy, as it may be amended from time to time; provided, however, the Executive shall be entitled to no less than five (5) weeks of paid vacation each calendar year. Any vacation shall be taken at the reasonable and mutual convenience of the Company and the Executive.

(e) Expenses. During the Term, the Company shall reimburse the Executive for all reasonable travel and other business expenses incurred by him in the performance of his duties to the Company in accordance with the Company's expense reimbursement policy.

(f) Key Person Insurance. At any time during the Term, the Company shall have the right to insure the life of the Executive for the Company's sole benefit. The Company shall have the right to determine the amount of insurance and the type of policy. The Executive shall reasonably cooperate with the Company in obtaining such insurance by submitting to physical examinations, by supplying all information reasonably required by any insurance carrier, and by executing all necessary documents reasonably required by any insurance carrier. The Executive shall incur no financial obligation by executing any required document, and shall have no interest in any such policy.

3. Termination.

The Executive's employment hereunder may be terminated by the Company or the Executive, as applicable, without any breach of this Agreement only under the following circumstances:

(a) Circumstances.

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If the Executive has incurred a Disability, as defined in Section 10(d), the Company may terminate the Executive's employment.

(iii) Termination for Cause. The Company may terminate the Executive's employment for Cause, as defined in Section 10(a).

(iv) Termination without Cause. The Company may terminate the Executive's employment without Cause.

(v) Resignation for Good Reason. The Executive may resign his employment for Good Reason, as defined in Section 10(e).

(vi) Resignation without Good Reason. The Executive may resign his employment without Good Reason.

(vii) Non-extension of Term by the Company. The Company may give notice of non-extension to the Executive pursuant to Section 1(b).

(viii) Non-extension of Term by the Executive. The Executive may give notice of non-extension to the Company pursuant to Section 1(b).

(b) Notice of Termination. Any termination of the Executive's employment by the Company or by the Executive under this Section 3 (other than termination pursuant to paragraph (a)(i)) shall be communicated by a written notice to the other Party hereto indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and specifying a Date of Termination, as defined in Section 10(c), which shall be at least 60 days following the date of such notice in the event of any termination of the Executive's employment other than a Termination for Cause and at least 45 days following the date of such notice in the event of a Termination for Cause (a "Notice of Termination"). The failure by the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or

circumstance in enforcing the Company's rights hereunder. Similarly, the failure by Executive to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of the Executive hereunder or preclude the Executive from asserting such fact or circumstance in enforcing Executive's rights hereunder.

(c) Company Obligations upon Termination. Upon termination of the Executive's employment pursuant to any of the circumstances listed in Section 3(a), the Executive (or the Executive's estate) shall be entitled to receive the sum of: (i) the portion of the Executive's Annual Base Salary earned through the Date of Termination, but not yet paid to the Executive; (ii) any bonus actually earned by the Executive in the year prior to the year in which the Date of Termination occurs, but not yet paid to the Executive; (iii) any expenses owed to the Executive under Section 2(e); (iv) any accrued vacation pay owed to the Executive pursuant to Section 2(d), and (v) any amount accrued and arising from the Executive's participation in, or benefits accrued under any employee benefit plans, programs or arrangements under Section 2(c), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements. (collectively, the "Company Arrangements"). For the avoidance of doubt, upon termination of the Executive's employment for any reason, the Executive shall not be entitled to any other payments or benefits (including Annual Base Salary) except as specifically provided for in this Section 3(c) or Section 4.

4. Severance Payments.

(a) Termination for Cause, Resignation without Good Reason or upon Non-extension of Term by the Executive. If the Executive's employment shall terminate pursuant to Section 3(a)(iii) for Cause, Section 3(a)(vi) for the Executive's resignation without Good Reason, or pursuant to Section 3(a)(viii) due to Non-extension of the Term by the Executive, the Executive shall not be entitled to any severance payment or benefits.

(b) Termination without Cause, Resignation for Good Reason, Death, Disability or upon Non-extension of Term by the Company. If the Executive's employment shall terminate without Cause pursuant to Section 3(a)(iv), shall terminate due to the Executive's resignation for Good Reason pursuant to Section 3(a)(v), as a result of Executive's death pursuant to Section 3(a)(i) or Disability pursuant to Section 3(a)(ii), or pursuant to Section 3(a)(vii) due to Non-extension of the Term by the Company then, subject to the Executive signing, within fifty (50) days following delivery to the Executive, and not revoking a release of claims against the Company in substantially the form attached hereto as Exhibit A (the "Release") and the Executive's continued compliance with Sections 5 and 6, the Executive shall receive:

(i) A lump sum payment equal to 1.25 times the Executive's Annual Base Salary as of the Date of Termination, payable within sixty (60) days following the Date of Termination, but subject to Executive's execution of the Release, provided that he has not revoked such Release;

(ii) A lump sum payment equal to 1.25 times the Executive's Performance Bonus, which Performance Bonus will be based on the Performance Bonus that the Executive would have earned had he remained employed through the end of the Company's fiscal year in which the Date of Termination occurs (the "Termination Year"), but shall be calculated with reference to the performance of the Company through the last day of the Company's fiscal quarter that ended prior to the Date of Termination against performance goals for such Termination Year pro-rated to such date, as reasonably determined by the Board; *provided, that*, if the Date of Termination occurs during the first quarter of a fiscal year, then the Company's performance in such first quarter will be used to determine the amount of such Performance Bonus; *provided further, that* if the Date of Termination occurs prior to the date that performance goals for the Termination Year are established by the Board, then the lump sum payment shall instead equal 1.25 times the Executive's Target Bonus; *provided further, that* the payment provided for under this subsection 4(b)(ii) is payable within sixty (60) days following the Date of Termination but subject to Executive's execution of the Release, provided that he has not revoked such Release; and

(iii) Reimbursement for, or direct payment to the carrier for, the premium costs under COBRA for the Executive and, where applicable, his spouse and dependents, for fifteen months following the Date of Termination, under the same or a comparable Company group medical plan to the group medical plan that Executive was participating in as of the Date of Termination; provided that if the same or comparable Company group medical plan is, at any time during such fifteen month period, not available generally to senior officers of the Company, the Executive shall receive reimbursement for, or direct payment to the carrier for, the premium costs under COBRA under a group medical plan that is available to such senior officers of the Company.

If the payment of any amounts under Section 4(b)(i) or (ii) are delayed pending the Executive's execution of the Release, as soon as reasonably practicable following the date the Release becomes effective, the Company will pay the Executive the amounts that would have otherwise been previously paid to the Executive under Section 4(b)(i) or (ii) prior to the execution of such Release, provided that he has not revoked such Release. For the avoidance of doubt, no payments or benefits under Sections 4(b)(i), (ii) or (iii) shall be made until the

Executive has executed the Release and the required revocation period specified in the Release has expired.

(c) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any Party hereto, which shall have accrued prior to such expiration or termination.

5. Competition.

(a) The Executive shall not, at any time during the Term and for fifteen months after the Date of Termination, directly or indirectly engage in, have any equity interest in, interview for a potential employment or consulting relationship with or manage or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company anywhere in the world. Notwithstanding the foregoing, it shall not be a violation of this Section 5(a) for the Executive to join a division or business line of a commercial enterprise, other than any Specified Entity, with multiple divisions or business lines if such division or business line is not competitive with the businesses of the Company and its subsidiaries, provided that the Executive performs services solely for such non-competitive division or business line, and performs no functions on behalf of (and has no involvement with or direct or indirect responsibilities with respect to) businesses competitive with the Business of the Company anywhere in the world. Nothing herein shall prohibit the Executive from being a passive owner of not more than 4.9% of the outstanding equity interest in any entity, other than any Specified Entity, which is publicly traded, so long as the Executive has no active participation in the business of such entity.

(b) The Executive shall not, at any time during the Term and for fifteen months after the Date of Termination, directly or indirectly, recruit or otherwise solicit or induce any employee, customer, subscriber or supplier of the Company (i) to terminate its employment or arrangement with the Company, or (ii) to otherwise change its relationship with the Company.

(c) In the event the terms of this Section 5 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, it will be interpreted to extend only over the maximum period of time for which it may be enforceable, over the maximum geographical area as to which it may be enforceable, or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

(d) As used in this Section 5, (i) the term "Company" shall include the Company, its subsidiaries, and Allison Transmission Holdings, Inc., the parent of the Company,

and (ii) the term "Business" shall include the manufacturing, development and sale of transmissions and the sale of replacement parts, "will-fit" parts, support equipment and remanufactured transmissions for use in the vehicle aftermarket, as such business may be expanded or altered by the Company during the Term.

(e) The Executive agrees, during the Term and following the Date of Termination, to refrain from disparaging the Company and its affiliates, including any of its services, technologies or practices, or any of its directors, officers, agents, representatives or stockholders, either orally or in writing. The Company agrees, during the Term and following the Date of Termination, to refrain from disparaging the Executive; provided, however, that the Company's agreement to this non-disparagement clause shall be limited to official statements issued by the Company as an organization and statements of officers of the Company and members of the Board in their official capacity as representatives of the Company. Nothing in this paragraph shall preclude the Executive, the Company, the members of the Board or officers of the Company from making truthful statements that are reasonably necessary to comply with applicable law, regulation or legal process.

6. Nondisclosure of Proprietary Information.

(a) Except in connection with the faithful performance of the Executive's duties hereunder or pursuant to Section 6(c) and (e), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company (including, without limitation, business plans, business strategies and methods, acquisition targets, intellectual property in the form of patents, trademarks and copyrights and applications therefor, ideas, inventions, works, discoveries, improvements, information, documents, formulae, practices, processes, methods, developments, source code, modifications, technology, techniques, data, programs, other know-how or materials, owned, developed or possessed by the Company, whether in tangible or intangible form, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, prospects and compensation paid to employees or other terms of employment) (collectively, the "Confidential Information"), or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such Confidential Information. The Parties hereby stipulate and agree that, as between them, any item of Confidential Information is important, material and confidential and affects the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Notwithstanding the foregoing, Confidential Information shall not include any information that has

been published in a form generally available to the public prior to the date the Executive proposes to disclose or use such information, *provided*, *that* such publishing of the Confidential Information shall not have resulted from the Executive directly or indirectly breaching his obligations under this Section 6(a) or any other similar provision by which he is bound, or from any third-party breaching a provision similar to that found under this Section 6(a). For the purposes of the previous sentence, Confidential Information will not be deemed to have been published or otherwise disclosed merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(b) Upon termination of the Executive's employment with the Company for any reason, the Executive will promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents or property concerning the Company's customers, business plans, marketing strategies, products, property or processes.

(c) The Executive may respond to a lawful and valid subpoena or other legal process but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought and shall assist such counsel at Company's expense in resisting or otherwise responding to such process.

(d) As used in this Section 6 and Section 7, the term "Company" shall include the Company, its subsidiaries, and Allison Transmission Holdings, Inc., the parent of the Company.

(e) Nothing in this Agreement shall prohibit the Executive from (i) disclosing information and documents when required by law, subpoena or court order (subject to the requirements of Section 6(c) above), (ii) disclosing information and documents to his attorney or tax adviser for the purpose of securing legal or tax advice, (iii) disclosing the Executive's post-employment restrictions in this Agreement in confidence to any potential new employer, or (iv) retaining, at any time, his personal correspondence, his personal contacts and documents related to his own personal benefits, entitlements and obligations.

7. Inventions.

All rights to discoveries, inventions, improvements and innovations (including all data and records pertaining thereto) related to the business of the Company, whether or not patentable, copyrightable, registrable as a trademark, or reduced to writing, that the Executive may discover, invent or originate during the Term, either alone or with others and whether or not during working hours or by the use of the facilities of the Company ("Inventions"), shall be the exclusive property of the Company. The Executive shall promptly disclose all Inventions to the Company, shall execute at the request of the Company any assignments or other documents the

Company may deem reasonably necessary to protect or perfect its rights therein, and shall assist the Company, upon reasonable request and at the Company's expense, in obtaining, defending and enforcing the Company's rights therein. The Executive hereby appoints the Company as his attorney-in-fact to execute on his behalf any assignments or other documents reasonably deemed necessary by the Company to protect or perfect its rights to any Inventions.

8. Injunctive Relief.

It is recognized and acknowledged by the Executive that a breach of the covenants contained in Sections 5, 6 and 7 will cause irreparable damage to Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, the Executive agrees that in the event of a breach of any of the covenants contained in Sections 5, 6 and 7, in addition to any other remedy which may be available at law or in equity, the Company will be entitled to specific performance and injunctive relief.

9. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise), and may assign or encumber this Agreement and its rights hereunder as security for indebtedness of the Company and its affiliates. This Agreement shall be binding upon and inure to the benefit of the Company, the Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of the Executive's rights or obligations may be assigned or transferred by the Executive, other than the Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, the Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following his death by giving written notice thereof to the Company.

10. Certain Definitions.

(a) Cause. The Company shall have "Cause" to terminate the Executive's employment hereunder upon:

(i) the Board's determination that the Executive failed to substantially perform his duties as an employee of the Company (other than any such failure resulting from the Executive's Disability) that is reasonably expected to result in, or has resulted in, material economic damage to the Company or any of its affiliates (provided, that, to the extent such failure can be fully cured, the Company shall have provided the Executive with at least 30 days' notice of such failure and the Executive has not remedied the failure within the 30-day period);

(ii) the Board's determination that the Executive failed in any material respect

to carry out or comply with any lawful and reasonable directive of the Board consistent with the terms of this Agreement (provided, that, to the extent such failure can be fully cured, the Company shall have provided the Executive with at least 30 days' notice of such failure and the Executive has not remedied the failure within the 30-day period);

(iii) the Executive's conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;

(iv) the Executive's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any of its affiliate's) premises or while performing the Executive's duties and responsibilities under this Agreement; or

(v) the Executive's commission of an act of fraud, embezzlement, misappropriation, willful misconduct, or breach of fiduciary duty against the Company or any of its affiliates.

(b) Credit Agreement. "Credit Agreement" shall mean the Credit Agreement among Allison Transmission Holdings, Inc., the Company, Citicorp North America, Inc., Lehman Brothers Commercial Bank and the other parties thereto, dated as of August 7, 2007 and any successor thereto.

(c) Date of Termination. "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death; (ii) if the Executive's employment is terminated pursuant to Section 3(a)(ii) – (vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 3(b), whichever is earlier; (iii) if the Executive's employment is terminated pursuant to Section 3(a)(vii) or Section 3(a)(viii), the expiration of the then-applicable Term.

(d) Disability. "Disability" shall mean, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company's employees, "disability" as defined in such long-term disability plan for the purpose of determining a participant's eligibility for benefits, provided, however, if the long-term disability plan contains multiple definitions of disability, "Disability" shall refer to that definition of disability which, if the Executive qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether the Executive has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean the Executive's inability to perform, with or without reasonable accommodation, the essential functions of his position hereunder for a total of three months during any six-month period as a result of incapacity due to mental or physical illness as determined by a physician selected

by the Company or its insurers and acceptable to the Executive or the Executive's legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed. Any refusal by the Executive to submit to a medical examination for the purpose of determining Disability shall be deemed to constitute conclusive evidence of the Executive's lack of a Disability.

(e) Good Reason. The Executive shall have "Good Reason" to resign his employment within ninety (90) days following (i) a material diminution in the Executive's authorities, duties, or responsibilities, (ii) a material change in the geographic location at which the Executive must perform services, which shall not include a relocation of the Executive's principal place of employment to any location within a fifty (50) mile radius of the location from which the Executive served the Company immediately prior to the relocation, (iii) a material diminution in the Executive's Annual Base Salary from the Annual Base Salary in effect in the prior year, or (iv) a material diminution in the Executive's Target Bonus from the Target Bonus in effect in the prior year. The Executive may not resign his employment for Good Reason unless the Executive provided the Company with at least 30 days prior written notice of his intent to resign for Good Reason and the Company has not cured the breach within 30 days.

(f) Specified Entity. "Specified Entity" shall mean any of the following, including their affiliates: (i) ZF Friedrichshafen AG, (ii) Voith AG, (iii) Eaton Corporation, (iv) Caterpillar, Inc., and (v) ArvinMeritor, Inc.

11. Governing Law.

This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of Indiana, without reference to the principles of conflicts of law of the State of Indiana or any other jurisdiction, and where applicable, the laws of the United States.

12. Validity.

The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Notices.

Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(a) If to the Company:

Allison Transmission, Inc.
c/o The Carlyle Group
1001 Pennsylvania Avenue NW
Suite 220 South
Washington, DC 20004-2505
Attention: Gregory S. Ledford
Facsimile: (202) 347-1818

and copies to:

Allison Transmission, Inc.
c/o Onex Corporation
161 Bay Street
Suite 4900
Toronto, Canada M5J 2S1
Attention: Seth M. Mersky
Facsimile: (416) 362-6803

Latham & Watkins LLP
555 Eleventh Street, N.W.
Suite 1000
Washington, DC 20004
Attention: Daniel T. Lennon
David T. Della Rocca
Facsimile: (202) 637-2201

(b) If to the Executive:

David S. Graziosi
2 Red Oak Lane
Randolph, NJ 07869

or at any other address as any Party shall have specified by notice in writing to the other Party.

14. Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

15. Entire Agreement.

The terms of this Agreement are intended by the Parties to be the final expression of their agreement with respect to the employment of the Executive by the Company and supersede all prior understandings and agreements, whether written or oral. The Parties further intend that this

Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

16. Amendments; Waivers.

This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, the Executive or a duly authorized officer of the Company may waive compliance by the other Party or Parties with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; provided, however, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity. Except as otherwise set forth in this Agreement, the respective rights and obligations of the Parties under this Agreement shall survive any termination of the Executive's employment.

17. No Inconsistent Actions.

The Parties hereto shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the Parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

18. Construction.

This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (a) the plural includes the singular and the singular includes the plural; (b) "and" and "or" are each used both conjunctively and disjunctively; (c) "any," "all," "each," or "every" means "any and all," and "each and every"; (d) "includes" and "including" are each "without limitation"; (e) "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (f) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

19. Arbitration.

Any controversy, claim or dispute arising out of or relating to this Agreement, shall be settled solely and exclusively by binding arbitration in Indianapolis, Indiana. Such arbitration

shall be conducted in accordance with the then prevailing JAMS Streamlined Arbitration Rules & Procedures, with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each Party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any Party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such Party. Each Party shall bear its own attorneys fees and expenses. The Parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided, however, that nothing in this subsection shall be construed as precluding the bringing an action for injunctive relief as provided in Section 8.

20. Enforcement.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

21. Withholding.

The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

22. Employee Acknowledgement.

The Executive acknowledges that he has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on his own judgment.

23. Section 409A.

Notwithstanding anything to the contrary in this Agreement, if at the time of the Executive's termination of employment with the Company, the Executive is a "specified employee" as defined in Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), as determined by the Company in accordance with Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or

additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in the payments or benefits ultimately paid or provided to the Executive) until the date that is at least six (6) months following the Executive's termination of employment with the Company (or the earliest date permitted under Section 409A of the Code), whereupon the Company will pay the Executive a lump-sum amount equal to the cumulative amounts that would have otherwise been previously paid to the Executive under this Agreement during the period in which such payments or benefits were deferred. Thereafter, payments will resume in accordance with this Agreement.

Additionally, in the event that following the date hereof the Company or the Executive reasonably determines that any compensation or benefits payable under this Agreement may be subject to Section 409A of the Code, the Company and the Executive shall work together to adopt such amendments to this Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effect), or take any other commercially reasonable actions necessary or appropriate to (x) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (y) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

23. Indemnification.

The Company shall indemnify the Executive to the maximum extent permitted under the General Corporation Law of the State of Delaware for acts taken within the scope of his employment. To the extent that the Company obtains coverage under a director and officer indemnification policy, the Executive will be entitled to such coverage on a basis that is no less favorable than the coverage provided to any other officer or director of the Company.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written.

COMPANY

By: /s/ Authorized Signatory
Name:
Title: Authorized Signatory

EXECUTIVE

By: /s/ David S. Graziosi
David S. Graziosi

Exhibit A

General Release and Waiver*

For and in consideration of the payments and other benefits due to David S. Graziosi (the "**Executive**") pursuant to the Employment Agreement, dated as of November 1, 2007, by and between Allison Transmission, Inc. (the "**Company**") and the Executive (the "**Employment Agreement**"), and for other good and valuable consideration, the Executive hereby agrees, for the Executive, the Executive's spouse and child or children (if any), the Executive's heirs, beneficiaries, devisees, executors, administrators, attorneys, insurers, personal representatives, successors and assigns, to forever release, discharge and covenant not to sue (the "**Release**") the Company, or any of its divisions, affiliates, subsidiaries, parents, branches, predecessors, successors, assigns, and, with respect to such entities, their officers, directors, trustees, employees, agents, shareholders, administrators, general or limited partners, representatives, attorneys and fiduciaries, past, present and future (the "**Released Parties**") from any and all claims of any kind arising out of, or related to, his employment with the Company, its affiliates and subsidiaries (collectively, with the Company, the "**Affiliated Entities**"), the Executive's separation from employment with the Affiliated Entities, which the Executive now has or may have against the Released Parties, whether known or unknown to the Executive, by reason of facts which have occurred on or prior to the date that the Executive has signed this Release. Such released claims include, without limitation, any and all claims relating to the foregoing under federal, state or local laws pertaining to employment, including, without limitation, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e *et. seq*., the Fair Labor Standards Act, as amended, 29 U.S.C. Section 201 *et. seq*., the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 *et. seq*. the Reconstruction Era Civil Rights Act, as amended, 42 U.S.C. Section 1981 *et. seq*., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 *et. seq*., the Family and Medical Leave Act of 1992, 29 U.S.C. Section 2601 *et. seq*., and any and all state or local laws regarding employment discrimination and/or federal, state or local laws of any type or description regarding employment, including but not limited to any claims arising from or derivative of the Executive's employment with the Affiliated Entities, as well as any and all such claims under state contract or tort law.

The Executive has read this Release carefully, acknowledges that the Executive has been given at least twenty-one (21) days to consider all of its terms and has been advised to consult with an attorney and any other advisors of the Executive's choice prior to executing this Release, and the Executive fully understands that by signing below the Executive is voluntarily giving up any right which the Executive may have to sue or bring any other claims against the Released Parties, including any rights and claims under the Age Discrimination in Employment Act. The Executive also understands that the Executive has a period of seven (7) days after signing this Release within which to revoke his agreement, and that neither the Company nor any other

* The Company may adjust the terms of this form release from time to time, including, without limitation, to reflect any changes in applicable laws.

person is obligated to make any payments or provide any other benefits to the Executive pursuant to the Employment Agreement until eight (8) days have passed since the Executive's signing of this Release without the Executive's signature having been revoked other than any accrued obligations or other benefits payable pursuant to the terms of the Company's normal payroll practices or employee benefit plans. Finally, the Executive has not been forced or pressured in any manner whatsoever to sign this Release, and the Executive agrees to all of its terms voluntarily.

Notwithstanding anything else herein to the contrary, this Release shall not affect: (i) the Company's obligations under any compensation or employee benefit plan, program or arrangement (including, without limitation, obligations to the Executive under any stock option, stock award or agreements or obligations under any pension, deferred compensation or retention plan) provided by the Affiliated Entities where the Executive's compensation or benefits are intended to continue or the Executive is to be provided with compensation or benefits, in accordance with the express written terms of such plan, program or arrangement, beyond the date of the Executive's termination; or (ii) rights to indemnification or liability insurance coverage the Executive may have under the by-laws of the Company or applicable law.

This Release is subject to Sections 11 and 19 of the Employment Agreement. This Release is final and binding and may not be changed or modified except in a writing signed by both parties.

Date	David S. Graziosi
Date	Allison Transmission, Inc.

Exhibit 10.9

Form of Indemnification Agreement

DIRECTOR INDEMNIFICATION AGREEMENT

This Director Indemnification Agreement (this "Agreement") is made as of _____, 2011 by and between Allison Transmission Holdings, Inc., a Delaware corporation (the "Company"), and _____("Indemnitee").

RECITALS:

WHEREAS, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, highly competent persons have become more reluctant to serve as directors or in other capacities unless they are provided with adequate protection through insurance and adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, (i) the Certificate of Incorporation of the Company (the "Certificate of Incorporation") and the By-laws of the Company (the "By-laws") require indemnification of the officers and directors of the Company, (ii) Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("DGCL") and (iii) the Certificate of Incorporation, the By-laws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate of Incorporation and By-laws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of Indemnitee thereunder, and

WHEREAS, (i) Indemnitee does not regard the protection available under the Certificate of Incorporation, By-laws and insurance as adequate in the present circumstances, (ii) Indemnitee may not be willing to serve or continue to serve as a director or officer without adequate protection, (iii) the Company desires Indemnitee to serve in such capacity, and (iv) Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. (a) As used in this Agreement:

"Affiliate" of any specified Person shall mean any other Person controlling, controlled by or under common control with such specified Person.

"Corporate Status" describes the Indemnitee's past, present or future status as a director, officer, fiduciary, trustee, employee or agent of (i) the Company or (ii) any other corporation, limited liability company, partnership or joint venture, trust, employee benefit plan or other enterprise at which such person is or was serving at the request of the Company.

"Enterprise" shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent, fiduciary or trustee.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Expenses" shall mean all reasonable direct and indirect costs, expenses, fees and charges (including without limitation attorneys' fees, retainers, court costs, transcript costs, fees and costs of testifying and non-testifying experts and consultants, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses) of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include, without limitation, (i) expenses incurred in connection with any appeal resulting from, incurred by Indemnitee in connection with, arising out of respect of or relating to, any Proceeding, including without limitation, the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent, (ii) for purposes of Section 11(d) only, expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise, (iii) any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, and (iv) any interest, assessments or other charges in respect of the foregoing.

"Indemnity Obligations" shall mean all obligations of the Company to Indemnitee under this Agreement, including the Company's obligations to provide indemnification to Indemnitee and advance Expenses to Indemnitee under this Agreement.

"Independent Counsel" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder; provided, however, that the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

"Liabilities" means (i) all claims, liabilities, damages, losses, judgments (including pre- and post-judgment interest), orders, fines, penalties and other amounts payable in connection with, arising out of, or in respect of or relating to any Proceeding, including, without limitation, amounts paid in settlement in any Proceeding and all costs and expenses in complying with any judgment, order or decree issued or entered in connection with any Proceeding or any settlement agreement, stipulation or consent decree entered into or issued in settlement of any Proceeding.

"Person" shall mean any individual, corporation, partnership, limited partnership, limited liability company, trust, governmental agency or body or any other legal entity.

"Proceeding" shall mean any actual, threatened, pending or completed action, claim, suit, arbitration, alternate dispute resolution mechanism (including, but without limitation, voluntary or court-ordered mediation), formal or informal hearing, inquiry or investigation (whether instituted by or on behalf of the Company or its Board of Directors or a governmental authority or other party), litigation, inquiry, administrative hearing or any other actual, threatened, pending or completed judicial, administrative or arbitration proceeding (including, without limitation, any such proceeding under the Securities Act of 1933, as amended, or the Exchange Act or any other federal law, state law, statute or regulation), whether brought by or in the name or right of the Company or otherwise, and whether of a civil, criminal, administrative or investigative nature, in each case, in which Indemnitee was, is or will be, or is threatened to be, involved as a party, witness or otherwise by reason of Indemnitee's Corporate Status or by reason of any actual or alleged action taken by Indemnitee or of any inaction on Indemnitee's part while acting by reason of Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

"Sponsor Entities" means (i) TC Group, L.L.C., (ii) any other investment fund or related management company or general partner that is an Affiliate of TC Group, L.L.C., (iii) Onex Corporation and Onex Partners GP Inc., and (iv) any other investment fund or related management company or general partner that is an Affiliate of Onex Corporation or Onex Partners GP Inc.; provided, however, that neither the Company nor any of its subsidiaries shall be considered Sponsor Entities hereunder.

(b) For the purpose hereof, references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, fiduciary, trustee, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, fiduciary, trustee, employee or agent with respect to an employee benefit plan, its participants or beneficiaries, including as a deemed fiduciary thereto; and a Person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 2. Indemnity in Third-Party Proceedings. The Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Liabilities and Expenses suffered or incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding (other than any Proceeding brought by or in the name or right of the Company to procure a judgment in its favor), or any claim, issue or matter therein, if Indemnitee acted in good faith and in a

manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that his conduct was unlawful.

Section 3. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify and hold harmless Indemnitee, to the fullest extent permitted by applicable law, from and against all Expenses suffered or incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding brought by or in the name or right of the Company to procure a judgment in its favor, or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, and without limiting the rights of Indemnitee under any other provision hereof, to the fullest extent permitted by applicable law, to the extent that Indemnitee is wholly successful in any Proceeding or Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise (including settlement thereof), as to one or more but less than all claims, issues or matters in such Proceeding, then the Company shall indemnify Indemnitee against all Liabilities and Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved Proceeding or claim, issue or matter in such a Proceeding. For purposes of this Section 4 and without limitation, the termination of any Proceeding or claim, issue or matter in such a Proceeding by settlement, entry of a plea of *nolo contendere* or by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 5. Indemnification For Expenses as a Witness or for the Production of Documents Pursuant to Subpoena or Other Legal Compulsion. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, (i) a witness in any Proceeding to which Indemnitee is not a party, or (ii) compelled to produce documents or other evidence pursuant to subpoena or other legal compulsion, he shall be indemnified against all Expenses suffered or incurred by him or on his behalf in connection therewith.

Section 6. Additional Indemnification Provisions.

(a) Notwithstanding any limitation in Sections 2, 3, or 4, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the name or right of the Company to procure a judgment in its favor) against all Liabilities and Expenses suffered or incurred by Indemnitee in connection with such Proceeding:

i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(b) Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification in connection with any claim made against Indemnitee for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law; provided, however, that this Section 6(b) shall not negate Indemnitee's right to the advancement of Expenses unless and to the extent that the Company reasonably determines that Indemnitee violated Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws and must disgorge profits in connection with such violation; further provided, however, that notwithstanding anything to the contrary stated or implied in this Section 6(b), indemnification pursuant to this Agreement relating to any Proceeding against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws shall not be prohibited if Indemnitee ultimately establishes in any a final, non-appealable judgment, by a court of competent jurisdiction, that no recovery of such profits from Indemnitee is permitted under Section 16(b) of the Exchange Act or similar provisions of any federal, state or local laws.

Section 7. Advancement of Expenses. In accordance with the pre-existing requirement of Article Eleventh of the Certificate of Incorporation, and notwithstanding any provision of this Agreement to the contrary, the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made no later than ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnitee undertakes to repay such advances if and to the extent that it is ultimately determined in a decision by a court of competent jurisdiction from which no appeal can be taken that Indemnitee is not entitled to be indemnified by the Company. The right to advances under this Section 7 shall in all events continue until the final, non-appealable disposition of any action, claim, Proceeding or other matter for which Indemnitee is entitled to receive such advances hereunder. The Company shall not initiate any proceeding seeking repayment of any advanced Expenses pursuant to the foregoing undertaking other than in a proceeding initiated in Chancery Court of the State of Delaware ("Delaware Chancery Court") following a final, non-appealable judgment, by a court of competent jurisdiction, of the underlying and operative action, claim, Proceeding or other matter for which Indemnitee received such advanced Expenses.

Section 8. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as

reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification and/or advancement of Expenses under this Agreement, Indemnitee shall submit to the Company a written request therefor, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such action, suit or proceeding. Any delay or failure by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay or failure in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification or advancement of Expenses, advise the Board in writing that Indemnitee has made such a request.

(b) In the event Indemnitee is entitled to indemnification and/or advancement of Expenses with respect to any Proceeding, Indemnitee may, at Indemnitee's option, (i) retain counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld, conditioned or delayed) to represent Indemnitee with respect to such Proceeding, at the sole expense of the Company, or (ii) have the Company assume the defense of Indemnitee in such Proceeding, in which case the Company shall assume the defense of such Proceeding with counsel selected by the Company and approved by Indemnitee (which approval shall not be unreasonably withheld, conditioned or delayed) within ten (10) days of the Company's receipt of written notice of Indemnitee's election to cause the Company to do so. If the Company is required to assume the defense of any such Proceeding, it shall engage legal counsel for such defense, and the Company shall be solely responsible for all fees and expenses of such legal counsel and otherwise of such defense. Such legal counsel may represent both Indemnitee and the Company (and/or any other party or parties entitled to be indemnified by the Company with respect to such matter) unless, in the reasonable opinion of legal counsel to Indemnitee, there is an actual or potential conflict of interest between Indemnitee and the Company (or any other such party or parties) or there are legal defenses available to Indemnitee that are not available to the Company (or any such other party or parties). Notwithstanding either party's assumption of responsibility for defense of a Proceeding, each party shall have the right to engage separate counsel at its own expense. The party having responsibility for defense of a Proceeding shall provide the other party and its counsel with all copies of pleadings and material correspondence relating to the Proceeding. Indemnitee and the Company shall reasonably cooperate in the defense of any Proceeding with respect to which indemnification is sought hereunder, regardless of whether the Company or Indemnitee assumes the defense thereof. Indemnitee may not settle or compromise any Proceeding without the prior written consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed. The Company may not, without the prior written consent of Indemnitee, which consent shall not be unreasonably withheld, conditioned or delayed, effect any settlement of any Proceeding against Indemnitee or which potentially or actually imposes any cost, liability, exposure or burden on Indemnitee.

Section 9. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 8(a), the Company shall advance all reasonable fees and expenses necessary to defend against a Claim pursuant to the undertaking set forth in Section 7 hereof. If any determination by the Company is required by applicable law with respect to Indemnitee's ultimate entitlement to indemnification, such determination shall be made (i) if Indemnitee shall request such determination be made by Independent Counsel, by Independent Counsel, and (ii) in all other circumstances, in any manner permitted by the DGCL, subject

to Section 9(c). Any decision that a determination is required by law, and any such determination, shall be made within thirty (30) days after receipt of Indemnitee's written request for indemnification pursuant to this Agreement. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company will not deny any written request for indemnification hereunder by Indemnitee unless an adverse determination as to Indemnitee's entitlement to such indemnification described in this Section 9(a) has been made. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. The Company shall be bound by and shall have no right to challenge a favorable determination of Indemnitee's entitlements.

(b) In the event any determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(a) hereof, (i) the Independent Counsel shall be selected by the Company within ten (10) days of the Submission Date (the cost of each such counsel to be paid by the Company), (ii) the Company shall give written notice to Indemnitee advising it of the identity of the Independent Counsel so selected and (iii) Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company Indemnitee's written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a timely objection, the person so selected shall act as Independent Counsel. If a written objection is so made by Indemnitee, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If no Independent Counsel shall have been selected and not objected to before the later of (i) thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 9(a) hereof (the "Submission Date") and (ii) ten (10) days after the final disposition of the Proceeding, each of the Company and Indemnitee shall select a law firm or member of a law firm meeting the qualifications to serve as Independent Counsel, and such law firms or members of law firms shall select the Independent Counsel. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 11(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding; provided that, in absence of any such determination with respect to such Proceeding, the Company shall advance Liabilities and Expenses with respect to such Proceeding until the Company has determined the Indemnitee not to be entitled to indemnification with respect to such Proceeding.

Section 10. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 8(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 9 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefore, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent a prohibition of such indemnification under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if (i) the determination is to be made by Independent Counsel and Indemnitee objects to the Company's selection of Independent Counsel and (ii) the Independent Counsel ultimately selected requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) Effect of Settlement. To the greatest extent permitted by law, settlement of any Proceeding without any finding of responsibility, wrongdoing or guilt on the part of the Indemnitee with respect to claims asserted in such Proceeding shall constitute a conclusive determination that Indemnitee is entitled to indemnification hereunder with respect to such Proceeding.

(e) Reliance as Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers, employees, boards (or committees thereof) of the Enterprise in the course of their duties, or on the advice of legal counsel or other advisors (including financial advisors and accountants) for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert or adviser selected with reasonable care by the Enterprise. The provisions of this Section 10(e) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(f) Actions of Others. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 11. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 9 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 7 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(a) of this Agreement within forty-five (45) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 4 or 5 or the second to last sentence of Section 9(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 2, 3 or 6 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by the Delaware Chancery Court of Indemnitee's entitlement to such indemnification and/or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 9(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 11 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 11 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 9(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 11, absent a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 11 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by

Indemnitee for indemnification or advance of Expenses from the Company under this Agreement, any other agreement, the Certificate of Incorporation or By-laws of the Company as now or hereafter in effect, or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

Section 12. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the By-laws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation, the By-laws and/or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more Persons with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity). The Company hereby acknowledges and agrees that (i) the Company shall be the indemnitor of first resort with respect to any Proceeding, Expense, Liability or matter that is the subject of the Indemnity Obligations, (ii) the Company shall be primarily liable for all Indemnification Obligations and any indemnification afforded to Indemnitee in respect of any Proceeding, Expense, Liability or matter that is the subject of Indemnity Obligations, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise, (iii) any obligation of any other Persons with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity) to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding shall be secondary to the obligations of the Company hereunder, (iv) the Company shall be required to indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity) or insurer of any such Person and (v) the Company irrevocably waives, relinquishes and releases (1) any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity) from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company hereunder; and (2) any right to participate in any claim or remedy of Indemnitee against any other Person (including, without limitation, any Sponsor Entity or former Sponsor Entity), whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any other Person (including, without limitation, any Sponsor Entity or former Sponsor Entity), directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right. In

the event any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity) or their insurers advances or extinguishes any liability or loss which is the subject of any Indemnity Obligation owed by the Company or payable under any insurance policy provided under this Agreement, the payor shall have a right of subrogation against the Company or its insurer or insurers for all amounts so paid which would otherwise be payable by the Company or its insurer or insurers under this Agreement. In no event will payment of an Indemnity Obligation of the Company under this Agreement by any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity) or their insurers affect the obligations of the Company hereunder or shift primary liability for any Indemnity Obligation to any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity). Any indemnification and/or insurance or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity) with respect to any liability arising as a result of Indemnitee's Corporate Status or capacity as an officer or director of any Person is specifically in excess over any Indemnity Obligation of the Company or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company under this Agreement, and any obligation to provide indemnification and/or insurance or advance Expenses of any other Person with whom or which Indemnitee may be associated (including, without limitation, any Sponsor Entity) shall be reduced by any amount that Indemnitee collects from the Company as an indemnification payment or advancement of Expenses pursuant to this Agreement.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Company shall not be subrogated to and hereby waives any rights to be subrogated to any rights of recovery of Indemnitee, including rights of indemnification provided to Indemnitee from any other person or entity with whom Indemnitee may be associated (including, without limitation, any Sponsor Entity) as well as any rights to contribution that might otherwise exist; provided, however, that the Company shall be subrogated to the extent of any such payment of all rights of recovery of Indemnitee under insurance policies of the Company or any of its subsidiaries.

(e) The indemnification and contribution provided for in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee.

Section 13. Duration of Agreement; Not Employment Contract. This Agreement shall continue until and terminate upon the latest of: (i) ten (10) years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or any other Enterprise and (ii) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of

indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 11 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or the Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director of the Company, by the Certificate of Incorporation, and By-laws, and the DGCL.

Section 14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 15. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the By-laws and applicable law, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 16. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the parties hereto. Except as otherwise expressly provided herein, the rights of a party hereunder (including the right to enforce the obligations hereunder of the other parties) may be waived only with the written consent of such party, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 17. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b)

mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to:

c/o The Carlyle Group
1001 Pennsylvania Avenue, NW
Suite 220 South Washington, DC 20004
Attention: Greg Ledford
Brian Bernasek

with a copy to:

c/o Onex Corporation
161 Bay Street
Suite 4900 Toronto, Canada M5J 2S1
Attention: Seth Mersky
Kosty Gilis

or to any other address as may have been furnished to Indemnitee by the Company.

Section 18. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 19. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Chancery Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Chancery Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Chancery Court, and (iv) waive, and agree not to

plead or to make, any claim that any such action or proceeding brought in the Delaware Chancery Court has been brought in an improper or inconvenient forum.

Section 20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 21. Third-Party Beneficiaries. The Sponsor Entities are intended third-party beneficiaries of this Agreement.

Section 22. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

ALLISON TRANSMISSION HOLDINGS, INC.

By: _____
Name: Lawrence E. Dewey
Office: President and Chief Executive Officer

INDEMNITEE

_____
Name:
Address:

EQUITY INCENTIVE PLAN
OF
ALLISON TRANSMISSION HOLDINGS, INC.

Allison Transmission Holdings, Inc. hereby adopts this Equity Incentive Plan of Allison Transmission Holdings, Inc. (the "Plan"). The purposes of this Plan are as follows:

(1) To further the growth, development and financial success of the Company and its Subsidiaries (as defined herein), by providing additional incentives to employees, consultants and directors of the Company and its Subsidiaries who have been or will be given responsibility for the management or administration of the Company's (or one of its Subsidiaries') business affairs, by assisting them to become owners of Common Stock (as defined herein), thereby benefiting directly from the growth, development and financial success of the Company and its Subsidiaries.

(2) To enable the Company (and its Subsidiaries) to obtain and retain the services of the type of professional, technical and managerial employees, consultants and directors considered essential to the long-range success of the Company (and its Subsidiaries) by providing and offering them an opportunity to become owners of Common Stock pursuant to the exercise of Options (as defined herein) (including in the case of employees, Options that are intended to qualify as "incentive stock options" under Section 422 of the Code), the grant of restricted stock or restricted stock units or an offer to purchase shares of Common Stock.

ARTICLE I.
DEFINITIONS

Whenever the following terms are used in this Plan, they shall have the meaning specified below unless the context clearly indicates to the contrary. The singular pronoun shall include the plural where the context so indicates.

Section 1.1 280G Regulations. "280G Regulations" means the regulation codified at 26 C.F.R. § 1.280G-1.

Section 1.2 "Administrator"

shall mean the Board or any of its Committees as shall be administering the Plan in accordance with Article VII hereof.

Section 1.3 "Affiliate"

shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person where "control" shall have the meaning given such term under Rule 405 of the Securities Act. For the purposes of this Plan, Affiliates of the Company shall include all Principal Stockholders.

Section 1.4 "Applicable Laws"

shall mean the requirements relating to the administration of stock option, restricted stock, and restricted stock unit plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Options, Restricted Stock or Restricted Stock Units are granted under the Plan.

Section 1.5 "Award"

shall mean an Option, a Stock Purchase Right, a Restricted Stock award or a Restricted Stock Unit award granted to a Participant pursuant to the Plan.

Section 1.6 "Award Agreement"

shall mean any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

Section 1.7 "Board" shall mean the Board of Directors of the Company.

Section 1.8 "Cause" shall mean,

(a) the Board's determination that the Service Provider failed to substantially perform his or her duties (other than any such failure resulting from the Service Provider's Disability) which is not remedied within ten days after receipt of written notice from the Company specifying such failure;

(b) the Board's determination that the Service Provider failed to carry out, or comply with any lawful and reasonable directive of the Board or the Service Provider's immediate supervisor, which is not remedied within ten days after receipt of written notice from the Company specifying such failure;

(c) the Service Provider's conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony, indictable offence or crime involving moral turpitude;

(d) the Service Provider's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any of its Affiliate's) premises or while performing the Service Provider's duties and responsibilities; or

(e) the Service Provider's commission of an act of fraud, embezzlement, misappropriation, misconduct, or material breach of fiduciary duty against the Company or any of its Affiliates.

Notwithstanding the foregoing, if the Service Provider is party to a written employment or consulting agreement with the Company (or its Subsidiary) which defines cause, then "Cause" shall be as such term is defined in the applicable written employment or consulting agreement.

Section 1.9 "Code" shall mean the Internal Revenue Code of 1986, as amended.

Section 1.10 "Committee"

shall mean a committee of Directors or other individuals satisfying Applicable Laws, who are appointed by the Board in accordance with Article VII hereof.

Section 1.11 "Common Stock"

shall mean the non-voting common stock, par value $0.01 per share, of the Company and such other class of stock into which such common stock is hereafter converted or exchanged.

Section 1.12 "Company"

shall mean Allison Transmission Holdings, Inc., a Delaware corporation, and any successor.

Section 1.13 "Consultant"

shall mean any Person who is engaged by the Company or any of its Subsidiaries to render consulting or advisory services to such entity.

Section 1.14 "Corporate Event"

shall mean, as determined by the Administrator in its sole discretion, any transaction or event described in Section 8.1(a) or any unusual or nonrecurring transaction or event affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any of its Subsidiaries, or changes in applicable laws, regulations, or accounting principles (including, without limitation, a recapitalization of the Company).

Section 1.15 "Director" shall mean a member of the Board or a member of the Board of Directors of any Subsidiary of the Company.

Section 1.16 "Disability"

shall mean "disability," as such term is defined in Section 22(e)(3) of the Code.

Section 1.17 "Eligible Representative"

for a Participant shall mean such Participant's personal representative or such other person as is empowered under the deceased Participant's will or the then applicable laws of descent and distribution to represent the Participant hereunder.

Section 1.18 "Employee"

shall mean any employee (as defined in accordance with the regulations and revenue rulings then applicable under Section 3401(c) of the Code) of the Company or one of its Subsidiaries, whether such employee is so employed at the time this Plan is adopted or becomes so employed subsequent to the adoption of this Plan. A Service Provider shall not cease to be an

Employee in the case of (a) any leave of absence approved by the Company or (b) transfers between locations of the Company or between the Company, any of its Subsidiaries, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 181st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Qualified Stock Option.

Section 1.19 "Equity Restructuring" shall mean, as determined by the Administrator in its sole discretion, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Common Stock (or other securities of the Company) or the share price of Common Stock (or other securities of the Company) and causes a change in the per share value of the Common Stock underlying outstanding Awards.

Section 1.20 "Exchange Act" shall mean, the Securities Exchange Act of 1934, as amended.

Section 1.21 "Fair Market Value"

of a share of Common Stock as of a given date shall be:

(a) If the Common Stock is listed on any established stock exchange or a national market system, its Fair Market Value shall be the closing sales price for a Share (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(b) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for a share of the Common Stock on the day of determination; or

(c) In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

Section 1.22 "Incentive Stock Option"

shall mean an Option which qualifies under Section 422 of the Code and is designated as an Incentive Stock Option by the Administrator.

Section 1.23 "Independent Director"

shall mean a member of the Board or a member of the Board of Directors of any Subsidiary of the Company who is not an Employee of the Company or any of its Subsidiaries.

Section 1.24 "Non-Qualified Stock Option"

shall mean an Option which is not an "incentive stock option" under Section 422 of the Code and shall include an Option which is designated as a Non-Qualified Stock Option by the Administrator.

Section 1.25 "Officer"

shall mean an officer of the Company, as defined in Rule 16a-l(f) under the Exchange Act, as such Rule may be amended in the future.

Section 1.26 "Option"

shall mean an option granted under the Plan to purchase Common Stock. The term "Option" includes both an Incentive Stock Option and a Non-Qualified Stock Option.

Section 1.27 "Option Price" shall have the meaning set forth in Section 4.3.

Section 1.28 "Optionee"

shall mean a Service Provider to whom an Option is granted under the Plan.

Section 1.29 "Participant"

shall mean any Service Provider who has been granted an Award pursuant to the Plan.

Section 1.30 "Person"

shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or any other entity of whatever nature.

Section 1.31 "Plan"

shall have the meaning set forth in the Recitals hereto.

Section 1.32 "Principal Stockholders"

shall mean (i) Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., Onex Advisor III LLC, Onex Partners II LP, Onex Partners II GP LP, Onex US Principals LP, Onex American Holdings II LLC, and Allison Executive Investco LLC and (ii) any of their Affiliates to which (a) any of the Principal Stockholders identified in clause (i) or any other Person transfers Common Stock or voting common stock, par value $0.01 per share, of the Company or (b) the Company issues such voting common stock or Common Stock.

Section 1.33 "Restricted Stock"

shall mean an Award granted pursuant to Section 6.1.

Section 1.34 "Restricted Stock Unit" shall mean an Award granted pursuant to Section 6.2.

Section 1.35 "Secretary" shall mean the Secretary of the Company.

Section 1.36 "Securities Act" shall mean the Securities Act of 1933, as amended.

Section 1.37 "Service Provider" shall mean an Employee, Consultant or Director.

Section 1.38 "Share" shall mean a share of Common Stock.

Section 1.39 "Stock Purchase Right" shall mean an Award granted pursuant to Section 3.4.

Section 1.40 "Stockholders Agreement"

shall mean that certain agreement by and between each Participant, the Principal Stockholders, the Company and other parties thereto, which contains certain restrictions and limitations applicable to Options, the Shares acquired upon Option exercise, grant of Restricted Stock or settlement of a Restricted Stock Unit, as may be amended from time to time. If the Participant is not a party to a Stockholders Agreement at the time of grant of Restricted Stock, purchase of Common Stock pursuant to a Stock Purchase Right, settlement of a Restricted Stock Unit or exercise of the Option (or any portion thereof), the grant of Restricted Stock, purchase of Common Stock pursuant to a Stock Purchase Right, settlement of a Restricted Stock Unit or, as applicable, the exercise of the Option shall be subject to the condition that the Participant enter into the Stockholders Agreement with the Company in the form provided to the Participant by the Company.

Section 1.41 "Subsidiary"

of any entity shall mean any corporation in an unbroken chain of corporations beginning with such entity if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

ARTICLE II.
SHARES SUBJECT TO PLAN

Section 2.1 Shares Subject to Plan

(a) Subject to Section 8.1, the aggregate number of Shares which may be issued under this Plan is set forth in Exhibit A. The Shares may be authorized but unissued, or reacquired Common Stock.

(b) To the extent that an Award terminates, is forfeited, is repurchased, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan; provided, however, vested Shares that are repurchased after being issued from the Plan shall not be available for future issuance under the Plan. Additionally, any

Shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Law, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any of its Subsidiaries shall not be counted against Shares available for grant pursuant to this Plan.

ARTICLE III.
GRANTING OF OPTIONS AND SALE OF COMMON STOCK

Section 3.1 Eligibility.

Non-Qualified Stock Options may be granted to Service Providers. Subject to Section 3.2, Incentive Stock Options may only be granted to Employees.

Section 3.2 Qualification of Incentive Stock Options.

No Employee may be granted an Incentive Stock Option under the Plan if such Employee, at the time the Incentive Stock Option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any then existing Subsidiary of the Company or "parent corporation" (within the meaning of Section 424(e) of the Code) unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code.

Section 3.3 Granting of Options to Service Providers

(a) The Administrator shall from time to time:

(i) Select from among the Service Providers (including those to whom Options have been previously granted under the Plan) such of them as in its opinion should be granted Options;

(ii) Determine the number of Shares to be subject to such Options granted to such Service Provider, and determine whether such Options are to be Incentive Stock Options or Non-Qualified Stock Options; and

(iii) Determine the terms and conditions of such Options, consistent with the Plan.

(b) Upon the selection of a Service Provider to be granted an Option pursuant to subsection (a), the Administrator shall instruct the Secretary or another authorized Officer to issue such Option and may impose such conditions on the grant of such Option as it deems appropriate. Without limiting the generality of the preceding sentence, the Administrator may, subject to applicable securities laws, require as a condition to the grant of an Option to a Service Provider that the Service Provider surrender for cancellation all or a portion of the unexercised Options which have previously been granted to him or her. An Option the grant of which is conditioned upon such surrender may have an Option exercise price lower (or higher) than the Option exercise price of the surrendered Option, may cover the same (or a lesser or greater)

number of Shares as the surrendered Option, may contain such other terms as the Administrator deems appropriate and shall be exercisable in accordance with its terms, without regard to the number of Shares, price, period of exercisability or any other term or condition of the surrendered Option. Subject to Section 8.3 of the Plan, any Incentive Stock Option granted under the Plan may be modified by the Administrator, without the consent of the Optionee, even if such modification would result in the disqualification of such Option as an "incentive stock option" under Section 422 of the Code.

Section 3.4 Sale of Common Stock to Service Providers

The Administrator, acting in its sole discretion, may from time to time designate one or more Service Providers to whom an offer to sell Shares shall be made and the terms and conditions thereof, provided, however, that the price per Share shall not be less than the Fair Market Value thereof on the date any such offer is accepted. Each Share sold to a Service Provider under this Section 3.4 shall be evidenced by a written stock purchase agreement in a form approved by an authorized Officer of the Company, which shall contain terms consistent with the terms hereof. Any Common Stock sold under this Section 3.4 shall be subject to the same limitations, restrictions and administration hereunder as would apply to any Common Stock issued pursuant to the exercise of an Option under this Plan including, but not limited to, conditions and restrictions set forth in Section 5.5 hereunder. Shares acquired pursuant to this Section 3.4 shall also be subject to the terms and conditions of a Stockholders Agreement.

ARTICLE IV.
TERMS OF OPTIONS

Section 4.1 Award Agreement

(a) Each Option shall be evidenced by a written Award Agreement ("Award Agreement"), which shall be executed by the Optionee and an authorized Officer and which shall contain such terms and conditions as the Administrator shall determine, consistent with the Plan. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to qualify such Options as "incentive stock options" under Section 422 of the Code.

(b) The Administrator at any time, and from time to time, may amend the terms of any one or more existing Award Agreements, provided, however, that subject to the provisions of this Plan the rights of an Optionee under an Award Agreement shall not be adversely impaired in any material respect without the Optionee's written consent. The Company shall provide an Optionee with written notice of any amendment made to such Optionee's existing Award Agreement.

Section 4.2 Exercisability and Vesting of Options

(a) Each Option shall become exercisable according to the terms of the applicable Award Agreement; provided, however, that by a resolution adopted after an Option is granted the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the time at which such Option or any portion thereof may be exercised.

(b) Except as otherwise provided in the applicable Award Agreement, no portion of an Option which is unexercisable on the date that an Optionee incurs a termination of service as a Service Provider shall thereafter become exercisable.

(c) The aggregate Fair Market Value of all Shares (determined as of the time the Option is granted) with respect to which Incentive Stock Options are first exercisable by a Service Provider in any calendar year, together with the fair market value of all shares of other stock of the Company or its Subsidiary with respect to which incentive stock options are first exercisable by a Participant in any calendar year, may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that any portion of an Incentive Stock Option becomes first exercisable by a Participant in excess of such limitation, the excess shall be considered a Non-Qualified Stock Options.

Section 4.3 Option Price.

The per Share purchase price of the Shares subject to each Option (the "Option Price") shall be set by the Administrator and shall be not less than 100% of the Fair Market Value of such Shares on the date such Option is granted. With respect to Incentive Stock Options, in the case of an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company, the Option Price shall not be less than 110% of the Fair Market Value of such Shares on the date such Incentive Stock Option is granted.

Section 4.4 Expiration of Options

No Option may be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration of ten years from the date the Option was granted; or

(b) With respect to an Incentive Stock Option in the case of an Optionee owning (within the meaning of Section 424(d) of the Code), at the time the Incentive Stock Option was granted, more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary, the expiration of five years from the date the Incentive Stock Option was granted.

ARTICLE V.
EXERCISE OF OPTIONS

Section 5.1 Person Eligible to Exercise.

During the lifetime of the Optionee, only he or she may exercise an Option (or any portion thereof granted to him or her); provided, however, that the Optionee's Eligible Representative may exercise his or her Option during the period of the Optionee's Disability. After the death of the Optionee, any exercisable portion of an Option may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his or her Eligible Representative.

Section 5.2 Partial Exercise.

At any time and from time to time prior to the time when the Option becomes unexercisable under the Plan or the applicable Award Agreement, the exercisable portion of an Option may be exercised in whole or in part; provided, however, that the Company shall not be required to issue fractional Shares and the Administrator may, by the terms of the Option, require any partial exercise to exceed a specified minimum number of Shares.

Section 5.3 Manner of Exercise.

An exercisable Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of all of the following prior to the time when such Option or such portion becomes unexercisable under the Plan or the applicable Award Agreement:

(a) Subject to any conditions that may be imposed by the Administrator, notice in writing signed by the Optionee or his or her Eligible Representative, stating that such Option or portion is exercised, and specifically stating the number of Shares with respect to which the Option is being exercised;

(b) A copy of the Stockholders Agreement signed by the Optionee or Eligible Representative, as applicable;

(c) Full payment (in cash or by personal, certified, or bank cashier check) of the aggregate Option Price of the Shares with respect to which such Option (or portion thereof) is thereby exercised; or

(i) With the consent of the Administrator, (A) Shares owned by the Optionee for at least a six month period duly endorsed for transfer to the Company (or such other period as the Administrator may specify); or (B) Shares issuable to the Optionee upon exercise of the Option, with a Fair Market Value on the date of Option exercise equal to the aggregate Option Price of the Shares with respect to which such Option (or portion thereof) is thereby exercised; or

(ii) With the consent of the Administrator, any form of payment permitted by Applicable Laws and any combination of the foregoing methods of payment;

(d) The payment to the Company (in cash or by personal, certified or bank cashier check or by any other means of payment approved by the Administrator) of all minimum amounts necessary to satisfy any and all federal, state and local tax withholding requirements arising in connection with the exercise of the Option;

(e) Such representations and documents as the Administrator deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal or state securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on Share certificates and issuing stop-transfer orders to transfer agents and registrars; and

(f) In the event that the Option or portion thereof shall be exercised as permitted under Section 5.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option or portion thereof.

Section 5.4 Optionee Representations.

The Administrator, in its sole discretion, may require an Optionee to make certain representations or acknowledgements, on or prior to the purchase of any Shares pursuant to any Option granted under this Plan, in respect thereof including, without limitation, that the Optionee is acquiring the Shares for an investment purpose and not for resale, and, if the Optionee is an Affiliate, additional acknowledgements regarding when and to what extent any transfers of such Shares may occur.

Section 5.5 Conditions to Issuance of Stock Certificates.

The Shares issuable and deliverable upon the exercise of an Option, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares which have then been reacquired by the Company, subject to Section 2.1(b). A certificate of Shares will be delivered to the Optionee at the Company's principal place of business as soon as practicable after the Option is properly exercised. Notwithstanding the above, the Company shall not be required to issue or deliver any certificate or certificates for Shares purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such Shares to listing on any and all stock exchanges on which such class of stock is then listed;

(b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Administrator shall, in its sole discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its sole discretion, determine to be necessary or advisable; and

(d) The payment to the Company (or its Subsidiary, as applicable) of all amounts which it is required to withhold under applicable law in connection with the exercise of the Option.

The Administrator shall not have any liability to any Optionee for any delay in the delivery of Shares to be issued upon an Optionee's exercise of an Option.

Section 5.6 Rights as Stockholders.

The holder of an Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Shares purchasable upon the exercise of any part of an Option unless and until such holder has signed a Stockholders Agreement provided by the

Administrator and certificates representing such Shares have been issued by the Company to such holder.

Section 5.7 Transfer Restrictions.

Shares acquired upon exercise of an Option shall be subject to the terms and conditions of a Stockholders Agreement. In addition, the Administrator, in its sole discretion, may impose further restrictions on the transferability of the Shares purchasable upon the exercise of an Option as it deems appropriate. Any such restriction shall be set forth in the respective Award Agreement and may be referred to on the certificates evidencing such Shares. The Administrator may require the Employee to give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Stock Option, within two years from the date of granting such Option or one year after the transfer of such Shares to such Employee. The Administrator may direct that the certificates evidencing Shares acquired by exercise of an Incentive Stock Option refer to such requirement.

ARTICLE VI.
RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNIT AWARDS

Section 6.1 Restricted Stock.

(a) Grant of Restricted Stock. The Administrator is authorized to make Awards of Restricted Stock to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Awards of Restricted Stock shall be evidenced by an Award Agreement.

(b) Issuance and Restrictions. Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

(c) Forfeiture. Except as otherwise determined by the Administrator at the time of the grant of the Award or thereafter, upon the holder of Restricted Stock incurring a termination of service as a Service Provider during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited; *provided*, *however*, that, the Administrator may (i) provide in any Restricted Stock Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations of service resulting from specified causes and (ii) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

(d) Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. If certificates representing shares of Restricted Stock are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

Section 6.2 Restricted Stock Units. The Administrator is authorized to make Awards of Restricted Stock Units to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to the terms of this Plan, transfer to the Participant one Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited. The Administrator shall specify the purchase price, if any, to be paid by the grantee to the Company for such Shares.

ARTICLE VII.
ADMINISTRATION

Section 7.1 Administrator.

The Plan shall be administered by the Board or an Administrator appointed by the Board, which Administrator shall be constituted to comply with Applicable Laws.

Section 7.2 Powers of the Administrator.

Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Administrator, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion:

(a) to determine the Fair Market Value;

(b) to determine the type or types of Awards to be granted to each Service Provider;

(c) to select the Service Providers to whom Awards may from time to time be granted hereunder;

(d) to determine all matters and questions related to the termination of service of a Service Provider with respect to any Award granted to him or her hereunder, including, but not by way of limitation, all questions of whether a particular Service Provider has taken a leave of absence, all questions of whether a leave of absence taken by a particular Service Provider constitutes a termination of service, and all questions of whether a termination of service of a particular Service Provider resulted from discharge for Cause. For the purpose of clarification, the Board shall be the Administrator of any Award granted to Independent Directors hereunder, and the Board will therefore determine all matters and questions related to the termination of an Independent Director as a Service Provider with respect to any Award granted to him or her hereunder;

(e) to determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(f) to approve forms of agreement for use under the Plan, which need not be identical for each Service Provider;

(g) to determine the terms and conditions of any Awards granted hereunder (including, but not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions and any restriction or limitation regarding any Awards or the Common Stock relating thereto) based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(h) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws;

(i) to determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise or purchase price of an Award may be paid in, cash, Common Stock, other Awards, or other property, or an Award may be canceled, forfeited or surrendered;

(j) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan; and

(k) to make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

Section 7.3 Effect of Administrator's Decision.

All decisions, determinations and interpretations of the Administrator shall be final and binding on all Service Providers.

Section 7.4 Compensation, Professional Assistance, Good Faith Actions.

The Administrator may receive such compensation for its services hereunder as may be determined by the Board. All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its Officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Administrator, in good faith shall be final and binding upon all Participants, the Company and all other interested persons. The Administrator shall not be personally liable for any action, determination or interpretation made with respect to the Plan or the Awards, and the Administrator shall be fully protected by the Company in respect to any such action, determination or interpretation.

ARTICLE VIII.
OTHER PROVISIONS

Section 8.1 Changes in Common Stock; Disposition of Assets and Corporate Events

(a) In the event that the Administrator determines that any recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, acquisition, disposition, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or any disposition of all or substantially all of the capital stock or assets of the Company (including, but not limited to, a Liquidity Event or Change in Control (as such terms may be defined in any Award Agreement)), exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, the acquisition or disposition of any material assets or business or other similar corporate transaction or event, which in the Administrator's sole discretion, affects the Common Stock such that an adjustment to the Awards or Plan is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, then the Administrator may, in such manner as it may deem equitable, adjust any or all of:

(i) The number and kind of Shares (or other securities or property) with respect to which an Award may be granted under the Plan (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number and kind of Shares which may be issued);

(ii) The number and kind of Shares (or other securities or property) subject to outstanding Awards;

(iii) The grant or exercise price per Share for any outstanding Awards under the Plan; and

(iv) The terms and conditions of any outstanding Awards (including, without limitation, any applicable financial or other performance "targets" specified in each Award Agreement).

(b) Upon the occurrence of a Corporate Event, the Administrator, in its sole discretion, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under this Plan, (y) facilitate such Corporate Event or (z) give effect to such changes in laws, regulations or accounting principles:

(i) In its sole discretion, and on such terms and conditions as it deems appropriate, the Administrator may provide, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, and either automatically or upon the Participant's request, for either (A) the purchase of any outstanding Award for an amount of cash, securities, or other property equal to the amount that could have been attained upon the exercise of the portion of such Award that was vested and exercisable (and such additional portion of the Award as the Administrator may determine) immediately prior to the occurrence of such Corporate Event or (B) the replacement of such vested (and other) portion of such Award with other rights or property selected by the Administrator in its sole discretion;

(ii) In its sole discretion, the Administrator may provide, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, that the Award (or any portion thereof) will terminate upon the occurrence of such Corporate Event and cannot vest, be exercised or become payable after such Corporate Event;

(iii) In its sole discretion, and on such terms and conditions as it deems appropriate, the Administrator may provide, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, that for a specified period of time prior to such Corporate Event, such Award shall be exercisable as to all Shares covered thereby or a specified portion of such Shares, notwithstanding anything to the contrary in (A) Section 4.2 or (B) the provisions of the applicable Award Agreement;

(iv) In its sole discretion, and on such terms and conditions as it deems appropriate, the Administrator may provide, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, that upon such Corporate Event, such Award (or any portion thereof) be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or Awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(v) In its sole discretion, and on such terms and conditions as it deems appropriate, the Administrator may make adjustments in the number and type of Shares (or other securities or property) subject to the Plan and outstanding Awards (or any portion thereof) and/or in the terms and conditions of (including the exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 8.1(a) and 8.1(b), the Administrator will equitably adjust each outstanding Award, which adjustments may include adjustments to the number and type of securities subject to each outstanding Award and/or the exercise price or grant price thereof, if applicable, the grant of new Awards to Participants, and/or the making of a cash payment to Participants, as the Administrator deems appropriate to reflect such Equity Restructuring. The adjustments provided under this Section 8.1(c) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company; provided that whether an adjustment is equitable shall be determined in the discretion of the Administrator.

(d) The Administrator may, in its sole discretion, include such further provisions and limitations in any Award Agreement or Stockholders Agreement as it may deem equitable and in the best interests of the Company and its Subsidiaries.

(e) To the extent required by the terms of an Award Agreement, the Company shall notify the Participant prior to the date of a Corporate Event.

Section 8.2 Awards Not Transferable.

Unless otherwise agreed to in writing by the Administrator, no Award or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the

Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Section 8.2 shall prevent transfers by will or by the applicable laws of descent and distribution.

Section 8.3 Amendment, Suspension or Termination of the Plan or Award Agreements

(a) The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator. However, without stockholder approval or ratification within 12 months before or after such action, no action of the Administrator may, except as provided in Section 8.1, increase any limit imposed in Section 2.1 on the maximum number of Shares which may be issued on exercise of Options under the Plan or extend the limit imposed in this Section 8.3 on the period during which Awards may be granted.

(b) Except as provided by Section 8.1, neither the amendment, suspension nor termination of the Plan shall, without the consent of the holder of the Award, adversely alter or impair any rights or obligations under any Award theretofore granted. Except as provided by Section 8.1, notwithstanding the foregoing, the Administrator at any time, and from time to time, may amend the terms of any one or more existing Award Agreements, *provided however*, that the rights of a Participant under an Award Agreement shall not be adversely impaired without the Participant's written consent. The Company shall provide a Participant with notice of any amendment made to such Participant's existing Award Agreement in accordance with the terms of this Section 8.3(b).

(c) No Award may be granted during any period of suspension nor after termination of the Plan, and in no event may any Award be granted under this Plan after the expiration of ten years from the date the Plan is adopted by the Board.

Section 8.4 Stockholder Approval.

(a) Except as otherwise provided in subsection (b) below, in the event that it shall be determined that any right to receive an Award, payment or other benefit under this Plan (including, without limitation, the acceleration of the vesting and/or exercisability of an Award and taking into account the effect of this Section) to or for the benefit of the Participant (the "Payments"), would not be deductible, in whole or part when aggregated with any other right, payment or benefit to or for the Participant under all other agreements or benefit plans of the Company, by the Company or the Person making such payment or distribution or providing such right or benefit as a result of Section 280G of the Code, then, to the extent necessary to make the Payments deductible to the maximum extent possible (but only to such extent and after taking into account any reduction in the Payments relating to Section 280G of the Code under any other plan, arrangement or agreement), the Award held by the Participant or any other right, payment or benefit under this Plan shall not become exercisable, vested or paid. For purposes of determining whether any of the Payments would not be deductible as a result of Section 280G of

the Code and the amount of such disallowed deduction, all Payments will be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Section 280G(b)(3) of the Code) shall be treated as nondeductible, unless and except to the extent that in the opinion of a nationally recognized accounting firm selected by the Company (the "Accountants"), such Payments (in whole or in part) either do not constitute "parachute payments," including by reason of Section 280G(b)(4) of the Code, or are otherwise not subject to disallowance as a deduction. All determinations required to be made under this subsection (a), including whether and which of the Payments are required to be reduced, the amount of such reduction and the assumptions to be utilized in arriving at such determination, shall be made by the Accountants, *provided* that such determinations shall be based upon "substantial authority" within the meaning of Section 6662 of the Code.

(b) Notwithstanding any other provision of this Plan, the provisions of subsection (a) above shall not apply to reduce the Payments if the Payments that would otherwise be nondeductible under Section 280G of the Code are disclosed to and approved by the Company's stockholders in accordance with Section 280G(b)(5)(B) of the Code and the 280G Regulations.

(c) The Company shall use its commercially reasonable best efforts to prepare and deliver to its stockholders the disclosure required by Section 280G(b)(5)(B) of the Code with respect to the Payments and to obtain the approval of the Company's stockholders pursuant to subsection (b) above.

Section 8.5 Effect of Plan Upon Other Award and Compensation Plans.

The adoption of this Plan shall not affect any other compensation or incentive plans in effect for the Company or any of its Subsidiaries. Nothing in this Plan shall be construed to limit the right of the Company or any of its Subsidiaries (a) to establish any other forms of incentives or compensation for Service Providers or (b) to grant or assume options or restricted stock otherwise than under this Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options or restricted stock in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

Section 8.6 At-Will Employment.

Nothing in the Plan, the Stockholders Agreement or any Award Agreement hereunder shall confer upon the Participant any right to continue as a Service Provider for the Company or any of its Subsidiaries or shall interfere with or restrict in any way the rights of the Company and any of its Subsidiaries, which are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between the Participant and the Company or any of its Subsidiaries.

Section 8.7 Stockholder Approval.

This Plan will be submitted for the approval of the Company's stockholders within twelve months of the date of the Board's initial adoption of this Plan. No Option may be

exercised to any extent by anyone unless and until the Plan is so approved by the stockholders, and if such approval has not been obtained by the end of said twelve-month period, the Plan and all Awards theretofore granted shall thereupon be canceled and become null and void.

Section 8.8 Titles.

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

Section 8.9 Conformity to Securities Laws.

The Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated under any of the foregoing, to the extent the Company, any of its Subsidiaries or any Participant is subject to the provisions thereof. Notwithstanding anything herein to the contrary, the Plan shall be administered, and Awards shall be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and Awards granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 8.10 Governing Law.

To the extent not preempted by federal law, the Plan shall be construed in accordance with and governed by the laws of the State of Delaware.

Section 8.11 Severability.

In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

Section 8.12 Governing Documents.

In the event of any contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or any Subsidiary of the Company that has been approved by the Administrator, the terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan shall not apply.

Section 8.13 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the adoption of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that following the adoption of the Plan, the Administrator

determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the adoption of the Plan), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

*** * * * * * ***

Exhibit A

Aggregate of Equity Incentive Plan[1]

[1] DC DOCS 1020921

EQUITY INCENTIVE PLAN OF
ALLISON TRANSMISSION HOLDINGS, INC.
STOCK OPTION AGREEMENT

GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Equity Incentive Plan of Allison Transmission Holdings, Inc. (the "Plan") shall have the same defined meanings in this Stock Option Agreement, which includes the terms in this Grant Notice (the "Grant Notice") and Appendix A attached hereto (collectively, the "Agreement").

You have been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Agreement, as follows:

Name of Optionee:	[_____]
Total Number of Shares Subject to the Option:	[_____]
Grant Date:	[_____]
Type of Option:	Nonqualified Stock Option
Final Expiration Date:	[_____]
Vesting Schedule:	This Option will vest and become exercisable in accordance with the vesting schedule set forth in Appendix A

Exercise Price per Share: The Exercise Price per Share shall be as set forth below:

[_____] Shares subject to the Option will have a per share exercise price equal to $**10** per Share (the "Ten Dollar Options")
[_____] Shares subject to the Option will have a per share exercise price equal to $**15** per Share (the "Fifteen Dollar Options")
[_____] Shares subject to the Option will have a per share exercise price equal to $**20** (the "Twenty Dollar Options")

Total Exercise Price on Grant Date: $[_____]

[signature page to follow]

Your signature below indicates your agreement and understanding that this Option is subject to all of the terms and conditions contained in the Agreement (including this Grant Notice and Appendix A to the Agreement) and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF APPENDIX A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THIS OPTION.**

ALLISON TRANSMISSION HOLDINGS, INC.

By _____

Name: Lawrence E. Dewey
Title: Chairman, President and
Chief Executive Officer

OPTIONEE

_____

APPENDIX A TO STOCK OPTION AGREEMENT

ARTICLE I.
GRANT OF OPTION

Section 1.1 Grant of Option. The Company hereby grants to the Optionee the Option to purchase any part or all of an aggregate of the Shares set forth in the Grant Notice pursuant to which this Appendix is attached, upon the terms and conditions set forth in the Plan and this Agreement (including the Grant Notice and this Appendix A). The Optionee hereby agrees that except as required by law, he or she will not disclose to any Person other than the Optionee's spouse and/or tax or financial advisor (if any) the grant of the Option or any of the terms or provisions hereof without the prior approval of the Administrator, and the Optionee agrees that, in the discretion of the Administrator, the Option shall terminate and any unexercised portion of such Option (whether or not then exercisable) shall be forfeited if the Optionee violates the non-disclosure provisions of this Section 1.1.

Section 1.2 Option Subject to Plan. The Option granted hereunder is subject to the terms and provisions of the Plan, including without limitation, Article V and Article VIII thereof.

Section 1.3 Exercise Price. The Exercise Price of a Share covered by the Option shall be the Exercise Price per Share as set forth in the Grant Notice (without commission or other charge).

ARTICLE II.
VESTING SCHEDULE; EXERCISABILITY

Section 2.1 Vesting and Exercisability of Options.

(a) *Vesting*. Except as provided below, the Options shall become vested and exercisable, so long as the Optionee remains continuously a Service Provider from the date hereof through each applicable date set forth below, as follows:

(i) 20% of each of the Ten Dollar Options, the Fifteen Dollar Options and the Twenty Dollar Options shall become vested and exercisable on [_____];

(ii) 20% of each of the Ten Dollar Options, the Fifteen Dollar Options and the Twenty Dollar Options shall become vested and exercisable on [_____];

(iii) 20% of each of the Ten Dollar Options, the Fifteen Dollar Options and the Twenty Dollar Options shall become vested and exercisable on [_____];

(iv) 20% of each of the Ten Dollar Options, the Fifteen Dollar Options and the Twenty Dollar Options shall become vested and exercisable on [_____]; and

(v) 20% of each of the Ten Dollar Options, the Fifteen Dollar Options and the Twenty Dollar Options shall become vested and exercisable on [_____].

(b) *Liquidity Event Vesting*. Upon a Liquidity Event, the Options shall vest and become exercisable immediately prior to such Liquidity Event.

Section 2.2 Discretionary Vesting. The Administrator in its sole discretion may accelerate the vesting of any portion of the Option that does not otherwise vest pursuant to this Section 2.

Section 2.3 Administrator Determination of Vesting. The Administrator shall determine the extent, if any, to which the Option has become vested and exercisable, on any such date as the Administrator in its sole discretion shall determine.

Section 2.4 No Vesting of Options. Notwithstanding anything to the contrary in this Agreement, any portion of the Option that has not become vested pursuant to Sections 2.1 or 2.2 on or prior to the date of the Optionee's Termination of Service shall be forfeited and shall not thereafter become vested or exercisable.

Section 2.5 Exercisability of the Option. The Optionee shall not have the right to exercise the Option until the date the applicable portion of the Option becomes vested pursuant to Sections 2.1 or 2.2. The date that the applicable portion of the Option becomes exercisable is referred to herein as the "Exercise Commencement Date." Subject to Section 8.1 of the Plan, following the Exercise Commencement Date, the applicable portion of the Option shall remain exercisable until it becomes unexercisable under Section 2.6. Once the Option becomes unexercisable, it shall be forfeited immediately.

Section 2.6 Expiration of Option.

(a) The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) The Final Expiration Date;

(ii) Except for such longer period of time as the Administrator may otherwise approve, in the event of a Termination of Service for any reason other than Cause, death or Disability, ninety (90) days following the date of the Optionee's Termination of Service;

(iii) Except as the Administrator may otherwise approve, the date of the Optionee's Termination of Service for Cause; or

(iv) Except for such longer period of time as the Administrator may otherwise approve, twelve (12) months following the Optionee's Termination of Service by reason of the Optionee's death or Disability.

(b) If, pursuant to the terms of the Stockholders Agreement, the Company has a right to repurchase the Optionee's Option and/or Shares, the Company may exercise such call right regardless of whether the Optionee continues to have a right to exercise the Options under this Section 2.6.

Section 2.7 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable.

Section 2.8 Exercise of Option. The exercise of the Option shall be governed by the terms of this Agreement and the terms of the Plan, including, without limitation, the provisions of Article V of the Plan.

Section 2.9 Manner of Exercise; Tax Withholding.

(a) Unless determined otherwise by the Administrator, as a condition to the exercise of the Option, the Optionee shall (i) notify the Company at least thirty (30) days prior to exercise and no earlier than ninety days prior to exercise that the Optionee intends to exercise, and (ii) concurrently with the exercise of the Option, execute the Stockholders Agreement, unless the Optionee has already executed the Stockholders Agreement. This Section 2.9(a) shall not apply if the Shares underlying the Option are registered on Form S-8.

(b) To the extent permitted by law or the applicable listing rules, if any, the Optionee may pay for the Shares with respect to which such Option or portion of such Option is exercised through (i) payment in cash; (ii) with the consent of the Administrator, the delivery of Shares which are owned by the Optionee, duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate Exercise Price of the exercised portion of the Option; (iii) with the consent of the Administrator, through the surrender of Shares then issuable upon exercise of the Option having a Fair Market Value on the date of the exercise of the Option equal to the aggregate Exercise Price of the exercised portion of the Option; or (iv) with the consent of the Administrator, delivery of a notice that the Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price; provided, that payment of such proceeds is then made to the Company upon settlement of such sale.

(c) The Optionee shall make appropriate arrangements for the payment to the Company (or its Subsidiary, as applicable) of all amounts which the Company (or its Subsidiary, as applicable) is required to withhold under applicable law in connection with the exercise of the Option. With the consent of the Administrator and subject to any applicable legal conditions or restrictions, the Company shall, upon the Optionee's request, withhold from the Shares otherwise issuable to the Optionee upon the exercise of the Option or any portion thereof a number of whole Shares having a Fair Market Value, determined as of the date of exercise, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid variable award accounting). Any adverse consequences to the Optionee arising in connection with the share withholding procedure set forth in the preceding sentence shall be the sole responsibility of the Optionee.

ARTICLE III.
OTHER PROVISIONS

Section 3.1 Optionee Representation; Not a Contract of Service. The Optionee hereby represents that the Optionee's execution of this Agreement and participation in the Plan is voluntary and that the Optionee has in no way been induced to enter into this Agreement in exchange for or as a requirement of the expectation of service with the Company or any of its Subsidiaries. Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue as a Service Provider or shall interfere with or restrict in any way the rights of the Company or its Subsidiaries, which are hereby expressly reserved, to discharge the Optionee at any time for any reason whatsoever, with or without Cause except pursuant to an employment or consulting agreement executed by and between the Company and the Optionee and approved by the Board.

Section 3.2 Shares Subject to Plan and Stockholders Agreement; Restrictions on the Transfer of Options and Common Stock. The Optionee acknowledges that this Option and any Shares acquired upon exercise of the Option are subject to the terms of the Plan and the Stockholders Agreement including, without limitation, the restrictions set forth in Sections 5.6 and 5.7 of the Plan.

Section 3.3 Construction. This Agreement shall be administered, interpreted and enforced under the laws of the state of Delaware.

Section 3.4 Conformity to Securities Laws. The Optionee acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, the Plan, the Stockholders Agreement and this Agreement shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 3.5 Amendment, Suspension and Termination. The Option may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as provided by Section 8.1 of the Plan, neither the amendment, modification, suspension nor termination of this Agreement (including the Grant Notice) shall, without the consent of the Optionee, materially alter or impair any rights or obligations under the Option.

Section 3.6 Data Privacy Consent. As a condition of the Option grant, the Optionee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that the Company and its Subsidiaries and Affiliates hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all restricted stock or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, managing and administering the Plan (the "Data"). The Optionee further understands that the Company and its Subsidiaries and Affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and that the Company and its Subsidiaries and Affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Optionee understands that these recipients may be located in the Optionee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any Shares. The Optionee understands that the Data will be held only as long as is necessary to implement, administer, and manage the Optionee's participation in the Plan. The Optionee understands that he or she may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Optionee understands that refusal or withdrawal of consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.

ARTICLE IV.
DEFINITIONS

Whenever the following terms are used in this Agreement (including the Grant Notice), they shall have the meaning specified below unless the context clearly indicates to the contrary. Capitalized terms used in this Agreement and not defined below shall have the meaning given such terms in the Plan. The singular pronoun shall include the plural, where the context so indicates.

Section 4.1 Company. "Company" shall mean Allison Transmission Holdings, Inc., a Delaware corporation.

Section 4.2 Effective Date. "Effective Date" shall mean August 7, 2007.

Section 4.3 Exercise Price. "Exercise Price" shall mean the exercise price per Share set forth in the Grant Notice.

Section 4.4 Final Expiration Date. "Final Expiration Date" shall mean the final expiration date set forth in the Grant Notice.

Section 4.5 Grant Date. "Grant Date" shall be the grant date set forth in the Grant Notice.

Section 4.6 Grant Notice. "Grant Notice" shall mean the Grant Notice referred to in Section 1.1 of this Agreement, which Grant Notice is for all purposes a part of the Agreement.

Section 4.7 Liquidity Event. "Liquidity Event" shall mean either (a) the consummation of the sale, transfer, conveyance or other disposition in one or a series of transactions, of the equity securities of the Company or its successor held, directly or indirectly, by all of the Principal Stockholders in exchange for cash, or in the case of any transaction resulting in the exchange for consideration other than cash ("non-cash consideration") the receipt of cash upon the disposition of such non-cash consideration, such that immediately following such transaction or disposition (or series of transactions or dispositions), the total number of all equity securities held, directly or indirectly, by all of the Principal Stockholders and any Affiliate of any Principal Stockholders is, in the aggregate, less than 30% of the total number of equity securities (as such securities may be adjusted for the occurrence of a corporate event) held, directly or indirectly, by all of the Principal Stockholders and any Affiliate of any Principal Stockholders as of the Effective Date; or (b) the consummation of the sale, lease, transfer, conveyance or other disposition (other than by way of merger, equity purchase or consolidation), in one or a series of transactions, of all or substantially all of the assets of the Company, or the Company and its subsidiaries taken as a whole, to any "person " (as such term is defined in Section 13(d)(3) of the Exchange Act) other than to any Principal Stockholders or an Affiliate of any Principal Stockholders.

Section 4.8 Option. "Option" shall mean the option to purchase Common Stock granted under this Agreement, including the Ten Dollar Options, the Fifteen Dollar Options and the Twenty Dollar Options.

Section 4.9 Optionee. "Optionee" shall be the Person designated as such in the Grant Notice.

Section 4.10 Plan. "Plan" shall have the meaning set forth in the Recitals hereto.

Section 4.11 Termination of Service. "Termination of Service" shall mean the time when the engagement of a Participant as a Service Provider is terminated for any reason, with or without cause, including, but not by way of limitation, by resignation, failure to be elected or appointed, discharge, death or retirement, but excluding (a) terminations where there is simultaneous commencement by the former

Service Provider of a relationship with the Company or a Subsidiary as a Service Provider and (b) at the discretion of the Administrator, terminations which result in a temporary severance of the service relationship. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Service, including, but not by way of limitation, the question of whether a Termination of Service resulted from discharge for good cause, and all questions of whether a particular leave of absence constitutes a Termination of Service. Notwithstanding any other provision of the Plan, the Company or any Subsidiary has an absolute and unrestricted right to terminate a Service Provider's service at any time for any reason, with or without cause, except to the extent expressly provided otherwise in writing

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EQUITY INCENTIVE PLAN OF
ALLISON TRANSMISSION HOLDINGS, INC.
STOCK OPTION AGREEMENT

GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Equity Incentive Plan of Allison Transmission Holdings, Inc. (the "Plan") shall have the same defined meanings in this Stock Option Agreement, which includes the terms in this Grant Notice (the "Grant Notice") and Appendix A attached hereto (collectively, the "Agreement").

You have been granted an Option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Agreement, as follows:

Name of Optionee:	[_____]
Total Number of Shares Subject to the Option:	[_____]
Exercise Price per Share:	$[_____]
Total Exercise Price on Grant Date:	$[_____]
Grant Date:	[_____]
Type of Option:	Nonqualified Stock Option
Final Expiration Date:	[_____]
Vesting Schedule:	This Option will vest and become exercisable in accordance with the vesting schedule set forth in Appendix A.

Your signature below indicates your agreement and understanding that this Option is subject to all of the terms and conditions contained in the Agreement (including this Grant Notice and Appendix A to the Agreement) and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF APPENDIX A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THIS OPTION.**

ALLISON TRANSMISSION HOLDINGS, INC.

By _____
Name:
Title:

OPTIONEE

_____

APPENDIX A TO STOCK OPTION AGREEMENT

ARTICLE I.
GRANT OF OPTION

Section 1.1 Grant of Option. The Company hereby grants to the Optionee the Option to purchase any part or all of an aggregate of the Shares set forth in the Grant Notice pursuant to which this Appendix is attached, upon the terms and conditions set forth in the Plan and this Agreement (including the Grant Notice and this Appendix A). The Optionee hereby agrees that except as required by law, he or she will not disclose to any Person other than the Optionee's spouse and/or tax or financial advisor (if any) the grant of the Option or any of the terms or provisions hereof without the prior approval of the Administrator, and the Optionee agrees that, in the discretion of the Administrator, the Option shall terminate and any unexercised portion of such Option (whether or not then exercisable) shall be forfeited if the Optionee violates the non-disclosure provisions of this Section 1.1.

Section 1.2 Option Subject to Plan. The Option granted hereunder is subject to the terms and provisions of the Plan, including without limitation, Article V and Article VIII thereof.

Section 1.3 Exercise Price. The Exercise Price of a Share covered by the Option shall be the Exercise Price per Share as set forth in the Grant Notice (without commission or other charge).

ARTICLE II.
VESTING SCHEDULE; EXERCISABILITY

Section 2.1 Vesting and Exercisability of Option.

(a) *Vesting*. [____]% of the Option shall be fully vested and exercisable on the Grant Date. Except as provided below, the remaining [____]% of the Option shall become vested and exercisable, so long as the Optionee remains continuously a Service Provider from the Grant Date through each relevant date set forth below, as follows:

(i) [____]% of the Option shall become vested and exercisable on the next meeting of the Board following the meeting occurring on the Grant Date (the "Second Meeting"), provided that the Optionee attends the Second Meeting either in person or by telephone;

(ii) [____]% of the Option shall become vested and exercisable on the next meeting of the Board following the Second Meeting (the "Third Meeting"), provided that the Optionee attends the Third Meeting either in person or by telephone;

(iii) [____]% of the Option shall become vested and exercisable on the next meeting of the Board following the Third Meeting (the "Fourth Meeting"), provided that the Optionee attends the Fourth Meeting either in person or by telephone; and

(iv) [____]% of the Option shall become vested and exercisable on the next meeting of the Board following the Fourth Meeting (the "Fifth Meeting"), provided that the Optionee attends the Fifth Meeting either in person or by telephone.

(b) *Accelerated Vesting*. Notwithstanding the foregoing, if the Second Meeting, the Third Meeting, the Fourth Meeting, or the Fifth Meeting does not occur prior to [_____], 20[__], then that

portion of the Option that is scheduled to vest and become exercisable, in accordance with Section 2.1(a), on the Second Meeting, the Third Meeting, the Fourth Meeting, or the Fifth Meeting, as applicable, shall instead vest and become exercisable on [_____], 20[__], so long as the Optionee remains continuously a Service Provider from the Grant Date to [_____], 20[__].

(c) *Liquidity Event Vesting*. Notwithstanding the foregoing, upon a Liquidity Event, the Option shall vest and become exercisable immediately prior to such Liquidity Event, so long as the Optionee remains continuously a Service Provider from the Grant Date to the date of the Liquidity Event.

Section 2.2 Discretionary Vesting. The Administrator in its sole discretion may vest any portion of the Option that does not otherwise vest pursuant to Section 2.1.

Section 2.3 Administrator Determination of Vesting. The Administrator shall determine the extent, if any, to which the Option has become vested and exercisable, on any such date as the Administrator in its sole discretion shall determine.

Section 2.4 No Vesting of Option. Notwithstanding anything to the contrary in this Agreement, any portion of the Option that has not become vested pursuant to Sections 2.1 or 2.2 on or prior to the earlier of (a) the date that the Optionee experiences a Termination of Service, and (b) the date of the next meeting of the Board following [_____], 20[__] shall be forfeited and shall not thereafter become vested or exercisable.

Section 2.5 Exercisability of the Option. The Optionee shall not have the right to exercise the Option until the date the applicable portion of the Option becomes vested pursuant to Sections 2.1 or 2.2. The date that the applicable portion of the Option becomes exercisable is referred to herein as the "Exercise Commencement Date." Subject to Section 8.1 of the Plan, following the Exercise Commencement Date, the applicable portion of the Option shall remain exercisable until it becomes unexercisable under Section 2.6. Once the Option becomes unexercisable, it shall be forfeited immediately.

Section 2.6 Expiration of Option.

(a) The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) The Final Expiration Date;

(ii) Except for such longer period of time as the Administrator may otherwise approve, in the event of a Termination of Service for any reason other than Cause, death or Disability, ninety (90) days following the date of the Optionee's Termination of Service;

(iii) Except as the Administrator may otherwise approve, the date of the Optionee's Termination of Service for Cause; or

(iv) Except for such longer period of time as the Administrator may otherwise approve, twelve (12) months following the Optionee's Termination of Service by reason of the Optionee's death or Disability.

(b) If, pursuant to the terms of the Stockholders Agreement, the Company has a right to repurchase the Optionee's Option and/or Shares, the Company may exercise such call right regardless of whether the Optionee continues to have a right to exercise the Option under this Section 2.6.

Section 2.7 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable.

Section 2.8 Exercise of Option. The exercise of the Option shall be governed by the terms of this Agreement and the terms of the Plan, including, without limitation, the provisions of Article V of the Plan.

Section 2.9 Manner of Exercise; Tax Withholding.

(a) Unless determined otherwise by the Administrator, as a condition to the exercise of the Option, the Optionee shall (i) notify the Company at least thirty (30) days prior to exercise and no earlier than ninety (90) days prior to exercise that the Optionee intends to exercise, and (ii) concurrently with the exercise of the Option, execute the Stockholders Agreement, unless the Optionee has already executed the Stockholders Agreement. This Section 2.9(a) shall not apply if the Shares underlying the Option are registered on Form S-8.

(b) To the extent permitted by law or the applicable listing rules, if any, the Optionee may pay for the Shares with respect to which such Option or portion of such Option is exercised through (i) payment in cash; (ii) with the consent of the Administrator, the delivery of Shares which are owned by the Optionee, duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate Exercise Price of the exercised portion of the Option; (iii) with the consent of the Administrator, through the surrender of Shares then issuable upon exercise of the Option having a Fair Market Value on the date of the exercise of the Option equal to the aggregate Exercise Price of the exercised portion of the Option; or (iv) with the consent of the Administrator, delivery of a notice that the Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Exercise Price; provided, that payment of such proceeds is then made to the Company upon settlement of such sale.

(c) The Optionee shall make appropriate arrangements for the payment to the Company (or its Subsidiary, as applicable) of all amounts which the Company (or its Subsidiary, as applicable) is required to withhold under applicable law in connection with the exercise of the Option. With the consent of the Administrator and subject to any applicable legal conditions or restrictions, the Company shall, upon the Optionee's request, withhold from the Shares otherwise issuable to the Optionee upon the exercise of the Option or any portion thereof a number of whole Shares having a Fair Market Value, determined as of the date of exercise, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid variable award accounting). Any adverse consequences to the Optionee arising in connection with the share withholding procedure set forth in the preceding sentence shall be the sole responsibility of the Optionee.

ARTICLE III.
OTHER PROVISIONS

Section 3.1 Optionee Representation; Not a Contract of Service. The Optionee hereby represents that the Optionee's execution of this Agreement and participation in the Plan is voluntary and that the Optionee has in no way been induced to enter into this Agreement in exchange for or as a requirement of the expectation of service with the Company or any of its Subsidiaries. Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue as a Service Provider or shall interfere with or restrict in any way the rights of the Company or its Subsidiaries, which are hereby expressly reserved,

to discharge the Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in writing.

Section 3.2 Shares Subject to Plan and Stockholders Agreement; Restrictions on the Transfer of Option and Common Stock. The Optionee acknowledges that this Option and any Shares acquired upon exercise of the Option are subject to the terms of the Plan and the Stockholders Agreement including, without limitation, the restrictions set forth in Sections 5.6 and 5.7 of the Plan.

Section 3.3 Construction. This Agreement shall be administered, interpreted and enforced under the laws of the state of Delaware.

Section 3.4 Conformity to Securities Laws. The Optionee acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, the Plan, the Stockholders Agreement and this Agreement shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 3.5 Amendment, Suspension and Termination. The Option may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, provided that, except as provided by Section 8.1 of the Plan, neither the amendment, modification, suspension nor termination of this Agreement (including the Grant Notice) shall, without the consent of the Optionee, materially alter or impair any rights or obligations under the Option.

Section 3.6 Data Privacy Consent. As a condition of the Option grant, the Optionee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this paragraph by and among, as applicable, the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing the Optionee's participation in the Plan. The Optionee understands that the Company and its Subsidiaries and Affiliates hold certain personal information about the Optionee, including the Optionee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all restricted stock or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Optionee's favor, for the purpose of implementing, managing and administering the Plan (the "Data"). The Optionee further understands that the Company and its Subsidiaries and Affiliates may transfer the Data amongst themselves as necessary for the purpose of implementation, administration and management of the Optionee's participation in the Plan, and that the Company and its Subsidiaries and Affiliates may each further transfer the Data to any third parties assisting the Company in the implementation, administration and management of the Plan. The Optionee understands that these recipients may be located in the Optionee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Optionee's country. The Optionee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Optionee authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Optionee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Optionee may elect to deposit any Shares. The Optionee understands that the Data will be held only as long as is necessary to implement, administer, and manage the Optionee's participation in the Plan. The Optionee understands that he or she may, at any

time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Optionee understands that refusal or withdrawal of consent may affect the Optionee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Optionee understands that he or she may contact his or her local human resources representative.

ARTICLE IV.
DEFINITIONS

Whenever the following terms are used in this Agreement (including the Grant Notice), they shall have the meaning specified below unless the context clearly indicates to the contrary. Capitalized terms used in this Agreement and not defined below shall have the meaning given such terms in the Plan. The singular pronoun shall include the plural, where the context so indicates.

Section 4.1 Company. "Company" shall mean Allison Transmission Holdings, Inc., a Delaware corporation.

Section 4.2 Effective Date. "Effective Date" shall mean August 7, 2007.

Section 4.3 Exercise Price. "Exercise Price" shall mean the exercise price per Share set forth in the Grant Notice.

Section 4.4 Final Expiration Date. "Final Expiration Date" shall mean the final expiration date set forth in the Grant Notice.

Section 4.5 Grant Date. "Grant Date" shall be the grant date set forth in the Grant Notice.

Section 4.6 Grant Notice. "Grant Notice" shall mean the Grant Notice referred to in Section 1.1 of this Agreement, which Grant Notice is for all purposes a part of the Agreement.

Section 4.7 Liquidity Event. "Liquidity Event" shall mean either (a) the consummation of the sale, transfer, conveyance or other disposition in one or a series of transactions, of the equity securities of the Company or its successor held, directly or indirectly, by all of the Principal Stockholders in exchange for cash, or in the case of any transaction resulting in the exchange for consideration other than cash ("non-cash consideration") the receipt of cash upon the disposition of such non-cash consideration, such that immediately following such transaction or disposition (or series of transactions or dispositions), the total number of all equity securities held, directly or indirectly, by all of the Principal Stockholders and any Affiliate of any Principal Stockholders is, in the aggregate, less than 30% of the total number of equity securities (as such securities may be adjusted for the occurrence of a corporate event) held, directly or indirectly, by all of the Principal Stockholders and any Affiliate of any Principal Stockholders as of the Effective Date; or (b) the consummation of the sale, lease, transfer, conveyance or other disposition (other than by way of merger, equity purchase or consolidation), in one or a series of transactions, of all or substantially all of the assets of the Company, or the Company and its subsidiaries taken as a whole, to any "person" (as such term is defined in Section 13(d)(3) of the Exchange Act) other than to any Principal Stockholders or an Affiliate of any Principal Stockholders.

Section 4.8 Option. "Option" shall mean the option to purchase Common Stock granted under this Agreement.

Section 4.9 Optionee. “Optionee” shall be the Person designated as such in the Grant Notice.

Section 4.10 Plan. “Plan” shall have the meaning set forth in the Recitals hereto.

Section 4.11 Termination of Service. “Termination of Service” shall mean the time when the engagement of the Optionee as a Service Provider is terminated for any reason, with or without Cause, including, but not by way of limitation, by resignation, failure to be elected or appointed, discharge, death or retirement, but excluding (a) terminations where there is simultaneous commencement by the former Service Provider of a relationship with the Company or a Subsidiary as a Service Provider and (b) at the discretion of the Administrator, terminations which result in a temporary severance of the service relationship. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Service, including, but not by way of limitation, the question of whether a Termination of Service resulted from discharge for Cause, and all questions of whether a particular leave of absence constitutes a Termination of Service.

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Exhibit 10.17

AMENDMENT NO. 2 AND CONSENT

This Amendment No. 2 and Consent, dated as of May 13, 2011 (this "Amendment"), to that certain Credit Agreement, dated as of August 7, 2007 (as amended by Amendment No. 1, dated as of November 21, 2008, the "Credit Agreement"), among ALLISON TRANSMISSION HOLDINGS, INC., a Delaware corporation ("Holdings"), ALLISON TRANSMISSION, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), CITICORP NORTH AMERICA, INC., as Administrative Agent, LEHMAN BROTHERS COMMERCIAL BANK and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Syndication Agents, SUMITOMO MITSUI BANKING CORPORATION, as Documentation Agent and Co-Arranger and CITIGROUP GLOBAL MARKETS INC., LEHMAN BROTHERS INC. and MERRILL LYNCH & CO., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, as Joint Lead Arrangers and Joint Bookrunners, is entered into by and among Holdings, the Borrower, the Agents and the Lenders party hereto. Capitalized terms used herein but not defined herein are used as defined in the Credit Agreement.

WITNESSETH:

WHEREAS, the Borrower, Holdings, the Administrative Agent, the Lenders and certain other parties hereto are parties to the Credit Agreement;

WHEREAS, the Borrower has requested an amendment to the Credit Agreement that, among other things, (i) would extend the maturity date of the Revolving Commitments and (ii) would effect other modifications to the Credit Agreement as set forth herein; and

WHEREAS, in order to effect the foregoing, the Borrower and the other parties hereto desire to amend the Credit Agreement, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and other good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties and covenants herein contained, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. AMENDMENTS TO THE CREDIT AGREEMENT.

Effective as of the Second Amendment Effective Date (as defined in Section 2 below) and subject to the satisfaction (or due waiver) of the conditions set forth in Section 2 below, the Credit Agreement is hereby amended as follows:

1.1 The Credit Agreement is hereby amended and restated in its entirety to be in the form of Exhibit A attached hereto (as amended and restated, the "Restated Credit Agreement")

1.2 Schedule I (Commitments) to the Credit Agreement is hereby amended and restated in its entirety to be in the form of Exhibit B attached hereto;

SECTION 2. CONDITIONS PRECEDENT

This Amendment shall become effective as of the date (the "Second Amendment Effective Date") on which each of the following conditions precedent shall have been satisfied or duly waived:

2.1 **Certain Documents.** The Administrative Agent shall have received each of the following, in form and substance satisfactory to the Administrative Agent:

(a) this Amendment, duly executed by each of the Borrower, Holdings, the Administrative Agent, the Required Lenders and the Revolving Lenders;

(b) an Acknowledgement and Confirmation, substantially in the form of Exhibit C hereto, duly executed by each Loan Party;

(c) a solvency certificate signed by the chief financial officer on behalf of the Borrower, substantially in the form of Exhibit G of the Restated Credit Agreement;

(d) a closing certificate of each Loan Party, substantially in the form of Exhibit D hereto, with appropriate insertions and attachments; and

(e) an executed legal opinion of Latham & Watkins LLP, counsel to the Loan Parties, in form and substance reasonably acceptable to the Administrative Agent.

2.2 **Amendment Fee.** Each Term Lender which shall have delivered (by facsimile or otherwise) an executed signature page to this Amendment to the Administrative Agent on or prior to the end of business on May __, 2011 shall have received payment of, without duplication and as consideration for the execution of this Amendment, an amendment fee equal to 0.15% of the Term Loans of such Term Lenders on the Second Amendment Effective Date prior to giving effect to this Amendment.

2.3 **Representations and Warranties.** Each of the representations and warranties contained in Section 3 below shall be true and correct.

SECTION 3. REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower, on behalf of itself and each Loan Party, hereby represents and warrants to the Agents and each Lender, with respect to all Loan Parties, as follows:

3.1 **Incorporation of Representations and Warranties from Loan Documents**. After giving effect to this Amendment, each of the representations and warranties in the Credit Agreement and in the other Loan Documents are true and correct in all material respects (except to the extent that such representation or warranty is qualified as to materiality, in which case it shall be true and correct in all respects) on and as of the date hereof as though made on and as of such date, except to the extent that any such representation or warranty expressly relates to an earlier date;

3.2 **Corporate Power and Authority**. Each of Holdings and the Borrower has taken all necessary action to authorize the execution, delivery and performance of this Amendment, this Amendment has been duly executed and delivered by each of Holdings and the Borrower, and this Amendment is the legal, valid and binding obligation of each of Holdings and the Borrower, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and

3.3 **Absence of Default**. Neither Holdings, the Borrower or any of its Restricted Subsidiaries is in violation of any Requirement of Law or Contractual Obligation that could reasonably be

expected to have a Material Adverse Effect. At the time of and immediately after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

SECTION 4. LENDER ASSIGNMENT AND ASSUMPTION

4.1 **Omnibus Assignment and Assumption**. For purposes of this Section 4, "New Revolving Lender" shall mean each Person signing this Amendment as a Lender for purposes of becoming a Revolving Lender under the Restated Credit Agreement that was not a Lender prior to the Second Amendment Effective Date. Each Revolving Lender that is not a New Revolving Lender (each an "Assignor") hereby sells and assigns to each other Revolving Lender and each New Revolving Lender (each an "Assignee"), and each Assignee hereby purchases and assumes from each Assignor, all of such Assignor's rights and obligations under the Credit Agreement, to be allocated among Assignees as set forth on Exhibit B, to the extent that such Assignor's Revolving Commitments will be reduced by giving effect to this Amendment and such Assignee's Revolving Commitments will be increased by giving effect to this Amendment.

4.2 **Credit Agreement Assumption**. As of the Second Amendment Effective Date, each New Revolving Lender shall be a party to the Restated Credit Agreement and, to the extent provided in this Section 4, have the rights and obligations under the Restated Credit Agreement of a Lender.

4.3 **New Revolving Lenders**. Each Assignee, (a) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Restated Credit Agreement, (b) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Restated Credit Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (c) agrees that it will perform in accordance with their terms all of the obligations that, by the terms of the Restated Credit Agreement, are required to be performed by it as a Lender, (d) represents and warrants that it (i) is an Assignee (as defined in the Credit Agreement), (ii) has full power and authority, and has taken all actions necessary, to execute and deliver this Amendment and to consummate the transactions contemplated hereby and (iii) is sophisticated with respect to decisions to acquire assets of the type represented by the Commitments and either it or the Person exercising discretion in making the decision to acquire the Commitments of such New Revolving Lender is experienced in acquiring assets of such type, (e) confirms it has received or has been given the opportunity to receive such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and become a party to the Restated Credit Agreement and to assume its Commitments independently and without reliance upon the Administrative Agent or any Lender, (f) has specified its Domestic Lending Office (and address for notices) and Eurodollar Lending Office in writing to the Administrative Agent and (g) if applicable, has delivered to the Administrative Agent two properly completed Forms W-8BEN, W-8ECI or successor or form prescribed by the Internal Revenue Service of the United States, certifying that such New Revolving Lender is entitled to receive all payments under the Restated Credit Agreement and the Notes payable to it without deduction or withholding of any United States federal income taxes.

4.4 **Existing Revolving Lenders**. Each Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (ii) it has full power and authority, and has taken all actions necessary, to execute and deliver this Amendment and to consummate the transactions contemplated hereby, (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Restated Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant thereto or the execution, legality,

validity, enforceability, genuineness, sufficiency or value of the Restated Credit Agreement or any other Loan Document, any other instrument or document furnished pursuant thereto or any collateral thereunder, and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower and any other Loan Party or the performance or observance by the Borrower and any other Loan Party of any of its obligations under the Restated Credit Agreement or any other Loan Document or any other instrument or document furnished pursuant thereto.

4.5 **Waiver**. Each of the parties hereto hereby waive the requirements and benefits of Section 10.6(b)(ii)(A) and (B) of the Credit Agreement solely with respect to the assignments made pursuant to this Section 4.

4.6 **Consent**. The Borrower, each Issuing Lender and the Swingline Lender hereby consent to the assignments made pursuant to this Section 4.

SECTION 5. MISCELLANEOUS

5.1 **Costs and Expenses**. The Borrower agrees to reimburse the Administrative Agent for its costs and expenses in connection with this Amendment (and any other Loan Documents delivered in connection herewith) as provided in Section 2.2 hereof and Section 10.5 of the Credit Agreement.

5.2 **Reference to and Effect on the Loan Documents**.

(a) As of the Effective Date, each reference in the Credit Agreement to "*this Agreement*," "*hereunder*," "*hereof*," "*herein*," or words of like import, and each reference in the other Loan Documents to the Credit Agreement (including, without limitation, by means of words like "*thereunder*", "*thereof*" and words of like import), shall mean and be a reference to the Restated Credit Agreement.

(b) Except as expressly amended hereby, all of the terms and provisions of the Credit Agreement and all other Loan Documents are and shall remain in full force and effect and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Administrative Agent, any Lender or any Issuing Lender under the Credit Agreement or any Loan Document, or constitute a waiver or amendment of any other provision of the Credit Agreement or any Loan Document (as amended hereby) except as and to the extent expressly set forth herein.

(d) Each of Holdings, the Borrower and (by its acknowledgement hereof as set forth on the signature pages hereto) each other Loan Party, hereby confirms that the guaranties, security interests and liens granted pursuant to the Loan Documents continue to guarantee and secure the Obligations as set forth in the Loan Documents and that such guaranties, security interests and liens remain in full force and effect.

5.3 **Counterparts**. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Receipt by the Administrative Agent of a facsimile copy of an executed signature page hereof shall constitute receipt by the Administrative Agent of an executed counterpart of this Amendment.

5.4 **Governing Law**. This Amendment and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

5.5 **Loan Document and Integration**. This Amendment is a Loan Document, and together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

5.6 **Headings**. Section headings contained in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purposes.

5.7 **Waiver of Jury Trial**. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AMENDMENT OR ANY OTHER LOAN DOCUMENT.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers and members thereunto duly authorized, as of the date indicated above.

ALLISON TRANSMISSION HOLDINGS, INC.

By: /s/ Lawrence E. Dewey
Name: Lawrence E. Dewey
Title: Chairman

ALLISON TRANSMISSION, INC.

By: /s/ Lawrence E. Dewey
Name: Lawrence E. Dewey
Title: Chief Executive Officer

CITICORP NORTH AMERICA, INC., as Administrative Agent, Swingline Lender and Lender

By: /s/ Matthew Burke
Name: Matthew Burke
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 2]

CITIBANK, N.A., as Issuing Lender

By: /s/ Matthew Burke
Name: Matthew Burke
Title: Vice President

[SIGNATURE PAGE TO AMENDMENT NO. 2]

Exhibit A

Exhibit B

Exhibit C

FORM OF ACKNOWLEDGMENT AND CONFIRMATION

1. Reference is made to the Second Amendment to Credit Agreement, dated as of May __, 2011 (the "Second Amendment"), by and between the Borrowers, Holdings, the Administrative Agent and the Lenders from time to time party thereto. Terms defined in the Second Amendment and used herein shall have the meanings assigned to such terms in the Second Amendment, unless otherwise defined herein or the context otherwise requires.

2. Certain provisions of the Credit Agreement are being amended pursuant to the Second Amendment. Each of the undersigned is a Guarantor of the Borrower Obligations as defined in and pursuant to the Guarantee and Collateral Agreement (as defined in the Credit Agreement) and is a Grantor as defined in and pursuant to the Guarantee and Collateral Agreement and hereby:

(a) consents to the execution, delivery and performance of the foregoing Second Amendment,

(b) acknowledges that, notwithstanding the execution and delivery of the foregoing Second Amendment, the Grantor's Obligations of such Grantor and the obligations of such Guarantor under the Loan Documents to which it is a party are not impaired or affected and all guaranties made by such Guarantor pursuant to the Guarantee and Collateral Agreement and all Liens granted by such Grantor as security for the Grantor's Obligations of such Grantor pursuant to such Loan Documents continue in full force and effect and shall continue to secure such Grantor's Obligations; and

(c) confirms and ratifies its obligations under each of the Loan Documents executed by it after giving effect to the Second Amendment.

4. This Acknowledgement and Confirmation and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

5. This Acknowledgment and Confirmation may be executed by one or more of the parties hereto on any number of separate counterparts (including by telecopy or electronic mail), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Acknowledgment and Confirmation to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

[_____]

By: _____
Name:
Title:

Exhibit D

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of Allison Transmission Holdings, Inc. of our report dated March 18, 2011, relating to the consolidated financial statements and financial statement schedule of Allison Transmission Holdings, Inc., which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Indianapolis, Indiana
May 13, 2011