

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q**

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

For the quarterly period ended March 31, 2025  
OR

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

Commission File Number 001-35456

**ALLISON TRANSMISSION HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)



**Delaware**

(State or other jurisdiction of incorporation or organization)

**26-0414014**

(I.R.S. Employer Identification Number)

**One Allison Way  
Indianapolis, IN**

(Address of principal executive offices)

**46222**

(Zip Code)

**(317) 242-5000**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	ALSN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 18, 2025, there were 84,254,786 shares of Common Stock outstanding.

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**PART I. FINANCIAL INFORMATION**

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**ITEM 1. Financial Statements**

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

	March 31, 2025	December 31, 2024
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 753	\$ 781
Accounts receivable – net of allowance for doubtful accounts of \$2 and \$1, respectively	381	360
Inventories	349	315
Other current assets	82	82
<b>Total Current Assets</b>	<b>1,565</b>	<b>1,538</b>
Marketable securities	15	11
Property, plant and equipment, net	802	803
Intangible assets, net	820	822
Goodwill	2,075	2,075
Other non-current assets	89	87
<b>TOTAL ASSETS</b>	<b>\$ 5,366</b>	<b>\$ 5,336</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 241	\$ 212
Product warranty liability	32	31
Current portion of long-term debt	5	5
Deferred revenue	37	41
Other current liabilities	198	217
<b>Total Current Liabilities</b>	<b>513</b>	<b>506</b>
Product warranty liability	41	36
Deferred revenue	99	95
Long-term debt	2,395	2,395
Deferred income taxes	498	501
Other non-current liabilities	155	152
<b>TOTAL LIABILITIES</b>	<b>3,701</b>	<b>3,685</b>
Commitments and contingencies (see Note P)		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.01 par value, 1,880,000,000 shares authorized, 84,632,007 shares issued and outstanding and 85,776,801 shares issued and outstanding, respectively	1	1
Non-voting common stock, \$0.01 par value, 20,000,000 shares authorized, none issued and outstanding	—	—
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, none issued and outstanding	—	—
Paid in capital	1,937	1,940
Accumulated deficit	(226)	(239)
Accumulated other comprehensive loss, net of tax	(47)	(51)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,665</b>	<b>1,651</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 5,366</b>	<b>\$ 5,336</b>

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

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

	Three Months Ended March 31,	
	2025	2024
Net sales	\$ 766	\$ 789
Cost of sales	388	423
<b>Gross profit</b>	<b>378</b>	<b>366</b>
Selling, general and administrative	86	86
Engineering — research and development	43	46
<b>Operating income</b>	<b>249</b>	<b>234</b>
Interest expense, net	(21)	(25)
Other income (expense), net	5	(5)
<b>Income before income taxes</b>	<b>233</b>	<b>204</b>
Income tax expense	(41)	(35)
<b>Net income</b>	<b>\$ 192</b>	<b>\$ 169</b>
<b>Basic earnings per share attributable to common stockholders</b>	<b>\$ 2.26</b>	<b>\$ 1.92</b>
<b>Diluted earnings per share attributable to common stockholders</b>	<b>\$ 2.23</b>	<b>\$ 1.90</b>
<b>Comprehensive income, net of tax</b>	<b>\$ 196</b>	<b>\$ 163</b>

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,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 192	\$ 169
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	28	27
Stock-based compensation	6	6
Unrealized (gain) loss on marketable securities	(3)	7
Amortization of intangible assets	2	5
Deferred income taxes	(2)	(5)
Other	1	2
Changes in assets and liabilities:		
Accounts receivable	(21)	(39)
Inventories	(34)	(15)
Accounts payable	29	28
Other assets and liabilities	(17)	(12)
Net cash provided by operating activities	181	173
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additions of long-lived assets	(26)	(11)
Investment in equity method investee	—	(1)
Net cash used for investing activities	(26)	(12)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repurchases of common stock	(150)	(52)
Dividend payments	(24)	(22)
Taxes paid related to net share settlement of equity awards	(14)	(8)
Proceeds from exercise of stock options	5	22
Payments on long-term debt	(1)	(101)
Debt financing fees	—	(3)
Net cash used for financing activities	(184)	(164)
Effect of exchange rate changes on cash	1	(1)
Net decrease in cash and cash equivalents	(28)	(4)
Cash and cash equivalents at beginning of period	781	555
Cash and cash equivalents at end of period	\$ 753	\$ 551
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ (27)	\$ (29)
Income taxes paid	\$ (2)	\$ (4)
Interest received from interest rate swaps	\$ 2	\$ 3
Non-cash investing activities:		
Capital expenditures in liabilities	\$ 8	\$ 10

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

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

	Three months ended						
	Common Stock	Non-voting Common Stock	Preferred Stock	Paid-in Capital	Accumulate d (Deficit) Income	Accumulated Other Comprehens ive (Loss) Income, net of tax	Stockholder s' Equity
Balance at December 31, 2023	\$ 1	\$ —	\$ —	\$ 1,891	\$ (628)	\$ (31)	\$ 1,233
Stock-based compensation	—	—	—	6	—	—	6
Pension and OPEB liability adjustment	—	—	—	—	—	(2)	(2)
Foreign currency translation adjustment	—	—	—	—	—	(5)	(5)
Interest rate swaps	—	—	—	—	—	1	1
Issuance of common stock	—	—	—	14	—	—	14
Repurchase of common stock	—	—	—	—	(52)	—	(52)
Dividends on common stock (\$0.25 per share)	—	—	—	—	(22)	—	(22)
Net income	—	—	—	—	169	—	169
Balance at March 31, 2024	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,911</u>	<u>\$ (533)</u>	<u>\$ (37)</u>	<u>\$ 1,342</u>
Balance at December 31, 2024	\$ 1	\$ —	\$ —	\$ 1,940	\$ (239)	\$ (51)	\$ 1,651
Stock-based compensation	—	—	—	6	—	—	6
Pension and OPEB liability adjustment	—	—	—	—	—	(1)	(1)
Foreign currency translation adjustment	—	—	—	—	—	6	6
Interest rate swaps	—	—	—	—	—	(1)	(1)
Issuance of common stock	—	—	—	(9)	—	—	(9)
Repurchase of common stock	—	—	—	—	(155)	—	(155)
Dividends on common stock (\$0.27 per share)	—	—	—	—	(24)	—	(24)
Net income	—	—	—	—	192	—	192
Balance at March 31, 2025	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,937</u>	<u>\$ (226)</u>	<u>\$ (47)</u>	<u>\$ 1,665</u>

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

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

**NOTE A. OVERVIEW**

***Overview***

Allison Transmission Holdings, Inc. and its subsidiaries (“Allison” or the “Company”) is a leading designer and manufacturer of propulsion solutions for commercial and defense vehicles and the largest global manufacturer of medium- and heavy-duty fully automatic transmissions. The business was founded in 1915 and has been headquartered in Indianapolis, Indiana since inception. Allison is traded on the New York Stock Exchange under the symbol “ALSN”.

The Company has a global presence by serving customers in North America, Asia, Europe, South America, and Africa, with approximately 77% of its revenues being generated in North America in 2024. The Company serves customers through an independent network of approximately 1,600 independent distributor and dealer locations worldwide.

**NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation and Principles of Consolidation***

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

These condensed consolidated financial statements present the financial position, results of comprehensive income, cash flows and statements of stockholders’ equity of the Company. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on February 13, 2025. 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. Estimates include, but are not limited to, sales incentives, government price adjustments, fair market values and future cash flows associated with goodwill, indefinite-lived intangibles, definite-lived intangibles, long-lived asset impairment tests, useful lives for depreciation and amortization, warranty liabilities, core deposit liabilities, determination of discount rate and other assumptions for pension and other post-retirement benefit ("OPEB") expense, income taxes and deferred tax valuation allowances, derivative valuation, assumptions for business combinations and contingencies. The Company's accounting policies involve the application of judgments and assumptions made by management that include inherent risks and uncertainties. Actual results could differ materially from these estimates and from the assumptions used in the preparation of the Company's financial statements. Changes in estimates are recorded in results of operations in the period that the events or circumstances giving rise to such changes occur.

### ***Recently Issued Accounting Pronouncements***

In December 2023, the Financial Accounting Standards Board ("FASB") issued authoritative accounting guidance to improve income tax disclosures by requiring disaggregated information about a reporting entity's effective tax rate reconciliation and information on income taxes paid. The guidance will become effective for the Company beginning with its fiscal year ending December 31, 2025. The guidance will be applied prospectively with the option to apply it retrospectively. Management is currently evaluating the impact of this guidance on the Company's consolidated financial statements.

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

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

**NOTE C. REVENUE**

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

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

The Company may also use volume-based discounts and rebates as marketing incentives in the sales of both vehicle propulsion solutions and service parts, which are accounted for as variable consideration. The Company records the impact of the incentives as a reduction to revenue when it is determined that the adjustment is not likely to reverse. The Company estimates the impact of all other incentives based on the related sales and market conditions in the end market location. The Company recorded no material adjustments based on variable consideration during either of the three months ended March 31, 2025 or 2024.

Net sales are made on credit terms, generally 30 days, based on an assessment of the customer's creditworthiness. For certain goods or services, the Company receives consideration prior to satisfying the related performance obligation. Such consideration is recorded as a contract liability in current and non-current deferred revenue as of March 31, 2025 and December 31, 2024. See "Note J. Deferred Revenue" for more information, including the amount of revenue earned during each of the three months ended March 31, 2025 and 2024 that had been previously deferred. The Company had no material contract assets as of either March 31, 2025 or December 31, 2024.

The Company has one operating segment and reportable segment. The Company is in one line of business, which is the design, manufacture and distribution of vehicle propulsion solutions. The following presents disaggregated revenue by categories that best depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors (dollars in millions):

	Three Months Ended	
	March 31,	
	2025	2024
North America On-Highway	\$ 435	\$ 420
Outside North America On-Highway	112	115
Global Off-Highway	18	46
Defense	53	48
Service Parts, Support Equipment and Other	148	160
Total Net Sales	\$ 766	\$ 789

**NOTE D. INVENTORIES**

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

	March 31, 2025	December 31, 2024
Purchased parts and raw materials	\$ 185	\$ 162
Work in progress	18	17
Finished goods	82	79
Service parts	64	57
Total inventories	<u>\$ 349</u>	<u>\$ 315</u>

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

**NOTE E. GOODWILL AND OTHER INTANGIBLE ASSETS**

As of both March 31, 2025 and December 31, 2024, the carrying value of the Company's Goodwill was \$2,075 million.

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

	March 31, 2025			December 31, 2024		
	Intangible assets, gross	Accumulate d amortization	Intangible assets, net	Intangible assets, gross	Accumulate d amortization	Intangible assets, net
Other intangible assets:						
Trade name	\$ 791	\$ —	\$ 791	\$ 791	\$ —	\$ 791
Customer relationships — commercial	839	(837)	2	839	(837)	2
Proprietary technology	507	(482)	25	507	(481)	26
Customer relationships — defense	62	(60)	2	62	(59)	3
Non-compete agreement	1	(1)	—	1	(1)	—
Total	<u>\$ 2,200</u>	<u>\$ (1,380)</u>	<u>\$ 820</u>	<u>\$ 2,200</u>	<u>\$ (1,378)</u>	<u>\$ 822</u>

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

	2026	2027	2028	2029	2030
Amortization expense	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>

**NOTE F. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

Level 3 — Certain inputs are unobservable or have little or no market data available. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. At each balance sheet date, the Company performs an analysis of all instruments subject to authoritative accounting guidance and includes, in Level 3, all of those whose fair value is based on significant unobservable inputs. As of March 31, 2025 and December 31, 2024, the Company did not have any Level 3 financial assets or liabilities.

The following table summarizes the Company's financial assets and (liabilities) measured at fair value as of March 31, 2025 and December 31, 2024 (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, 2025	December 31, 2024	March 31, 2025	December 31, 2024	March 31, 2025	December 31, 2024
Cash equivalents	\$ 607	\$ 664	\$ —	\$ —	\$ 607	\$ 664
Marketable securities	15	11	—	—	15	11
Rabbi trust assets	22	20	—	—	22	20
Deferred compensation obligation	(22)	(20)	—	—	(22)	(20)
Derivative assets	—	—	4	5	4	5
Total	\$ 622	\$ 675	\$ 4	\$ 5	\$ 626	\$ 680

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

- Cash equivalents consist of short-term U.S. government backed securities and time deposits.
- Marketable securities consist of publicly traded stock of Jing-Jin Electric Technologies Co. Ltd., which has a readily determinable fair value.
- Rabbi trust assets consist principally of publicly available mutual funds and target date retirement funds.
- Deferred compensation obligation is directly related to the fair value of assets held in the rabbi trust.

The Company's valuation techniques used to calculate the fair value of derivative instruments represent a market approach with observable inputs that qualify as Level 2 in the fair value hierarchy. The Company uses valuations from the issuing financial institutions for the fair value measurement of interest rate swaps. The floating-to-fixed interest rate swaps are based on the Secured Overnight Financing Rate ("SOFR"), which is observable at commonly quoted intervals. The fair values are included in other current and non-current assets in the Condensed Consolidated Balance Sheets. See "Note H. Derivatives" for more information regarding the Company's interest rate swaps.

The Company holds equity securities in unconsolidated entities without a readily determinable fair value. Each of these investments represents a less than 20% ownership interest in the respective privately-held entity, and the Company does not maintain significant influence over or control of any of the entities. The Company has elected the measurement alternative and measures the investments at cost, less any impairment, plus or minus adjustments related to observable price changes in orderly transactions for identical or similar investments of the same issuer. These equity investments are recorded in Other non-current assets in the Condensed Consolidated Balance Sheets, with changes in the value recorded in Other income (expense), net in the Consolidated Statements of Comprehensive Income. As of both March 31, 2025 and December 31, 2024, the Company held equity securities without a readily determinable fair value of \$7 million. During the three months ended March 31, 2025, no impairment charges or adjustments resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer occurred for any of these investments.

**NOTE G. DEBT**

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

	March 31, 2025	December 31, 2024
Long-term debt:		
Senior Notes, fixed 4.75%, due 2027	\$ 400	\$ 400
Senior Notes, fixed 5.875%, due 2029	500	500
Senior Notes, fixed 3.75%, due 2031	1,000	1,000
Senior Secured Credit Facility Term Loan, variable, due 2031	513	514
Total long-term debt	\$ 2,413	\$ 2,414
Less: current maturities of long-term debt	5	5
deferred financing costs, net	13	14
Total long-term debt, net	\$ 2,395	\$ 2,395

As of March 31, 2025, the Company had \$2,413 million of indebtedness associated with Allison Transmission, Inc.'s ("ATI"), the Company's wholly-owned subsidiary, 4.75% Senior Notes due October 2027 ("4.75% Senior Notes"), ATI's 5.875% Senior Notes due June 2029 ("5.875% Senior Notes"), ATI's 3.75% Senior Notes due January 2031 ("3.75% Senior Notes" and, together with the 4.75% Senior Notes and 5.875% Senior Notes, the "Senior Notes") and the Second Amended and Restated Credit Agreement dated as of March 29, 2019, as amended (the "Credit Agreement"), governing ATI's term loan facility in the amount of \$513 million due March 2031 ("Term Loan") and ATI's revolving credit facility with commitments in the amount of \$750 million due March 2029 ("Revolving Credit Facility" and, together with the Term Loan, the "Senior Secured Credit Facility").

The fair value of the Company's long-term debt obligations as of March 31, 2025 was \$2,294 million. The fair value is based on quoted Level 2 market prices of the Company's debt as of March 31, 2025. The difference between the fair value and carrying value of the long-term debt is driven primarily by trends in the financial markets.

**Senior Secured Credit Facility**

The borrowings under the Senior Secured Credit Facility are collateralized by a lien on substantially all assets of the Company, ATI and certain existing and future U.S. subsidiary guarantors, as provided in the Credit Agreement. Interest on the Term Loan, as of March 31, 2025, is either (a) 1.75% over a SOFR rate on deposits in U.S. dollars for one-, three- or six-month periods (or a twelve-month period if, at the time of the borrowing, consented to by all relevant lenders and the administrative agent) ("Term SOFR"), or (b) 0.75% over the greater of the prime lending rate as quoted by the administrative agent, the Term SOFR rate for an interest period of one month plus 1.00% and the federal funds effective rate published by the Federal Reserve Bank of New York plus 0.50%, subject to a 1.00% floor (the "Base Rate"). As of March 31, 2025, the Company elected to pay the lowest all-in rate of Term SOFR plus the applicable margin, or 6.07%, on the Term Loan. The Credit Agreement requires minimum quarterly principal payments on the Term Loan, as well as prepayments from certain net cash proceeds of non-ordinary course asset sales and casualty and condemnation events, the incurrence of certain debt and from a percentage of excess cash flow, if applicable. The minimum required quarterly principal payment on the Term Loan through its maturity date of March 2031 is \$1 million. As of March 31, 2025, there had been no payments required for certain net cash proceeds of non-ordinary course asset sales and casualty and condemnation events. The remaining principal balance is due upon maturity.

The Senior Secured Credit Facility also provides a Revolving Credit Facility, net of an allowance for up to \$75 million in outstanding letters of credit commitments. During the three months ended March 31, 2025, the Company made no withdrawals on the Revolving Credit Facility. As of March 31, 2025, the Company had \$744 million available under the Revolving Credit Facility, net of \$6 million in letters of credit. Borrowings under the Revolving Credit Facility bear interest at a variable base rate plus an applicable margin based on the Company's first lien net leverage ratio. When the Company's first lien net leverage ratio is above 4.00x, interest on the Revolving Credit

Facility is (a) 0.75% over the Base Rate or (b) 1.75% over the Term SOFR rate; when the Company's first lien net leverage ratio is equal to or less than 4.00x and above 3.50x, interest on the Revolving Credit Facility is (i) 0.50% over the Base Rate or (ii) 1.50% over the Term SOFR rate; and when the Company's first lien net leverage ratio is equal to or below 3.50x, interest on the Revolving Credit Facility is (y) 0.25% over the Base Rate or (z) 1.25% over the Term SOFR rate. As of March 31, 2025, the applicable margin for the Revolving Credit Facility was 1.25%. In addition, there is an annual commitment fee, based on the Company's first lien net leverage ratio, on the average unused revolving credit borrowings available under the Revolving Credit Facility. As of March 31, 2025, the commitment fee was 0.25%. Borrowings under the Revolving Credit Facility are payable at the option of the Company throughout the term of the Revolving Credit Facility with the balance due in March 2029.

The Senior Secured Credit Facility requires the Company to maintain a specified maximum first lien net leverage ratio of 5.50x when revolving loan commitments remain outstanding on the Revolving Credit Facility at the end of a fiscal quarter. As of March 31, 2025, the Company had no amounts outstanding under the Revolving Credit Facility; however, the Company would have been in compliance with the maximum first lien net leverage ratio, achieving a (0.21x) ratio. Additionally, within the terms of the Senior Secured Credit Facility, a first lien net leverage ratio at or below 4.00x results in the elimination of excess cash flow payments on the Senior Secured Credit Facility for the applicable year.

In addition, the Credit Agreement, among other things, includes customary restrictions (subject to certain exceptions) on the Company's ability to incur certain indebtedness, grant certain liens, make certain investments, engage in acquisitions, consolidations and mergers, declare or pay certain dividends or repurchase shares of the Company's common stock. As of March 31, 2025, the Company was in compliance with all covenants under the Credit Agreement.

### **Senior Notes**

Each series of the Senior Notes is unsecured and is guaranteed by each of ATI's domestic subsidiaries that is a borrower under or guarantees the Senior Secured Credit Facility and is unconditionally guaranteed, jointly and severally, by any of ATI's future domestic subsidiaries that are borrowers under or guarantee the Senior Secured Credit Facility. None of ATI's domestic subsidiaries currently guarantee its obligations under the Senior Secured Credit Facility, and therefore none of ATI's domestic subsidiaries currently guarantee any series of the Senior Notes. The indentures governing the Senior Notes contain negative covenants restricting or limiting the Company's ability to, among other things: incur or guarantee additional indebtedness, incur liens, pay dividends on, redeem or repurchase the Company's capital stock, make certain investments, permit payment or dividend restrictions on certain of the Company's subsidiaries, sell assets, engage in certain transactions with affiliates, and consolidate or merge or sell all or substantially all of the Company's assets. As of March 31, 2025, the Company was in compliance with all covenants under the indentures governing the Senior Notes.

ATI may from time to time seek to retire its Senior Notes through cash purchases, exchanges for equity securities, open market purchases, privately negotiated transactions, contractual redemptions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors and will be in accordance with the respective indenture governing such notes. The amounts involved may be material. Some or all of the 4.75% Senior Notes and the 5.875% Senior Notes may be redeemed at any time at redemption prices specified in the indentures governing such notes. Prior to January 30, 2026, ATI may redeem some or all of the 3.75% Senior Notes by paying a price equal to 100.00% of the principal amount being redeemed, plus an "applicable premium". At any time on or after January 30, 2026, ATI may redeem some or all of the 3.75% Senior Notes at redemption prices specified in the indenture governing such notes.

**NOTE H. DERIVATIVES**

The Company is subject to interest rate risk related to the Senior Secured Credit Facility and entered into interest rate swaps to manage a portion of this exposure. The interest rate swaps are designated as cash flow hedges that qualify for hedge accounting under the hypothetical derivative method.

As of March 31, 2025, the Company held interest rate swap contracts that, in the aggregate, effectively hedge \$500 million of the variable rate debt associated with the Term Loan at the Term SOFR weighted average fixed rate of 2.81% through September 2025.

Fair value adjustments are recorded as a component of Accumulated other comprehensive loss, net of tax ("AOCL") in the Condensed Consolidated Balance Sheets. Balances in AOCL are reclassified to earnings when transactions related to the underlying risk are settled. See "Note F. Fair Value of Financial Instruments" for information regarding the fair value of the Company's interest rate swaps.

The following tabular disclosures further describe the Company's interest rate derivatives qualifying and designated for hedge accounting and their impact on the financial condition of the Company (dollars in millions):

	Balance Sheet Location	Fair Value	
		March 31, 2025	December 31, 2024
Derivative Assets:			
Interest rate swaps	Other current assets	\$ 4	\$ 5
Total derivative assets		\$ 4	\$ 5

The balance of net derivative gains recorded in AOCL as of March 31, 2025 and December 31, 2024 was \$4 million and \$5 million, respectively. See "Note O. Accumulated Other Comprehensive Loss" for information regarding activity recorded as a component of AOCL during the three months ended March 31, 2025 and 2024. As of March 31, 2025, all derivative gains recorded in AOCL are expected to be reclassified to earnings within the next twelve months.

**NOTE I. PRODUCT WARRANTY LIABILITIES**

As of March 31, 2025, current and non-current product warranty liabilities were \$32 million and \$41 million, respectively. As of March 31, 2024, current and non-current product warranty liabilities were \$30 million and \$28 million, respectively.

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

	Three Months Ended March 31,	
	2025	2024
Beginning balance	\$ 67	\$ 59
Payments	(9)	(12)
Increase in liability (warranty issued during period)	9	7
Net adjustments to liability	6	4
Ending balance	<u>\$ 73</u>	<u>\$ 58</u>

**NOTE J. DEFERRED REVENUE**

As of March 31, 2025, current and non-current deferred revenue were \$37 million and \$99 million, respectively. As of March 31, 2024, current and non-current deferred revenue were \$42 million and \$92 million, respectively.

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

	Three Months Ended March 31,	
	2025	2024
Beginning balance	\$ 136	\$ 130
Increases	11	13
Revenue earned	(11)	(9)
Ending balance	<u>\$ 136</u>	<u>\$ 134</u>

Deferred revenue recorded in current and non-current liabilities related to ETC as of March 31, 2025 was \$28 million and \$97 million, respectively. Deferred revenue recorded in current and non-current liabilities related to ETC as of March 31, 2024 was \$29 million and \$89 million, respectively.

**NOTE K. LEASES**

Contracts are assessed by the Company to determine if the contract conveys the right to control an identified asset in exchange for consideration during a period of time. The Company classifies all identified leases as either operating or finance leases. The Company's operating leases consist of real estate, vehicles and IT equipment. As of both March 31, 2025 and December 31, 2024, the Company was not a party to any finance leases. Contracts that contain leases are assessed to determine if the consideration in the contract is related to a lease component, non-lease component or other components not related to the lease. Lease components are recorded as right-of-use ("ROU") assets and lease liabilities while any non-lease component is expensed as incurred. The consideration in the contract related to other components not related to the lease is allocated among the lease component and the non-lease component, as applicable, based on the stand-alone selling price of the lease and non-lease components.

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

ROU assets are calculated as the related lease liability adjusted for lease incentives, any initial direct costs, prepayments and the effect of escalating lease payments on period expense. As of March 31, 2025 and December 31, 2024, total ROU assets were \$19 million and \$20 million, respectively, and were recorded in Other non-current assets in the Condensed Consolidated Balance Sheets. There were no new ROU assets obtained in exchange for lease obligations during the three months ended March 31, 2025. During the three months ended March 31, 2024, the Company recorded \$3 million of new ROU assets obtained in exchange for lease obligations.

The Company's lease liability is determined by discounting the future cash flows over the lease period. The Company determines its discount rates utilizing current secured financing rates based on the length of the lease period plus the Company's margin over Term SOFR on the Term Loan. The Company believes this rate effectively represents a borrowing rate the Company could obtain on a debt instrument possessing similar terms as the lease. Lease liabilities are classified between current and non-current liabilities based on the terms of the underlying leases. The weighted average discount rate on operating leases as of March 31, 2025 and December 31, 2024 was 4.82% and 4.84%, respectively.

As of March 31, 2025, the Company recorded current and non-current operating lease liabilities of \$5 million and \$14 million, respectively. As of December 31, 2024, the Company recorded current and non-current operating lease liabilities of \$6 million and \$14 million, respectively. The Company's current and non-current operating lease liabilities are recorded in Other current liabilities and Other non-current liabilities, respectively, in the Condensed Consolidated Balance Sheets. The following table reconciles future undiscounted cash flows for operating leases to total operating lease liabilities as of March 31, 2025 (dollars in millions):

	March 31, 2025
For the remainder of 2025	\$ 5
2026	4
2027	4
2028	3
2029	2
Thereafter	3
Total lease payments	\$ 21
Less: Interest	2
Present value of operating lease liabilities	\$ 19

The weighted average remaining lease term as of March 31, 2025 and March 31, 2024 was 5.1 years and 5.8 years, respectively.

Operating lease expense is recorded within Selling, general and administrative and Engineering — research and development on the Company's Condensed Consolidated Statements of Comprehensive Income. For each of the three months ended March 31, 2025 and 2024, the operating lease expense was \$2 million. There was no material short-term operating lease expense for either of the three months ended March 31, 2025 or 2024.

#### NOTE L. OTHER CURRENT LIABILITIES

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

	March 31, 2025	December 31, 2024
Taxes payable	\$ 51	\$ 14
Sales incentives	41	42
Accrued interest payable	28	25
Payroll and related costs	20	90
Vendor buyback obligation	20	19
Other accruals	38	27
<b>Total</b>	<b>\$ 198</b>	<b>\$ 217</b>

#### NOTE M. EMPLOYEE BENEFIT PLANS

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

	Pension Plans		Post-retirement Benefits	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2025	2024	2025	2024
Net periodic benefit cost (credit):				
Service cost	\$ 1	\$ 1	\$ —	\$ —
Interest cost	2	2	1	1
Expected return on assets	(2)	(2)	—	—
Prior service credit	—	—	(1)	(2)
Recognized actuarial gain	—	—	(1)	(1)
<b>Net periodic benefit cost (credit)</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ (1)</b>	<b>\$ (2)</b>

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

**NOTE N. INCOME TAXES**

For the three months ended March 31, 2025 and 2024, the Company recorded total income tax expense of \$41 million and \$35 million, respectively. The effective tax rate for the three months ended March 31, 2025 and 2024 was 18% and 17%, respectively.

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.

Management has determined, based on an evaluation of available objective and subjective evidence, that it is more likely than not that certain federal and state deferred tax assets will not be realized; therefore, these deferred tax assets are offset with a valuation allowance.

**NOTE O. ACCUMULATED OTHER COMPREHENSIVE LOSS**

The following tables reconcile changes in AOCL by component (net of tax, dollars in millions):

	Three months ended			
	Pension and OPEB liability adjustments	Interest rate swaps	Foreign currency items	Total
AOCL as of December 31, 2023	\$ (2)	\$ 11	\$ (40)	\$ (31)
Other comprehensive income (loss) before reclassifications	—	5	(5)	—
Amounts reclassified from AOCL	(3)	(3)	—	(6)
Income tax benefit (expense)	1	(1)	—	—
Net current period other comprehensive (loss) income	\$ (2)	\$ 1	\$ (5)	\$ (6)
AOCL as of March 31, 2024	\$ (4)	\$ 12	\$ (45)	\$ (37)
AOCL as of December 31, 2024	\$ (3)	\$ 5	\$ (53)	\$ (51)
Other comprehensive income before reclassifications	—	—	6	6
Amounts reclassified from AOCL	(2)	(2)	—	(4)
Income tax benefit	1	1	—	2
Net current period other comprehensive (loss) income	\$ (1)	\$ (1)	\$ 6	\$ 4
AOCL as of March 31, 2025	\$ (4)	\$ 4	\$ (47)	\$ (47)

AOCL Components	Amounts reclassified from AOCL		Affected line item in the Condensed Consolidated Statements of Comprehensive Income
	Three months ended March 31, 2025	Three months ended March 31, 2024	
Interest rate swaps	\$ 2	\$ 3	Interest expense, net
Prior service credit	1	2	Other income (expense), net
Recognized actuarial gain	1	1	Other income (expense), net
Total reclassifications, before tax	\$ 4	\$ 6	Income before income taxes
Income tax expense	(1)	(1)	Income tax expense
Total reclassifications, net of tax	\$ 3	\$ 5	

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

**NOTE P. COMMITMENTS AND CONTINGENCIES**

The Company is party to various legal actions and administrative proceedings and subject to various claims arising in the ordinary course of business. These proceedings primarily involve commercial claims, product liability claims, personal injury claims and workers' compensation claims. The Company believes that the ultimate liability, if any, in excess of amounts already provided for in the condensed consolidated financial statements or covered by insurance on the disposition of these matters will not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

**NOTE Q. EARNINGS PER SHARE**

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

	Three Months Ended March 31,	
	2025	2024
Net income	\$ 192	\$ 169
Weighted average shares of common stock outstanding	85	88
Dilutive effect of stock-based awards	1	1
Diluted weighted average shares of common stock outstanding	86	89
Basic earnings per share attributable to common stockholders	\$ 2.26	\$ 1.92
Diluted earnings per share attributable to common stockholders	\$ 2.23	\$ 1.90

The dilutive impact of stock-based compensation is calculated using the treasury stock method. The treasury stock method assumes that the Company uses the proceeds from the exercise of awards to repurchase common stock at the average market price during the period. For each of the three months ended March 31, 2025 and 2024, there were no outstanding stock options that were anti-dilutive and excluded from the diluted EPS calculation. Basic and diluted EPS for the full-year are calculated using the weighted average shares of common stock outstanding during the year while quarterly basic and diluted EPS are calculated using the weighted average shares of common stock outstanding during the quarter; therefore, the sum of each quarter's EPS may not equal full-year EPS.

**NOTE R. COMMON STOCK**

On February 20, 2025, the Board of Directors authorized the Company to repurchase an additional \$1,000 million of its common stock pursuant to the Company's stock repurchase program (the "Repurchase Program"), bringing the total amount authorized pursuant to the Repurchase Program to \$5,000 million.

During the three months ended March 31, 2025, the Company repurchased approximately \$154 million of its common stock under the Repurchase Program, leaving \$1,366 million of authorized repurchases remaining under the Repurchase Program as of March 31, 2025. The Repurchase Program has no termination date, and the timing and amount of stock purchases are subject to market conditions and corporate needs. The Repurchase Program may be modified, suspended or discontinued at any time at the Company's discretion.

**NOTE S. SEGMENT INFORMATION**

In accordance with the FASB's authoritative accounting guidance on segment reporting, the Company has one operating segment and reportable segment. The Company is managed by the Chief Operating Decision Maker ("CODM") based on its one line of business, the design, manufacture and distribution of vehicle propulsion solutions.

The Company's CODM is its Chair, President and Chief Executive Officer. The CODM evaluates Company performance and makes decisions on the allocation of resources based on Net income, a GAAP measure, and Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA"), a non-GAAP measure. The most directly comparable GAAP measure to Adjusted EBITDA is Net income. The Company believes that Net income and Adjusted EBITDA provide management, investors and creditors with useful measures of the operational results of its business and increase the period-to-period comparability of the Company's operating profitability and comparability with other companies.

The CODM assesses Company performance utilizing Net income and Adjusted EBITDA by comparing budget versus actual and year-over-year variances. Certain variances identified in the analysis of Net income and Adjusted EBITDA are evaluated to assist the CODM in assessing Company performance and making decisions on the allocation of Company resources. The following expenses included in Net income and Adjusted EBITDA are identified as significant expenses regularly provided to the CODM: Cost of sales, Selling, general and administrative, and Engineering — research and development.

The Company's one reportable segment is the same as its consolidated financial results; therefore, segment information for additions of long-lived assets and asset information can be found in the Company's Condensed Consolidated Statements of Cash Flows and Condensed Consolidated Balance Sheets, respectively.

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

	Three Months Ended March 31,	
	2025	2024
Net sales	\$ 766	\$ 789
less:		
Cost of sales	388	423
Selling, general and administrative	86	86
Engineering — research and development	43	46
Other segment items (a)	57	65
<b>Net income (GAAP)</b>	<b>192</b>	<b>169</b>
plus:		
Income tax expense	41	35
Depreciation of property, plant and equipment	28	27
Interest expense, net	21	25
Amortization of intangible assets	2	5
Other adjustments (b)	3	28
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 287</b>	<b>\$ 289</b>
<b>Total assets</b>	<b>\$ 5,366</b>	<b>\$ 5,056</b>

(a) Represents other segment items included in Net income including Income tax expense, Interest expense, net and Other income (expense), net.

(b) Represents other reconciling items between Net income and Adjusted EBITDA.

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

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

*The statements in this discussion regarding industry trends, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Cautionary Note Regarding Forward-Looking Statements" and Part II, Item 1A "Risk Factors" below, and in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on February 13, 2025. Our actual results may differ materially from those contained in or implied by any forward-looking statements.*

### Overview

Allison Transmission Holdings, Inc. and its subsidiaries ("Allison," the "Company," "we," "us" or "our") is a leading designer and manufacturer of propulsion solutions for commercial and defense vehicles and the largest global manufacturer of medium- and heavy-duty fully automatic transmissions. The business was founded in 1915 and has been headquartered in Indianapolis, Indiana since inception. Allison is traded on the New York Stock Exchange under the symbol "ALSN".

We have a global presence by serving customers in North America, Asia, Europe, South America, and Africa, with approximately 77% of our revenues being generated in North America in 2024. We serve customers through an independent network of approximately 1,600 independent distributor and dealer locations worldwide.

### Trends Impacting Our Business

In 2025, we expect higher net sales driven by price increases on certain products, increased demand for Tracked vehicle applications in our Defense end market and continued strength in North American vocational demand.

**First Quarter Net Sales by End Market (dollars in millions)**

End Market	For the Three Months Ended March 31,		% Variance
	2025	2024	
North America On-Highway	\$ 435	\$ 420	4 %
Outside North America On-Highway	112	115	(3)%
Global Off-Highway	18	46	(61)%
Defense	53	48	10 %
Service Parts, Support Equipment and Other	148	160	(8)%
Total Net Sales	<u>\$ 766</u>	<u>\$ 789</u>	(3)%

North America On-Highway end market net sales were up 4% for the first quarter 2025 compared to the first quarter 2024, principally driven by price increases on certain products and continued strength in Class 8 vocational trucks, partially offset by lower demand for medium-duty trucks.

Outside North America On-Highway end market net sales were down 3% for the first quarter 2025 compared to the first quarter 2024, principally driven by lower demand in Europe.

Global Off-Highway net sales were down \$28 million for the first quarter 2025 compared to the first quarter 2024, principally driven by lower demand from the energy, mining and construction sectors outside of North America.

Defense end market net sales were up 10% for the first quarter 2025 compared to the first quarter 2024, principally driven by price increases on certain products.

Service Parts, Support Equipment and Other end market net sales were down 8% for the first quarter 2025 compared to the first quarter 2024, principally driven by lower demand for service parts and support equipment, partially offset by price increases on certain products.

## **Key Components of our Results of Operations**

### ***Net sales***

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

### ***Cost of sales***

Our primary components of cost of sales are purchased parts, the overhead expense related to our manufacturing operations and direct labor associated with the manufacture and assembly of vehicle propulsion solutions and parts. For the three months ended March 31, 2025, direct material costs were approximately 66%, overhead costs were approximately 26%, and direct labor costs were approximately 8% of cost of sales. We are subject to changes in our cost of sales caused by movements in underlying commodity prices. We seek to hedge against this risk by using long-term agreements (“LTAs”), as appropriate. See Part I, Item 3, “Quantitative and Qualitative Disclosures about Market Risk—Commodity Price Risk” included below.

### ***Selling, general and administrative***

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

### ***Engineering — research and development***

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

### Non-GAAP Financial Measures

We use Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Adjusted EBITDA as a percent of net sales to measure our operating profitability. We believe that Adjusted EBITDA and Adjusted EBITDA as a percent of net sales provide management, investors and creditors with useful measures of the operational results of our business and increase the period-to-period comparability of our operating profitability and comparability with other companies. Adjusted EBITDA as a percent of net sales is also used in the calculation of management's incentive compensation program. The most directly comparable U.S. generally accepted accounting principles ("GAAP") measure to Adjusted EBITDA and Adjusted EBITDA as a percent of net sales is Net income and Net income as a percent of net sales, respectively. Adjusted EBITDA is calculated as earnings before interest expense, net, income tax expense, amortization of intangible assets, depreciation of property, plant and equipment and other adjustments as defined by the Second Amended and Restated Credit Agreement dated as of March 29, 2019, as amended (the "Credit Agreement"), governing Allison Transmission, Inc.'s ("ATI"), our wholly-owned subsidiary, term loan facility in the amount of \$513 million due March 2031 ("Term Loan") and ATI's revolving credit facility with commitments in the amount of \$750 million due March 2029 ("Revolving Credit Facility" and, together with the Term Loan, the "Senior Secured Credit Facility"). Adjusted EBITDA as a percent of net sales is calculated as Adjusted EBITDA divided by net sales.

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

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

	Three Months Ended			
	2025		2024	
	March 31,			
<i>(unaudited, dollars in millions)</i>				
<b>Net income (GAAP)</b>	\$	192	\$	169
plus:				
Income tax expense		41		35
Depreciation of property, plant and equipment		28		27
Interest expense, net		21		25
Amortization of intangible assets		2		5
Stock-based compensation expense (a)		6		6
Unrealized (gain) loss on marketable securities (b)		(3)		7
UAW Local 933 contract signing incentives (c)		—		14
Other (d)		—		1
<b>Adjusted EBITDA (Non-GAAP)</b>	\$	287	\$	289
<b>Net sales (GAAP)</b>	\$	766	\$	789
<b>Net income as a percent of Net sales (GAAP)</b>		25.1%		21.4%
<b>Adjusted EBITDA as a percent of Net sales (Non-GAAP)</b>		37.5%		36.6%
<b>Net cash provided by operating activities (GAAP)</b>	\$	181	\$	173
Deductions to reconcile to Adjusted free cash flow:				
Additions of long-lived assets		(26)		(11)
<b>Adjusted free cash flow (Non-GAAP)</b>	\$	155	\$	162

- (a) Represents stock-based compensation expense (recorded in Cost of sales, Selling, general and administrative, and Engineering — research and development).
- (b) Represents (gains) losses (recorded in Other income (expense), net) related to an investment in the common stock of Jing-Jin Electric Technologies Co. Ltd.
- (c) Represents non-recurring incentives (recorded in Cost of sales, Selling, general and administrative, and Engineering - research and development) to eligible employees as a result of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW") Local 933 represented employees ratifying a four-year collective bargaining agreement effective through November 2027.
- (d) Represents other adjustments as defined by the Credit Agreement.

## Results of Operations

### Comparison of three months ended March 31, 2025 and 2024

The following table sets forth certain financial information for the three months ended March 31, 2025 and 2024. The following table and discussion should be read in conjunction with the information contained in our condensed consolidated financial statements and the notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

<i>(unaudited, dollars in millions)</i>	Three Months Ended March 31,			
	2025	% of net sales	2024	% of net sales
Net sales	\$ 766	100%	\$ 789	100%
Cost of sales	388	51	423	54
Gross profit	378	49	366	46
Operating expenses:				
Selling, general and administrative	86	11	86	11
Engineering — research and development	43	5	46	5
Total operating expenses	129	16	132	16
Operating income	249	33	234	30
Interest expense, net	(21)	(4)	(25)	(3)
Other income (expense), net	5	1	(5)	(1)
Income before income taxes	233	30	204	26
Income tax expense	(41)	(5)	(35)	(5)
Net income	\$ 192	25%	\$ 169	21%

### Net sales

Net sales for the quarter ended March 31, 2025 were \$766 million compared to \$789 million for the quarter ended March 31, 2024, a decrease of 3%.

The decrease was principally driven by:

- Global Off-Highway end market net sales decreased \$28 million, or 61%, principally driven by lower demand from the energy, mining and construction sectors outside of North America.
- Service Parts, Support Equipment and Other end market net sales decreased \$12 million, or 8%, principally driven by lower demand for service parts and support equipment, partially offset by price increases on certain products.
- Outside North America On-Highway end market net sales decreased \$3 million, or 3%, principally driven by lower demand in Europe.

These decreases were partially offset by:

- North America On-Highway end market net sales increased \$15 million, or 4%, principally driven by price increases on certain products and continued strength in Class 8 vocational trucks, partially offset by lower demand for medium-duty trucks.
- Defense end market net sales increased \$5 million, or 10%, principally driven by price increases on certain products.

### Cost of sales

Cost of sales for the quarter ended March 31, 2025 was \$388 million compared to \$423 million for the quarter ended March 31, 2024, a decrease of 8%. The decrease was principally driven by lower direct material expense commensurate with decreased net sales and \$13 million of UAW Local 933 contract signing incentives recognized in the first quarter of 2024 that did not reoccur in 2025, partially offset by unfavorable direct material costs.

**Gross profit**

Gross profit for the quarter ended March 31, 2025 was \$378 million compared to \$366 million for the quarter ended March 31, 2024, an increase of 3%. The increase was principally driven by \$39 million of price increases on certain products and \$13 million of UAW Local 933 contract signing incentives recognized in the first quarter of 2024 that did not reoccur in 2025, partially offset by \$37 million of decreased net sales and \$6 million of unfavorable direct material costs. Gross profit as a percent of net sales for the three months ended March 31, 2025 increased 290 basis points compared to the same period in 2024, principally driven by price increases on certain products and decreased cost of sales, including \$13 million of UAW Local 933 contract signing incentives recognized in the first quarter of 2024 that did not reoccur in 2025.

**Selling, general and administrative**

Selling, general and administrative expenses were \$86 million for each of the quarters ended March 31, 2025 and March 31, 2024. During the first quarter of 2025, there was increased commercial activities spending and lower incentive compensation expense compared to the first quarter of 2024.

**Engineering — research and development**

Engineering expenses for the quarter ended March 31, 2025 were \$43 million compared to \$46 million for the quarter ended March 31, 2024, a decrease of 7%. The decrease was principally driven by the timing of product initiatives spending.

**Interest expense, net**

Interest expense, net for the quarter ended March 31, 2025 was \$21 million compared to \$25 million for the quarter ended March 31, 2024, a decrease of 16%. The decrease was principally driven by lower interest expense on ATI's Term Loan due primarily to decreased variable interest rates.

**Other income (expense), net**

Other income (expense), net for the quarter ended March 31, 2025 was \$5 million compared to (\$5) million for the quarter ended March 31, 2024. The change was principally driven by a \$10 million change in unrealized mark-to-market adjustments for marketable securities.

**Income tax expense**

Income tax expense for the three months ended March 31, 2025 was \$41 million, resulting in an effective tax rate of 18%, compared to \$35 million of income tax expense and an effective tax rate of 17% for the three months ended March 31, 2024. The increase in income tax expense was principally driven by higher taxable income.

## Liquidity and Capital Resources

We generate cash primarily from our operations to fund our operating, investing and financing activities. Our principal uses of cash are operating expenses, capital expenditures, working capital needs, debt service, dividends on common stock, stock repurchases and strategic growth initiatives, including investments, acquisitions and collaborations. Our ability to generate cash in the future and our future uses of cash are subject to general economic, financial, competitive, legislative, regulatory and other factors that may be beyond our control. We had total available cash and cash equivalents of \$753 million and \$781 million as of March 31, 2025 and December 31, 2024, respectively. Of the available cash and cash equivalents, \$146 million was deposited in operating accounts and \$607 million was invested in U.S. government backed securities and time deposits as of March 31, 2025, compared to \$117 million deposited in operating accounts and \$664 million invested in U.S. government backed securities as of December 31, 2024.

As of March 31, 2025, the total of cash held by foreign subsidiaries was \$80 million, the majority of which was at our subsidiaries located in China, India, Japan, Hungary and the Netherlands. We manage our worldwide cash requirements considering available funds among the subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. As a result, we do not currently anticipate that local liquidity restrictions will preclude us from funding our targeted initiatives or operating needs with local resources.

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

Our liquidity requirements are significant, primarily due to our debt service requirements. As of March 31, 2025, we had \$513 million of indebtedness associated with ATI's Term Loan, \$400 million of indebtedness associated with ATI's 4.75% Senior Notes due October 2027 ("4.75% Senior Notes"), \$500 million of indebtedness associated with ATI's 5.875% Senior Notes due June 2029 ("5.875% Senior Notes") and \$1,000 million of indebtedness associated with ATI's 3.75% Senior Notes due January 2031 ("3.75% Senior Notes" and, together with the 4.75% Senior Notes and 5.875% Senior Notes, the "Senior Notes"). Short-term and long-term debt service liquidity requirements consist of \$1 million of minimum required quarterly principal payments on ATI's Term Loan through its maturity date of March 2031 and periodic interest payments on ATI's Term Loan and the Senior Notes. There are no required quarterly principal payments on the Senior Notes. Long-term debt service liquidity requirements also consist of the payment in full of any remaining principal balance of ATI's Term Loan and the Senior Notes upon their respective maturity dates.

We made \$1 million and \$101 million of principal payments on the Term Loan during the three months ended March 31, 2025 and 2024, respectively. Our ability to make payments on and refinance our indebtedness and to fund planned capital expenditures and growth initiatives will depend on our ability to generate cash in the future.

The Senior Secured Credit Facility provides for a \$750 million Revolving Credit Facility, net of an allowance for up to \$75 million in outstanding letter of credit commitments. As of March 31, 2025, we had \$744 million available under the Revolving Credit Facility, net of \$6 million in letters of credit. As of March 31, 2025, we had no amounts outstanding under the Revolving Credit Facility. If we have commitments outstanding on the Revolving Credit Facility at the end of a fiscal quarter, the Senior Secured Credit Facility requires us to maintain a specified maximum first lien net leverage ratio of 5.50x. Additionally, within the terms of the Senior Secured Credit Facility, a first lien net leverage ratio at or below 4.00x results in the elimination of excess cash flow payments on the Senior Secured Credit Facility for the applicable year. As of March 31, 2025, our first lien net leverage ratio was (0.21x). The Senior Secured Credit Facility also provides certain financial incentives based on our first lien net leverage ratio. A first lien net leverage ratio at or below 4.00x and above 3.50x results in a 25 basis point reduction to the applicable margin on the Revolving Credit Facility. A first lien net leverage ratio at or below 3.50x results in an additional 25 basis point reduction to the applicable margin on the Revolving Credit Facility. These reductions remain in effect as long as we achieve a first lien net leverage ratio at or below the related threshold.

In addition, the Credit Agreement includes, among other things, customary restrictions (subject to certain exceptions) on our ability to incur certain indebtedness, grant certain liens, make certain investments, engage in acquisitions, consolidations and mergers, declare or pay certain dividends, and repurchase shares of our common stock. The indentures governing the Senior Notes contain negative covenants restricting or limiting our ability to, among other things, incur or guarantee additional indebtedness, incur liens, pay dividends on, redeem or repurchase our capital stock, make certain investments, permit payment or dividend restrictions on certain of our subsidiaries, sell assets, engage in certain transactions with affiliates, and consolidate or merge or sell all or substantially all of our assets. As of March 31, 2025, we are in compliance with all covenants under the Senior Secured Credit Facility and indentures governing the Senior Notes.

Our credit ratings and outlook are reviewed periodically by Moody's Ratings ("Moody's") and Fitch Ratings, Inc. ("Fitch"). As of March 31, 2025, our credit ratings from both Moody's and Fitch are shown in the table below:

<i>Credit Ratings</i>	March 31, 2025	
	Moody's	Fitch
Corporate Credit	Ba1	BB+
Term Loan	Baa2	BBB-
4.75% Senior Notes	Ba2	BB+
5.875% Senior Notes	Ba2	BB+
3.75% Senior Notes	Ba2	BB+

On February 20, 2025, our Board of Directors authorized us to repurchase an additional \$1,000 million of our common stock pursuant to our stock repurchase program (the "Repurchase Program"), bringing the total amount authorized pursuant to the Repurchase Program to \$5,000 million. During the three months ended March 31, 2025, we repurchased \$154 million of our common stock under the Repurchase Program. Substantially all of the repurchase transactions during the three months ended March 31, 2025 were settled in cash during the same period. As of March 31, 2025, we had approximately \$1,366 million available under the Repurchase Program.

The following table shows our sources and uses of funds for the three months ended March 31, 2025 and 2024 (dollars in millions):

<i>Statements of Cash Flows Data</i>	Three Months Ended			
	March 31,			
	2025	2024	2025	2024
Cash flows provided by operating activities	\$	181	\$	173
Cash flows used for investing activities	\$	(26)	\$	(12)
Cash flows used for financing activities	\$	(184)	\$	(164)

Generally, cash provided by operating activities has been adequate to fund our operations. We have significant liquidity, including \$753 million of cash and cash equivalents and \$744 million available under the Revolving Credit Facility, net of \$6 million of letters of credit, as of March 31, 2025. At this time, we believe cash provided by operating activities, cash and cash equivalents and borrowing capacity under the Revolving Credit Facility will be sufficient to meet our known and anticipated cash requirements for the next twelve months and thereafter.

***Cash provided by operating activities***

Operating activities for the three months ended March 31, 2025 generated \$181 million of cash compared to \$173 million for the three months ended March 31, 2024. The increase was principally driven by UAW Local 933 contract signing incentives recognized in the first quarter of 2024 that did not reoccur in 2025, partially offset by higher cash incentive compensation payments.

***Cash used for investing activities***

Investing activities for the three months ended March 31, 2025 used \$26 million of cash compared to \$12 million for the three months ended March 31, 2024. The increase was principally driven by a \$15 million increase in capital expenditures.

***Cash used for financing activities***

Financing activities for the three months ended March 31, 2025 used \$184 million of cash compared to \$164 million for the three months ended March 31, 2024. The increase was principally driven by \$98 million of higher stock repurchases under the Repurchase Program and \$17 million of lower proceeds from the exercise of stock options, partially offset by \$100 million of decreased payments on our long-term debt.

**Contingencies**

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

**Critical Accounting Estimates**

A discussion of our critical accounting estimates is included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on February 13, 2025. The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of some assets and liabilities and, in some instances, the reported amounts of revenues and expenses during the applicable reporting period. Actual results could differ materially from these estimates. Changes in estimates are recorded in results of operations in the period that the events or circumstances giving rise to such changes occur. Within the context of these critical accounting estimates, we are not currently aware of any reasonably likely events or circumstances that would result in different estimates being reported for the three months ended March 31, 2025.

**Recently Issued Accounting Pronouncements**

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

## Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. The words “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although forward-looking statements reflect management’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to: our participation in markets that are competitive; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments, competitive threats and changing customer needs, including with respect to electric hybrid and fully electric commercial vehicles; increases in cost, disruption of supply or shortage of labor, freight, raw materials, energy or components used to manufacture or transport our products or those of our customers or suppliers, including as a result of geopolitical risks, natural disasters, extreme weather events, wars and public health crises such as pandemics; global economic volatility; general economic and industry conditions, including the risk of prolonged inflation and recession; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers or suppliers; the highly cyclical industries in which certain of our end users operate; uncertainty in the global regulatory and business environments in which we operate; the concentration of our net sales in our top five customers and the loss of any one of these; cybersecurity risks to our operational systems, security systems or infrastructure owned by us or our third-party vendors and suppliers; the failure of markets outside North America to increase adoption of fully automatic transmissions; the success of our research and development efforts, the outcome of which is uncertain; U.S. and foreign defense spending; risks associated with our international operations, including acts of war and increased trade protectionism and tariffs; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to identify, consummate and effectively integrate acquisitions and collaborations; and risks related to our indebtedness.

Important factors that could cause actual results to differ materially from our expectations are disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on February 13, 2025 and Part II, Item 1A of this Quarterly Report on Form 10-Q. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements as well as other cautionary statements that are made from time to time in our other Securities and Exchange Commission filings or public communications. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q in the context of these risks and uncertainties.

### ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

#### ***Interest Rate Risk***

Our principal interest rate exposure relates to outstanding amounts under our Senior Secured Credit Facility. Our Senior Secured Credit Facility provides for variable rate borrowings of up to \$1,257 million, including our \$513 million Term Loan and \$744 million available under our Revolving Credit Facility, net of \$6 million of letters of credit. As of March 31, 2025, we held interest rate swap contracts that, in the aggregate, effectively hedge \$500 million of the variable rate debt associated with the Term Loan at the forward-looking term rate based on the Secured Overnight Financing Rate weighted average fixed rate of 2.81% through September 2025. A one-eighth percent increase or decrease in assumed interest rates for the Senior Secured Credit Facility, if fully drawn as of March 31, 2025, would have an impact of approximately \$1 million on interest expense per year. As of March 31, 2025, we had no outstanding borrowings against the Revolving Credit Facility.

#### ***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 Brazilian Real, British Pound, Canadian Dollar, Chinese Yuan Renminbi, Euro, Hungarian Forint, Indian Rupee and Japanese Yen. 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.

Assuming current levels of foreign currency transactions, a 10% aggregate increase or decrease in the Chinese Yuan Renminbi, Euro, Indian Rupee, and Japanese Yen would correspondingly change our earnings, net of tax, by an estimated \$7 million per year. We believe our other direct exposure to foreign currencies is immaterial.

#### ***Commodity Price Risk***

We are subject to changes in our cost of sales caused by movements in underlying commodity prices. As of March 31, 2025, approximately 66% of our cost of sales consisted of purchased components. A substantial portion of the purchased parts are made of aluminum and steel. The cost of aluminum parts includes an adjustment factor on future purchases for fluctuations in aluminum prices based on accepted industry indices. In addition, a substantial amount of steel-based contracts also includes an index-based component. As our costs change, we are able to pass through a portion of the changes in commodity prices to certain of our customers according to our LTAs. We historically have not entered into long-term purchase contracts related to the purchase of aluminum and steel.

Assuming current levels of commodity purchases, a 10% variation in the price of aluminum and steel would correspondingly change our earnings by approximately \$8 million and \$12 million per year, respectively.

Many of our LTAs have incorporated a cost-sharing arrangement related to potential future commodity price fluctuations. For purposes of the sensitivity analysis above, the impact of these cost sharing arrangements has not been included.

**ITEM 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer, who is our principal executive officer, and our Chief Operating Officer, who is our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

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

**Changes in Internal Control over Financial Reporting**

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

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## PART II. OTHER INFORMATION

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**Item 1. Legal Proceedings**

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

**Item 1A. Risk Factors**

There have been no material changes from our risk factors as previously reported in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on February 13, 2025.

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

The following table sets forth information related to our repurchases of our common stock on a monthly basis during the three months ended March 31, 2025:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(1)
January 1 – January 31, 2025	261,153	\$ 114.86	261,153	\$ 489,146,500
February 1 – February 28, 2025	398,725	\$ 104.08	398,725	\$ 1,447,649,046
March 1 – March 31, 2025	841,831	\$ 97.40	841,831	\$ 1,365,652,876
	<u>1,501,709</u>	<u>\$ 102.21</u>	<u>1,501,709</u>	

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

**Item 5. Other Information****Insider Trading Arrangements**

The following table sets forth information related to the Company's directors and officers who adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) ("Rule 10b5-1 trading arrangement") or any "non-Rule 10b5-1 trading arrangement," as such term is defined in Item 408(c) of Regulation S-K, during the three months ended March 31, 2025:

Name	Title	Action	Date	Trading Arrangement		Total Shares to be Sold	Expiration Date
				Rule 10b5-1*	Non-Rule 10b5-1**		
Ryan A. Milburn	Vice President, Engineering and Technology Development	Adopted	2/19/2025	X		7,910	12/31/2026
G. Frederick Bohley	Chief Operating Officer	Adopted	2/26/2025	X		10,348	2/17/2026
Eric Scroggins	Vice President, General Counsel and Assistant Secretary	Adopted	2/27/2025	X		6,300	2/17/2026

\* Intended to satisfy the affirmative defense of Rule 10b5-1(c)

\*\* Not intended to satisfy the affirmative defense of Rule 10b5-1(c)

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**Item 6. Exhibits**

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(a) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>
32.1	<a href="#">Certification of Periodic Report by Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>
10.1	<a href="#">Form of 2025 Equity Incentive Award Plan Performance Stock Unit Agreement (filed herewith)</a>
101.INS	Inline XBRL Instance Document (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document (filed herewith)
104	Cover Page Interactive Data File – The cover page from the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, formatted in Inline XBRL and contained in Exhibit 101

**SIGNATURES**

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

**ALLISON TRANSMISSION HOLDINGS, INC.**

Date: May 2, 2025

By: /s/ David S. Graziosi

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

Date: May 2, 2025

By: /s/ G. Frederick Bohley

Name: G. Frederick Bohley  
Title: Chief Operating Officer (Principal Financial Officer and  
Principal Accounting Officer)

ALLISON TRANSMISSION HOLDINGS, INC. 2024 EQUITY  
INCENTIVE AWARD PLAN

PERFORMANCE STOCK UNIT GRANT NOTICE

Allison Transmission Holdings, Inc., a Delaware corporation (the “Company”), pursuant to its 2024 Equity Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) the number of performance stock units (the “PSUs”) set forth below. The PSUs are subject to the terms and conditions set forth in this Performance Stock Unit Grant Notice (the “Grant Notice”) and the Performance Stock Unit Agreement attached hereto as Exhibit A (the “Agreement”) and the Plan, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in the Grant Notice and the Agreement.

**Participant:**

**Grant Date:**

**Target Number of PSUs (the “Target PSUs”):**

**Type of Shares Issuable:** Common Stock of Allison Transmission Holdings, Inc.

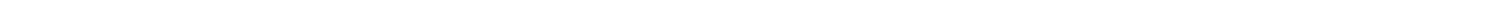
**Vesting Schedule:** The award will vest in accordance with the vesting schedule set forth in Exhibit A.

By his or her signature, and the Company’s signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice or the Agreement.

ALLISON TRANSMISSION HOLDINGS, INC. PARTICIPANT

By:  
Print Name:  
Title:

By:  
Print Name:  
Address:



**EXHIBIT A**  
**TO PERFORMANCE STOCK UNIT GRANT NOTICE PERFORMANCE STOCK UNIT**  
**AGREEMENT**

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the Target PSUs set forth in the Grant Notice.

**ARTICLE I. GENERAL**

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1.2 Incorporation of Terms of Plan. The PSUs and the shares of Common Stock (“Stock”) issued to Participant hereunder (“Shares”) are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

**ARTICLE II.**

**AWARD OF PERFORMANCE STOCK UNITS AND DIVIDEND EQUIVALENTS**

2.1 Award of PSUs and Dividend Equivalents.

(a) In consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the “Grant Date”), the Company has granted to Participant the Target PSUs upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustments as provided in Section 12.2 of the Plan. Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the PSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the PSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each PSU granted pursuant to the Grant Notice for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding shares of Stock between the Grant Date and the date when the applicable PSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each PSU shall be equal to the amount of cash which is paid as a dividend on one share of Stock. All such Dividend Equivalents shall be credited to Participant and paid in cash at the same time as the distribution or payment is made on the PSUs to which such Dividend Equivalent relates in accordance with Section 2.3 below. Any Dividend Equivalents that relate to PSUs that are forfeited shall likewise be forfeited without consideration.

2.2 Vesting of PSUs.

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(a) *TSR Vesting Schedule.* Subject to Sections 2.2(b) and (c) below, the PSUs shall vest, if at all, in amounts up to 200% of the Target PSUs (the “Maximum PSUs”) on the Determination Date (or such earlier date specified in Section 2.2(b)(ii) or (c) below), as follows:

(i) If the Company achieves a TSR over the Performance Period that is below the 25<sup>th</sup> percentile of the TSRs of the component members of the Company’s Peer Group over the Performance Period, none of the PSUs shall vest;

(ii) If the Company achieves a TSR over the Performance Period that is at the 25<sup>th</sup> percentile of the TSRs of the component members of the Company’s Peer Group over the Performance Period, a number of PSUs equal to 50% (rounded up to the nearest whole Share) of the Target PSUs shall vest;

(iii) If the Company achieves a TSR over the Performance Period that is at the 50<sup>th</sup> percentile of the TSRs of the component members of the Company’s Peer Group over the Performance Period, a number of PSUs equal to 100% (rounded up to the nearest whole Share) of the Target PSUs shall vest; or

(iv) If the Company achieves a TSR over the Performance Period that is at or above the 75<sup>th</sup> percentile of the TSRs of the component members of the Company’s Peer Group over the Performance Period, a number of PSUs equal to the Maximum PSUs shall vest.

(v) To the extent that the Company achieves a TSR over the Performance Period that is between two thresholds specified in this Section 2.2(a), the percentage of the PSUs that vest shall be determined by the use of straight-line interpolation and the remaining PSUs shall thereupon be forfeited.

(b) *Effect of Termination of Service.*

(i) Notwithstanding any contrary provision of this Agreement, upon Participant’s Termination of Service for any reason (other than due to Participant’s death, Disability or Retirement) prior to the Determination Date or the Change in Control Determination Date, as applicable, any and all PSUs and Dividend Equivalents shall immediately be forfeited and Participant’s rights with respect thereto shall lapse and expire.

(ii) In the event of Participant’s Termination of Service due to Participant’s death or Disability at any time prior to December 31, 20\_ or a Change in Control, Participant shall vest in a pro rata portion of the number of PSUs determined to vest in accordance with Section 2.2(a), which pro rata portion will be calculated by multiplying the total number of PSUs that vest based on actual performance for the period beginning on January 1, 20\_ and ending on the date of Participant’s Termination of Service, as determined by the Administrator, by a fraction, the numerator of which equals the number of days Participant was employed with or provided service to the Company or any Subsidiary during the Performance Period and the denominator of which is 1,096, effective as of the date of such Participant’s Termination of Service. In the event of Participant’s Termination of Service due to Participant’s death or Disability on or after December 31, 20\_ and prior to the Determination Date, Participant shall vest in the total number of PSUs that vest based on actual performance for the Performance Period, as determined by the Administrator in accordance with Section 2.2(a).

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(iii) In the event of Participant's Retirement at any time prior to December 31, 20\_ or a Change in Control, Participant shall vest on the Determination Date in a pro rata portion of the number of PSUs determined to vest in accordance with Section 2.2(a), which pro rata portion will be calculated by multiplying the total number of PSUs that vest based on actual performance for the Performance Period, as determined by the Administrator, by a fraction, the numerator of which equals the number of days Participant was employed with or provided service to the Company or any Subsidiary during the Performance Period and the denominator of which is 1,096.

(c) *Change in Control.* Notwithstanding any contrary provision of this Agreement, in the event of a Change in Control at any time prior to December 31, 20\_, the number of PSUs determined to vest pursuant to Section 2.2(a) hereof for the period beginning on January 1, 20\_ and ending on the Change in Control Determination Date shall vest on December 31, 20\_, subject to the Participant not incurring a Termination of Service prior to December 31, 20\_; provided, that, such unvested PSUs shall immediately vest and no longer represent unvested PSUs (i) on the date of Participant's Termination of Service, in the event of Participant's Termination of Service by the Company without Cause, by Participant for Good Reason or due to Participant's death or Disability, in each case, after the Change in Control and (ii) immediately prior to (and subject to the consummation of) the Change in Control in the event the successor corporation (or any of its parent entities) does not assume or substitute the PSUs for equivalent rights in connection with such Change in Control.

(d) *Definitions.* For purposes of this Agreement, the following definitions shall apply:

(i) "Average Market Value" of the Company or a member of the Peer Group, as applicable, means, as of any day, the average closing price per share of Common Stock (or per share of common stock of a member of the Peer Group, as applicable) over the 20-consecutive-trading days ending with and including that day (or, if there is no closing price on that day, the last trading day before that day).

(ii) "Beginning Average Market Value" means the Average Market Value as of January 1, 20\_.

(iii) "Cause" means (a) the Board's determination that Participant failed to substantially perform his or her duties (other than any such failure resulting from Participant's Disability); (b) the Board's determination that Participant failed to carry out, or comply with any lawful and reasonable directive of the Board or Participant's immediate supervisor; (c) Participant's conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony, indictable offense or crime involving moral turpitude; (d) Participant's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any of its Subsidiaries') premises or while performing Participant's duties and responsibilities; or (e) Participant's commission of an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company or any of its Subsidiaries. Notwithstanding the foregoing, if Participant is a party to a written employment or change in control severance agreement with the Company (or its Subsidiary) that contains a definition of Cause, then "Cause" shall be as such term is defined in the applicable written employment or change in control severance agreement.

(iv) "Change in Control Determination Date" means any date within thirty days prior to the date of a Change in Control, as determined by the Administrator.

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(v) “Determination Date” means the date the Administrator determines the number of PSUs that shall vest pursuant to Section 2.2(a) based on the TSR of the Company and the Peer Group, which date shall be no later than February 28, 20

(vi) “Ending Average Market Value” means the Average Market Value as of December 31, 20\_; provided, that, in the event a Change in Control occurs after calendar year 20\_ and prior to December 31, 20\_, “Ending Average Market Value” means the Average Market Value as of the Change in Control Determination Date.

(vii) “Good Reason” means the occurrence of any of the following events or conditions without Participant’s written consent (a) a material diminution in Participant’s authority, duties or responsibilities, other than as a result of a Change in Control where Participant remains in a position with the Company or its successor (or any other entity that owns substantially all of the Company’s business after such sale) that is substantially equivalent in duties, rank, reporting structure and authority with Participant’s position prior to such sale, solely as such duties, rank, reporting structure and authority relate to the Company’s business; (b) a material diminution in Participant’s base salary or target annual bonus level; or (c) a material change in the geographic location at which Participant must perform his or her duties, which shall not include a relocation of Participant’s principal place of employment to any location within a fifty (50) mile radius of the location from which Participant served the Company immediately prior to the relocation. Participant must provide written notice to the Company of the occurrence of any of the foregoing events or conditions without Participant’s written consent within ninety (90) days of the occurrence of such event or the date upon which Participant reasonably became aware that such an event or condition had occurred. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Participant. Any voluntary termination for “Good Reason” following such thirty (30) day cure period must occur no later than the date that is six (6) months following the date notice was provided by Participant. Notwithstanding the foregoing, if Participant is a party to a written employment agreement or change in control severance agreement with the Company (or its Subsidiary) that contains a definition of Good Reason, then “Good Reason” shall be as such term is defined in the applicable written employment or change in control severance agreement.

(viii) “Peer Group” shall consist of the companies listed on Schedule A hereto; *provided, however*, that if a member of the Peer Group ceases to be a Publicly Traded Company for any reason during the Performance Period or is acquired by another Publicly Traded Company (other than a transaction the principal purpose of which is to change the name, corporate form or jurisdiction of incorporation or formation of the Peer Group member), the member shall be automatically removed from and treated as never having been included in the Peer Group.

(ix) “Performance Period” means the period beginning on January 1, 20\_ and ending on December 31, 20\_.

(x) “Publicly Traded Company” means a company whose shares are regularly quoted or traded on an active securities exchange, over-the-counter market or inter-dealer quotation system.

(xi) “Retirement” means Participant’s voluntary Termination of Service on or after the date on which Participant satisfies the definition of “Retirement” in the Company’s Retirement Policy applicable to Participant.

(xii) “TSR” means the percentage appreciation (positive or negative) in the Common Stock price (or common stock price of a member of the Peer Group, as applicable) over the Performance Period, determined by dividing (i) the difference obtained by subtracting (A) the Beginning

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Average Market Value, from (B) the Ending Average Market Value plus all cash dividends for the Performance Period, assuming same-day reinvestment into Common Stock (or common stock of the applicable member of the Peer Group) on the applicable ex-dividend date, by (ii) the Beginning Average Market Value. TSR shall be equitably adjusted to reflect stock dividends, stock-splits, spin-offs, and other corporate changes having similar effect.

(e) *Lapse of PSUs.*

(i) In the event of Participant's Termination of Service, except as may be otherwise provided under Section 2.2(b)(ii), 2.2(b)(iii) or 2.2(c) above, by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all PSUs and Dividend Equivalents granted under this Agreement which have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such PSUs and Dividend Equivalents which are not so vested shall lapse and expire.

(ii) Subject to Sections 2.2(b)(ii), 2.2(b)(iii) and 2.2(c), in the event the PSUs do not vest at the maximum level in accordance with the provisions of Section 2.2(a), such PSUs that do not vest in accordance with the provisions of Section 2.2(a) shall be forfeited and Participant's rights in any such PSUs and related Dividend Equivalents shall lapse and expire.

2.3 Distribution or Payment of PSUs.

(a) Participant's PSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable PSU pursuant to Section 2.2(a), and, in any event, within sixty (60) days following such vesting and no later than March 15 of the calendar year following the calendar year in which the Performance Period ends. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of PSUs if it reasonably determines that such payment or distribution will violate Federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A of the Code.

(b) In the event that the Company elects to make payment of Participant's PSUs in cash, the amount of cash payable with respect to each PSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions:

(A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, and (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the

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Administrator shall, in its absolute discretion, determine to be necessary or advisable.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) The Company and its Subsidiaries have the authority to deduct or withhold, or require Participant to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Company and its Subsidiaries may withhold or the Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the distribution of the PSUs, with the consent of the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the distribution of the PSUs, with the consent of the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(v) with respect to any withholding taxes arising in connection with the distribution of the PSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the PSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the PSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the PSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local

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and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the PSUs or any other taxable event related to the PSUs.

(c) In the event any tax withholding obligation arising in connection with the PSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the PSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the PSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

### ARTICLE III. OTHER PROVISIONS

3.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

3.2 PSUs Not Transferable. The PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. No PSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation,

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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, except to the extent that such disposition is permitted by the preceding sentence.

3.3 Adjustments. Participant acknowledges that the PSUs and the Shares subject to the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 12.2 of the Plan.

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the PSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement 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 may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the PSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the PSUs, the Dividend Equivalents, the Grant Notice and this Agreement shall be subject to any additional limitations

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set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.13 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any 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 date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

3.15 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents.

3.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

3.17 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(iii) or Section 2.5(a)(v): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants

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in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

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**SCHEDULE A**  
**TO PERFORMANCE STOCK UNIT AGREEMENT PEER GROUP**

BorgWarner Inc. Crane Co.  
Cummins Inc.  
Curtiss-Wright Corporation Donaldson  
Company, Inc. Eaton Corporation plc  
Flowserve Corporation  
Gates Industrial Corporation plc Gentex  
Corporation  
Graco Inc.  
IDEX Corporation ITT Inc.  
Lincoln Electric Holdings, Inc. Middleby  
Corporation Nordson Corporation  
Parker-Hannifin Corporation Roper  
Technologies, Inc.  
Sensata Technologies Holding The Timken  
Company TransDigm Group Incorporated  
Woodward, Inc.  
Zurn Elkay Water Solutions Corporation

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

I, David S. Graziosi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allison Transmission Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2025

/s/ David S. Graziosi

Name: David S. Graziosi

Title: Chair, President, and Chief Executive Officer

(Principal Executive Officer)

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

I, G. Frederick Bohley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Allison Transmission Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2025

/s/ G. Frederick Bohley

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Name: G. Frederick Bohley  
Title: Chief Operating Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Allison Transmission Holdings, Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, David S. Graziosi, Chair, President and Chief Executive Officer of the Company, and G. Frederick Bohley, Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. § 1350 as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 2, 2025

/s/ David S. Graziosi

David S. Graziosi

Chair, President and Chief Executive Officer

(Principal Executive Officer)

Dated: May 2, 2025

/s/ G. Frederick Bohley

G. Frederick Bohley

Chief Operating Officer

(Principal Financial Officer)

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