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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 26, 2015

ALLISON TRANSMISSION HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-35456	26-0414014
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Allison Way, Indianapolis, Indiana	46222
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (317) 242-5000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On October 26, 2015, Allison Transmission Holdings, Inc. ("Allison") published an earnings release reporting its financial results for the three months ended September 30, 2015. A copy of the earnings release is attached as Exhibit 99.1 hereto. Following the publication of the earnings release, Allison will host an earnings call on October 27, 2015 at 8:00 a.m. ET on which its financial results for the three months ended September 30, 2015 will be discussed. The investor presentation materials that will be used for the call are attached as Exhibit 99.2 hereto.

On October 26, 2015, Allison posted the materials attached as Exhibits 99.1 and 99.2 on its web site (www.allisontransmission.com).

As discussed on page 2 of Exhibit 99.2, the investor presentation contains forward-looking statements within the meaning of the federal securities laws. These statements are present expectations, and are subject to the limitations listed therein and in Allison's other Securities and Exchange Commission filings, including that actual events or results may differ materially from those in the forward-looking statements.

The foregoing information (including the exhibits hereto) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Earnings release dated October 26, 2015.
99.2	Investor presentation materials dated October 26, 2015.

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 hereunto duly authorized.

Date: October 26, 2015

Allison Transmission Holdings, Inc.

By:	/s/ Eric C. Scroggins
Name:	Eric C. Scroggins
Title:	Vice President, General Counsel and Secretary

EXHIBIT INDEX

Exhibit Number	Description
99.1	Earnings release dated October 26, 2015.
99.2	Investor presentation materials dated October 26, 2015.

Q3 2015 Earnings Release

Published October 26, 2015 (Earnings Conference Call October 27, 2015)

Lawrence Dewey, Chairman, President & Chief Executive Officer
David Graziosi, Executive Vice President & Chief Financial Officer

Safe Harbor Statement

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

Allison Transmission cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial goals will be realized. All forward-looking statements included in this presentation speak only as of the date made, and Allison Transmission undertakes no obligation to update or revise publicly any such forward-looking statements, whether as a result of new information, future events, or otherwise. In particular, Allison Transmission cautions you not to place undue weight on certain forward-looking statements pertaining to potential growth opportunities, long-term financial goals or the value we currently ascribe to certain tax attributes set forth herein. Actual results may vary significantly from these statements.

Allison Transmission’s business is subject to numerous risks and uncertainties, which may cause future results of operations to vary significantly from those presented herein. Important factors that could cause actual results to differ materially are discussed in Allison Transmission’s Annual Report on Form 10-K for the year ended December 31, 2014.

Non-GAAP Financial Information

We use Adjusted net income, Adjusted EBITDA, Adjusted EBITDA excluding technology-related license expenses, Adjusted EBITDA margin, Adjusted EBITDA margin excluding technology-related license expenses, adjusted free cash flow and free cash flow to evaluate our performance relative to that of our peers. In addition, the Senior Secured Credit Facility has certain covenants that incorporate Adjusted EBITDA. However, Adjusted net income, Adjusted EBITDA, Adjusted EBITDA excluding technology-related license expenses, Adjusted EBITDA margin, Adjusted EBITDA margin excluding technology-related license expenses, adjusted free cash flow and free cash flow are not measurements of financial performance under GAAP, and these metrics may not be comparable to similarly titled measures of other companies. Adjusted net income is calculated as the sum of net income, interest expense, net, income tax expense (benefit), trade name impairment and amortization of intangible assets, less cash interest, net and cash income taxes, and adjusted for certain non-recurring items. Adjusted EBITDA is calculated as the sum of Adjusted net income, cash interest, net, cash income taxes, depreciation of property, plant and equipment and other adjustments as defined by the Senior Secured Credit Facility and as further described below. Adjusted EBITDA excluding technology-related license expenses is calculated as Adjusted EBITDA less technology-related license expenses. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by net sales. Adjusted EBITDA margin excluding technology-related license expenses is calculated as Adjusted EBITDA excluding technology-related license expenses divided by net sales. Free cash flow is calculated as net cash provided by operating activities less capital expenditures. Adjusted free cash flow is free cash flow adjusted for non-recurring items.

We use Adjusted net income to measure our overall profitability because it better reflects our cash flow generation by capturing the actual cash interest paid and cash taxes paid rather than our interest expense and tax expense as calculated under GAAP and excludes the impact of the non-cash annual amortization of certain intangible assets that were created at the time of the Acquisition Transaction. We use Adjusted EBITDA, Adjusted EBITDA excluding technology-related license expenses, Adjusted EBITDA margin and Adjusted EBITDA margin excluding technology-related license expenses to evaluate and control our cash operating costs and to measure our operating profitability. We use adjusted free cash flow and free cash flow to evaluate the amount of cash generated by the business that, after the capital investment needed to maintain and grow our business, can be used for strategic opportunities, including investing in our business and strengthening our balance sheet. We believe the presentation of Adjusted net income, Adjusted EBITDA, Adjusted EBITDA excluding technology-related license expenses, Adjusted EBITDA margin, Adjusted EBITDA margin excluding technology-related license expenses and adjusted free cash flow enhances our investors' overall understanding of the financial performance and cash flow of our business.

You should not consider Adjusted net income, Adjusted EBITDA, Adjusted EBITDA excluding technology-related license expenses, Adjusted EBITDA margin, Adjusted EBITDA margin excluding technology-related license expenses, adjusted free cash flow and free cash flow as an alternative to net income, determined in accordance with GAAP, as an indicator of operating performance, or as an alternative to net cash provided by operating activities, determined in accordance with GAAP, as an indicator of Allison’s cash flow.

Call Agenda

- **Q3 2015 Performance**
- **Full Year 2015 Guidance Update**

Q3 2015 Performance Summary

($ in millions)	Q3 2015	Q3 2014	% Variance
Net Sales	$493	$553	-10.9%
Gross Margin %	47.9%	46.9%	+100 bps
Adjusted Net Income (1)	$123	$138	-10.6%
Adjusted Free Cash Flow (1)	$142	$164	-13.8%

Commentary

Net Sales: the decrease was principally driven by lower demand in the global Off-Highway end markets partially offset by higher demand in the North America On-Highway end market and price increases on certain products.

Gross Margin: the increase was principally driven by price increases on certain products and favorable material costs.

Adjusted Net Income: the decrease was principally driven by decreased sales volume and unfavorable product warranty adjustments partially offset by price increases on certain products, favorable material costs, lower incentive and stock based compensation expense, reduced global commercial spending activities and decreased cash interest expense.

Adjusted Free Cash Flow: the decrease was principally driven by decreased net cash provided by operating activities and decreased excess tax benefit from stock-based compensation.

(1) See Appendix for a reconciliation of Adjusted Net Income and Adjusted Free Cash Flow.

Q3 2015 Sales Performance

($ in millions)

End Markets	Q3 2015	Q3 2014	% Variance	Commentary
North America On-Hwy	$262	$256	2%	Principally driven by higher demand for Highway Series models
North America Hybrid-Propulsion Systems for Transit Bus	$12	$23	(48%)	Principally driven by lower demand due to engine emissions improvements and non-hybrid alternatives that generally require a fully-automatic transmission (e.g. xNG)
North America Off-Hwy	$12	$30	(60%)	Principally driven by lower demand from hydraulic fracturing applications
Defense	$34	$35	(3%)	Principally driven by reductions in U.S. defense spending to longer term averages experienced during periods without active conflicts
Outside North America On-Hwy	$67	$73	(8%)	Principally driven by lower demand in China partially offset by higher demand in Europe
Outside North America Off-Hwy	$4	$18	(78%)	Principally driven by lower demand in the energy sector
Service Parts, Support Equipment & Other	$102	$118	(14%)	Principally driven by lower demand for North America service parts
Total	**$493**	**$553**	**(11%)**	

Q3 2015 Financial Performance

($ in millions, except share data)	Q3 2015	Q3 2014	$ Var	% Var	Commentary
Net Sales	$493.0	$553.3	($60.3)	(10.9%)	Decrease principally driven by lower demand in the global Off-Highway end markets partially offset by higher demand in the North America On-Highway end market and price increases on certain products
Cost of Sales	$256.9	$294.0	$37.1	12.6%	
Gross Profit	$236.1	$259.3	($23.2)	(8.9%)	Decrease principally driven by decreased sales volume partially offset by price increases on certain products, favorable material costs and lower incentive compensation expense
Operating Expenses					
Selling, General and Administrative Expenses	$86.6	$87.5	$0.9	1.0%	Decrease principally driven by lower incentive and stock based compensation, and reduced global commercial spending activities partially offset by unfavorable product warranty adjustments
Engineering – Research and Development	$23.6	$24.5	$0.9	3.7%	Decrease principally driven by lower incentive compensation
Environmental Remediation	$14.0	$0.0	($14.0)	N/A	Pursuant to the 2007 asset purchase agreement with General Motors
Total Operating Expenses	$124.2	$112.0	($12.2)	(10.9%)	
Operating Income	$111.9	$147.3	($35.4)	(24.0%)	
Interest Expense, net	($33.7)	($29.3)	($4.4)	(15.0%)	Increase principally driven by unfavorable mark-to-market adjustments for LIBOR swaps partially offset by debt repayments and refinancing and the expiration of certain LIBOR swaps
Other Expense, net	($4.4)	($1.7)	($2.7)	(158.8%)	
Income Before Income Taxes	$73.8	$116.3	($42.5)	(36.5%)	
Income Tax Expense	($27.3)	($47.5)	$20.2	42.5%	Decrease in the effective tax rate is principally driven by the change in discrete activity
Net Income	$46.5	$68.8	($22.3)	(32.4%)	
Diluted Earnings Per Share	$0.27	$0.38	($0.11)	(28.9%)	Q3 2015: 175.0M shares; Q3 2014: 180.9M shares
Adjusted Net Income (1)	$122.9	$137.5	($14.6)	(10.6%)	
Adjusted EBITDA(1)	$174.1	$201.8	($27.7)	(13.7%)	
Adjusted EBITDA excluding technology-related license expenses (1)	$174.3	$201.8	($27.5)	(13.6%)	

(1) See Appendix for a reconciliation from Net Income.

Q3 2015 Cash Flow Performance

($ in millions)	Q3 2015	Q3 2014	$ Variance	% Variance	Commentary
Net Cash Provided by Operating Activities	$156	$174	($18)	(10.2%)	Principally driven by decreased sales volume partially offset by price increases on certain products, favorable material costs, reduced global commercial spending activities, decreased cash interest expense and reduced excess tax benefit from stock-based compensation
CapEx	$15	$15	$0	2.0%	In line with prior period
Adjusted Free Cash Flow (1)	$142	$164	($22)	(13.8%)	Principally driven by decreased net cash provided by operating activities and reduced excess tax benefit from stock-based compensation

($ in millions)	Q3 2015	Q3 2014	$ Variance	% Variance	Commentary
Operating Working Capital(2) Percentage of LTM Sales	11.6%	10.5%	N/A	110 bps	Principally driven by reduced Accounts Payable due to payment timing
Cash Paid for Interest	$22	$35	($13)	(37.2%)	Principally driven by expiration of certain LIBOR swaps, and debt repayments and refinancing
Cash Paid for Income Taxes	$1	$0	$1	175%	In line with prior period

(1) See Appendix for a reconciliation of Adjusted Free Cash Flow.
(2) Operating Working Capital = A/R + Inventory – A/P.

Full Year 2015 Guidance Update

	Guidance	Commentary
Net Sales Change from 2014	(6) to (8) percent	Guidance reflects the elevated level of uncertainty and a dearth of near-term visibility in the global Off-Highway and Service Parts, Support Equipment & Other end markets
Adjusted EBITDA Margin	34.75 to 35.75 percent	Principally driven by Net Sales and the execution of several initiatives to align costs and programs across our business with challenging end markets demand conditions
Adjusted Free Cash Flow ($ in millions)	$470 to $500	$2.65 to $2.80 per diluted share
CapEx ($ in millions) Maintenance New Product Programs	 $60 to $65 $0 to $5	Subject to timely completion of development and sourcing milestones
Cash Income Taxes ($ in millions)	$10 to $15	U.S. income tax shield and net operating loss utilization

APPENDIX
Non-GAAP Financial Information

Non-GAAP Reconciliations (1 of 2)

Adjusted Net Income and Adjusted EBITDA reconciliation

$ in millions, Unaudited	For the year ended December 31,					Three months ended September 30,		Last twelve months ended September 30,
	2010	2011	2012	2013	2014	2014	2015	2015
Net income	**$29.6**	**$103.0**	**$514.2**	**$165.4**	**$228.6**	**$68.8**	**$46.5**	**$219.8**
plus:								
Interest expense, net	277.5	217.3	151.2	132.9	138.4	29.3	33.7	131.1
Cash interest expense, net	(239.1)	(208.6)	(167.3)	(159.2)	(140.0)	(34.7)	(21.8)	(112.1)
Income tax expense (benefit)	53.7	47.6	(298.0)	100.7	139.5	47.5	27.3	127.1
Cash income taxes	(2.2)	(5.8)	(10.7)	(3.8)	(5.0)	(0.4)	(1.1)	(6.5)
Fee to terminate services agreement with Sponsors	—	—	16.0	—	—	—	—	—
Technology-related investment expenses	—	—	14.4	5.0	2.0	2.0	—	—
Public offering expenses	—	—	6.1	1.6	1.4	0.3	—	—
Impairments	—	—	—	—	15.4	—	—	16.7
Environmental Remediation	—	—	—	—	—	—	14.0	14.0
Amortization of intangible assets	154.2	151.9	150.0	105.3	98.8	24.7	24.3	97.6
Adjusted net income	**$273.7**	**$305.4**	**$375.9**	**$347.9**	**$479.1**	**$137.5**	**$122.9**	**$487.7**
Cash interest expense	239.1	208.6	167.3	159.2	140.0	34.7	21.8	112.1
Cash income taxes	2.2	5.8	10.7	3.8	5.0	0.4	1.1	6.5
Depreciation of property, plant and equipment	99.6	103.8	102.5	98.7	93.8	23.6	22.4	88.6
(Gain)/loss on redemptions and repayments of long-term debt	(3.3)	16.0	22.1	0.8	0.5	0.3	—	0.4
Dual power inverter module extended coverage	(1.9)	—	9.4	(2.4)	1.0	—	(0.3)	(1.1)
UAW Local 933 signing bonus	—	—	8.8	—	—	—	—	—
Benefit plan re-measurement	—	—	2.3	—	—	—	—	—
Unrealized loss (gain) on commodity hedge contracts	0.3	6.5	(1.0)	1.5	(1.0)	(0.6)	0.7	1.4
Unrealized (gain) loss on foreign exchange	(0.2)	0.3	0.1	2.3	5.2	2.0	2.8	3.4
Premiums and expenses on tender offer and redemption of long-term debt	—	56.9	—	—	—	—	0.2	25.3
Restructuring charges	—	—	—	1.0	0.7	—	—	—
Reduction of supply contract liability	(3.4)	—	—	—	—	—	—	—
Other, net [1]	10.9	8.6	7.0	13.8	14.7	3.9	2.5	10.7
Adjusted EBITDA	**$617.0**	**$711.9**	**$705.1**	**$626.6**	**$739.0**	**$201.8**	**$174.1**	**$735.0**
Adjusted EBITDA excluding technology-related license expenses	**$617.0**	**$711.9**	**$717.1**	**$632.6**	**$745.1**	**$201.8**	**$174.3**	**$738.0**
Net Sales	**$1,926.3**	**$2,162.8**	**$2,141.8**	**$1,926.8**	**$2,127.4**	**$553.3**	**$493.0**	**$2,052.0**
Adjusted EBITDA margin	**32.0%**	**32.9%**	**32.9%**	**32.5%**	**34.7%**	**36.5%**	**35.3%**	**35.8%**
Adjusted EBITDA margin excl technology-related license expenses	**32.0%**	**32.9%**	**33.5%**	**32.8%**	**35.0%**	**36.5%**	**35.4%**	**36.0%**

(1) Includes charges or income related to benefit plan adjustments, employee stock compensation expense, service fees paid to Allison's Sponsors and an adjustment for the settlement of litigation which originated with the Predecessor but was assumed by the Company as part of the Acquisition Transaction.

Non-GAAP Reconciliations (2 of 2)

Adjusted Free Cash Flow reconciliation

$ in millions, Unaudited	For the year ended December 31,					Three months ended September 30,		Last twelve months ended September 30,
	2010	2011	2012	2013	2014	2014	2015	2015
Net Cash Provided by Operating Activities	**$388.9**	**$469.2**	**$497.5**	**$453.5**	**$556.9**	**$174.0**	**$156.3**	**$530.9**
(Deductions) or Additions:								
Long-lived assets	(73.8)	(96.9)	(123.9)	(74.4)	(64.1)	(14.9)	(15.2)	(56.6)
Fee to terminate services agreement with Sponsors	—	—	16.0	—	—	—	—	—
Technology-related license expenses	—	—	12.0	6.0	6.1	—	0.2	3.0
Excess tax benefit from stock-based compensation	—	—	5.3	13.7	24.6	5.0	0.2	20.0
Adjusted Free Cash Flow	**$315.1**	**$372.3**	**$406.9**	**$398.8**	**$523.5**	**$164.1**	**$141.5**	**$497.3**
Net Sales	**$1,926.3**	**$2,162.8**	**$2,141.8**	**$1,926.8**	**$2,127.4**	**$553.3**	**$493.0**	**$2,052.0**
Adjusted Free Cash Flow (% to Net Sales)	**16.4%**	**17.2%**	**19.0%**	**20.7%**	**24.6%**	**29.7%**	**28.7%**	**24.2%**

Exhibit 99.2

News Release

Allison Transmission Announces Third Quarter 2015 Results

- **Net Sales $493 million, Adjusted Net Income $123 million, Adjusted EBITDA $174 million, Adjusted Free Cash Flow $142 million or $0.81 per Diluted Share**
- **Earnings of $0.32 per Diluted Share excluding Environmental Remediation Charge**

INDIANAPOLIS, October 26, 2015 – Allison Transmission Holdings Inc. (NYSE: ALSN), the largest global provider of commercial duty fully-automatic transmissions, today reported net sales for the third quarter of $493 million, an 11 percent decrease from the same period in 2014. The decrease in net sales was principally driven by lower demand in the global Off-Highway end markets partially offset by higher demand in the North America On-Highway end market and price increases on certain products.

Adjusted Net Income, a non-GAAP financial measure, for the quarter was $123 million, compared to Adjusted Net Income of $138 million for the same period in 2014, a decrease of $15 million. Adjusted EBITDA, a non-GAAP financial measure, for the quarter was $174 million, or 35.3 percent of net sales, compared to $202 million, or 36.5 percent of net sales, for the same period in 2014. Adjusted Free Cash Flow, a non-GAAP financial measure, for the quarter was $142 million, or $0.81 per diluted share, compared to $164 million for the same period in 2014, or $0.91 per diluted share.

Lawrence E. Dewey, Chairman, President and Chief Executive Officer of Allison Transmission commented, “Allison’s third quarter 2015 results are within the full year guidance ranges we provided to the market on July 27. Net sales in the North America On-Highway end market improved on a year-over-year basis for the ninth consecutive quarter. The year-over-year reductions in the global Off-Highway and Service Parts, Support Equipment & Other end markets net sales are consistent with the previously contemplated impact of lower energy and commodity prices. We anticipate no meaningful relief from the global Off-Highway end markets challenges in the fourth quarter and are affirming our full year net sales guidance of a decrease in the range of 6 to 8 percent year-over-year. Allison continued its prudent and well-defined approach to capital allocation during the third quarter by settling $181 million of share repurchases, paying a dividend of $0.15 per share and repaying $6 million of debt.”

Third Quarter Net Sales by End Market

End Market	Q3 2015 Net Sales ($M)	Q3 2014 Net Sales ($M)	% Variance
North America On-Highway	**262**	**256**	**2%**
North America Hybrid-Propulsion Systems for Transit Bus	**12**	**23**	**(48%)**
North America Off-Highway	**12**	**30**	**(60%)**
Defense	**34**	**35**	**(3%)**
Outside North America On-Highway	**67**	**73**	**(8%)**
Outside North America Off-Highway	**4**	**18**	**(78%)**
Service Parts, Support Equipment & Other	**102**	**118**	**(14%)**
Total Net Sales	**493**	**553**	**(11%)**

Third Quarter Highlights

North America On-Highway end market net sales were up 2 percent from the same period in 2014 principally driven by higher demand for Highway Series models and down 5 percent on a sequential basis principally driven by lower demand for Rugged Duty Series models.

North America Hybrid-Propulsion Systems for Transit Bus end market net sales were down 48 percent from the same period in 2014 principally driven by lower demand due to engine emissions improvements and non-hybrid alternatives that generally require a fully-automatic transmission (e.g. xNG) and down 40 percent sequentially principally driven by intra-year movement in the timing of orders.

North America Off-Highway end market net sales were down 60 percent from the same period in 2014 principally driven by lower demand from hydraulic fracturing applications and up 20 percent on a sequential basis principally driven by intra-year movement in the timing of orders.

Defense end market net sales were down 3 percent from the same period in 2014 principally driven by reductions in U.S. defense spending to longer term averages experienced during periods without active conflicts and up 17 percent sequentially principally driven by intra-year movement in the timing of orders.

Outside North America On-Highway end market net sales were down 8 percent from the same period in 2014 principally driven by lower demand in China partially offset by higher demand in Europe, and down 8 percent on a sequential basis principally driven by lower demand in Europe and India.

Outside North America Off-Highway end market net sales were down 78 percent from the same period in 2014 principally driven by lower demand in the energy sector and down 50 percent sequentially principally driven by lower demand in the energy and mining sectors.

Service Parts, Support Equipment & Other end market net sales were down 14 percent from the same period in 2014 principally driven by lower demand for North America service parts and up 9 percent on a sequential basis principally driven by higher demand for North America service parts.

Gross profit for the quarter was $236 million, a decrease of 9 percent from $259 million for the same period in 2014. Gross margin for the quarter was 47.9 percent, an increase of 100 basis points from a gross margin of 46.9 percent for the same period in 2014. The decrease in gross profit from the same period in 2014 was principally driven by decreased sales volume partially offset by price increases on certain products, favorable material costs and lower incentive compensation expense.

Selling, general and administrative expenses for the quarter were $87 million, a decrease of 1 percent from $88 million for the same period in 2014, principally driven by lower incentive and stock based compensation expense, and reduced global commercial spending activities partially offset by unfavorable product warranty adjustments.

Engineering – research and development expenses for the quarter were $24 million, a decrease of $1 million from $25 million for the same period in 2014, principally driven by lower incentive compensation expense.

Third Quarter Non-GAAP Financial Measures

Adjusted Net Income for the quarter was $123 million, compared to $138 million for the same period in 2014, a decrease of $15 million. The decrease was principally driven by decreased sales volume and unfavorable product warranty adjustments partially offset by price increases on certain products, favorable material costs, lower incentive and stock based compensation expense, reduced global commercial spending activities and decreased cash interest expense.

Adjusted EBITDA for the quarter was $174 million, or 35.3 percent of net sales, compared to $202 million, or 36.5 percent of net sales, for the same period in 2014. The decrease was principally driven by decreased sales volume and unfavorable product warranty adjustments partially offset by price increases on certain products, favorable material costs, lower incentive compensation expense and reduced global commercial spending activities.

Adjusted Free Cash Flow for the quarter was $142 million compared to $164 million for the same period in 2014, a decrease of $22 million. The decrease was principally driven by decreased net cash provided by operating activities and decreased excess tax benefit from stock-based compensation.

Full Year 2015 Guidance Update

We are affirming the full year 2015 guidance ranges released to the market on July 27: net sales decrease of 6 to 8 percent year-over-year, an Adjusted EBITDA margin of 34.75 to 35.75 percent, an Adjusted Free Cash Flow of $470 to $500 million, capital expenditures of $60 to $70 million and cash income taxes of $10 to $15 million.

Although we are not providing specific fourth quarter 2015 guidance, Allison does expect fourth quarter net sales to be lower than the same period in 2014. The anticipated year-over-year decrease in fourth quarter net sales is expected to occur due to lower demand in the global Off-Highway and Defense end markets.

Conference Call and Webcast

The company will host a conference call at 8:00 a.m. ET on Tuesday, October 27 to discuss its third quarter 2015 results. Dial-in number is 1-201-689-8470 and the U.S. toll-free dial-in number is 1-877-407-9039. A live webcast of the conference call will also be available online at http://ir.allisontransmission.com.

For those unable to participate in the conference call, a replay will be available from 11:00 a.m. ET on October 27 until 11:59 p.m. ET on November 3. The replay dial-in number is 1-858-384-5517 and the U.S. toll-free replay dial-in number is 1-877-870-5176. The replay passcode is 13621769.

About Allison Transmission

Allison Transmission (NYSE: ALSN) is the world's largest manufacturer of fully automatic transmissions for medium- and heavy-duty commercial vehicles and is a leader in hybrid-propulsion systems for city buses. Allison transmissions are used in a variety of applications including refuse, construction, fire, distribution, bus, motorhomes, defense and energy. Founded in 1915, the company is headquartered in Indianapolis, Indiana, USA and employs approximately 2,700 people worldwide. With a market presence in more than 80 countries, Allison has regional headquarters in the Netherlands, China and Brazil with manufacturing facilities in the U.S., Hungary and India. Allison also has approximately 1,400 independent distributor and dealer locations worldwide. For more information, visit allisontransmission.com.

Forward-Looking Statements

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release are forward-looking statements, including all statements regarding future financial results. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plans," "project," "anticipate," "believe," "estimate," "predict," "intend," "forecast," "could," "potential," "continue" or the negative of these terms or other similar terms or phrases. Forward-looking statements are not guarantees of future performance and involve known and unknown risks. Factors which may cause the actual results to differ materially from those anticipated at the time the forward-looking statements are made include, but are not limited to: risks related to our substantial indebtedness; our participation in markets that are competitive; the highly cyclical industries in which certain of our end users operate; the failure of markets outside North America to increase adoption of fully-automatic transmissions; the concentration of our net sales in our top five customers and the loss of any one of these; future reductions or changes in government subsidies for hybrid vehicles, U.S. defense spending; general economic and industry conditions; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments and changing customer needs; risks associated with our international operations; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers; and other risks and uncertainties associated with our business described in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. All information is as of the date of this press release, and we undertake no obligation to update any forward-looking statement to conform the statement to actual results or changes in expectations.

Use of Non-GAAP Financial Measures

This press release contains information about Allison's financial results which are not presented in accordance with accounting principles generally accepted in the United States ("GAAP"). Such non-GAAP financial measures are reconciled to their closest GAAP financial measures at the end of this press release. Non-GAAP financial measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures of other companies.

Attachment

- Condensed Consolidated Statements of Operations
- Condensed Consolidated Balance Sheets
- Condensed Consolidated Statements of Cash Flows
- Reconciliation of GAAP to Non-GAAP Financial Measures

Contacts

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Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, dollars in millions, except per share data)

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Net sales	$ 493.0	$ 553.3	$ 1,507.6	$ 1,583.0
Cost of sales	256.9	294.0	796.0	862.7
Gross profit	236.1	259.3	711.6	720.3
Selling, general and administrative expenses	86.6	87.5	235.6	255.8
Engineering - research and development	23.6	24.5	69.0	70.2
Environmental remediation	14.0	—	14.0	—
Loss associated with impairment of long-lived assets	—	—	1.3	—
Operating income	111.9	147.3	391.7	394.3
Interest expense, net	(33.7)	(29.3)	(93.7)	(101.0)
Premiums and expenses on tender offer and redemption of long-term debt	(0.2)	—	(25.3)	—
Other expense, net	(4.2)	(1.7)	(3.6)	(3.0)
Income before income taxes	73.8	116.3	269.1	290.3
Income tax expense	(27.3)	(47.5)	(99.8)	(112.2)
Net income	$ 46.5	$ 68.8	$ 169.3	$ 178.1
Basic earnings per share attributable to common stockholders	$ 0.27	$ 0.38	$ 0.95	$ 0.99
Diluted earnings per share attributable to common stockholders	$ 0.27	$ 0.38	$ 0.95	$ 0.97

Allison Transmission Holdings, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, dollars in millions)

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 148.4	$ 263.0
Accounts receivables - net of allowance for doubtful accounts of $0.5 and $0.3, respectively	223.9	207.4
Inventories	155.3	143.5
Deferred income taxes, net	88.2	119.7
Other current assets	26.0	24.4
Total Current Assets	641.8	758.0
Property, plant and equipment, net	479.1	514.6
Intangible assets, net	3,380.1	3,453.0
Deferred income taxes, net	1.3	1.3
Other non-current assets	64.4	77.3
TOTAL ASSETS	$ 4,566.7	$ 4,804.2
LIABILITIES		
Current Liabilities		
Accounts payable	$ 140.9	$ 151.7
Current portion of long term debt	22.6	17.9
Other current liabilities	152.5	176.3
Total Current Liabilities	316.0	345.9
Long term debt	2,386.4	2,502.6
Other non-current liabilities	649.8	557.9
TOTAL LIABILITIES	3,352.2	3,406.4
TOTAL STOCKHOLDERS' EQUITY	1,214.5	1,397.8
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 4,566.7	$ 4,804.2

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net cash provided by operating activities	$ 156.3	$ 174.0	$ 390.0	$ 416.0
Net cash used for investing activities (a)	(17.1)	(16.7)	(31.8)	(41.4)
Net cash used for financing activities	(212.8)	(84.5)	(485.2)	(357.6)
Effect of exchange rate changes in cash	5.2	8.6	12.4	6.4
Net (decrease) increase in cash and cash equivalents	(68.4)	81.4	(114.6)	23.4
Cash and cash equivalents at beginning of period	216.8	126.7	263.0	184.7
Cash and cash equivalents at end of period	$ 148.4	$ 208.1	$ 148.4	$ 208.1
Supplemental disclosures:				
Interest paid	$ 21.8	$ 34.7	$ 75.4	$ 103.3
Income taxes paid	$ 1.1	$ 0.4	$ 5.0	$ 3.5
(a) Additions of long-lived assets	$ (15.2)	$ (14.9)	$ (30.1)	$ (37.6)

Allison Transmission Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited, dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net income	$ 46.5	$ 68.8	$ 169.3	$ 178.1
plus:				
Interest expense, net	33.7	29.3	93.7	101.0
Cash interest expense	(21.8)	(34.7)	(75.4)	(103.3)
Income tax expense	27.3	47.5	99.8	112.2
Cash income taxes	(1.1)	(0.4)	(5.0)	(3.5)
Amortization of intangible assets	24.3	24.7	72.9	74.1
Environmental remediation (a)	14.0	—	14.0	—
Loss associated with impairment of long-lived assets (b)	—	—	1.3	—
Loss on impairment of technology-related investments (c)	—	2.0	—	2.0
Public offering expenses (d)	—	0.3	—	1.4
Adjusted net income	$122.9	$137.5	$ 370.6	$ 362.0
Cash interest expense	21.8	34.7	75.4	103.3
Cash income taxes	1.1	0.4	5.0	3.5
Depreciation of property, plant and equipment	22.4	23.6	65.8	71.0
Premiums and expenses on tender offer and redemption of long-term debt (e)	0.2	—	25.3	—
Dual power inverter module extended coverage (f)	(0.3)	—	(2.1)	—
Unrealized loss on foreign exchange (g)	2.8	2.0	1.6	3.4
Loss on repayments of long-term debt (h)	—	0.3	0.2	0.3
Unrealized loss (gain) on commodity hedge contracts (i)	0.7	(0.6)	0.7	(1.7)
Restructuring charge (j)	—	—	—	0.7
Stock-based compensation expense (k)	2.5	3.9	7.2	11.2
Adjusted EBITDA	$174.1	$201.8	$ 549.7	$ 553.7
Adjusted EBITDA excluding technology-related license expenses (l)	$174.3	$201.8	$ 549.9	$ 557.0
Net sales	$493.0	$553.3	$1,507.6	$1,583.0
Adjusted EBITDA margin	35.3%	36.5%	36.5%	35.0%
Adjusted EBITDA margin excluding technology-related license expenses (l)	35.4%	36.5%	36.5%	35.2%
Net Cash Provided by Operating Activities	$156.3	$174.0	$ 390.0	$ 416.0
(Deductions) or Additions to Reconcile to Adjusted Free Cash Flow:				
Additions of long-lived assets	(15.2)	(14.9)	(30.1)	(37.6)
Excess tax benefit from stock-based compensation (m)	0.2	5.0	8.2	12.8
Technology-related license expenses (l)	0.2	—	0.2	3.3
Adjusted Free Cash Flow	$141.5	$164.1	$ 368.3	$ 394.5

(a) Represents environmental remediation expenses for ongoing operating, monitoring and maintenance activities at our Indianapolis, Indiana manufacturing facilities as a result of the U.S. Environmental Protection Agency determining that we are responsible for future operating, monitoring and maintenance activities and that General Motors' environmental remediation activities, pursuant the asset purchase agreement, were completed in the third quarter of 2015.

(b) Represents a charge associated with the impairment of long-lived assets related to the production of the H3000 and H4000 hybrid-propulsion systems.

(c) Represents a charge (recorded in Other expense, net) for investments in co-development agreements to expand our position in transmission technologies.

(d) Represents fees and expenses (recorded in Other expense, net) related to our secondary offerings in September 2014, June 2014, April 2014 and February 2014.

(e) Represents premiums and expenses related to the tender offer and redemption of Allison Transmission, Inc.'s ("ATI"), our wholly owned subsidiary, 7.125% Senior Notes due 2019.

(f) Represents an adjustment (recorded in Selling, general and administrative expenses) associated with the Dual Power Inverter Module ("DPIM") extended coverage program liability. The DPIM liability will continue to be reviewed for any changes in estimates as additional claims data and field information become available.

(g) Represents losses (recorded in Other expense, net) on the mark-to-market of our foreign currency hedge contracts and on intercompany financing transactions related to investments in plant assets for our India facility.

(h) Represents losses (recorded in Other expense, net) realized on the repayments of ATI's long-term debt.

(i) Represents unrealized losses (gains) (recorded in Other expense, net) on the mark-to-market of our commodity hedge contracts.

(j) Represents a charge (recorded in Selling, general and administrative, and Engineering - research and development) related to employee headcount reductions in the second quarter of 2014.

(k) Represents employee stock compensation expense (recorded in Cost of sales, Selling, general and administrative expenses, and Engineering – research and development).

(l) Represents payments (recorded in Engineering – research and development) for licenses to expand our position in transmission technologies.

(m) Represents the amount of tax benefit (recorded in Income tax expense) related to stock-based compensation adjusted from cash flows from operating activities to cash flows from financing activities.