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) February 13, 2014

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 February 13, 2014, Allison Transmission Holdings, Inc. (“Allison”) published an earnings release reporting its financial results for the three months and year ended December 31, 2013. 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 which its financial results for the three months and year ended December 31, 2013 will be discussed. The investor presentation materials that will be used for the call are attached as Exhibit 99.2 hereto.

On February 13, 2014, 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 February 13, 2014.
99.2	Investor presentation materials dated February 13, 2014.

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.

Allison Transmission Holdings, Inc.

Date: February 13, 2014

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 February 13, 2014.
99.2	Investor presentation materials dated February 13, 2014.

Exhibit 99.1

News Release

Allison Transmission Announces Fourth Quarter and Full Year 2013 Results

Fourth Quarter 2013:

- **Net Sales $491 million, Adjusted EBITDA $153 million and Adjusted Free Cash Flow $105 million**

Full Year 2013:

- **Net Sales $1,927 million, Adjusted EBITDA excluding technology-related license expenses $633 million and Adjusted Free Cash Flow $385 million**

INDIANAPOLIS, February 13, 2014 – Allison Transmission Holdings Inc. (NYSE: ALSN), the largest global provider of commercial duty fully-automatic transmissions and hybrid-propulsion systems, today reported net sales for the quarter of $491 million, a 1 percent increase from the same period in 2012. Adjusted Net Income, a non-GAAP financial measure, for the quarter was $78 million, compared to Adjusted Net Income of $46 million for the same period in 2012, an increase of $32 million. Diluted earnings per share for the quarter were $0.23.

The increase in net sales was principally driven by higher demand in the Service Parts, Support Equipment & Other end market, continued recovery in the North America On-Highway end market, our largest, and improved demand conditions in the Outside North America On-Highway end market largely offset by previously contemplated reductions in U.S. defense spending, and weakness in the Outside North America Off-Highway end market. Our North America Off-Highway end market continues to be weak, but experienced some modest sequential improvement.

Adjusted EBITDA, a non-GAAP financial measure, for the quarter was $153 million, or 31.1 percent of net sales, compared to $132 million, or 27.1 percent of net sales, for the same period in 2012. Excluding costs ($7 million) to conclude a new five-year labor agreement and a product warranty charge ($9 million) for specific product issues, Adjusted EBITDA for the fourth quarter of 2012 was $148 million, or 30.4 percent of net sales. Adjusted Free Cash Flow, also a non-GAAP financial measure, for the quarter was $105 million compared to $82 million for the same period in 2012.

Lawrence E. Dewey, Chairman, President and Chief Executive Officer of Allison Transmission commented, “Our fourth quarter 2013 results are within the guidance ranges we provided to the market on October 28. Net sales stabilized in the fourth quarter on a year-over-year basis, an improvement relative to the sales declines experienced through the first three quarters of the year. We are encouraged by growth in the North American On-Highway end market and improved demand conditions in the Outside North America On-Highway end market. Allison continued to demonstrate strong operating margins and cash flow during the fourth quarter by executing initiatives to align costs and programs across our business with end markets demand conditions while investing in growth opportunities. Maintaining our prudent approach to capital allocation we refinanced $650 million of our Senior Secured Credit Facility Term B-2 Loan due in 2017, extended the maturity of our revolving credit facility to 2019, repaid $53 million of debt and paid a quarterly dividend of $0.12 per share.”

Fourth Quarter Net Sales by End Market

End Market	Q4 2013 Net Sales ($M)	Q4 2012 Net Sales ($M)	% Variance
North America On-Highway	**210**	**188**	**12%**
North America Hybrid-Propulsion Systems for Transit Bus	**32**	**32**	**0%**
North America Off-Highway	**14**	**17**	**(18%)**
Defense	**35**	**74**	**(53%)**
Outside North America On-Highway	**86**	**73**	**18%**
Outside North America Off-Highway	**14**	**30**	**(53%)**
Service Parts, Support Equipment & Other	**100**	**73**	**37%**
Total Net Sales	**491**	**487**	**1%**

Fourth Quarter Highlights

North America On-Highway end market net sales were up 12 percent from the same period in 2012 principally driven by higher demand for Rugged Duty Series, Highway Series and Bus Series models, and essentially flat on a sequential basis principally driven by higher demand for Bus Series models offset by lower demand for Pupil Transport/Shuttle Series and Rugged Duty Series models.

North America Hybrid-Propulsion Systems for Transit Bus end market net sales were flat with the same period in 2012, and up 113 percent on a sequential basis principally driven by intra-year movement in the timing of orders.

North America Off-Highway end market net sales were down 18 percent from the same period in 2012 principally driven by lower demand from hydraulic fracturing applications, and up 56 percent on a sequential basis, the first sequential increase since the first quarter of 2012, principally driven by higher demand from hydraulic fracturing applications.

Defense end market net sales were down 53 percent from the same period in 2012 and 33 percent sequentially principally driven by previously considered reductions in U.S. defense spending to longer term averages experienced during periods without active conflicts.

Outside North America On-Highway end market net sales were up 18 percent from the same period in 2012 reflecting strength in China bus and Europe truck, partially offset by weakness in Japan truck, and up 23 percent on a sequential basis principally driven by China bus tenders timing.

Outside North America Off-Highway end market net sales were down 53 percent from the same period in 2012 principally driven by weakness in the mining and energy sectors, and down 13 percent on a sequential basis principally driven by weakness in the energy sector.

Service Parts, Support Equipment & Other end market net sales were up 37 percent from the same period in 2012 principally driven by higher demand for North America service parts, and global On-Highway support equipment commensurate with increased transmission unit volumes, and up 9 percent on a sequential basis principally driven by higher demand for global service parts and support equipment.

Gross profit for the quarter was $211 million, an increase of 9 percent from gross profit of $194 million for the same period in 2012. Gross margin for the quarter was 43.1 percent, an increase of 320 basis points from a gross margin of 39.9 percent for the same period in 2012. The increase in gross profit from the same period in 2012 was principally driven by costs ($7 million) and charges ($8 million) to conclude a new five-year labor agreement in 2012.

Selling, general and administrative expenses for the quarter were $87 million, a decrease of 22 percent from $112 million for the same period in 2012. The decrease was principally driven by $12 million of lower intangible asset amortization, a product warranty charge ($9 million) for specific product issues in 2012 and charge ($1 million) to conclude a new five-year labor agreement in 2012.

Engineering – research and development expenses for the quarter were $24 million, a decrease of 13 percent from $28 million for the same period in 2012. The decrease was principally driven by reduced product initiatives spending.

Fourth Quarter Non-GAAP Financial Measures

Adjusted EBITDA for the quarter was $153 million, or 31.1 percent of net sales, compared to $132 million, or 27.1 percent of net sales, for the same period in 2012. The increase was principally driven by costs ($7 million) to conclude a new five-year labor agreement in 2012, a product warranty charge ($9 million) for specific product issues in 2012 and reduced product initiatives spending.

Adjusted Net Income for the quarter was $78 million compared to $46 million for the same period in 2012. The increase was principally driven by increased Adjusted EBITDA and charges ($9 million) to conclude a new five-year labor agreement in 2012.

Adjusted Free Cash Flow for the quarter was $105 million compared to $82 million for the same period in 2012. The increase was principally driven by increased net cash provided by operating activities partially offset by increased capital expenditures. The increase in capital expenditures was principally driven by increased investments in productivity and replacement programs partially offset by lower product initiatives spending.

2014 Guidance

Allison expects 2014 net sales to increase in the range of 3 to 6 percent, an Adjusted EBITDA margin in the range of 32 to 34 percent, and an Adjusted Free Cash Flow in the range of $375 to $425 million, or $2.00 to $2.25 per diluted share. Capital expenditures are expected to be in the range of $60 to $70 million, which includes maintenance spending of approximately $60 million. Cash income taxes are expected to be in the range of $10 to $15 million.

Our 2014 net sales guidance assumes a continued recovery in the North America On-Highway end market, lower demand in the North America Hybrid-Propulsion Systems for Transit Bus end market due to engine emissions improvements and non-hybrid alternative technologies that generally require a fully-automatic transmission (e.g. xNG), a slowly emerging improvement in demand from the North America energy sector’s hydraulic fracturing market, previously considered reductions in U.S. defense spending to longer term averages experienced during periods without active conflicts, growth in the Outside North America On-Highway end market, moderately improved second half demand conditions in the Outside North America Off-Highway end market and higher demand in the Service Parts, Support Equipment & Other end market.

Although we are not providing specific first quarter 2014 guidance, Allison does expect first quarter net sales to be higher than the same period in 2013. The anticipated year-over-year increase in first quarter net sales is principally driven by higher demand in the global On-Highway end markets and Service Parts, Support Equipment & Other end market partially offset by previously considered reductions in Defense net sales and lower demand for North America Hybrid-Propulsion Systems for Transit Bus.

Conference Call and Webcast

The company will host a conference call at 4:30 p.m. ET on Thursday February 13 to discuss its fourth quarter 2013 results. Dial-in number is 1-201-689-8470 and the U.S. toll-free dial-in number is 1-877-407-9039. The passcode for the call is 13574483. 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 7:30 p.m. ET on February 13 until 11:59 p.m. ET on February 20. 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 13574483.

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 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

Investor Relations
(317) 242-3078
ir@allisontransmission.com

Media Relations
(317) 242-5000
media@allisontransmission.com

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

	Three months ended December 31, 2013 (Unaudited)	Three months ended December 31, 2012 (Unaudited)	Year ended December 31, 2013 (Unaudited)	Year ended December 31, 2012 (Audited)
Net sales	$ 491.0	$ 487.0	$ 1,926.8	$2,141.8
Cost of sales	279.6	292.8	1,084.9	1,187.5
Gross profit	211.4	194.2	841.9	954.3
Selling, general and administrative expenses	87.4	112.0	334.9	419.0
Engineering - research and development	24.4	28.1	97.1	115.1
Operating income	99.6	54.1	409.9	420.2
Interest expense, net	(28.4)	(35.6)	(132.9)	(151.2)
Other (expense) income, net	(3.7)	2.6	(10.9)	(52.8)
Income before income taxes	67.5	21.1	266.1	216.2
Income tax (expense) benefit	(24.6)	(9.9)	(100.7)	298.0
Net income	$ 42.9	$ 11.2	$ 165.4	$ 514.2
Basic earnings per share attributable to common stockholders	$ 0.24	$ 0.06	$ 0.90	$ 2.83
Diluted earnings per share attributable to common stockholders	$ 0.23	$ 0.06	$ 0.88	$ 2.76

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

	December 31, 2013 (Unaudited)	December 31, 2012 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 184.7	$ 80.2
Accounts receivables - net of allowance for doubtful accounts of $0.4 and $0.9, respectively	175.1	165.0
Inventories	160.4	157.1
Deferred income taxes, net	58.1	55.3
Other current assets	28.6	32.7
Total Current Assets	606.9	490.3
Property, plant and equipment, net	563.4	596.2
Intangible assets, net	3,551.8	3,657.1
Deferred income taxes, net	1.1	32.3
Other non-current assets	89.4	90.1
TOTAL ASSETS	$ 4,812.6	$ 4,866.0
LIABILITIES		
Current Liabilities		
Accounts payable	$ 150.4	$ 133.1
Current portion of long term debt	17.9	19.5
Other current liabilities	218.9	225.2
Total Current Liabilities	387.2	377.8
Long term debt	2,660.4	2,801.3
Other non-current liabilities	326.2	330.0
TOTAL LIABILITIES	3,373.8	3,509.1
TOTAL STOCKHOLDERS' EQUITY	1,438.8	1,356.9
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 4,812.6	$ 4,866.0

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

	Three months ended December 31, 2013 (Unaudited)	Three months ended December 31, 2012 (Unaudited)	Year ended December 31, 2013 (Unaudited)	Year ended December 31, 2012 (Audited)
Net cash provided by operating activities	$ 138.1	$ 112.1	$ 453.5	$ 497.5
Net cash used for investing activities (a)	(35.7)	(30.2)	(81.5)	(138.7)
Net cash used for financing activities	(69.8)	(85.2)	(277.5)	(593.5)
Effect of exchange rate changes in cash	(0.2)	1.6	10.0	0.9
Net increase (decrease) in cash and cash equivalents	32.4	(1.7)	104.5	(233.8)
Cash and cash equivalents at beginning of period	152.3	81.9	80.2	314.0
Cash and cash equivalents at end of period	$ 184.7	$ 80.2	$ 184.7	$ 80.2
Supplemental disclosures:				
Interest paid	$ 46.3	$ 46.7	$ 159.2	$ 167.3
Income taxes paid	$ 0.3	$ 1.7	$ 3.8	$ 10.7
(a) Additions of long-lived assets	$ (33.2)	$ (30.0)	$ (74.4)	$ (123.9)

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

	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Net income	$ 42.9	$ 11.2	$ 165.4	$ 514.2
plus:				
Interest expense, net	28.4	35.6	132.9	151.2
Cash interest expense	(46.3)	(46.7)	(159.2)	(167.3)
Income tax expense (benefit)	24.6	9.9	100.7	(298.0)
Cash income taxes	(0.3)	(1.7)	(3.8)	(10.7)
Technology-related investments expense (a)	2.5	—	5.0	14.4
Public offering expenses (b)	0.7	—	1.6	6.1
Fee to terminate services agreement with the Sponsors (c)	—	—	—	16.0
Amortization of intangible assets	25.2	37.5	105.3	150.0
Adjusted net income	$ 77.7	$ 45.8	$ 347.9	$ 375.9
Cash interest expense	46.3	46.7	159.2	167.3
Cash income taxes	0.3	1.7	3.8	10.7
Depreciation of property, plant and equipment	24.6	26.5	98.7	102.5
Dual power inverter module extended coverage (d)	—	—	(2.4)	9.4
Unrealized loss on foreign exchange (e)	—	—	2.3	—
Unrealized loss (gain) on commodity hedge contracts (f)	0.4	0.2	1.5	(0.9)
Restructuring charge (g)	—	—	1.0	—
Loss on redemptions and repayments of long-term debt (h)	0.3	0.5	0.8	22.1
Benefit plan re-measurement (i)	—	—	—	2.3
UAW Local 933 contract signing bonus (j)	—	8.8	—	8.8
Other (k)	3.1	1.7	13.8	7.0
Adjusted EBITDA	$152.7	$131.9	$ 626.6	$ 705.1
Adjusted EBITDA excluding technology-related license expenses (l)	$152.7	$131.9	$ 632.6	$ 717.1
Net sales	$491.0	$487.0	$1,926.8	$2,141.8
Adjusted EBITDA margin	31.1%	27.1%	32.5%	32.9%
Adjusted EBITDA margin excluding technology-related license expenses (l)	31.1%	27.1%	32.8%	33.5%
Net Cash Provided by Operating Activities	$138.1	$112.1	$ 453.5	$ 497.5
(Deductions) or Additions to Reconcile to Adjusted Free Cash Flow:				
Additions of long-lived assets	(33.2)	(30.0)	(74.4)	(123.9)
Fee to terminate services agreement with the Sponsors (c)	—	—	—	16.0
Technology-related license expenses (l)	—	—	6.0	12.0
Adjusted Free Cash Flow	$104.9	$ 82.1	$ 385.1	$ 401.6

(a) Represents an impairment charge (recorded in Other (expense) income, net) for investments in co-development agreements with various companies to expand our position in transmission technologies.

(b) Represents fees and expenses (recorded in Other (expense) income, net) related to our initial public offering in March 2012, a proposed and withdrawn secondary offering in April 2013, and secondary offerings in August 2013, November 2013 and December 2013.

(c) Represents a one-time payment (recorded in Other (expense) income, net) to terminate the services agreement with investment funds affiliated with The Carlyle Group and Onex Corporation (collectively, our "Sponsors").

(d) During the third quarter of 2013, we conducted a review of the Dual Power Inverter Module ("DPIM") extended coverage program resulting in a reduction of the DPIM liability, partially offset by a reduction of the associated General Motors ("GM") receivable totaling a net credit (recorded in Selling, general and administrative expenses). During the second quarter of 2012, we recorded a charge (recorded in Selling, general and administrative expenses) to increase our liability related to the DPIM extended coverage program due to claims data and additional design issues identified during introduction of replacement units. The total DPIM liability and GM receivable will continue to be reviewed for any changes in estimate as additional claims data and field information become available.

(e) Represents losses (recorded in Other (expense) income, 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.

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

(g) Represents a charge (recorded in Selling, general and administrative, and Engineering – research and development) related to an employee headcount reduction program in the second quarter of 2013.

(h) Represents losses (recorded in Other (expense) income, net) realized on the redemptions and repayments of Allison Transmission, Inc.'s, our wholly owned subsidiary, long-term debt.

(i) Represents a settlement charge (recorded in Other (expense) income, net) related to the settlement of pension obligations for certain qualified hourly employees from our hourly defined benefit pension plan to GM's pension plan as part of the asset purchase agreement dated June 28, 2007.

(j) Represents an $8.8 million ($7.7 million recorded in Cost of sales, $1.0 million recorded in Selling, general and administrative expenses, and $0.1 million recorded in Engineering – research and development) bonus to eligible employees recorded in the fourth quarter of 2012 as a result of International Union, United Automobile, Aerospace and Agricultural Implement Workers of America Local 933 – represented employees ratifying a labor contract effective November 2012 through November 2017.

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

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

Exhibit 99.2

Q4 2013 Earnings Release

February 13, 2014

Lawrence Dewey, Chairman, President & Chief Executive Officer

David Graziosi, Executive Vice President & Chief Financial Officer

Safe Harbor Statement

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

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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 and Allison Transmission's Annual Report on Form 10-K for the year ended December 31, 2012.

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 (loss), 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 (loss), determined in accordance with GAAP, as an indicator of operating performance, or as an alternative to net cash provided by operating activities, determined in accordance with GAAP, as an indicator of Allison's cash flow.

Call Agenda

- Q4 2013 Performance
- 2014 Guidance

Q4 2013 Performance Summary

($ in millions)	Q4 2013	Q4 2012	% Variance
Net Sales	$491	$487	0.8%
Gross Margin %	43.1%	39.9%	+320 bps
Adjusted Net Income (1)	$78	$46	69.7%
Adjusted Free Cash Flow(1)	$105	$82	27.8%

Commentary

Net Sales: the increase was principally driven by higher demand in the Service Parts, Support Equipment & Other end market, continued recovery in the North America On-Highway end market, our largest, and improved demand conditions in the Outside North America On-Highway end market largely offset by previously contemplated reductions in U.S. defense spending, and weakness in the Outside North America Off-Highway end market. Our North America Off-Highway end market continues to be weak, but experienced some modest sequential improvement.

Gross Margin: the increase was principally driven by cost ($7 million) and charges ($8 million) to conclude a new five-year labor agreement in 2012.

Adjusted Net Income: the increase was principally driven by cost ($7 million) and charges ($9 million) to conclude a new five-year labor agreement in 2012, a product warranty charge ($9 million) for specific product issues in 2012 and reduced product initiatives spending.

Adjusted Free Cash Flow: the increase was principally driven by increased net cash provided by operating activities partially offset by increased capital expenditures. The increase in capital expenditures was principally driven by increased investments in productivity and replacement programs partially offset by lower product initiatives spending.

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

Q4 2013 Sales Performance

($ in millions)

End Markets	Q4 2013	Q4 2012	% Variance	Commentary
North America On-Hwy	$210	$188	12%	Increased demand for Rugged Duty, Highway and Bus Series models
North America Hybrid-Propulsion Systems for Transit Bus	$32	$32	0%	Flat with the same period in 2012 and up on a sequential basis driven by intra-year movement in the timing of orders
North America Off-Hwy	$14	$17	(18%)	Decreased demand driven by hydraulic fracturing applications, up on a sequential basis, the first sequential increase since the first quarter of 2012
Defense	$35	$74	(53%)	Continued reductions in U.S. defense spending to longer term averages experienced during periods without active conflicts
Outside North America On-Hwy	$86	$73	18%	Strength in China bus and Europe truck, partially offset by weakness in Japan truck
Outside North America Off-Hwy	$14	$30	(53%)	Weakness in mining and energy sectors demand
Service Parts, Support Equipment & Other	$100	$73	37%	Increased demand for North America service parts and global On-Highway support equipment
Total	**$491**	**$487**	**1%**	

Q4 2013 Financial Performance

($ in millions, except share data)	Q4 2013	Q4 2012	$ Var	% Var	Commentary
Net Sales	$491.0	$487.0	$4.0	0.8%	Increase was principally driven by higher demand in the Service Parts, Support Equipment & Other end market, continued recovery in the North America On-Highway end market, our largest, and improved demand conditions in the Outside North America On-Highway end market largely offset by previously contemplated reductions in U.S. defense spending, and weakness in the Outside North America Off-Highway end market. Our North America Off-Highway end market continues to be weak, but experienced some modest sequential improvement.
Cost of Sales	$279.6	$292.8	$13.2	4.5%	
Gross Profit	$211.4	$194.2	$17.2	8.9%	Increase principally driven by costs ($7 million) and charges ($8 million) to conclude a new five-year labor agreement in 2012
Operating Expenses					
Selling, general and administrative expenses	$87.4	$112.0	$24.6	22.0%	Decrease principally driven by $12 million of lower intangible asset amortization, a product warranty charge ($9 million) for specific product issues in 2012 and a charge ($1 million) to conclude a new five-year labor agreement in 2012
Engineering – research and development	$24.4	$28.1	$3.7	13.2%	Decrease principally driven by reduced product initiatives spending
Total operating expenses	$111.8	$140.1	$28.3	20.2%	
Operating Income	$99.6	$54.1	$45.5	84.1%	
Interest Expense, net	($28.4)	($35.6)	$7.2	20.2%	Lower interest expense as a result of debt repayments, the maturity of certain interest rate swaps and lower rates on our Senior Secured Credit Facility
Other (Expense) Income, net	($3.7)	$2.6	($6.3)	(242.3%)	
Income Before Income Taxes	$67.5	$21.1	$46.4	219.9%	
Income Tax Expense	($24.6)	($9.9)	($14.7)	(148.5%)	Decrease in effective tax rate principally driven by increased U.S. taxable income
Net Income	$42.9	$11.2	$31.7	283.0%	
Diluted Earnings Per Share	$0.23	$0.06	$0.17	283.3%	2013: 187.9M shares; 2012: 186.2M shares
Adjusted EBITDA (1)	$152.7	$131.9	$20.8	15.8%	
Adjusted EBITDA excluding technology-related license expenses (1)	$152.7	$131.9	$20.8	15.8%	
Adjusted Net Income (1)	$77.7	$45.8	$31.9	69.7%	

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

Q4 2013 Cash Flow Performance

($ in millions)	Q4 2013	Q4 2012	$ Variance	% Variance	Commentary
Net Cash Provided by Operating Activities	$138	$112	$26	23.2%	Principally driven by increased net income and 2012 labor negotiations
CapEx	$33	$30	$3	10.7%	Principally driven by increased investment in productivity and replacement programs partially offset by lower product initiatives spending
Adjusted Free Cash Flow (1)	$105	$82	$23	27.8%	Increased cash provided by operating activities partially offset by increased capital spending
($ in millions)	**Q4 2013**	**Q4 2012**	**$ Variance**	**% Variance**	**Commentary**
Operating Working Capital(2) Percentage of LTM Sales	9.6%	8.8%	N/A	(80 bps)	Principally driven by lower LTM Sales and 2012 labor negotiations
Cash Paid for Interest	$46	$47	($1)	(0.9%)	Principally the result of repayments and refinancing
Cash Paid for Income Taxes	$0	$2	($2)	(82.4%)	Decreased foreign taxable income

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

2014 Guidance – End Markets Commentary

Allison expects first quarter net sales to be higher than the same period in 2013. The anticipated year-over-year increase in first quarter net sales is expected to be principally driven by higher demand in the global On-Highway end markets and the Service Parts, Support Equipment & Other end market partially offset by previously considered reductions in Defense net sales and lower demand for North America Hybrid-Propulsion Systems for Transit Bus.

- **North America On-Highway**
  - 2013 net sales $825 million; Expect 2014 net sales midpoint growth of 11 percent principally driven by continued market recovery
- **North America Hybrid-Propulsion Systems for Transit Bus**
  - 2013 net sales $105 million; Expect 2014 net sales midpoint reduction of 23 percent principally driven by engine emissions improvements and non-hybrid alternative technologies that generally require a fully-automatic transmission (e.g. xNG)
- **North America Off-Highway**
  - 2013 net sales $39 million; Expect 2014 net sales midpoint growth of 31 percent principally driven by a slowly emerging improvement in demand from the hydraulic fracturing market
- **Defense**
  - 2013 net sales $202 million; Expect 2014 net sales midpoint reduction of 33 percent principally driven by continued reductions in U.S. defense spending to longer term averages experienced during periods without active conflicts
- **Outside North America On-Highway**
  - 2013 net sales $293 million; Expect 2014 net sales midpoint growth of 10 percent principally driven by growth in key developing markets through increased fully-automatic transmission penetration and implementation of additional vehicle releases and a slight improvement in European end markets after a weak 2014 first quarter
- **Outside North America Off-Highway**
  - 2013 net sales $88 million; Expect 2014 net sales midpoint growth of 30 percent principally driven by moderately improved second half demand conditions in the mining and energy sectors
- **Service Parts, Support Equipment & Other**
  - 2013 net sales $375 million; Expect 2014 net sales midpoint growth of 5 percent principally driven by improved global On-Highway and Off-Highway service parts demand and increased support equipment sales commensurate with higher transmission unit volumes

Allison Transmission

2014 Guidance - Summary

	Guidance	Commentary
Net Sales Growth from 2013	3 to 6 percent	We expect a continued recovery in the North America On-Highway end market, lower demand in the North America Hybrid-Propulsion Systems for Transit Bus end market due to engine emissions improvements and non-hybrid alternative technologies that generally require a fully-automatic transmission (e.g. xNG), a slowly emerging improvement in demand from the North America energy sector's hydraulic fracturing market, previously considered reductions in U.S. defense spending to longer term averages experienced during periods without active conflicts, growth in the Outside North America On-Highway end market, moderately improved second half demand conditions in the Outside North America Off-Highway end market and higher demand in the Service Parts, Support Equipment & Other end market.
Adjusted EBITDA Margin excluding technology-related license expenses	32 to 34 percent	Principally driven by sales mix and volume timing
Adjusted Free Cash Flow ($ in millions)	$375 to $425	$2.00 to $2.25 per diluted share
CapEx ($ in millions) Maintenance New Product Programs	 $55 to $60 $5 to $10	Subject to timely completion of development and sourcing milestones
Cash Income Taxes ($ 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 December 31,	
	2009	2010	2011	2012	2013	2012	2013
Net (loss) income	**($323.9)**	**$29.6**	**$103.0**	**$514.2**	**$165.4**	**$11.2**	**$42.9**
plus:							
Interest expense, net	234.2	277.5	217.3	151.2	132.9	35.6	28.4
Cash interest expense	(242.5)	(239.1)	(208.6)	(167.3)	(159.2)	(46.7)	(46.3)
Income tax expense (benefit)	41.4	53.7	47.6	(298.0)	100.7	9.9	24.6
Cash income taxes	(5.5)	(2.2)	(5.8)	(10.7)	(3.8)	(1.7)	(0.3)
Fee to terminate services agreement with Sponsors	—	—	—	16.0	—	—	—
Technology-related investment expenses	—	—	—	14.4	5.0	—	2.5
Public offering expenses	—	—	—	6.1	1.6	—	0.7
Trade name impairment	190.0	—	—	—	—	—	—
Amortization of intangible assets	155.9	154.2	151.9	150.0	105.3	37.5	25.2
Adjusted net income	**$49.6**	**$273.7**	**$305.4**	**$375.9**	**$347.9**	**$45.8**	**$77.7**
Cash interest expense	242.5	239.1	208.6	167.3	159.2	46.7	46.3
Cash income taxes	5.5	2.2	5.8	10.7	3.8	1.7	0.3
Depreciation of property, plant and equipment	105.9	99.6	103.8	102.5	98.7	26.5	24.6
(Gain)/loss on redemptions and repayments of long-term debt	(8.9)	(3.3)	16.0	22.1	0.8	0.5	0.3
Dual power inverter module extended coverage	11.4	(1.9)	—	9.4	(2.4)	—	—
UAW Local 933 signing bonus	—	—	—	8.8	—	8.8	—
Benefit plan re-measurement	—	—	—	2.3	—	—	—
Unrealized (gain) loss on commodity hedge contracts	(5.8)	0.3	6.5	(1.0)	1.5	(0.1)	0.4
Unrealized (gain) loss on foreign exchange	—	(0.2)	0.3	0.1	2.3	0.3	—
Premiums and expenses on tender offer for long-term debt	—	—	56.9	—	—	—	—
Restructuring charges	47.9	—	—	—	1.0	—	—
Reduction of supply contract liability	—	(3.4)	—	—	—	—	—
Other, net (1)	53.2	10.9	8.6	7.0	13.8	1.7	3.1
Adjusted EBITDA	**$501.3**	**$617.0**	**$711.9**	**$705.1**	**$626.6**	**$131.9**	**$152.7**
Adjusted EBITDA excluding technology-related license expenses	**$501.3**	**$617.0**	**$711.9**	**$717.1**	**$632.6**	**$131.9**	**$152.7**
Net Sales	**$1,766.7**	**$1,926.3**	**$2,162.8**	**$2,141.8**	**$1,926.8**	**$487.0**	**$491.0**
Adjusted EBITDA margin	**28.4%**	**32.0%**	**32.9%**	**32.9%**	**32.5%**	**27.1%**	**31.1%**
Adjusted EBITDA margin excl technology-related license expenses	**28.4%**	**32.0%**	**32.9%**	**33.5%**	**32.8%**	**27.1%**	**31.1%**

(1) Includes charges or income related to legacy employee benefits, shared income with General Motors, benefit plan adjustments, transitional costs to establish Allison as a stand-alone entity, pension curtailment 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.

Allison Transmission

Non-GAAP Reconciliations (2 of 2)

Adjusted Free Cash Flow reconciliation

$ in millions, Unaudited	For the year ended December 31,					Three months ended December 31,	
	2009	2010	2011	2012	2013	2012	2013
Net Cash Provided by Operating Activities	**$168.7**	**$388.9**	**$469.2**	**$497.5**	**$453.5**	**$112.1**	**$138.1**
(Deductions) or Additions:							
Long-lived assets	(88.2)	(73.8)	(96.9)	(123.9)	(74.4)	(30.0)	(33.2)
Fee to terminate services agreement with Sponsors	—	—	—	16.0	—	—	—
Technology-related license expenses	—	—	—	12.0	6.0	—	—
2009 Non-Recurring Activity [1]	61.0	—	—	—	—	—	—
Adjusted Free Cash Flow	**$141.5**	**$315.1**	**$372.3**	**$401.6**	**$385.1**	**$82.1**	**$104.9**
Net Sales	**$1,766.7**	**$1,926.3**	**$2,162.8**	**$2,141.8**	**$1,926.8**	**$487.0**	**$491.0**
Adjusted Free Cash Flow (% to Net Sales)	**8.0%**	**16.4%**	**17.2%**	**18.8%**	**20.0%**	**16.9%**	**21.4%**

(1) 2009 adjusted for certain non-recurring activity: (a) capitalized accrued interest on Senior Toggle Notes ($29) million, (b) cash restructuring charge $51 million, (c) accounts payable early payments $3 million, (d) delayed accounts receivable receipts $19 million and (e) Lehman LIBOR swap settlement $17 million.

Allison Transmission